

**Statement of The Pew Charitable Trusts in Support of HB 3919/SB 15**  
**Alex Horowitz, Director, Housing Policy Initiative**  
**House Committee on Land & Resource Management**  
**Thursday, April 3, 2025**

Thank you, Chair Gates, Vice Chair Lalani, and members of the committee, for hearing testimony in support of HB 3919/SB 15 tomorrow. I'm Alex Horowitz, director of the Housing Policy Initiative at The Pew Charitable Trusts, a nonpartisan, nonprofit public policy organization. Based on Pew's research, we encourage you to support this legislation because it will provide much-needed housing supply, improve choices and affordability for homebuyers, and reduce homelessness.

The foremost issue affecting housing costs is a national shortage of 4-7 million homes, including a shortfall of more than 300,000 in Texas.<sup>[i]</sup> As a result, costs for starter homes have grown significantly and rents have reached historic highs in recent years. Since 2022, median home prices in Texas have been above \$300,000.<sup>[ii]</sup> From 2017 to 2023, median rents in Texas rose 23% (nearly \$1,300 today).<sup>[iii]</sup>

Fundamentally, Texas has too few homes available. Since 2010, Texas' population has grown by six million<sup>[iv]</sup> but fewer than three million new homes have been permitted across the state<sup>[v]</sup>. Furthermore, in 2022, Texas recorded an all-time low estimated average household size of 2.65 individuals, with 58% of households having just one or two people.<sup>[vi]</sup> With smaller households, more starter homes would be needed even if Texas hadn't gained so many new residents.

There is extensive evidence that strict land-use regulations are a major driver of this housing shortage and high prices.<sup>[vii]</sup> Regulatory barriers to building starter homes include minimum lot sizes, minimum square footage requirements, lot coverage requirements that specify how much land must be left undeveloped, and large setback requirements that mandate the distance a home can be built from the edges of the property.<sup>[viii]</sup> As the cost of the land beneath a house is typically 25-30% of the total project cost, requirements to purchase larger plots and leave much of this area open (such as through lot coverage and large setback requirements) will make houses too expensive for many buyers. These restrictions force aspiring homebuyers to purchase more land or more house than they need, thereby driving up the price of homes, limiting how many homes can be built on each acre, and putting homeownership out of reach for working families.

Evidence shows that updating land-use rules to allow builders and buyers more choices opens up greater affordability. For example, Houston reduced its minimum lot size from 5,000 square feet to 1,400 square feet.<sup>[ix]</sup> This change led to 80,000 homes being built that were previously blocked by regulations.<sup>[x]</sup> These new townhomes on smaller plots of

land had a median assessed value of \$340,000, considerably lower than the \$545,000 median value of other new single-family homes in the city.<sup>[xii]</sup>

Texas' high housing costs are also driving up homelessness. Research has consistently found that housing costs are the foremost driver of homelessness levels.<sup>[xiii]</sup> For example, Dallas added about one-third less housing from 2015 to 2022 than Houston and consequently experienced steep increases in housing costs and homelessness. In contrast, Houston's starter home reform enabled more homebuilding, and homelessness dropped significantly as housing costs stayed low (see charts below).<sup>[xiv]</sup>

By making it easier to build starter homes, Texas can bring homeownership within reach for more residents throughout the state, while also improving affordability across the board. The provisions of HB 3919/SB 15 are in keeping with best practices identified by Pew's research and will help accomplish these goals. For these reasons, we encourage you to support HB 3919/SB 15.

