ETHOS

DEBATE

NSDA PUBLIC FORUM BRIEF
MARCH 2019
Resolved: The United States should promote the development of market-rate housing in urban neighborhoods.

The Ethos Philosophy

In today's world, decisions are too often made based on empty rhetoric, poor analysis, and sophistry. Ethos' mission is to foster wise decision-making in our culture by teaching critical thinking and communications skills from a framework of ethics. Just as a martial artist school spends time training in the philosophy of martial arts so that the skills are only used for good, our speech and debate training is intended to help people move towards what is good: wisdom, calmness in argument, analytical reasoning, researching thought-through opinions, and integrity.

Students spend years in debate forming habits of thought and action. In our view, though debate is a sport and a competition, it is not a "game" that simply must be won within the rules. It requires a mindset and discipline to principle that shapes the soul for a lifetime. We seek to provide this through quality coaching, facilitating open information, open dialogue, and assisting educators and debaters alike.

Our new NSDA Sourcebooks are a part of this mission. We will be officially launching in August 2019 for Public Forum (PF) and Lincoln-Douglas (LD) Debate, and are providing this massive brief to you for free to aid you in your research and argumentation and to show you what we are bringing to you next year. We know there's other briefs out there that debaters know and love. We love them. We think they are a tremendous resource and they have helped us out incredibly over the years as we have considered our arguments, constructed our cases, practiced rebuttals, and encouraged us to think more deeply about the issues we are debating about.

So Why Ethos?

Ethos has designed briefs that are incredibly accessible for both the novice and the champion. Here's our main points of focus.

1. **High Quality Sources** – We are bringing you analysis from think-tanks, economic journals, peer-reviewed publications. And we are not leaving you in the dark by just giving you cards; we tell you how to use these arguments in the round.
2. **Key Strategy Notes** – Interspersed between carefully cut cards are strategy notes which give advice on how you should deploy arguments or points to emphasize.
3. **Unique Topic Analyses** – We don't break down the topic in just one way. In fact, we take a look at the major areas of argument clash, give you a deeper understanding of the material, and provide tips for winning with certain arguments, providing you with topic-specific and translatable skills.
4. **Lots of Evidence** – Each brief will be packed with 100-150 pages of solid topic analyses, evidence, and strategy notes.
5. **Input-Based Briefs** – In each brief is a link to a survey where you can tell us what you think about the brief and what you want to see in the future. We want to produce a product that evolves and adapts with you.

Our Research Team

Joshua Arnold competed in Policy Debate and numerous speech events in the NCFCA for three years. He qualified for 2011 Nationals in debate and three speech events, placing 7th in Apologetics. Joshua earned a B.A. in Government from Patrick Henry College, where he qualified for moot court nationals in 2014, and a M.P.P in American Politics and Economics from Pepperdine University School of Public Policy. Joshua now works as Media Coordinator for the Family Research Council in Washington, D.C.

Jadon Buzzard competed in Policy and Parliamentary debate along with several speech events as a high-schooler in Stoa, winning numerous tournament titles. He currently serves as VP of the Hillsdale College Debate Honorary and competes in NFA-LD and NPDA debate at the collegiate level, where he reached octofinals of the 2018 NFA-LD Nationals as a freshman and co-championed the competitive Bowling Green University Tournament in NPDA two years in a row. Jadon studies economics and philosophy at Hillsdale College.

Nathaniel Yoon debates for Oakton High School in Virginia. In his freshman year, he broke and reached quarterfinals in the varsity division of Pennsbury. In his sophomore year, he broke and reached semifinals at the Capital Beltway Classic, earning a silver bid to the TOC, attending on an at-large. In his junior year, he's performed well at nearly every bid tournament he's attended, breaking at Georgetown, the University of Michigan, GMU, as well as earning bids to the TOC at Capital Beltway Classic, Columbia, and the University of Pennsylvania. He's also seen success at the local level, placing first in both PF and LD, and fourth in Congress.

Michelle Murata competed in public forum debate for three years in the NSDA, winning two Hawaii state titles in PF and qualifying for NSDA Nationals thrice in PF and Program Oral Interpretation. She also captured the title at the international 2017 Chengdu Youth Debate Challenge. Over the summer, Michelle coordinates debate workshops for 5th and 6th grade students at Ahuimanu Elementary School. Currently, she studies human biology and public policy at Stanford University, where she also competes in mock trial.

Joshua Hu serves as Ethos' NSDA Sourcebook Manager. He competed in Policy and LD for four years in high school, where he won three Hawaii state titles and qualified to NSDA nationals twice. In college, he debates in British Parliamentary, where he reached open semifinals at the Pan-Pacific Debating Championships and placed first in tab and finaled at the inaugural Hawaii State Debating Championships. Joshua currently studies Economics and Mathematics at the University of Hawaii at Mānoa, where he works as an undergraduate research intern at the University of Hawaii Economic Research Organization (UHERO).

Feedback, Feedback, Feedback!

One of the main points we want to emphasize about our brief is that we want to adapt to the types of arguments that debaters are currently facing or want to have emphasized. We take your feedback very seriously. It's the reason why we're putting out a free brief in the first place.

After reviewing the sourcebook (and using it to jumpstart your research and case-writing), please take 5 minutes out of your day to fill out this quick survey questionnaire.

Link also: https://goo.gl/forms/MFTAXD8TepY9RtMd2

Each person who fills out the survey will be entered into a drawing to receive two free sourcebooks (LD or PF) for the 2019-20 season and two hours of Ethos coaching.

Thank you, and we hope you enjoy this resource! Good luck, and happy debating!

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TOPIC ANALYSES

FIRST GLANCE: DEFINITIONS AND BACKGROUND

By Joshua Hu

The topic of housing affordability and whether it is best obtained through promotion of market-rate housing, government housing subsidies, rent control, vouchers, or various governmental incentives is certainly a pertinent topic. In my home state of Hawaii, where housing has rapidly risen and is forcing many individuals to move away from family and home to find affordable living in the mainland U.S., it is at the forefront of the news on the daily. Policymakers and citizens are constantly asking how we can solve this problem, and developments of both "affordable" and "market-rate" housing continue to move forward across my home state and across the nation.

Enter the resolution, *Resolved: The United States should promote the development of market-rate housing in urban neighborhoods.*

In this brief analysis, I'll tackle some key terms and possible interpretations of the resolution.

The United States – could refer to the U.S. federal government, state governments, or even local governments. Obviously, specific implementation and agent is not necessary, but an understanding of the politics of housing (see "Politics: Why Government is Key") may help to illustrate where current barriers are to development of market-rate housing, and how they may be overcome.

Promote the development of market-rate housing – Here's where things get interesting.

A simple google search of "Market-Rate Housing" leaves us with an uncontroversial definition that is commonly accepted and should not be disputed in any of your debates.

According to licensed real-estate attorney Ron Leshnower[1] (2018), writing for *The Spruce,*

> "Market rate housing is an apartment that has no rent restrictions. A landlord who owns market-rate housing is free to attempt to rent the space at whatever price the local market may fetch. In other words, the term applies to conventional rentals that are not restricted by affordable housing laws."

However, what does it mean that the "United States *promote the development* of market-rate housing?" Several interesting questions arise:

[1] https://www.thespruce.com/market-rate-apartment-155986

First, must the United States intervene in order for non-market-rate housing to be developed?

I think the answer, with the exception of non-profits whose mission is to provide affordable housing to individuals in need, is yes. Simply put, the ability for increased profits, increased market, and freedom of construction is always going to be greater when the market determines the price (see Joshua Arnold's excellent piece on "The Economics of Housing" for more analysis on this). Additionally, barriers to construction in the form of zoning regulations or agendas of various state/local governments and real estate agencies may be relevant as well. What is the implication of this? Well, that the United States has to promote the development of these non-market-rate housing (via various means that will be discussed throughout the brief).

As an offshoot of this question, debaters ought to understand the diversity of alternatives when it comes to non-market-rate housing. See our section on "Alternatives" for greater detail.

Then, we must ask ourselves:

What are barriers to development of market-rate housing in the status quo?

In other words, why must the United States promote the development of market-rate housing if there is booming development in the status quo? We answer that question in our "Politics: Why Government is Key" section—Democracy and Local Interests, Irrational Coalitions, and Tragedy of the Commons. Although the first incentive for developers (at least in general) is to develop market-rate housing, certain factors cause supply to be held down, which is where the resolution comes into play.

Finally, how does the United States promote the development of market-rate housing?

Public forum debate doesn't require a plan or detailed advocacy, but considering the question is going to be important for the construction of your arguments as the active incentives given for certain actions (in this case, building market-rate housing) have indirect consequences on other actions (perhaps building "affordable" or "subsidized" housing) as the world we live in is inherently comparative. Or does the United States promoting the development of market-rate housing simply come in the form of *not intervening* in the housing market via subsidized housing, harsh regulations, and rent-control? Debaters would be wise to consider how increases in "affordable housing" would be affected by increased promotion of market-rate housing by the U.S.

The last important term in the resolution is ***urban neighborhoods.***

National Geographic (acc. 2019) defines "urban area" as "[t]he region surrounding a city. Most inhabitants of urban areas have nonagricultural jobs. Urban areas are very developed, meaning there is a density of human structures such as houses, commercial buildings, roads, bridges, and railways."[2]

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[2] https://www.nationalgeographic.org/encyclopedia/urban-area/

In common use, neighborhood denotes the presence of a community or district within a city.

There are a few brief things that debaters should note when it comes to the characteristics of ***urban neighborhoods***.

POPULATION. According to the Urban Land Institute (2018), writing in The New Geography of Urban Neighborhoods, over 29 million Americans live in urban neighborhoods.

> "This figure represents 17% of the total population in just 1% of the land area in the 50 largest metropolitan statistical areas (MSAs). Three-quarters of these urbanities live in somewhat dense but predominantly residential neighborhoods, contrary to popular perception and most media attention focused on true mixed-use places."[3]

JOB GROWTH. Urban places accounted for 30% of existing jobs and 36% of new job growth between 2005-2015 in the 50 largest metropolitan statistical areas.[4] Where jobs are, housing must be, right? Is this really the case though?

DIVERSITY. The Urban Land Institute (2018) notes that:

> "Although the majority of minorities live in the suburbs and many economically challenged urban neighborhoods are predominantly nonwhite, upscale urban places are often more diverse than similarly high-end suburbs. In fact, there is close to a 50/50 split between the white and non-white populations in Economic Centers and MixedUse Districts, the two urban neighborhoods where average rents are highest."[5]

As a result, discussions of poverty, wealth creation, gentrification, and displacement are integral to discussing the ramification of housing policies in these areas.

RENTAL CONCENTRATION. The Urban Land Institute (2018) once again notes:

> "Between 2010 and 2017, the rental apartment inventory in urban places grew twice as fast as the inventory in the suburbs, by 32% compared with 16%. During this time, Emerging Economic Centers accounted for one-fifth of new apartment units, despite representing only 6% of the overall apartment inventory in 2010. On the other hand, more residential urban places accounted for less than their fair share of new units; during this same time period, Stable and Challenged Neighborhoods accounted for only 8% of new units, despite representing 43% of the inventory in 2010."[6]

[3]https://americas.uli.org/wp-content/uploads/sites/125/2018/06/GUN_update-JUNE4th_web_F.pdf
[4]Ibid.
[5]Ibid.
[6]Ibid.

AFFORDABILITY ISSUES. The Urban Land Institute (2018) notes:

> "Urban places have an average household income of $66,000, relative to $89,000 for the suburbs. However, the average monthly rent of a multifamily apartment in urban places is $1,650, well above the $1,275 seen in the suburbs; likewise, the average home value is more than $50,000 higher in urban places. These differences highlight the issues of affordability that are prevalent in many urban places. In particular, residents who live in dense, mixed-use neighborhoods—such as Economic Centers and Mixed-Use Districts—tend to pay more of their incomes for housing."

There's a lot more to understand about urban neighborhoods; this just scratches the surface. I encourage you all to look deeper and think critically about the wording of the resolution. Your goal, I hope is not just to understand this information so that you can win debates, but so you can better understand others, engage in meaningful discussions with a wide range of individuals, and be more well-informed members of our democracy.

DEBATING CASE STUDIES: A PRIMER

By Michelle Murata

My goal with this piece is to outline ways of approaching and attacking case studies. The relevance of such skills is relatively obvious with this resolution, since most of the empirical evidence presented by teams will probably stem from case studies. In general, though, these skills should be applied to every debate round. By going over a few case studies that are particularly relevant to this resolution, I hope to provide a better understanding of how these should be integrated into cases on either side of the debate.

In deciding which case studies to cite in round, there are a few criteria to consider:

1. **Author Credibility - cite a professor of economics, not an anonymous blogger**

Look into the author's academic degrees, current employment, and reputation based on prior works. They should be drawing conclusions related to their area of expertise.

2. **Time Frame - look at trends over multiple decades, not a few years**

If a case study spans a few years, beware cherry-picked data. Sometimes authors will hone in on a few years in order to draw a desired conclusion. Case studies that span multiple decades and successfully identify a trend are far more credible and will appear so to judges.

3. **Test Group - consider the effects across an entire population, not just the upper income bracket**

Similarly, if a certain study focuses on a relatively small fraction of the population in question, it might be doing so in hopes of pretending a particular trend. Prefer studies that examine broader test and control groups. In addition to being sufficiently sized, test groups should be varied in composition. With this resolution, that might mean considering the effects of price controls on members of the lower, middle, and upper classes, rather than one of those three.

4. **Conclusiveness - prefer studies that are statistically significant**

There are multiple commonly used metrics of statistical significance (i.e. chi-square tests, t-tests). Basically, these quantify the reliability of a given conclusion. While it's not necessary to understand these tests in depth, being able to recognize when data is significant and which test values denote this significance is a valuable skill.

Admittedly, though, you will encounter surprises in round. Your opponents will come armed with their own arsenal of case studies. In some rounds, this will result in evidence battles. Because long-winded evidence wars can be unengaging for judges (especially lay judges) and unproductive for either team in terms of furthering a narrative, it's important to practice addressing opposing case studies efficiently. The process of debunking an opposing case study can usually be facilitated through one of two ways. You can attack the credibility of the case study, the warrant put forth by your opponents, or (obviously) both.

