# California ranks among worst states for housing affordability and homebuilding



California has been ranked as one of the worst states in the US for housing affordability and homebuilding, according to a new national housing report card released by Realtor.com. The report highlights that the root cause of the state's housing unaffordability crisis is the insufficient construction of new homes, primarily driven by restrictive laws and policies.

California received an "F" grade in the report, placing it alongside states like Rhode Island, Massachusetts, New York, Hawaii, Connecticut, and Oregon at the bottom of the rankings. Despite housing demand continuing to grow, the state accounted for only 6.8% of all new residential permits issued last year, while representing 11.7% of the US population. This shortfall in new housing supply is contributing to soaring home prices, with California’s median listing price reported as $756,185—far above what is affordable for most residents.

Danielle Hale, Chief Economist at Realtor.com, explained, "Our state report card rankings reveal stark disparities in housing affordability and homebuilding efforts across the U.S. While some states are leading the way with strong homebuilding activity, others are grappling with high housing prices and sluggish construction." Dan Dunmoyer, president and CEO of the California Building Industry Association (CBIA), pointed to the need for significant regulatory reforms, stating, "If California is serious about solving its housing crisis, we need a legal and regulatory system that supports—not stifles—homebuilding. That means [environmental regulation] reform, streamlined permitting, and more flexible land-use policies."

Among the primary regulatory obstacles are burdensome permitting processes, environmental regulations such as the California Environmental Quality Act (CEQA), and restrictive local zoning laws. CEQA, originally designed to protect the environment, has been criticised for being used to block or delay housing projects through lawsuits, sometimes as strategic attempts to prevent development rather than protect ecosystems. These delays and legal challenges escalate costs and increase the risk for developers, with many projects abandoned before construction begins.

The local regulatory environment further complicates matters by imposing exclusionary zoning, extended review periods, height limits, and minimum parking requirements. These measures result in lengthy approval processes that can involve multiple hearings and environmental studies, stalling housing projects and inflating costs.

Similar issues are reported in other states ranking poorly on the report, such as New York and Oregon, where strict regulations have limited new housing developments. Michael Fazio, executive director of the New York State Builders Association, noted that new wetland protection regulations affecting large swathes of land near suburbs, including a 245% increase in protected acreage in Syracuse, have further restricted opportunities for construction. He observed, "Builders are leaving because it’s just so onerous. They’re picking up … going to North Carolina, South Carolina, Virginia, where regulations aren’t as onerous as here."

In contrast, states in the South and Midwest are leading in housing affordability and construction. South Carolina received the highest grade of "A" and Texas earned an "A-" for efforts to promote residential building, despite a slight decline in housing affordability there. All 13 states earning "A" or "B" grades are located in these regions, highlighting a stark geographical divide in housing policy and outcomes.

While the California legislature has passed measures such as Senate Bills 9 and 10, which aim to encourage modest density increases, analysts and industry experts stress that more sweeping reforms are essential to address the nearly 4 million home shortfall nationally, with California bearing a disproportionate burden.

The report notes that no state achieved an A+ grade, indicating room for improvement even among the best performers. Nonetheless, California’s challenges are particularly acute given its economic resources, climate, and talent pool. The current regulatory environment has been characterised as creating a system that can take a decade to build simple apartments, inflating costs and allowing projects to be halted by legal challenges or bureaucratic processes, leading to consequences such as population outflow, longer commutes, and increased homelessness.

The data and expert opinions presented highlight the ongoing complexities facing California's housing market, with regulatory reform identified as a key area for potential change. The situation reflects broader national trends in housing disparity between regions with varying regulatory approaches and development pressures.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.realtor.com/news/trends/us-states-report-card-real-esate-homebuilding-affordability/> - This URL supports the claim that California ranks poorly in housing affordability and homebuilding, highlighting issues such as restrictive regulations and a low permits-to-population ratio. The article underscores California's significant challenges in housing supply and affordability compared to other states.
2. <https://www.livenowfox.com/news/housing-affordability-report-card-real-estate> - This article corroborates California's poor ranking in housing affordability, noting that states like California and New York receive failing grades due to high costs and regulatory barriers. It emphasizes the need for reform to improve housing availability.
3. <https://lao.ca.gov/LAOEconTax/Article/Detail/793> - This report highlights the high income required to qualify for a mortgage in California, signaling a significant affordability gap. It supports the assertion that housing affordability is a major issue in the state, with rising income requirements to access mortgages.
4. <https://www.bestbrokers.com/2024/03/05/revealed-the-most-affordable-u-s-states-to-buy-a-home-in-2024/> - This article provides further evidence of California's housing unaffordability, pointing to high median housing prices and strict zoning laws as key factors. It supports the claim that regulatory obstacles significantly impact housing supply and prices in California.
5. <https://www.car.org/aboutus/mediacenter/newsreleases/2024-News-Releases/3qtr2024hai> - This California housing report outlines the affordability challenges, showing a low percentage of households that can afford median-priced homes and condos. It underscores the impact of regulatory factors on housing costs and availability.
6. <https://www.noahwire.com> - This source provides the original context for the discussion on California's housing challenges and regulatory issues, framing the broader national perspective on housing disparities due to regional regulatory differences.
7. <https://news.google.com/rss/articles/CBMifEFVX3lxTE16UlZGMXVieG1SLWE0aHR4RWZwUHhkams5al9rLUgyVWI5dmprNnNZNGtwMFdGMXFjS1V5XzJvSGRsRHJBZ0V4SnpkLUVaa3R4WnFmQklUMWhaeWZmRGx2R21WakhKRTN4WWxVNHl4bTZRSXdneHFkSmxSdmg?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data