Sincerely,

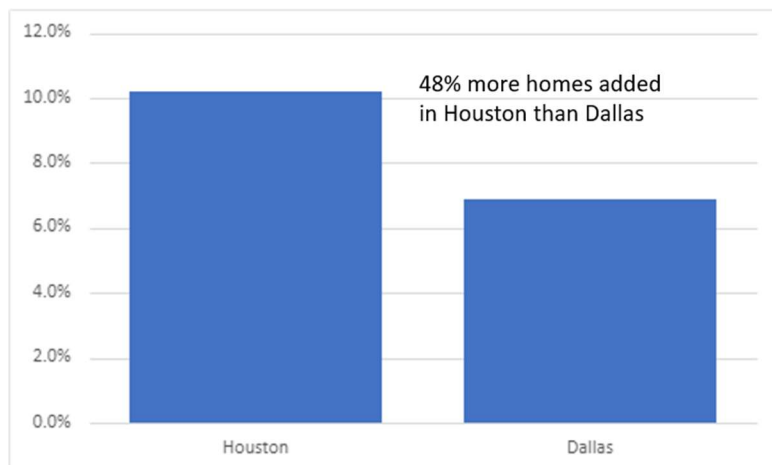
Alex Horowitz

Director, Housing Policy Initiative

The Pew Charitable Trusts

### **Houston's Land-Use Rules Led to More Homes, Less Homelessness**

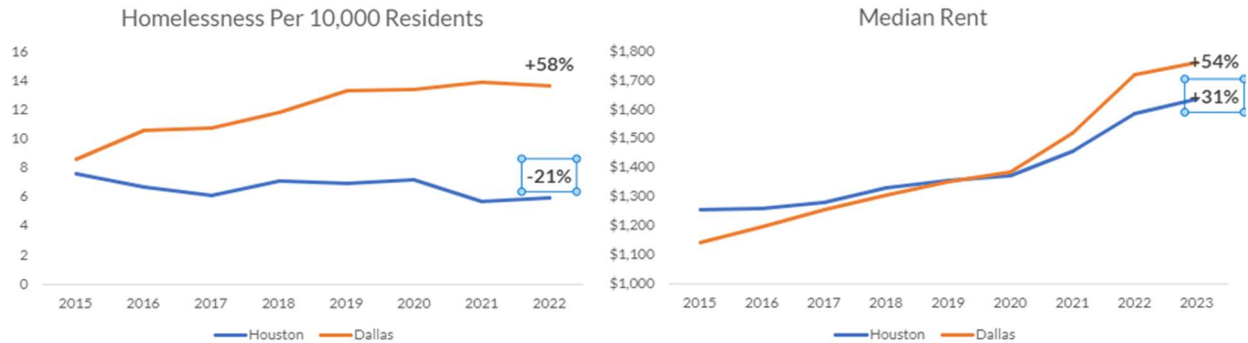
Percent change in housing supply, 2015-2022



Sources: U.S. Census American Communities Survey

## Why Homelessness Surged in Dallas While it Dropped in Houston

Percent change in rents & homelessness rate, 2015-2023



Dallas v. Houston rent change more than \$3,000/year

Sources: Zillow Rent Estimate data for rents; HUD Point-in-Time count data for the CoC covering the listed jurisdiction for homelessness

[i] Up for Growth, “2023 Housing Underproduction in the U.S.”

(2024), <https://upforgrowth.org/wp-content/uploads/2022/09/UFG-Dataset-Metropolitan-State-Underproduction.xlsx>.

[ii] Zillow Home Value Index (ZHVI), <https://www.zillow.com/research/data/>.

[iii] Apartment List, *Data and Rent*

*Estimates*, <https://www.apartmentlist.com/research/category/data-rent-estimates>.

[iv] U.S. Census Bureau, *Quick Facts-*

*Texas* <https://www.census.gov/quickfacts/fact/table/TX/POP010210>.

[v] Federal Reserve Bank of St. Louis, FRED Economic Data, “New Private Housing Units Authorized by Building Permits for Texas

(TXBPPRIV), <https://fred.stlouisfed.org/series/TXBPPRIV>.

[vi] U.S. Census Bureau, *American Community Survey*, “Occupancy Characteristics,” and “Households and

Families”, <https://data.census.gov/table/ACSST1Y2022.S1101?q=United+States+household+size+texas&g=040XX00US48>.

[vii] Sarah Mikhitarian, Zillow, “How Land-Use Regulation Impacts Inventory, Rents and Roommates” (April 11, 2016),

<https://www.zillow.com/research/land-use-regulation-12159/>.

[viii] Ashlee Tziganuk, et. al., *Arizona State University – Morrison Institute for Public Policy*, “Exclusionary Zoning: A Legal Barrier to Affordable Housing,” (May 2022) [https://morrisoninstitute.asu.edu/sites/default/files/exclusionary\\_zoning\\_legal\\_barrier\\_to\\_affordable\\_housing.pdf](https://morrisoninstitute.asu.edu/sites/default/files/exclusionary_zoning_legal_barrier_to_affordable_housing.pdf).

[ix] The Pew Charitable Trusts, “Lot-Size Reform Unlocks Affordable Homeownership in Houston” (September 14, 2023), <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2023/09/lot-size-reform-unlocks-affordable-homeownership-in-houston>.

[x] Emily Hamilton, Mercatus Center, “Learning from Houston’s Townhouse Reforms,” (2023), <https://www.mercatus.org/research/policy-briefs/learning-houstons-townhouse-reforms>.

[xi] Hamilton; See also: Jake Wegmann, et. al., New York University Furman Center, “Here Come the Tall Skinny Houses: Assessing Single-Family to Townhouse Redevelopment in Houston, 2007-2020” (2023), [https://furmancenter.org/files/Here\\_Come\\_the\\_Tall\\_Skinny\\_Houses\\_508.pdf](https://furmancenter.org/files/Here_Come_the_Tall_Skinny_Houses_508.pdf).

[xii] Arpit Gupta, *City Journal*, “Homelessness and Housing” (May 31, 2022), <https://www.city-journal.org/article/homelessness-and-housing>.

[xiii] Alex Horowitz and Lisa Marshall, *Dallas Morning News*, Zoning Reform Can Reduce Homelessness (February 19, 2024), <https://www.pewtrusts.org/en/about/news-room/opinion/2024/02/19/zoning-reform-can-reduce-homelessness>.