I'll start by outlining ways to approach this issue to credibility. If you can convince judges that a source is significantly flawed, you can win a point of contention without addressing the arguments therein. Two questions here:

1. **How recent is this study?**

If your opponent attempts to refute the findings of your 2018 case study with an example for a few decades ago, your best option is to point this out. Remind judges that your evidence is more recent and therefore carries more weight. Typically, if you make this clear enough, the dates will speak for themselves and judges will prefer your evidence. Whenever you can disqualify an argument or impact by presenting more updated evidence, this should be your first course of action. In most competitive rounds, however, evidence battles will come down to more subtle issues. This leads us to our next question:

2. **What's the methodology?**

If you can show that a case study was conducted poorly, you can argue that its findings hold little weight. Does the case study exclude a control group? Does it cherry-pick data? Does it evaluate an unfit test group? At the point where you an answer "yes" to any of these questions and articulate your reasoning, you're in good shape to attack the methodology of a case study. The key here is to explain how a chosen method might skew data.

Next, let's look at ways to attack warrants. This approach requires more critical thinking than attacks on credibility do. By implementing this approach successfully, a debater demonstrates a higher level of reasoning which can appear impressive to judges. On the other hand, effective arguments against warrants will be inevitably more complex than those against credibility. Per usual, clarity is key. Our first question for this approach, while simple, can clearly expose a weak warrant to attentive judges:

1. **Does this comparison make sense?**

Nonsensical comparisons are some of the most prevalent logical fallacies in competitive debate. Some teams will cite case studies that don't align with the specifics of the resolution. This is best explained with an example. Imagine hearing something like this at the beginning of a pro constructive speech:

"The United States should promote the development of market rate housing in urban neighborhoods. Contention 1: Job creation and increased economic output. According to Human Being on January 1, 2019, a 2016 housing construction project in Barrow, Alaska caused a 100% increase in employment opportunities and a 500% increase in economic output."

Our imaginary pro team is attempting to use this imaginary case study to argue that, when the United States promotes the development of market rate housing in urban neighborhoods, jobs are created and economic output is increased. Does their case study support this argument?

Absolutely not. The imaginary case study looks at Barrow, Alaska, which is one of the most sparsely population and rural states in the U.S. It also looks at housing construction. This is completely inapplicable to the resolution at hand, which specifies the development of market rate housing in urban neighborhoods. By ensuring that your evidence is linked to the resolution and making it clear when your opponents have not done the same, you'll gain credibility with judges and keep the round on track.

This second question is useful in addressing another common logical fallacy:

2. **Does this demonstrate causation?**

Let's illustrate this better by analyzing the second contention from our imaginary pro constructive:

"Contention 2: Decreases poverty. According to Another Human on January 2, 2019, price controls on rental housing were eliminated in a single city in San Francisco in 2015. This same year saw a 5% decrease in San Francisco's low-income population."

Never assume correlation implies causation. San Francisco's low-income population could have increase in 2015 due to a myriad of outside factors. A highly probable explanation is that low income individuals were displaced from their homes as a direct result of this imaginary lifting of price controls, thereby causing a decrease in the low-income population. As a rule of thumb, there are certain trigger words that can indicate a lack of causation. Listen for phrases such as "associated with…", "correlated with…", "related to…", "corresponds to…" during case speeches and call them out on cross examination. Do not allow your opponents to argue their impacts without first demonstrating causation.

As much as possible, read all of your primary and secondary evidence. It's better to spend some extra time reading over your material than to be unpleasantly surprised by new information mid-round. It's impossible to be completely prepared for all of your opponents' research beforehand, so rely on these guiding questions to break down and clarify for yourselves (and your judges) the case studies that hold the most weight.

DEBATING DISADVANTAGED STAKEHOLDERS

By Nathaniel Yoon

The March topic is “Resolved: The United States should promote the development of market rate housing in urban neighborhoods.” One of the core areas of the resolution will likely be the affordability of housing, especially to lower-income individuals. Arguments can be made on both sides, with the most important internal link being access to housing. All in all, making arguments to help low-income or disadvantaged individuals can give you a strong moral position, putting you ahead perceptually by the time constructive is over.

Affirmative Argumentation

Much of the aff ground comes from the direct effect of increasing housing supply. Since market-rate housing itself is unlikely to be immediately affordable to low-income people, the net effect of increased supply is your most likely route to impacts. Make sure to take a broad approach to the effects of housing, as many of the supply dynamics are regional, potentially increasing prices in a concentrated area while dropping prices in a larger one.

Importantly, remember the exact wording of the resolution, which tells you to focus only in urban neighborhoods. Much of the literature on this topic focuses on places that aren’t as urban as the resolution is talking about, such as in suburban areas where development is constant, so you should be careful with evidence that might be non-topical.

Negative Argumentation

The neg’s primary argument will likely be the tradeoff between market-rate housing and affordable housing. Much of the literature on the topic directly compares them, as especially in urban areas, there is a limited supply of land for housing development. The negative can easily argue that market-rate housing only supports people who can afford market rate, or that market-rate housing would cause direct trade-offs with development of affordable housing.

Negative teams using this strategy should be careful to keep the definition debate clear. Judges need to understand the exact differences between the types of housing development, especially if their differences are central to your case. A messy definitional debate is no fun and is even worse for a judge trying to evaluate it.

Narrative Construction

How will your side create offensive arguments while subsuming the arguments of your opponent's? When constructing a narrative (a thematically-designed case if you will), your goal is to come up with a cohesive worldview which can not only generate your own offense, but attack the solvency of your opponent's side, and better explain the root causes of their impacts.

On the affirmative, for example, your overarching worldview is likely a question of supply. Market forces will dictate the overarching issues of housing prices, affordability, etc. Against arguments about the unaffordability of housing, not only does their argument identify the wrong solution – affordable housing is too expensive to address the issue of supply – but their side also identifies the wrong problem, which is a lack of supply in the status quo.

On the negative, by contrast, your worldview is the system working against these low-income people. Only affordable housing that directly targets those oppressed populations can address their issues, otherwise profit motives and capitalist incentives will take these projects over. Against arguments of supply, their argument looks to the wrong solution, giving benefits only to the already wealthy, but looks to the wrong problem as well, since the lowest-income are the only ones in a housing crisis.

By turning their argument into your own, and importantly, giving nuanced and comparative reasons to prefer your worldview, you can make sure the debate happens on your side of the flow. It's also important to stay cohesive – even after your case is done, your rebuttal adds to your round's narrative just as much as the later speeches. Make sure each of your speeches is advancing a clear story as to why your side best addresses the issues of the round.

For this topic, the question of uniqueness will also come up. Which side represents a deviation from the status quo? The affirmative can certainly argue the government promotes affordable and/or subsidized housing, which pushes development against market rates, but the negative can also point to the significant tax breaks and contracts given to market-rate developers. However, when looking to the resolution as not a binary policy action but a general comparison, similar in a sense to the January topic, the round may be clearer. Debaters should be ready to defend their interpretation of the resolution, especially if it proves central to their case.

Weighing

With a focus on affordable housing itself, debaters will likely see impacts flowing towards low-income or otherwise disenfranchised communities. The creation of new housing for these populations is of vital concern, and you shouldn't have that hard a time communicating that to the judge. What may be more of a challenge, however, is weighing those impacts against other, potentially broader ones. Many of these arguments, by definition focus, on a minority of the population, and against broad-ranging arguments that say, focus on the overall economy, impacting to a few low-income communities may seem hard to weigh.

However, the nature of your impacts gives you a few solid weighing mechanisms. First, on a top-level, you're able to argue that a just society itself requires treating everyone, especially the lowest among us, well. Many larger impacts on this topic may leave the lowest-income people behind, and you can make a persuasive moral case to the judge that their impacting ignores the effects either side of the resolution has on members of society who are historically ignored. Second, on your link level, you can argue that high income inequality, discrimination, or a combination of the two actually holds our society back. By locking up productive resources or decreasing economic participation, for example, your impacts can easily link into a broader economic idea. There's significant literature that reducing income inequality is a great way to bolster growth. Third, on the impact level itself, weighing is simple. Low-income or minority populations need help the most, as every dollar spent on them is much more impactful than a dollar spent on rich groups, or even the middle class. Helping their housing situations will always be more impactful than using those same resources to help others, giving you the strongest link into any terminal impact on the topic. Finally, check out a bunch of argumentation we give you in the "Social Issues" section. Compelling arguments can be constructed to show how low-income individuals and minorities are already disadvantaged in their ability to create and obtain wealth, to have housing stability, and how they are targeted through gentrification. Further showing how market-rate housing (or other types of housing) entrenches disadvantaged individuals in these same ways produces for a compelling argument.

DEEPER DIVE: THE ECONOMICS OF HOUSING

By Joshua Arnold, M.P.P.

My favorite part of high school debate was the creativity required to craft good arguments. I don't want to deny you the same experience. So I won't tell you what to argue or how to argue it, but I do want to share a few insights that I think will equip you to make more informed arguments. Below, I address three questions: how does the housing market work? What types of data are used? And what are the policy trade-offs?

How does the housing market work?

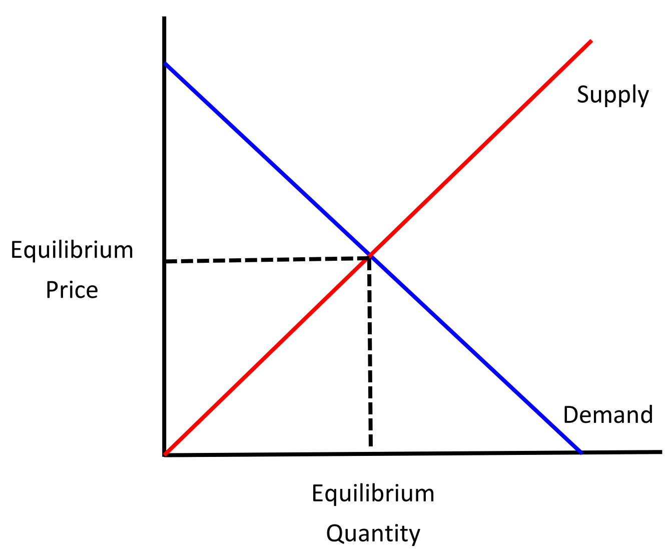
To understand this, we have to start with a tiny bit of macroeconomics. We are not examining the behavior of a single individual or firm, but of the effect of their behavior in aggregate.

If you've ever studied economics before, then what I'm going to say will start out a bit basic, but just hold on. It will get more complex, but I want everyone reading this to be on the same page.

One of the first things taught in economics is a simple supply-and-demand model that shows the market for a single good (See Figure 1). In this model, the quantity of the good is on the X-axis and the price of the good is on the Y-axis. The demand curve shows what quantity of the good is demanded by consumers at any given price, and the supply curve shows what quantity of the good producers are willing to supply at any given price.

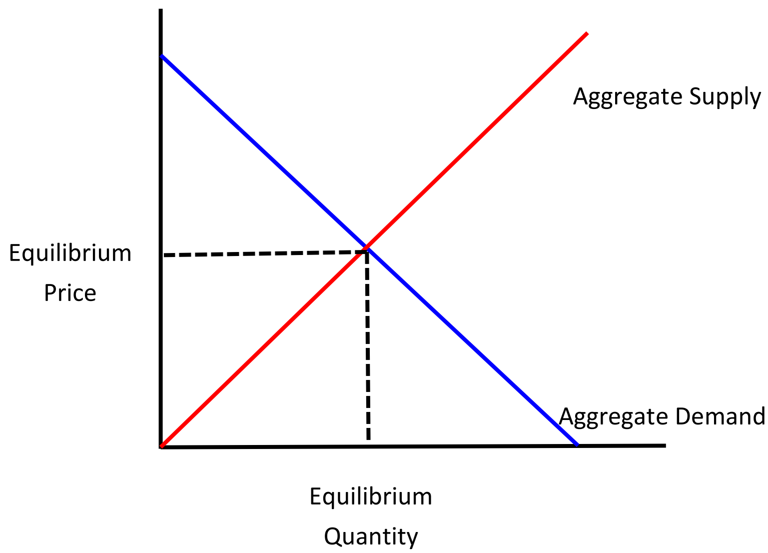
Who determines the price? Well, everyone and no one. The point at which the demand curve and the supply curve cross is called the equilibrium. Eventually, the market price should reach the equilibrium. This is where quantity supplied equals quantity demanded (both are based on the price), and so the price is usually stable when it reaches this point. For reasons I won't go into here, if the price is higher or lower than this point, it is pressured towards the equilibrium price.

Figure 1. Simple Supply and Demand Model.



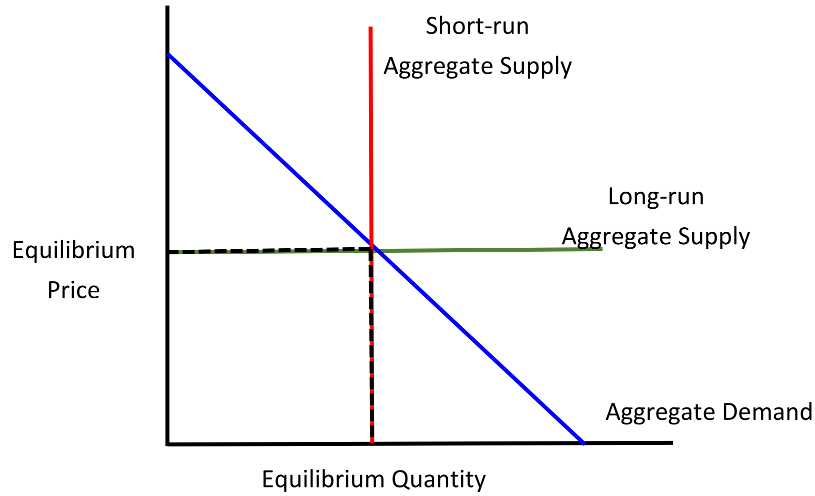
However, if you think this model explains the housing market, think again. This model only works for a single good where there are many buyers and sellers of identical products. Housing, however, comes with many shapes, sizes, locations, amenities, etc. Each of these would represent a microscopic market, with microscopic supply-and-demand curves that wouldn't really be useful. Fortunately, we add them all together and come with a model of aggregate supply and aggregate demand that will tell us something about the housing market as a whole (See Figure 2).

Figure 2. Simple Supply and Demand Model, Aggregated.



