Housing Underproduction in Arizona: Quantifying the Impact of Accessible Growth
Policy Tradeoff: Expensive vs. Expansive Cities
Cost Burdening Across Arizona is Widespread

Percent of households that spend more than 30% of gross income on housing in 2017

Source: St. Louis Federal Reserve, GEOFRED
Rents are Increasing in Phoenix Faster than Incomes

Source: Costar, HUD, ECONorthwest Calculations
Average 1 Bedroom Rent in Scottsdale Near 100% of AMI

Source: Costar, HUD, ECONorthwest Calculations
Housing Starts Haven’t Kept Pace with Household Formation

U.S. Household Formation vs. Housing Starts
(in millions)

Since 1960 - 1.11 Units per Household

2000 to 2016 - 0.98 Units per Household

2010 to 2016 - 0.72 Units per Household

Source: U.S. Census Bureau
Arizona Produced Less than 1 Unit per Household Formed

0.96 Housing Starts per Household Formed 2000 - 2017

Source: Census ACS
Arizona’s Housing Production Hasn’t Kept Pace with Job Growth

3.5 Jobs Added per Housing Unit Statewide Since 2010

Source: Census ACS, OntheMap/LODES
7.3 Million Homes Underproduced from 2000 to 2015

Source: ECONorthwest calculation, U.S. Census
Distributing Underproduction by Need and Location

Need as a share of renter households earning 80% or less of AMI
Arizona is More Supply Constrained than Washington

Price Elasticity of Supply

- 0.47
- 0.57
- 0.84

(% change in supply)
(% change in price)

Source: ECONorthwest Calculations
Building a Range of Densities and Price Points

Scenarios Distributed as 3 Construction Types:

- **Single Family**
  - 5 Units per Acre

- **Tower**
  - High Rise 6+ stories
  - 240 Units per Acre

- **Medium Density**
  - Up to 5 stories
  - 120 Units per Acre

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COURTYARD BUNGALOW TOWNHOUSE MULTIPLEX APARTMENT COURT

-- MISSING MIDDLE HOUSING --
Accessible Growth Shifts Production Towards Higher Density

**Current Growth Pattern**
- Low Density: 71%
- Missing Middle and Medium Density: 28%
- High Density: 1%

**Policies Incentivizing Accessible Growth**
- Low Density: 64%
- Missing Middle and Medium Density: 32%
- High Density: 4%

Building Under Produced Units: Target underutilized transit corridors, + high opportunity areas with low vehicle miles travelled

Source: ECONorthwest Calculations
Accessible Growth Targets Higher Opportunity Locations

Source: ECONorthwest Calculations
Accessible Growth Reduces Vehicle Miles Travelled by 22%

<table>
<thead>
<tr>
<th>Source: ECONorthwest Calculations</th>
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<tbody>
<tr>
<td>State of Arizona</td>
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<tr>
<td>Median Housing Density</td>
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<tr>
<td>Median VMT</td>
</tr>
<tr>
<td>Outside 1/4 Mile Transit Corridor</td>
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<tr>
<td>2.4</td>
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<td>30</td>
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<tr>
<td>Inside 1/4 Mile Transit Corridor</td>
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<td>4.0</td>
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Home-Based VMT per Housing Unit
- 14.0 - 25.6
- 25.6 - 37.2
- 37.2 - 48.8
- 48.8 - 60.4
- 60.4 - 72.0
- NA

- City of Phoenix
- Valley Metro Rail Stations
Long run affordability requires sustained production of housing units.

Building units at lower costs, in transit accessible, high opportunity neighborhoods key to improving equity in the region.

Leveraging existing infrastructure through accessible growth is fiscally sustainable for local governments.