But we have to introduce one more critical element. In macroeconomics, the aggregate supply curve looks different in the short run than in the long run. "Short-run" and "long-run" are rather vague terms, but they have a precise distinction in economics. The short-run is the period of time before the quantity supplied can be changed. For example, a landlord couldn't take housing off the market until his tenant's lease expired. He couldn't add housing to the market before the construction crews completed the new building project. This means in the short-run, the quantity supplied is fixed. The short-run aggregate supply (SRAS) curve is a vertical line, which means that, in the short-term, the quantity of the good supplied is fixed, even if people are willing to pay more for it.

Figure 3. Short-Run vs. Long-Run Aggregate Supply Model.



Of course, once people express an interest to pay more for the good, suppliers start figuring out ways to provide more of it. Economically speaking, they begin to supply the units of the good that would not have been profitable to supply at the lower price. So in the long-run, quantity is not fixed. What does the long-run aggregate supply curve (LRAS) look like? Deriving it employs several different complex models that I don't have time to go into here, but simply, as long as individual preferences remain the same, the relative value they put on housing stays constant while the economy grows. This yields a surprising result: the long-run aggregate supply curve is a horizontal line. This means that the price of housing should remain constant in the long-run, regardless of quantity. These three curves (which are here all shown as straight) meet at a single point, representing a market in equilibrium (See Figure 3).

Now you might be thinking, none of this seems to have much to do with the housing market in particular. Certainly the spiraling prices of urban housing doesn't seem to reflect this model. You would be right, but this model can show us *why* the housing market isn't working.

We're going to change this model step-by-step until it demonstrates the urban housing crisis. First, we start with a simple fact: more people keep moving to large cities. Those people want to live somewhere, which means that a greater quantity of housing is demanded. As a result, the curve representing the aggregate demand for housing shifts to the right, in the direction of a greater quantity of housing (See Figure 4). Note that the immediate result, in the short-run, is an increase in price, not an increase in quantity.

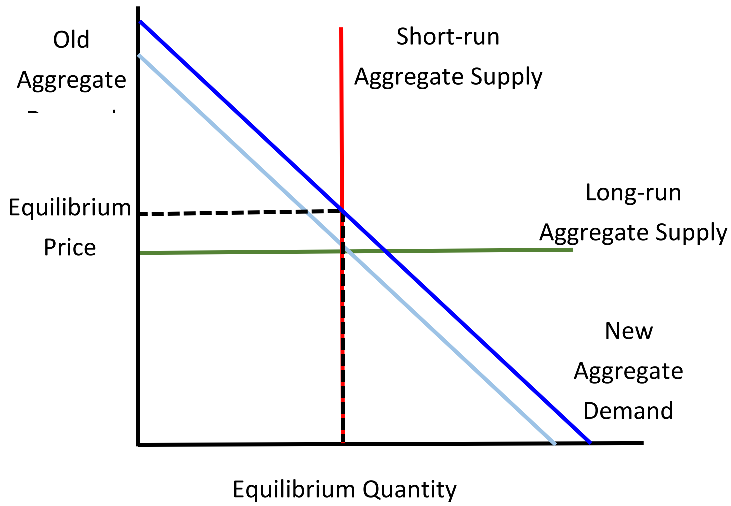


Figure 4. Short-Run. Demand Shifts Right. Price Increases.

In a normal market, we would expect housing providers to increase the quantity of available housing, so that, after a while, the price would return to normal levels, with a greater quantity of housing (See Figure 5).

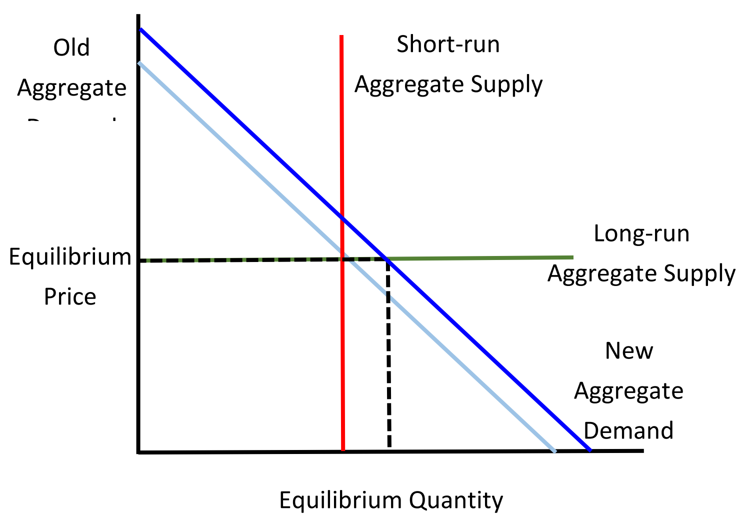


Figure 5. Long-Run. Price Returns to Normal. Equilibrium Quantity Increases.

However, this is ***not*** what we see in the housing market in urban areas that are experiencing a pricing spiral. In those localities, local regulations restrict the supply of new housing that can be offered. This is done in a variety of ways, such as zoning, rent control, anti-density ordinances, and environmental restrictions, to name a few. Effectively, the government prevents the quantity of housing supplied from increasing. Over time, residents resign themselves to the higher prices, which changes their preferences, shifting the long-run aggregate supply curve up (See Figure 6).

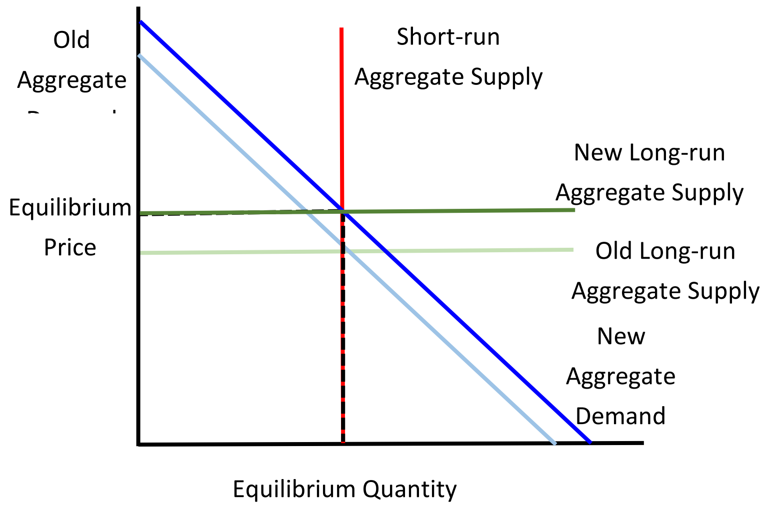


Figure 6. Long-Run. No Quantity Increased. Preferences Changed.

The market has reached a new equilibrium, with no more quantity of housing than the last, but with a higher price. This cycle can repeat itself for as long as the demand continues to increase (as long as more people want to move to the city).

I should make two clarifying points. First, I drew the aggregate demand curve as a straight line for demonstration purposes. In reality, it should be concave. Second, it is not quite accurate to say that cities have *no* increase in housing stock. It is more often the case that they allow the housing stock to increase slowly, but nowhere near enough to keep up with the increase in demand.

What does this mean in terms of arguments you can run? On the affirmative side, you want to argue that increasing the quantity of market-rate housing supplied will reduce the price of housing in the long run. That's a strong argument, because that's what the theory leads you to argue.

On the negative side, it's hard to negate that conclusion, but you still have ways to argue against it. First, you could argue that it will be difficult for the supply of housing to outpace the growing demand. In other words, the affirmative's long-term solution will be a very long time in coming, and many folks can't wait that long. As John Maynard Keynes said, "in the long run we are all dead." Second, you could argue that the solution lies in reducing the demand in these cities. Perhaps there is a way to redistribute economic productivity geographically to places like Detroit. If you can reduce the quantity demanded, the housing crisis goes away on its own. Third, you could argue that the consequences of successfully increasing the housing stock should deter us from seeking that solution. In a place like New York or Los Angeles, the housing supply can only be increased through adding to housing density, increasing traffic congestion in concentrated areas, increasing the danger from floods, increasing pollution, overburdening public utilities, and subjecting people to inhumanely close quarters. Fourth, you could argue that the long-run equilibrium price is still too high for the poorest, most vulnerable members of the community. Perhaps protecting these with affordable housing policies takes priority over driving down prices for everyone else.

What types of data are used?

When reading through academic reports, you will likely see the authors describe their data with certain labels that are not very self-explanatory. Here is a brief description of several common labels for data—what they mean and why they are good or bad. Hopefully this will empower you to better engage with the literature in your own research. With that said, let's dive right in:

Cross-sectional. This type of data refers to many observations collected in a single unit of time (usually a year)—a snapshot, if you will. The downside is that it gives no information about changes taking place over time, and there is no way to control for any unique situations that affect that particular year. However, researchers like these data because they are relatively inexpensive and quick to collect.

Longitudinal. This type of data refers to observations gathered on the same subjects over an extended period of time. For example, measuring the academic performance and earnings of a certain cohort of students that went through an accelerated program in their early grade school. It yields very good specialized information, but it often lacks the ability to explain anything about a group that falls outside of the test body.

Panel. This type of data refers to many observations collected over many years. It has the potential to yield millions of observations, which makes it very strong, statistically speaking. Usually, only government agencies have the type of resources to generate data like this. This means that you may not find much panel data on topics that government surveys don't address, such as religion. However, academics love to get their hands on this type of data whenever possible, because whatever results you do obtain are usually considered the most credible. Most quantitative data is cross-sectional, longitudinal, or panel data.

Instrumental. This type of data is likely one of the three previously mentioned types. It refers to data where one variable is used in the place of another variable, which the researcher would like to know something about, but which is hard to measure, or which may have some omitted variable bias. For example, using the theory that school districts are often bounded by natural barriers (and so more natural barriers would mean smaller school districts), one researcher used a variable of river density as an instrumental variable for the average distance that students would have to walk to school. Instrumental variables can be good or bad, but certainly tricky. If you encounter any, make sure to think through the logic carefully.

What are the policy trade-offs?

I already hinted at some policy trade-offs at the end of my section on the housing market. I don't plan to repeat that section here, so I recommend you go and read that if you are interested. Here I shall address some particular conflicts of interest, where different stakeholders have interests that are opposed to one another.

Homeowners vs. renters. Homeowners gain when their property value goes up, and their property value goes up when land becomes more expensive. When land becomes more expensive, rents go up, which is a loss for renters.

Old residents vs. new. Those who live in a city already are accustomed to the rents and have adjusted their lives accordingly. They may pay a rent grandfathered in at a lower level than a new renter would pay. They probably already earn a wage negotiated with the city's cost of living in mind. New residents moving to the city are unaccustomed to price of housing and likely do not have a job geared to the cost of living in that city.

Poor vs. middle-class. Poor residents can benefit from affordable housing, but would struggle to afford market-rate housing, even if prices went down. Middle-class residents do not qualify for affordable housing, and must pay the full value of expensive rents. They would directly benefit from a reduction in the price of market-rate housing. Upper-class residents would benefit, too, but they have enough money that it will have a minimal impact on their finances.

City vs. metropolitan area. An individual city has an incentive to attract businesses that pay taxes, but not housing that requires public services. The metropolitan area as a whole may need more housing, but it is against the interest of any particular municipality to provide it.

EVIDENCE AND ARGUMENTS

POLITICS: WHY GOVERNMENT IS KEY

Why can't market rate housing just develop itself? Is there anything inherent to the system that prevents it from happening? Here are three political barriers—use this evidence to help you develop arguments why promotion by the US is key.

DEMOCRACY AND LOCAL INTERESTS

1. Fragmented Local Government: Local government only reflects local interests, and so fragmentation with metropolitan areas just push the problem of providing housing onto some other community.

Joshua Gottlieb (Associate Professor at the University of British Columbia, Research Associate at the National Bureau of Economic Research (NBER), Vistiing Scholar at the Federal Reserve Bank of San Fransisco, Co-Editor of the Journal of Public Economics, Ph.D., A.M., A.B. in Economics from Harvard University.), October 1, 2018, The Aspen Institute, Economic Strategy Group, "How Minimum Zoning Mandates Can Improve Housing Markets and Expand Opportunity", accessed February 10, 2019, https://users.nber.org/~jdgottl/MinimumZoningMandates.pdf

Land use regulations at the local level only reflect local interests. Each locality that restricts housing pushes people into other areas. These restrictive zoning decisions do not take into account the effects on other areas, and on outsiders. In general, metropolitan areas with more fragmentation of local governments have stricter zoning regulations - when each government controls only a small community, zoning rules tend to be less inclusive (Fischel, 2015).

2. Local Housing Control: Local governments control housing policy in America because states and courts let them.

Gabriel Metcalf (Executive director of the San Francisco Planning and Urban Research Association (SPUR), previously worked 5 years for The Bay Institute, an environmental nonprofit focused on California water policy, co-founder and former Board Chairman of City CarShare, Master of City Planning Degree from UC, Berkeley), Winter 2018, Journal of Economic Perspectives, "Sand Castles Before the Tide? Affordable Housing in Expensive Cities", Volume 32, Number 1, accessed February 7, 2019, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.32.1.59

Many things that bear on housing markets are beyond the control of cities: the occupational structure of the economy and the mix of employment opportunities for residents; the distribution of wealth, with all that it implies for purchasing power in the housing market; the expenditure priorities of federal housing and social welfare programs; and so much else. But one thing cities do control in the American system is land use. While there are certain limitations and exceptions (more on these below), the states have delegated land use regulatory power to cities, which exercise that authority through zoning and other development controls. The courts also tend to defer to the judgment of locally elected legislative bodies.

3. Homeowner Control: Homeowners suppress housing supply because they control local governments.

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At the same time, smaller cities, comprising most of the land within a metro area, are generally controlled by homeowners because most voters are homeowners (Jurjevich and Keisling 2015). It does not take a great leap to realize that most voters in most cities are going to be interested in protecting the value of their primary asset (Hertz 2016). In the strong version of this "home voter" hypothesis (as named by Fischel 2001), voters work to suppress housing supply as a way to protect higher housing values. This pattern appears to be especially pervasive in the suburbs. But we can construct a weaker version of the hypothesis, which simply asserts that home-owning voters are not strongly motivated to add supply because housing unaffordability does not directly hurt them, so other factors like the desire to avoid traffic or the desire to protect the character of their neighborhoods outweigh the appeal of seeking to reduce housing costs for other people. In both cases, we would expect that the electoral process would, on average, lead to the selection of politicians who reflect the preferences of their constituents not to add housing.

4. Renters Ignored: Non-homeowner interests are underrepresented in local government because they cannot even afford to move in.

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What about the people who are not homeowners - why are the concerns of renters not showing up in the form of more pro-housing politics? One reason is that most of them do not live in the jurisdiction. Most of the people who would potentially benefit from solving the housing shortage are the ones who have been kept out of the expensive cities to begin with: the people who would be residents, who would not live so far away, or who would join the successful economic cluster, if they were able to. Our local democratic process does not take their interests into account because only people who have already made it "in" are members of the polity.

5. Renters Absent: Even current renters do not push their own interests through irrational behavior, rent protection, or fear of gentrification.

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But even renters in the expensive cities - the people who may or may not occupy a rent-controlled unit, the people who are most at risk of being displaced by rising housing costs - are not always a political force in favor of more open housing markets (Hankinson 2017). This fact is essential for understanding housing politics in the majority-renter cities like New York and San Francisco, and is probably the most difficult aspect of local politics for economists to understand. We have to start by remembering that in many situations, not just housing, people may not be rational about their own self-interest, and may be motivated by things other than self-interest. But we can add nuance to this observation in several ways that make it more understandable why renters might be skeptical about housing development.

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Analysis by Joshua Arnold, M.P.P.

In the cities with rent control, plenty of renters have incomes that are so low that they would not be able to afford market prices in any plausible scenario of supply increase. Some have occupied their units for a long time, with rents pegged to much lower levels from years ago. These tenants may be correct in their belief that nothing that adds to the market-rate housing supply will directly help them.

Some tenants fear that new housing development in a previously affordable neighborhood could actually raise the prices on the adjacent housing stock - when "gentrification" increases the amenity value of the block, or even by signaling that a street is now "safe" for middle-income residents. My own judgment is that these localized effects are tiny when compared to the overall pricing pressure from regional undersupply, but this is a real debate in many of these cities (Joshua Arnold).
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IRRATIONAL COALITIONS

6. Anti-elitism: Housing prices are kept high because renters side with homeowners because of anti-elitism and fear of change.

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Finally, to understand local policy making, we need to pay attention to the strategies pursued by activists and elected officials, who are working to assemble political coalitions. To wield political power it is always necessary to bring together multiple groups of people who have distinct interests and understandings: Judd and Swanstrom (2015) tell the story of changing political coalitions in American cities. Until the 1970s, "growth machine" coalitions of labor unions and business leaders wielded significant clout in many cities, and they still do in some. But antigrowth political coalitions are now widespread. Renters who fear increases in housing prices can be brought into coalition with homeowners who fear decreases in housing prices around a shared distrust of elites and a fear of change.

TRAGEDY OF THE COMMONS

7. Commute Shed: Labor markets and housing markets exist at the metropolitan level.

Gabriel Metcalf (Executive director of the San Francisco Planning and Urban Research Association (SPUR), previously worked 5 years for The Bay Institute, an environmental nonprofit focused on California water policy, co-founder and former Board Chairman of City CarShare, Master of City Planning Degree from UC, Berkeley), Winter 2018, Journal of Economic Perspectives, "Sand Castles Before the Tide? Affordable Housing in Expensive Cities", Volume 32, Number 1, accessed February 7, 2019, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.32.1.59

Conceptually, both labor markets and housing markets exist at the metropolitan scale, which can be thought of as the "commute shed." Each metropolitan area is comprised of many individual cities, towns, villages, townships, and usually multiple counties - in other words, local governments that have control over land use decisions. In addition, some regions consist of adjacent and partially overlapping labor markets, which adds further complications - for example, the many cities along the Boston-to-Washington corridor, or the twin and increasingly merged economies of San Francisco and Silicon Valley (Savitch and Adhikari 2017).

8. Housing Shortage Incentive: Cities have financial incentive to underproduce housing due to competition with neighboring jurisdictions.

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Cities compete with one another to avoid "bads" like freeways, dumps, or other land uses with negative local impacts, and also to provide amenities that will be attractive to residents. Competition between cities is supposed to allow citizens to "vote with their feet" to live where they can find the mix of taxes and services that best matches their preferences (Tiebout 1956). While acknowledging that this sorting results partially from divergent personal preferences, it's clear that the outcomes are not all benign. They include the secession of the wealthy into enclaves where they can provide good schools for their children; the segregation of the poor into cities that lack the resources to pay for adequate public services; and a chronic tendency to underproduce housing. Each city has a fiscal incentive to minimize costs and maximize revenues. Typically that means trying to attract jobs while not adding residents (it is residents who consume public services). Also, each city has an incentive to avoid the negative impacts, especially traffic, that typically come from added housing. Because there are typically many cities within a metropolitan area, it is very possible for some cities to win this fiscal arms race by having a higher ratio of jobs to housing units, enabling those cities to provide higher levels of public service at a lower cost to residents.

9. Collective Action Problem: Cities in a metropolitan area believe others should fix the housing shortage, in a classic collective action problem.

Gabriel Metcalf (Executive director of the San Francisco Planning and Urban Research Association (SPUR), previously worked 5 years for The Bay Institute, an environmental nonprofit focused on California water policy, co-founder and former Board Chairman of City CarShare, Master of City Planning Degree from UC, Berkeley), Winter 2018, Journal of Economic Perspectives, "Sand Castles Before the Tide? Affordable Housing in Expensive Cities", Volume 32, Number 1, accessed February 7, 2019, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.32.1.59

From a macro policy perspective, it's not essential for every city in a metropolitan area to produce housing so long as the total housing supply in aggregate is sufficient. But we face pervasive free-rider incentives, which lead every city (technically the people who run the city) to believe it could not possibly be asked to add housing, especially not at high densities, while believing that other cities would be much more logical places to put new housing. Jurisdictional fragmentation at the regional scale coupled with local taxation as the source of funding for essential public services sets up a classic collective action problem.

ECONOMICS

Arguments concerning economics (or how we ought to allocate scarce resources) will be central to nearly every debate. Even if you wish to focus your arguments more on affordability and obligations to lower-income individuals and minorities, you need to win that market-rate (or non-market-rate housing) is sustainable or advantageous to whatever stakeholders you identify and prioritize.

See Joshua Arnold's analysis on economics for a fuller explanation of what is happening with short-term and long-term supply, how those relate to demand, and how market shocks affect the price and quantity of housing.

SUPPLY AND DEMAND

This section may seem like it is entirely devoted to affirmative argumentation (and a good deal of it is); however, many of these cards can be used on both sides of the debate. An important issue to keep in mind in further research and argumentation specifically governs whether or not increasing the development of affordable housing has the same positive impacts as market-rate housing on cost due to increased supply. In other words, are the benefits of increased supply unique to market-rate housing?

1. Demand, then Supply: Increased demand raises prices in the short-term, but in the long-term, supply will increase, decreasing the price and increasing the quantity supplied.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

In virtually all markets, increases in demand initially increase price, as producers face short-run constraints on their ability to increase supply. In the longer run, however, increases in price should induce investment and an expansion in supply, which should dissipate the initial increase in price. Some argue that those normal rules of supply and demand don't apply to housing because housing is tied to a specific plot of land, and unlike other inputs into the production of housing that may be in plentiful supply, the supply of land is limited in many jurisdictions by existing development and by geographical constraints like coasts or mountains (Angotti & Morse, 2016).

2. Lower Prices: Supply increase may fuel more demand, but it will not entirely offset price reduction.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

While building additional highways does appear to induce more demand (Duranton & Turner, 2011), <u>in the case of housing, additional demand is unlikely to offset the new supply. Such an offset requires demand curves to be perfectly elastic; in other words, it assumes that neighborhoods and jurisdictions are perfect substitutes and that there are no constraints on the ability and willingness of households to move. This is clearly unrealistic.</u>10 Moving homes is not like driving a few extra miles (Lewyn, 2016). <u>Any additional demand for housing is limited by personal and economic constraints on the ability and willingness of households to move, restrictions on immigration, and uncertainty about all the other factors that may determine a market's trajectory. Thus, in the long-run, while some additional households may be drawn from outside (or from within the city) to buy or rent homes as supply increases, it is highly unlikely that prices will end up at the same level they would have reached absent any new supply.</u> Finally, as noted below, the empirical evidence shows that allowing for more supply leads to lower housing prices; <u>if adding supply induced sufficient additional demand to offset the increased supply, the studies would not find an association between supply and prices.</u>

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Analysis by Joshua Arnold, M.P.P.

It's impossible to understand "market-rate housing" unless we understand what is meant by "housing market" and "housing." Simply put, each metropolitan center has its own, largely independent housing market.

Additionally, there are different markets for different types of housing. However, these different housing "goods" have similarities that make them substitutes for one another. This means a change in one housing market will affect markets for other types of housing in the same metropolitan area. For a more in-depth explanation, see my article on the economics of housing.
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3. Successful, Resistant Cities: Housing costs are only a crisis in successful cities that resist housing expansion because their demand growth exceeds supply growth.

Gabriel Metcalf (Executive director of the San Francisco Planning and Urban Research Association (SPUR), previously worked 5 years for The Bay Institute, an environmental nonprofit focused on California water policy, co-founder and former Board Chairman of City CarShare, Master of City Planning Degree from UC, Berkeley), Winter 2018, Journal of Economic Perspectives, "Sand Castles Before the Tide? Affordable Housing in Expensive Cities", Volume 32, Number 1, accessed February 7, 2019, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.32.1.59

Today, we observe the divergent fates of American cities: some are becoming extremely costly while others continue to struggle with the problems of abandonment; some grow at a rapid pace while others resist new development. Broadly speaking, we can classify US cities into three types in terms of their housing cost dynamics. First, some cities continue to have shrinking populations, so the existing supply of housing is large compared to the quantity demanded and housing is often quite inexpensive. Examples include certain "Rust Belt" cities like Rochester, Detroit, and St. Louis. Second, some cities have both growing population and a growing supply of housing, including "Sun Belt" cities such as Atlanta, Houston, and Tucson. These cities tend to have relatively less-expensive housing. Third, in some cities, the demand for housing is growing at a much faster rate than the supply. These so-called "superstars" include New York City, Boston, Washington, DC, San Francisco, Los Angeles, Seattle, and Denver (Gyourko, Mayer, and Sinai 2013).

4. Building Necessary: Even absent complete solvency of housing issue, rents drop substantially

Rick Jacobus (Rick Jacobus, a national expert in inclusionary housing and affordable homeownership, is the principal of Street Level Urban Impact Advisors. He serves as a strategic advisor to Grounded Solutions Network, a national initiative focused on building more inclusive communities.), 3-10-2016, Street Level Urban Impact Advisors, Shelterforce, "Why We Must Build", accessed February 6, 2019, https://shelterforce.org/2016/03/10/why_we_must_build/

If we look at the housing problem at the regional level only, it seems frustratingly obvious that the answer for hot-market metro areas is simply to build. Build more. Build now. Build anywhere. Even when we build high-end housing for the rich it adds to the overall supply and pushes rents down. The super rich move into their new sky palaces and the merely rich move into the luxury homes that they vacate and down the line. Now, filtering is not quite the panacea that some wish it were because once rents on older housing units fall below the operating costs, it is cheaper for property owners to abandon their buildings than rent them out. This creates a functional rent floor below which rents won't fall no matter how much we build; but in high-cost regions the bottom of the housing market (the lowest rents typically available) is far above this floor. And to reach that floor we would need to build at such an enormous scale that it is hardly worth discussing. So building more won't end homelessness or eliminate the need for affordable housing subsidies for very low-income households, but for everyone else struggling to pay rising rents, there is solid evidence that building even high-end housing will bring rents and housing prices down. Even if we can't hope to build enough, some building is better than no building.

5. Unequal Comparison: Disallowing market-rate housing may not create space for affordable housing because the land may still be too expensive for that use.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

A second version of the argument asserts that normal rules of supply and demand don't apply because the development of market rate housing consumes scarce land that could otherwise be used for affordable housing. 3 The argument is accompanied by demands that high percentages (such as 50 percent or more) of all housing developed on private sites should be restricted as affordable housing (Durkin, 2016). But it is not necessarily the case that the land where market-rate housing (or a mixture of market rate and affordable housing) is proposed would otherwise be used entirely for affordable housing. The land might continue to be too costly to support affordable housing, even if the land could not be used for housing for higher income households, because there are other uses (such as office or other commercial space) competing for the land. Also, the reasons affordable housing is not provided in larger quantities go far beyond the lack of land and include the inadequacy of funding to pay for construction, financing costs and operating costs. Further, programs like mandatory affordable housing can ensure that even land used for housing for high income households includes some affordable housing in the same development, although no inclusionary program imposes requirements as high as 50 percent of the units.

6. Rising Prices: New construction can increase prices in certain cases, such as when it replaces abandoned buildings or other undesirable locales.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

Hankinson (2017) theorizes that renters' opposition to local additions to supply is driven by such worries; he argues that it is plausible that the construction of an attractive new building will increase prices locally (by improving the physical landscape, bringing new amenities to the neighborhood, and signaling that the neighborhood is improving), even as it reduces them citywide. Testing this proposition empirically is quite challenging, given that developers will naturally be attracted to areas where prices and rents are rising. There is evidence from New York City that improvements to blighted housing can, in some circumstances, increase surrounding property values, even when the new or improved housing is subsidized, low-income housing (Diamond & McQuade, 2016; Schwartz, Ellen, Voicu & Schill, 2006). The new housing studied, however, replaced large swaths of vacant, abandoned buildings and littered vacant lots, in essence removing a disamenity.

7. Dense Is Cheap: If developers could build more housing on the same land, it would allow more people to live in the area, which would lower the price and raise the real wage of residents.

Joshua Gottlieb (Associate Professor at the University of British Columbia, Research Associate at the National Bureau of Economic Research (NBER), Vistiing Scholar at the Federal Reserve Bank of San Fransisco, Co-Editor of the Journal of Public Economics, Ph.D., A.M., A.B. in Economics from Harvard University.), October 1, 2018, The Aspen Institute, Economic Strategy Group, "How Minimum Zoning Mandates Can Improve Housing Markets and Expand Opportunity", accessed February 10, 2019, https://users.nber.org/~jdgottl/MinimumZoningMandates.pdf

To understand the effects of land use regulations, it is helpful to consider the hypothetical outcomes we would observe if the regulations were weakened. In that hypothetical world, the areas where many people want to live - cities or neighborhoods that are close to jobs that pay high wages - would see more development. Instead of being used for a $2.5 million single-family home, a plot of land in San Francisco's Sunset neighborhood might be developed into three $1.5 million apartments. On its own, rezoning this single lot would not make San Francisco housing much more affordable. But the lot would house 3 times as many people. That means more people would be able to live in the city of San Francisco as opposed to distant suburbs, and more people would be able to live in the overall San Francisco metropolitan area. With enough densification of this sort, housing prices in the region would fall, spreading opportunity more broadly. 2 All else equal, cheaper housing would increase the real wages of existing residents.

8. Minimal Spillover Effect: Even when new construction has a positive spillover, prices may rise faster without it because it absorbs demand.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

Theoretically, we might also expect positive localized spillover effects for market-rate housing, even when it does not replace a source of blight, as it may bring new retail amenities and/or signal that an area is ripe for new development. But there are two forces potentially at work when new housing is constructed in a neighborhood facing increased demand. On the one hand, the construction could spur additional investment and demand, placing upward pressure on prices. On the other hand, newly constructed units in the neighborhood absorb some of the new demand and dampen pressure on prices. In the absence of new construction, the unsatisfied demand will go somewhere. Some may be diverted to other neighborhoods or jurisdictions; but some will likely remain, bidding up rents and prices for the existing stock, and making it profitable for owners to upgrade the stock to accommodate new entrants rather than existing residents. Thus, even in those cases where construction spillovers are positive, the net effect of new construction on price is unclear. There is almost no empirical evidence about the net effects new market rate housing has on the prices or rents of immediately surrounding homes, but a California legislative analyst office study suggests that additional market rate construction is linked to lower displacement rates (Taylor, 2016). Examining low-income neighborhoods in the Bay Area between 2000 and 2013, the researchers found that the production of market rate housing was associated with a lower probability that low-income residents in the neighborhood would experience displacement.12 This suggests that for neighborhoods in high-demand cities, blocking market-rate construction may not forestall the demand pressures that can lead to displacement; indeed, the lack of new construction may place greater pressures on the existing stock.

Note: This card also discusses displacement. See how it could apply to the 'Displacement' subsection of the "Social Issues" category.

9. Supply Restrictions Drive Luxury MRH: Free supply allows filtering, increases low-income housing

Matthew Yglesias (Matthew Yglesias co-founded Vox.com with Ezra Klein and Melissa Bell back in the spring of 2014. He's currently a senior correspondent focused on politics and economic policy, and co-hosts The Weeds podcast twice a week on Tuesdays and Fridays. Before launching Vox, he was the author of the Moneybag column for Slate and before that he wrote and blogged for Think Progress, The Atlantic, TPM, and The American Prospect. Yglesias is the author of two books, most recently "The Rent Is Too Damn High" about the policy origins of the middle class housing affordability crisis in America.), Matthew Yglesias, Vox, Vox, "Everything you need to know about the affordable housing debate", accessed February 10, 2019, https://www.vox.com/2014/4/10/18076868/affordable-housing-explained

Won't unregulated developers just produce tons of luxury housing? This is unlikely. If you were to only build one building, you might well want to make it a high-priced, high-margin luxury project. But there are only so many millionaires in the country. As the number of projects increases, developers need to reach further down the market to reach a larger base of customers. Think about car companies. Most auto firms do try to sell high-margin luxury vehicles. But they also make plenty of ordinary vehicles for middle-class car buyers, because there are only so many rich people to sell cars to. If you forced Toyota to only build a handful of cars per year, they would probably try to make them Lexuses rather than Corollas. But in an unconstrained market, Corollas predominate. What's more, even luxury projects help address housing scarcity. In a marketplace with no new luxury projects, rich people don't forget that they enjoy fancy houses in appealing neighborhoods. They simply snap up older properties and renovate them (or house-flippers do it), thus blocking the process of filtering and taking middle-class residences off the market.

See subsection on 'Filtering' for more evidence.

10. Preponderance of Evidence: A preponderance of evidence shows a correlation between high land-use regulation and high prices, including cross-sectional, longitudinal, panel, and instrumental data.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner.), and Vicki Been (Professor of Law at NYU School of Law), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

We have offered mostly theoretical counters to the arguments above, but it is also important to note the considerable body of empirical research showing that less restrictive land use regulation is associated with lower prices. (Most of the studies are framed as studying whether stricter land use regulations increase prices, but they could just as easily be framed as examining whether relaxing regulations reduces prices.) The evidence takes many forms. A large number of cross-sectional studies show that stricter (less strict) local land use regulations are associated with less (more) new construction and higher (lower) prices. Glaeser and Gyourko (2003) along with Gyourko and Molloy (2015) survey that literature. A few studies use panel data and find that the adoption of more stringent land use controls lead to higher prices. Looking at longitudinal data on municipalities in the Boston metropolitan area, Glaeser and Ward (2009) find that the adoption of stricter local regulations leads to higher house prices, but the coefficient falls in magnitude and loses significance once they control for population demographics. They point out that this is expected, if homes in other jurisdictions are seen as perfect substitutes. Thus, while supply restrictions may increase prices in a market as a whole, they may not increase them disproportionately in the particular locality where they are imposed due to spillover effects across jurisdictions. Zabel and Dalton (2011) also use longitudinal data from localities in Massachusetts and find that increases in minimum lot sizes are followed by significant increases in prices.Several other researchers use instrumental variables to try to assess the effects of regulatory restrictions. Ihlanfeldt (2007) instruments for regulation in localities in Florida and finds that predicted regulations significantly increase the price of single-family homes. Saks (2008) instruments for increases in demand and shows that increases in labor demand lead to less residential construction and larger increases in housing prices in metropolitan areas with more restrictive housing supply. Kok, Monkkonen and Quigley (2014) show that the stringency of regulations in a jurisdiction is strongly associated with higher land prices in the San Francisco Bay Area. In sum, while many supply skeptics offer plausible arguments, the preponderance of the evidence shows that supply matters for housing prices and that adding supply would increase housing affordability. That said, adding supply is necessary but not sufficient to make housing more affordable. Subsidies will still be needed to reach those with very low incomes. But if supply is not added, affordability problems will be worse across all income levels, and the limited public subsidies that exist will serve far fewer households.

Analysis by Joshua Arnold, M.P.P.

The above card is really several cards in one and deserves explanation. It represents pretty much all the types of data economists can use. Cross-sectional data are (data is the plural of datum) like a snapshot; it captures many observations in a single unit of time (usually a year). Longitudinal data are the opposite; it captures information about a relative few subjects but tracks them overtime. Panel data is the best of both worlds. It captures a lot of information over many years. Of course, that also means panel data are harder to collect, which is why it is not always used. All data falls into one of these three types. Instrumental data refers to just some fancy techniques where economists measure something measureable to tell them about something they cannot measure but want to study. The thing they measure is known as an instrument because it is instrumental to their study. Hence, instrumental data.

11. Portland Case Study: Increasing supply of any housing best way to address housing shortage and rising rent

Joe Cortright, 10-26-2017, City Observatory, "Signs of the times", accessed February 6, 2019, http://cityobservatory.org/signs-of-the-times/

A year ago, in the height of the political season in deep blue Portland (in a county which voted 76 percent for Hillary Clinton) only one thing was rarer than Donald Trump lawn signs: For Rent signs. Portland was facing a housing shortage. Vacancy rates had been plummeting, and in early 2016, apartment rents were going up at double digit rates. The housing crisis prompted the City to adopt an ill-advised inclusionary zoning ordinance, and led the state to flirt with authorizing rent control. That was then. What a difference a year makes. More new apartments are coming on line, and now for rent signs are more plentiful than mushrooms after the first autumn rains. Take a look: [image of "for rent signs] We photographed these signs in the space of about an hour on a recent sunny afternoon in Portland's close-in East side neighborhoods. These signs are all in front of existing, older apartments. In addition, the Portland area is seeing an increasing number of new apartments coming on to the market. Between freshly built new apartments and a profusion of vacancies in existing buildings, the rental market appears to be changing. After lagging well behind growing demand for the past several years, housing supply is catching up. And this is just starting to have an effect on rents. According to data compiled by Zillow, inflation in Portland area rents fell from a peak of more than 10 percent year over year in 2015 and 2016, to less than zero in August 2017. The big question going forward is whether rents will decline in earnest. The current abundance of vacancies and the 19,000 or so new apartments in the pipeline in the City of Portland and coming on the market in the next few months suggest that this is a distinct possibility.

12. Portland Case Study – AT: MRH doesn't increase affordability

Joe Cortright, 10-26-2017, City Observatory, "Signs of the times", accessed February 6, 2019, http://cityobservatory.org/signs-of-the-times/

What's happening here is a good example of how the market works. To be sure, Portland, like a lot of cities, has experienced a temporal mismatch between demand and supply. In the wake of the great recession, demand turned around quickly as more people moved to the region and job growth returned, but new apartment construction has taken several years to rebound from the downturn. For several years, culminating in 2015 and 2016, demand outpaced supply, and pushed down vacancy rates, causing rents to surge. Now it appears the reverse is true - the number of new units being delivered to the market is growing faster than demand for housing - which is producing this bumper crop of for rent signs. The more apartments stand vacant, and the longer they go unfilled, the greater the pressure on landlords to drop prices. Already, some newer apartments are offering move-in bonuses, like a months' free rent. It's a sign that the market is turning. What the signs mean Ultimately, we think this flowering of "for rent" signs disproves two of the most durable myths about the housing markets. The first myth is that you can't make housing affordable by building more of it, particularly if new units are more expensive than existing ones. The surge in vacancies in existing apartments is an indication of the interconnectedness of apartment supply, and an illustration of how construction of new high end, market-rate units lessens the price pressure on the existing housing stock. When you don't build lots of new apartments, the people who would otherwise rent them bid up the price of existing apartments. The reverse is also true: every household that moves into a new apartment is one fewer household competing for the stock of existing apartments. This is why, as we've argued, building more "luxury" apartments helps with affordability. As our colleagues at the Sightline Institute recently observed, you can build your way to affordable housing. In fact, building more supply is the only effective way to reduce the pressure that is driving up rents.

13. Portland Case Study – Examining elasticity is key

Joe Cortright, 10-26-2017, City Observatory, "Signs of the times", accessed February 6, 2019, http://cityobservatory.org/signs-of-the-times/

The second myth is that high rents are somehow the product of an epidemic of greed on the part of landlords. There's no evidence in Portland that landlords have suddenly had a change of heart, renounced avarice and decided to stop raising rents. Landlords find it difficult to get new tenants if they're charging higher rents than the apartment down the street. With so may "for rent" signs, landlords who want to hike the rent are going to have to wait a long time to find tenants. As our colleague Daniel Kay Hertz observed, the reason that housing is more affordable in Phoenix than San Francisco is not because Arizona landlords are somehow uniformly kindlier and more generous, but because the supply of housing is so much more elastic. The most effective check on "greedy landlords" is lots of competition, in the form of more supply. We'll watch the situation closely in the next few months, but all the signs point to an improvement in Portland's housing affordability.

AFFORDABILITY

So does market-rate housing provide affordable options to individuals? Does it drop or raise rents? Does it promote the development of affordable housing?

Affordability will be one of the key places of clash through nearly every debate – ground yourself in the ways that these warrants can be contested, and how to debate case-studies effectively (see our article by Michelle Murata). Finally, note that much of the 'Supply and Demand' evidence is largely applicable to these arguments!

General

1. Affordable housing metrics misleading - base affordability off average income

Matthew Yglesias (Matthew Yglesias co-founded Vox.com with Ezra Klein and Melissa Bell back in the spring of 2014. He's currently a senior correspondent focused on politics and economic policy, and co-hosts The Weeds podcast twice a week on Tuesdays and Fridays. Before launching Vox, he was the author of the Moneybag column for Slate and before that he wrote and blogged for Think Progress, The Atlantic, TPM, and The American Prospect. Yglesias is the author of two books, most recently "The Rent Is Too Damn High" about the policy origins of the middle class housing affordability crisis in America.), Matthew Yglesias, Vox, Vox, "Everything you need to know about the affordable housing debate", accessed February 10, 2019, https://www.vox.com/2014/4/10/18076868/affordable-housing-explained

Another problem is that the concept of Area Median Income (AMI) can exaggerate the affordability of housing in high-income areas. In the Washington, DC metropolitan area, for example, the median income is $107,500, which means that a family of three with an income of $48,375 is considered "low income" for housing affordability purposes. That means a unit could qualify as affordable for a low income family while still being well outside the price range of a family living near the poverty line.

The fact that many high-income households live in the DC area does not magically make mid-priced houses affordable to the city's actual low-income residents. By basing affordability metrics on the local median income, AMI implies that when housing affordability gets so dismal that lower income people leave, your city has actually increased the affordability of its housing stock. Since the highest income metro areas in America are often the least affordable, this is a substantial distortion.

Affirmative

1. MRH Promotes Affordable Development: Market rate housing applicants can fund more affordable housing upon approval.

America, R. (2013). Are We There Yet? Stories. Retrieved from http://reconnectingamerica.org/arewethereyet/stories/index.php

In 2001, with the support of Mayor Tom Menino, who called linkage "one of the best tools we have for creating affordable housing in the city," the fee was raised from $5.49 for housing and $1.09 for jobs to $7.18 and $1.44, respectively, and the payment schedule was shortened from 12 to 7 years. Boston's linkage program has collected $45 million.

Nagraj, A. (2018). How Has San Francisco Run Out of Money for Affordable Housing? Retrieved from https://www.spur.org/news/2018-11-08/how-has-san-francisco-run-out-money-affordable-housing

Developers have proposed more than 44,000 new housing units in the city, so why is the number of actual permit applications dwindling? First, 15,330 of those housing units are seeking initial approval from the Planning Department, a process that can take years. The remaining 29,000 have received approval but have not yet taken the next steps toward construction. Market-rate housing applications are decreasing overall and of the units that the city anticipates completing over the next six years, only 22 percent are projected to satisfy their affordable housing requirements by paying offsite fees. The impact is dramatic. MOHCD has received only $10 million in inclusionary fees for fiscal year 2018–19 and anticipates it will receive another $65 million from market-rate projects (assuming those projects are not delayed), bringing its total for the year to $75 million. Given that each affordable unit currently receives a subsidy of approximately $313,000 per unit, that yields only 240 units of affordable housing. This is much lower than the more than 500 units the city was producing each year from 2014 to 2016, before the passing of Proposition C. What happens after this $75 million is exhausted is unknown. Market-rate construction will not be an immediate source of revenue given that construction costs have increased for 21 straight quarters and top rents in the city are beginning to plateau.

Chandler, J. (2017). 'Linkage Fee': Plan to make developers fund affordable housing moves forward. Retrieved from https://la.curbed.com/2017/10/11/16448208/linkage-fee-plum-ordinance-approved-plum

[Market Rate Housing] Revenue would be funneled into a Housing Impact Trust Fund "to address the evolving and varied affordable housing needs of the city," including the construction of new units deed restricted to tenants with qualifying incomes. The fees are expected to generate $75 million to $92 million per year.

2. MRH drops rents holistically: Even if new MRH development raises rents in individual neighborhoods, it holistically drops rents across regions

Rick Jacobus (Rick Jacobus, a national expert in inclusionary housing and affordable homeownership, is the principal of Street Level Urban Impact Advisors. He serves as a strategic advisor to Grounded Solutions Network, a national initiative focused on building more inclusive communities.), 3-10-2016, Street Level Urban Impact Advisors, Shelterforce, "Why We Must Build", accessed February 6, 2019, https://shelterforce.org/2016/03/10/why_we_must_build/

A surprisingly similar conflict surrounded a proposed moratorium on new development in San Francisco's Mission District. The district has been ground zero for the Bay Area's displacement crisis and Mission activists concluded that a new private housing development was likely to exacerbate the problem by bringing in higher income residents and driving up rent costs. The proposal split the housing advocacy community. Mayor Ed Lee, who has been an unparalleled leader in the fight for more affordable housing funding, and many committed advocates succeeded in convincing San Francisco voters that the moratorium would only make things worse by further restricting supply. The housing shortage, they argued, is the ultimate cause of rising rents and we have to build new housing to make any real progress. Unfortunately, if we want to work together for more equitable cities, we have to agree on some basic economics. The two sides in this fight see different economic mechanisms behind displacement. One group says prices are rising and people are being displaced because we aren't building enough housing, while the other group sees new housing development as one cause of gentrification and displacement. If we look more closely, they are not really two different mechanisms as much as the same mechanism working at different geographic scales. New development may lower prices regionally even while it raises prices in a specific neighborhood. At the regional scale it is easy to see the interaction of supply and demand determining prices. The population of a region is largely determined by the number of jobs available. When we add jobs, we create new demand for housing. If we build housing at the same rate that we create jobs, housing prices remain relatively constant. When we occasionally build more housing than we need, prices fall, and when we build too little housing, prices rise. Across the country we have been systematically building too little housing for a very long time now and high housing prices and rents are the utterly predictable result.

3. Incentive-Based Zoning: Policies in Chicago and California successfully incentivize affordable housing construction from market-rate developers

Development, M.-I. T.-O. (2019). Incentive-Based Zoning. Retrieved from http://www.mitod.org/incentivebasedzoning.php?tab=1&return=listpos11

In Chicago, a downtown density bonus program offers bonus square footage to residential developers in exchange for providing affordable housing on-site or making a contribution to an affordable housing fund. As of 2007, 21 developers have participated in the program and the program has retained commitments of $17.6 million in funds directed towards affordable housing. In California, state law requires that local jurisdictions grant density bonuses of 20-35 percent for projects that make a certain percentage of their units affordable. Additionally, developers are also allowed a certain number of development "concessions" or "incentives" depending on affordability level. However, local governments can layer additional incentives to promote deeper levels of affordability, by increasing the density bonus or adding incentives such as reduced parking requirements.

NOTE: Could be used as a negative argument as well

4. MRH comparatively cheaper - affordable housing too expensive to affect housing crisis, independent of constraints high costs create political pressure against affordable housing

Joe Cortright, 10-18-2017, City Observatory, "Why is "affordable" housing so expensive to build?", accessed February 6, 2019, http://cityobservatory.org/why_affordable_so_expensive/

It's a problem that isn't going away: the so-called "affordable" housing we're building in many cities - by which we mean publicly subsidized housing that's dedicated to low and moderate income households - is so expensive to build that we'll never be able to build enough of it to make a dent in the housing affordability problem. The latest case in point is a new affordable housing development called Estrella Vista in Emeryville, California (abutting Oakland and just across the bay from San Francisco). A non-profit housing developer just broke ground on a new mixed use building, about three-quarters of a mile from a local BART transit station, which will include 84 new apartments. The project also houses about 7,000 square feet of retail space. The total cost: $64 million. Assuming that 90 percent of the building is residential, that means that the cost per apartment is something approaching $700,000 per unit. While the complex provides many amenities for its residents (proximity to the BART station, a Zen garden and sky deck), its inconceivable that we have enough resources in the public sector to build many such units.

5. $3.4 Trillion. In 2000, U.S housing would have cost $3.4 Trillion less without zoning regulations, and it's likely more now.

Joshua Gottlieb (Associate Professor at the University of British Columbia, Research Associate at the National Bureau of Economic Research (NBER), Vistiing Scholar at the Federal Reserve Bank of San Fransisco, Co-Editor of the Journal of Public Economics, Ph.D., A.M., A.B. in Economics from Harvard University.), October 1, 2018, The Aspen Institute, Economic Strategy Group, "How Minimum Zoning Mandates Can Improve Housing Markets and Expand Opportunity", accessed February 10, 2019, https://users.nber.org/~jdgottl/MinimumZoningMandates.pdf

In studies comparing cities with differing levels of land use regulation, researchers have found that these regulations lead to dramatically higher housing costs (Saiz, 2010). The overall cost of housing in the United States is at least $3.4 trillion higher than it would be absent zoning regulations.3 These high costs subsequently prevent Americans from moving to productive metropolitan areas where they would find more economic opportunities (Hsieh & Moretti, 2017). *Footnote 3 This calculation is based on the results of Gyourko et al. (2008) and Saiz (2010), which use data from the 2000 U.S. Census.

Negative:

1. Cost Burden and Displacement: MRH remains unaffordable for low income households and counteracts displacement less effectively than subsidized housing.

Miriam Zuk, K. C. (2016). Housing Production, Filtering and Displacement: Untangling the Relationships. Retrieved from Berkeley IGS: Research Brief. https://www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf

In other words, instead of looking at the incidence of displacement in the same decade as housing production, we evaluate the impact of market-rate and subsidized housing built in one decade (e.g., 1990s) on what happens to residents in a subsequent decade (e.g., 2000s). We find that market-rate housing built in the 1990s significantly reduces the incidence of displacement from 2000 to 2013 (Table 3, Model 3), confirming the findings of the LAO Report. Yet, once again, subsidized housing built in the previous decade has more than double the effect of market-rate development in that decade (Model 4). When looking at housing production in both the 1990s and 2000s (Model 5), subsidized housing continues to play a greater role in mitigating displacement in 2010s, while market development in the 1990s becomes insignificant. In Table 5 we show the linear modeling results of housing development on median rent and housing cost burden for low-income households, finding that subsidized units built in the 2000s are associated with a decline in median rent and housing cost burden, whereas market-rate developments are associated with greater housing cost burden.

2. MRH Fails in Urban Neighborhoods: empirically drives up net costs

Alan Boles, 10-3-2016, The Blue Line, "More Market-Rate Housing Means More Market-Rate Housing, Not Cheaper Housing", accessed February 11, 2019, http://www.boulderblueline.org/2016/10/03/more-market-rate-housing-means-more-market-rate-housing-not-cheaper-housing/

At PLAN-Boulder County's annual dinner on September, 23, 2016, San Francisco community organizer Calvin Welch presented a persuasive case that creating more housing units in booming housing markets, such as San Francisco or Boulder, does not lead to lower housing prices. It just leads to more, high-priced housing. Welch was a founder of the Coalition for San Francisco Neighborhoods and the Council of Community Housing Organizations. He teaches classes at the University of San Francisco and San Francisco State University. He has served on various San Francisco task forces and advisory committees on issues ranging from affordable housing to financing to living wages. Welch noted that "unaffordable housing" is a phenomenon that has spread across the United States in the last few years and affects almost every city with a thriving economy. He claimed that the free market functions effectively to control prices over the long run for most goods and services, but that it is not able to do so for health care services and housing in highly prosperous urban areas. Welch marshaled an array of facts and figures to support his position. He asserted that from 1960 to 2000, San Francisco's population increased by 64,561 people, and it also added a robust 91,933 housing units - or one such unit for every 1.4 new residents. From 2000 to 2009, substantially more market rate dwelling units had been built in San Francisco than the city had set as its goal, while, conversely, "affordable" housing production drastically fell behind the goal. From 2007 to 2016, 77% of the new units produced were "market rate" (that is, affordable by people with incomes above 120% of Area Median Income, or "AMI"), 4% were for "moderate income" residents (120% to 80% of AMI), and 19% were for "lower income" people (less than 80% of AMI). Yet from 1996 to 2015, while the median family income of San Francisco residents increased by 60%, the median price of a single family residence increased by a whopping 398%.

3. Higher Demand for Affordable Housing: The immense demand for affordable housing makes it a higher priority than market rate housing.

Hogan Lovells, L. B., Meghan Edwards-Ford, Joanna Huang, Deepika Ravi, Lisa Strauss, Mary Anne Sullivan. (2014). Unfulfilled Promises: Affordable Housing in Metropolitan Washington. Retrieved from Washington Lawyers' Committee: For Civil Rights and Urban Affairs

Sturtevant and Chapman (2013) predict that if every jurisdiction in the DC region is to provide enough housing for its future workforce over the next two decades, the entire metropolitan statistical area will need to add 548,298 housing units between 2012 and 2032. This averages out to 27,415 housing units per year. That level of production has not been seen in the DC region since 2006 (figure 4). The region needs to not only produce and maintain that level of production moving forward but also make up for the deficit it continues to run yearly. New York City is still hundreds of thousands of units short of meeting demand for affordable housing despite the preservation or addition of approximately 165,000 affordable housing units during the 12 years of the Bloomberg administration. In Philadelphia, where 26.9 percent of the City's 1,500,000 residents live at or below the federal poverty line, there are only 37 affordable rental units available for every 100 households classified as extremely poor.

4. Affordability of Urban Neighborhoods Problematic: *rising rent now means MRH becomes unaffordable long-term*

Mike Maciag (Mike analyzes databases and works on data journalism projects for the magazine. He writes on a variety of topics and manages the Governing Data portal for Governing.com. Prior to joining Governing, Mike worked at local newspapers in Erie, Pa., Fort Lauderdale, Fla., and Atlanta. He holds a master's degree in public administration from George Mason University and undergraduate degrees in journalism and computer science from the University of Dayton.), 11-2015, Governing, "As Affordable Housing Shrinks, Where Can Families Live?", accessed February 11, 2019, http://www.governing.com/topics/urban/gov-urban-affordable-housing-families.html

Housing costs are climbing rapidly in neighborhoods all over Boston, and city living is now an idea that's out of reach for many young families who would otherwise prefer to remain. "As the core has become strong, the economy is attracting lots of young people," says Barry Bluestone, the Dukakis Center's director. "It's been driving up home prices, and a portion of working families have had to relocate." It's not just Boston. Other pricey cities have experienced similar consequences of high housing costs. Governing compiled data gauging the extent to which middle-income family-sized housing is available in the nation's 25 largest cities. For each city, we calculated the amount that families earning the local median family income could afford to spend on housing and utilities without exceeding the standard 30 percent of their earnings. Data provided by the real estate website Trulia depicts a wide affordability gap between the hottest urban centers and the rest of the country. In the top 10 most expensive cities, an average of just 17 percent of all home listings have three or more bedrooms and are affordable. That compares to a much higher 63 percent of listings in other cities. The outlook isn't any better for families who rent. On average, more than half (52 percent) of renters in all cities reviewed already spend more than 30 percent of household income on gross rent costs, according to the latest Census estimates, and only a small fraction of rentals are big enough to accommodate larger families.

***NOTE: The preceding tagline can be contested based on evidence and analysis from the above 'Supply and Demand' subsection.*

THE MACROECONOMY

Affordable Housing Leads to Economic Growth

The arguments for affordable housing increasing economic growth are incredibly strong. In the short-term, the construction of the affordable housing itself boosts economic growth in the same way any infrastructure construction program would, by creating jobs and employing local businesses. In the long-term, benefactors can spend less on housing costs and more on human capital like training and education, and increaese their employability and job stability, both of which spill over into larger-scale economic growth. Use this advantage to bolster your comparative argumentation against the affirmative advocacy.

A key question again remains for further research and argument: Are the economic benefits of increased supply unique to market-rate housing? How are the benefits different?

5. Affordable housing specifically generates economic growth - multiple warrants

Deborah Talbot (Deborah Talbot is a journalist and researcher specializing in urban and rural economies, development, and culture..), 5-1-2018, Forbes, "Housing Is Connected To Economic Growth -- But Only The Right Housing In The Right Place", accessed February 15, 2019, https://www.forbes.com/sites/deborahtalbot/2018/05/01/housing-connected-to-economic-growth/#3e1979861e30

A Report by Catherine Glossop for the Centre for Cities in 2008 - Housing and Economic Development: Moving Forward Together - highlighted three ways flagging housing supply impacts on economic growth: Labour markets - the lack of availability, inflexibility and unaffordability of housing prevents labor mobility. Infrastructure - high demand for housing leads to a strain on infrastructure, while areas of low demand often have poor infrastructure (for example, transport), again impacting upon labor mobility. Business - areas of high demand and spiraling prices make wages and rent higher for business. Poor housing options make it difficult to attract people with the right skills. The report rightly argues that housing development should be considered alongside the employment, transport and business development as a central component of economic planning.

6. Fiscal benefits from housing development - can spur future development

Keith Wardrip, Laura Williams, Suzanne Hague, 1-2011, Center for Housing Policy, "The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of the Literature", accessed February 15, 2019, https://providencehousing.org/wp-content/uploads/2014/03/Housing-and-Economic-Development-Report-2011.pdf

Cities and states benefit financially from the development or substantial rehabilitation of affordable housing. Some of the most significant sources of revenue during the construction or rehabilitation phase are sales taxes on building materials, corporate taxes on builders' profits, income taxes on construction workers, and fees for zoning, inspections, and the like.

7. Improves business competitiveness - retention, demographics, congestion

Keith Wardrip, Laura Williams, Suzanne Hague, 1-2011, Center for Housing Policy, "The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of the Literature", accessed February 15, 2019, https://providencehousing.org/wp-content/uploads/2014/03/Housing-and-Economic-Development-Report-2011.pdf

In surveys, many representatives of the business community report that a lack of affordable housing makes it more difficult to recruit and retain employees. Surveys also indicate that the business community recognizes the importance of affordable housing when making location decisions, and demographic trends suggest that given the alternative, mobile individuals will abandon areas with the highest housing costs for opportunity-rich regions with lower housing costs. In addition, to the extent that an affordable housing shortage forces workers to "drive 'til they qualify," a region may be faced with congested roads, which can reduce economic competitiveness.

8. Economic benefits spill over - in New York alone, created 329,400 jobs

Ron Moelis, 3-27-2017, Huffington Post, "The Impact of Affordable Housing", accessed February 15, 2019, https://www.huffingtonpost.com/entry/the-economic-impact-of-affordable-housing_us_58d8088ee4b0f633072b38ce

As a developer of affordable housing, I see the positive impact of affordable housing and its lasting effects on the communities within which we work; affordable development has economic benefits that go beyond the scope of housing, particularly in terms of employment. Earlier this year, the New York State Association for Affordable Housing (NYSAFAH) released a study on measuring the impact of affordable housing in New York State. The report found that the development of affordable housing has a positive impact not just on the families who are able to live in affordable apartments, but on the local economy as well. Between 2011 and 2015, affordable housing projects created 329,400 total jobs. This includes positions within construction, architecture, engineering, as well as local businesses like restaurants and retail.

9. Significant warranting - affordable housing generates economic benefits for local region, significant benefits to households

Christine Neal Westover (Ms. Westover has extensive experience practicing law in both the public and the private sector since her graduation from the University of Kentucky College of Law in 1984. She was hired immediately after law school by the Lexington Fayette Urban County Government, a merged urban county government, where she handled a wide variety of legal matters ranging from real estate, bankruptcy, personnel matters, litigation and providing legal advice to myriad governmental divisions, boards and agencies such as the Greenspace Commission and the Police and Fire Pension Board), 2-26-2015, Lexington Fayette Urban County Government, The National Law Review, "Affordable Housing is an Economic Development Benefit", accessed February 15, 2019, https://www.natlawreview.com/article/affordable-housing-economic-development-benefit

Construction of new affordable housing as well as programs that rehabilitate existing housing stock to make it affordable create a host of jobs, from architects to contractors to others employed in the construction trade. Local businesses that supply building materials and other supplies benefit from the sale of such products or services to the building contractors. Local governments reap the benefit of increased income in the form of occupational license fees or net profits from the jobs and services being provided. Often, affordable housing is constructed on vacant, underutilized parcels because they are more cost-effective to develop. This increases the value of the property, which in turn means increased property taxes that flow to local and state governments and local school boards. This new or renovated affordable housing often increases the value of neighboring properties and can stabilize marginal neighborhoods.

Affordable housing provides economic benefits to those who live in it, too. Households that pay less from their paychecks for housing costs can afford to spend more on other items, including groceries, clothing and health care. They can also afford to save more for emergencies or for major purchases such as a car or education. This provides these households with greater economic stability because it is easier to avoid living from paycheck to paycheck. They are less likely to face eviction or the stress of moving from place to place because they fall short of rental or housing payments. Persons who live in affordable housing tend to be more stable, long-term employees because they do not need to move so often and face difficulties coming to work regularly. Businesses benefit by having a stable employee population because it reduces employee turnover and related costs in training new employees. It also reduces problems associated with lack of dependability as to whether a sufficient number of employees will show up to work their shifts.

General Macroeconomic Impacts

There's a reason we did not divide this section into "Affirmative" and "Negative." Both sides are able to access the links which allow you to run these impacts. Take care to recognize then how you wish to construct the narrative of your argumentation and where the debate must be won. Sometimes that's on the link debate, sometimes it's on outweighing via impact calculus.

1. Construction's Economic Output: Construction of housing generates jobs and economic output.

Heather MacDonald, R. F., David Swenson, Anne Russett, Malynne Simeon. (2007). Housing's Economic and Social Impacts. Retrieved from A Report to the Iowa Finance Authority

Using the first project as an example, the table shows that the measurable construction-related activity of that project resulted in $837,998 in demand for regionally supplied construction, real estate services, and financial and other services inputs. To provide those sales in that local economy, all of the affected firms would have allocated 8.6 jobs making $381,561 in labor income. These are the direct values. Next, all of those directly stimulated firms will require increased inputs of $166,774 from the local economy, which will further stimulate 2.1 jobs and $66,330 in labor income. When the workers in the direct and indirect sectors convert their paychecks into household spending, they induce $276,097 in industrial output from industries that serve households, yielding 3.4 more jobs making $88,975. Added together, this construction project, for the duration of the project only, supports $1.28 million in area industrial output, $536,866 in labor income and 14 jobs. We estimate that the value of the construction-related activity by all 11 projects is $29.5 million, requiring the equivalent value of 394 construction, finance and real estate jobs that earn $14.4 million in labor income. The firms further purchased $6.2 million in inputs, supporting almost 73 jobs and $2.16 million in income. Worker purchases of goods and services for their households induce $12.6 in output, 140 more jobs and $3.8 million in labor incomes. Total construction-related effects are $48.2 million in output, $20.3 million in labor incomes and 607 jobs. For every dollar in industry spending, an additional $.64 in industrial output is supported 28 in the state's economy. For every two construction jobs, another job is created.

2. Lack of Affordability Damages Productivity: A lack of affordable housing damages worker productivity.

Alexa Bach, P. K. G., Richard Haughey, George Kelly, Michael Pawlukiewicz, Michael Pitchford. (2007). Ten Principles for Developing Affordable Housing.

Housing that is affordable to working families and close to their places of employment is a critical component of a region's economic health. Workers who must commute long distances because they cannot find affordable housing close to their jobs spend an excessive amount of time on the roadways that could be spent at work, and are thereby less productive and more frustrated.

White, G. B. (2015). Long Commutes Are Awful, Especially for the Poor. Retrieved from https://www.theatlantic.com/business/archive/2015/06/long-commutes-are-awful-especially-for-the-poor/395519/

A recent survey released by Citi found that on average, round trip commutes for those who were employed full time in the U.S. took about 45 minutes and costs around $12 per day. But for both cost and time there were enormous variations. In metro areas like New York and Chicago, average round-trip commute times were longer than an hour, and in Los Angeles the daily cost of commuting averaged about $14—that's more than $3,500 each year. Nearly two-thirds of commuters said that the cost of getting to work had increased over the past five years, with about 30 percent saying that their cost of commuting had gone up substantially.

3. Production and Wages. Since housing prices prevents workers from moving to the most productive cities with the higher wages, U.S. GDP is $2 Trillion below potential, and U.S. wages are $1.3 Trillion below potential, in 2017.

Joshua Gottlieb (Associate Professor at the University of British Columbia, Research Associate at the National Bureau of Economic Research (NBER), Vistiing Scholar at the Federal Reserve Bank of San Fransisco, Co-Editor of the Journal of Public Economics, Ph.D., A.M., A.B. in Economics from Harvard University.), October 1, 2018, The Aspen Institute, Economic Strategy Group, "How Minimum Zoning Mandates Can Improve Housing Markets and Expand Opportunity", accessed February 10, 2019, https://users.nber.org/~jdgottl/MinimumZoningMandates.pdf

Since major cities are the most productive places (Glaeser & Gottlieb, 2009), artificially constraining population growth in these areas reduces overall production and wages. The sizes of these effects are stunning: U.S. gross domestic product (GDP) is $2 trillion below its potential as a result of restrictive land use regulations, according to multiple teams of researchers with very different methodologies (Hsieh & Moretti, 2017; Herkenoff, Ohanian, & Prescott, 2017). Wages are $1.3 trillion below their potential. Research also suggests that by preventing Americans from moving to new opportunities, these restrictions have even stopped the natural process of income convergence across regions, exacerbating income inequality (Ganong & Shoag, 2017)

4. Economic Loss. Restricted housing supply inhibits workers' ability to relocate, giving either inefficient commutes, or outright shrinking the workforce and thus the capacity for economic productivity.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

Supply restrictions also likely hinder economic growth, especially for those with the weakest employment prospects. If people who are priced out of a particular city choose to live in another metropolitan area altogether, that city's work force will shrink and productivity may decline. Supply restrictions that prevent people or businesses from locating in the neighborhood they prefer also can result in lower productivity and other deadweight losses (Rodriguez & Schleicher, 2012). There is strong empirical evidence that businesses thrive and workers are more productive when they are located in large, dense cities with lots of diverse economic activity (Glaeser, 2011; Kolko, 2010; Quigley, 1998). Constraints on housing supply in a city inhibit the growth and diversity that is essential to productivity. Raven Saks Molloy shows that increases in demand for workers in cities with more restrictive land use regulations lead to less new housing construction, higher prices, and lower levels of long-run employment as compared to areas with less restrictive regulations (Saks, 2008).

5. Labor Stagnation: Country-wide, restrictive housing policies in expensive cities increases inequality, reduces opportunity, and depresses economic productivity.

Gabriel Metcalf (Executive director of the San Francisco Planning and Urban Research Association (SPUR), previously worked 5 years for The Bay Institute, an environmental nonprofit focused on California water policy, co-founder and former Board Chairman of City CarShare, Master of City Planning Degree from UC, Berkeley), Winter 2018, Journal of Economic Perspectives, "Sand Castles Before the Tide? Affordable Housing in Expensive Cities", Volume 32, Number 1, accessed February 7, 2019, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.32.1.59

For the country as a whole, the restrictive housing policies of the cities in expensive metro areas leads to the segregation of the wealthy into zoned enclave communities; a reduced ability of lower-income people to move to areas of higher opportunity; a diversion of enormous wealth into rent-seeking behavior by landowners; and a decrease in economic productivity for the country as a whole, because labor is not able to be allocated to the most productive economic clusters (Furman 2015; Hseih and Moretti 2015; Gyourko and Molloy 2014; Ganong and Schoag 2015).

To apply this analysis to your argumentation, note that you must first show that affordable housing (via various mechanism) is restrictive.

6. Productive Cities Hamstrung: Housing prices make it economically impossible for most workers to move to the most productive cities. An estimated 10% loss of national output over 45 years.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

Further, to the extent that land use regulations restrict the supply of housing and raise prices, they make it more difficult for workers to move to the cities with more productive businesses. Interstate mobility rates have fallen significantly since the 1980s (Frey, 2009; Kaplan & Schulhofer-Wohl. 2017; Molloy, Smith, & Wozniak, 2011), even from areas with declining employment opportunities (Autor, Dorn, Hanson & Song, 2014), and especially for those with the lowest incomes and skills (Notowidigdo, 2013). Areas that are seeing especially high productivity gains, like New York, San Francisco, San Jose, and Boston, have not seen population growth to match those gains (Glaeser, 2011).

Chang-Tai Hsieh and Enrico Moretti show that this reduced mobility is not only harmful to individual workers or cities but also to national productivity. They estimate that if workers and capital had been able to move freely between 1964 and 2009 to respond to higher wages, national output would have been 10 percent higher in 2009 (Hsieh & Moretti, 2017). Further, they find that much of the drag on productivity stems from just a few metropolitan areas, because less restrictive land use practices in the South have allowed housing supply to keep up with the increased productivity of most of the southern cities.

7. Productivity Decreased, Inequality Increased. Housing shortage in urban neighborhoods suppresses productivity, drives income inequality

Joe Cortright, 11-25-2015, City Observatory, "Zoning and cities on the national economic stage", accessed February 6, 2019, http://cityobservatory.org/zoning-and-cities-on-the-national-economic-stage/

In his remarks, Furman links what's happening in cities to two big macroeconomic problems: the slowdown in productivity growth, and the rise of income inequality The argument on productivity is this: By bringing people together, cities facilitate the formulation and application of new ideas that propel innovation, creating new products and lowering costs. These so-called "agglomeration economies" are a major factor in lifting productivity. For a variety of reasons, some cities are more productive than others. Historically, people have moved from less-productive regions to more-productive ones, because places with higher productivity tend to have better wages. In the process, they increased the productivity of the country as a whole.But since the 1970s, many of the most productive cities have greatly limited the expansion of their housing supply, and thus the number of people who can move there. In other words, they hold back population growth in the very places that are the biggest contributors to economic opportunity. Fewer people end up living and working in the most productive cities, and more people end up living in somewhat less productive cities. Two Berkeley economists have estimated that the total value of lost output due to this lower efficiency because some highly productive cities aren't as large as they might be over a trillion dollars annually. The constrained housing supply argument recognizes that a major source of upward economic mobility is the ability of Americans to physically relocate to places with greater economic opportunity. Furman notes that physical mobility has decreased in the US over the last several decades, and that in-migration has been suppressed in exactly those places with the highest levels of productivity. That means fewer opportunities to move up the income ladder, especially for the lowest income segments of the population, who are most sensitive to housing costs in their decisions about moving..

PRICE FILTERING

Price filtering is likely to be one of the most popular economic arguments presented during the course of the month of March for Public Forum Debate. Earlier, we presented the question concerning whether or not the benefits of increasing supply relied on housing being market-rate, or if affordable housing could achieve the same impacts. To answer this question, debaters ought to consider the role filtering plays in adjusting the affordability of housing in two ways: 1) downward, through creation of market-rate housing, and 2) upward, from creation of affordable housing. Key in distinguishing which filtering mechanism will win out in the aggregate requires a solid grasp of economics and the warrants behind each filtering scenario.

General

1. Interacting Markets. Changes in one housing market make changes in other housing markets as homeseekers priced out of one market look in another market.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

Yet while housing is heterogenous, additions to the housing stock in one submarket can fairly quickly affect prices and rents in other submarkets by alleviating competition that would otherwise be diverted to those other submarkets. Imagine a city with no new construction. As demand increases and prices or rents rise for higher-end housing, some homeseekers who would have otherwise searched in that submarket will be priced out. They will either leave the jurisdiction altogether or turn instead to somewhat less expensive housing in the same city, increasing demand for housing in the 'next' submarket. Unless there have been offsetting declines in demand for housing in those other submarkets, the failure of supply to respond to increased demand at the higher end will ripple through other submarkets as demand spills into these markets and increases their prices and rents.

Top-Down Filtering (Affirmative)

1. Ripple Effect. In the long run, additions at the high end of housing markets ripple down to the lower side.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

Over the longer-run, increases in supply at the medium or higher end of the market should also increase supply in lower-priced markets as older units that are now less valuable work their way down to lower-priced sub-markets.4 Housing lasts for many years, but most housing 'filters down,' or loses value as it ages, representing 'new' supply in submarkets at lower price points.5 In this way, newly constructed units at the high-end of the market have a ripple effect across connected submarkets. As demand is met at the high-end, the older units that are now less valuable work their way down to other submarkets. While luxury apartments in the most desirable locations may never become part of the stock affordable to low-income households, their creation should help to increase supply and reduce prices in the next submarket, which over time, should trigger some downward filtering of housing through various submarkets to lower-priced submarkets. 6

2. Conversion Effect: Owners have an incentive to convert existing units to lower-income submarkets so that they can continue to rent the unit as it grows old. Empirically, this included almost 67% of units available to low-income renters in 2013.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

Finally, the supply and demand effects interact. For example, the ripple effects created if inadequate supply causes higher end buyers to compete for lower-priced homes may be compounded by owners' decisions to upgrade their buildings. As prices increase in the higher end of the market, owners will find it more attractive to maintain or upgrade existing housing units that would otherwise have aged out of this submarket.7 Indeed, if price increases are large and persistent enough, upgrading of existing units (and perhaps entire neighborhoods) will occur in other submarkets, further decreasing supply in less-expensive submarkets.

Empirical research shows that filtering is not just a theory posited on the pages of economic textbooks, but it in fact occurs in real housing markets. Weicher, Eggers, and Moumen (2016) report that 45 percent of the rental units that were affordable to very low-income renters in the U.S. in 2013 had filtered down from owner-occupied or higher rent categories in 1985. Another 21.8 percent were conversions from formerly owner-occupied homes or seasonal rentals. 8 Note that filtering occurs over a shorter time frame too; among affordable units in 2013, 19 percent had been higher rent units as recently as 2005. Most of the higher priced rental units that filtered down to become affordable in 2013 were moderate rent units in 1985, but 15 percent of those that filtered down were high-rent units in 1985.9

3. Keep Housing Affordable: New construction keeps housing affordable because older units filter down to lower price points.

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In short, new construction is crucial for keeping housing affordable, even in markets where much of the new construction is itself "luxury" housing most people can't afford. A lack of supply to meet demand at the high end affects prices across submarkets and makes housing less affordable to residents in lower-cost submarkets. Of course, adding supply in surrounding jurisdictions would also help to alleviate demand pressures in a locality, especially if accompanied by transportation improvements. Not all the supply needs to be added in the specific jurisdiction facing increased demand.

4. Lower Income Households Generated: The development of market rate housing supports lower income households.

Keyser Marston Associates, I. (2007). Residential Nexus Analysis: City and County of San Francisco.

In summary, for every 100 market rate condominium units there are 25.0 lower income households generated through the direct impact of the consumption of the condominium buyers and a total of 43.31 households if total direct, indirect, and induced impacts are counted in the analysis. For every 100 market rate rental units there are 19.44 lower income households generated through the direct impact of the consumption of the renters and a total of 33.68 households if total direct, indirect, and induced impacts are counted in the analysis.

Taylor, M. (2016). Perspectives on Helping Low-Income Californians Afford Housing. Sacramento, CA: Legislative Analyst's Office, 2100.

When new construction is abundant, middle–income households looking to upgrade the quality of their housing often move from older, more affordable housing to new housing. As these middle–income households move out of older housing it becomes available for lower–income households. This is less likely to occur in communities where new housing construction is limited. Faced with heightened competition for scarce housing, middle–income households may live longer in aging housing. Instead of upgrading by moving to a new home, owners of aging homes may choose to remodel their existing homes. Similarly, landlords of aging rental housing may elect to update their properties so that they can continue to market them to middle–income households. As a result, less housing transitions to the lower–end of the housing market over time. One study of housing costs in the U.S. found that rental housing generally depreciated by about 2.5 percent per year between 1985 and 2011, but that this rate was considerably lower (1.8 percent per year) in regions with relatively limited housing supply.

5. MRH drives housing that's affordable - not subsidized "affordable" housing

Daniel Hertz, 11-10-2015, City Observatory, "What filtering can and can't do", accessed February 6, 2019, http://cityobservatory.org/what-filtering-can-and-cant-do/

But "affordable housing" also suffers from an ill-defined relationship to the market. Typically, the phrase "affordable housing" means "below market rate," as in a home that receives some sort of subsidy, private or public, to be cheaper than what the owner could otherwise charge. (Of course, even this distinction - subsidized versus unsubsidized - is problematic, or just plain incorrect, given the massive subsidies to middle- and upper-income homeowners through mechanisms like the mortgage interest tax deduction.) But in most of the country, the vast majority of homes that are actually "affordable" to lower-income people are sold or rented at market rate. They just happen to have some characteristics - size, appearance, or location in a less-desired neighborhood - that make their market prices relatively low.

But very little private housing in the United States was originally built for low-income people. Instead, homes built for the middle or even upper classes gradually became cheaper as they aged, as people with high purchasing power moved into trendier, more modern homes in "better" neighborhoods. As higher income households move on, the now somewhat older homes or apartments they formerly occupied are sold or rented to people with more modest incomes.

6. Filtering provides majority of existing low-income housing: market-rate development key, fuels depreciation

Joe Cortright, 2-20-2017, City Observatory, "Urban myth busting: Why building more high income housing helps affordability", accessed February 6, 2019, http://cityobservatory.org/urban-myth-busting-high-income2/

What really matters is not whether new housing is created at a price point that low- and moderate-income households can afford, but rather, whether the overall housing supply increases enough that the existing housing stock can "filter down" to low and moderate income households. As we've written, that process depends on wealthier people moving into newer, more desirable homes. Where the construction of those homes is highly constrained, those wealthier households end up bidding up the price of older housing - preventing it from filtering down to lower income households and providing for more affordability.

This isn't theoretical: As we've discussed before at City Observatory, the vast majority of today's actually existing affordable housing is not subsidized below-market housing, but market-rate housing that has depreciated, or "filtered." Syracuse economist Stuart Rosenthal estimates that the median value of rental housing declines by about 2.2% per year. As its price falls, lower-income people move in. Rosenthal estimates that rental housing that is 20 years old is occupied, on average, by households with incomes about half the level of incomes of those who occupy new rental housing.In its 2016 report on the state's housing crisis, the California Legislative Analyst's Office noted that as housing ages, it becomes more affordable. Housing that likely was considered "luxury" when first built declined to the middle of the housing market within 25 years. Take the 1960s-era apartments built in Marietta, a suburb of Atlanta: When they were new, they were middle to upper income housing, occupied by single professionals, gradually, as they aged, they slid down-market, to the point where the city passed an $85 million bond issue to acquire and demolish them as a way of reducing a concentration of low income households in the Franklin Road neighborhood.

7. Absent filtering, high-income renters move downstream, crowd-out housing:- effect outweighs affordable housing development

Joe Cortright, 2-20-2017, City Observatory, "Urban myth busting: Why building more high income housing helps affordability", accessed February 6, 2019, http://cityobservatory.org/urban-myth-busting-high-income2/

Another critical point is that if we don't build more housing at the high end of the market, those households don't just disappear, they take their demand "down-market" and bid up the price of housing that would otherwise filter down to middle and lower income households. That's exactly what the Montgomery County Maryland housing department reports is happening there:

The shortage of rental housing at the high end of the market creates downward pressure on less affluent renters, the study found, because when higher-income households rent less expensive units, lower-income renters have fewer affordable choices. Cost-burdening is linked with this unbalanced market, especially at the lower end of the income spectrum.Ironically, this problem persists in Montgomery County in spite of its widely touted inclusionary housing requirement that forces builders of new apartments to set aside a portion of them for low and moderate income households.

8. Majority of currently low-income housing driven by filtering: variations in rate caused by housing shortage

Daniel Hertz, 11-10-2015, City Observatory, "What filtering can and can't do", accessed February 6, 2019, http://cityobservatory.org/what-filtering-can-and-cant-do/

Perhaps the most important nuance, however, is that strong regional housing price inflation - that is, metropolitan areas where home values grow much more quickly than the cost of other goods - can make filtering happen much more slowly, or not at all. That helps explain why homes in New England and the West Coast filter about 35 percent more slowly than homes in the Midwest or South. In those coastal regions, severe restrictions on new housing construction since the 1970s have created a "shortage of cities," driving up home prices and preventing the kind of filtering that has historically produced the lion's share of affordable housing - and which still does in much of the rest of the country.

This makes a lot of intuitive sense: Filtering is driven largely by upper-income people who leave their aging homes for new ones. But if housing construction is restricted, there won't be "enough" new homes, and some of those upper-income people will have to settle for older ones that might otherwise be occupied by people with less money. This is exactly the process that the apartments we wrote about in Marietta, Georgia went through. In the 1960s they were higher-end housing for middle-class singles and young couples; 50 years later, they were home to the city's least prosperous citizens.The lesson, then, is twofold. First, in normally-functioning housing markets, filtering really can produce a large amount of housing that's affordable to people of modest incomes without special subsidies. One of the most common refrains in the housing affordability debate is that little to none of today's newly-built housing directly serves low- or moderate-income households. And that's true - but Rosenthal's paper shows that that new housing is nevertheless crucial to making room for those households in older homes. While housing assistance is still necessary for people with very low incomes and to promote integration, the scale of the nation's affordable housing challenge would be much, much greater without filtering.

9. Limiting MRH prevents filtering: Prevents affordable housing from being effective

Daniel Hertz, 11-10-2015, City Observatory, "What filtering can and can't do", accessed February 6, 2019, http://cityobservatory.org/what-filtering-can-and-cant-do/

Which leads to the second lesson. By putting severe limits on new housing, the wealthy metropolitan areas of the East and West Coasts have embarked on a several-decades-long experiment in what happens when housing filters down much more slowly than normal. The result has been a disaster: highly inflated prices for older homes that have left so little room for people of low and modest incomes that they've changed national migration patterns.

As a result, these regions have created a need for much broader and deeper housing subsidies than would be required if they had allowed for normal filtering. (Recall the link at the top of this post to a story about San Francisco giving significant housing assistance to people making over $100,000 a year.) In the short run, Rosenthal argues (and we agree) that his paper helps make the case for a dramatic expansion of housing assistance in these metropolitan areas.But in the long run, he also shows that places like San Francisco and Boston must re-start the filtering process. Many of these regions, by refusing to make that room, have clearly already reached the point where no realistic amount of low-income subsidies will create a sufficient amount of affordability - and if legal restrictions on new construction continue to exacerbate their housing shortages, that gap will only widen further.

10. MRH filters: 45% of currently affordable housing filtered from MRH

Roderick M. Hills (Roderick M. Hills Jr. is the William T. Comfort, III professor of law at New York University.), 9-18-2018, New York University, Washington Post, "Why do so many affordable-housing advocates reject the law of supply and demand?", accessed February 10, 2019, https://www.washingtonpost.com/outlook/2018/09/18/why-do-so-many-affordable-housing-advocates-reject-law-supply-demand/?utm_term=.58da251640a1

Filtering is the process by which, as housing ages, it becomes less desirable to wealthier residents, thereby becoming affordable to the middle class and poor. A huge share of affordable housing is hand-me-down housing: One study, by the Hudson Institute's John C. Weicher and Econometrica Inc.'s Frederick J. Eggers and Fouad Moumen, found that between 1985 and 2013, 45.2 percent of the rental units that were affordable to very low-income renters in the United States - that is, those making less than 50 percent of the area median income - had filtered down from owner-occupied or higher-rent categories.

As Syracuse University's Stuart Rosenthal wrote in an American Economic Review article in 2014, the "direct evidence that housing filters down, on average," is so indisputable that "there should no longer be debate on this point." According to Rosenthal, market-rate housing filters down at a rate of almost 2 percent per year - fast enough to make a big difference. Housing filters fastest in the middle of the country, but it filters down on the expensive coasts, too, he found.

In short, excluding new market-rate housing by means of stringent zoning regulation keeps wealthy households in existing units that might otherwise open up to lower-income households.

Answers to Filtering

1. Affordable housing filters up - frees up units, spillover higher than MRH, double impact on displacement

Miriam Axel-Lute (Miriam Axel-Lute is editor of Shelterforce and associate director of the National Housing Institute. She lives in Albany, New York, where she serves on the Community Development Alliance board.), 11-2-2017, National Housing Instittue, Shelterforce, "Trickle Up Housing: Filtering Does Go Both Ways", accessed February 6, 2019, https://shelterforce.org/2017/11/02/time-for-trickle-up-housing/

There's a lot of talk about how homes will "filter down." The argument goes that building new luxury housing will allow the wealthiest people to move into new housing, and (if the supply outstrips demand), eventually what had been high-end housing will command less money and will "filter down" to be affordable to lower income levels. Just how well this works, for whom, and how quickly is the subject of much debate, which I won't wade into right now. But here's the thing we don't talk about enough: developing affordable housing in a tight, high-cost market also increases overall affordability through filtering! Just in the other direction - it trickles up. In most places, the majority of people making 30 percent of area median income are paying 50 percent of their income or more on housing. This means they are currently occupying homes that would be actually affordable to people making 50 to 80 percent of the area median. Building a new unit of housing for those at 30 percent of AMI therefore would not only house the person living in it, but odds are high it would also free up a unit that's affordable at 50 to 80 percent AMI. Ditto for adding units aimed at those all along the low and moderate income spectrum.Clearly, we don't know for sure who would take that freed-up unit (it might even be rehabbed and become more expensive) - but we don't know under the "trickle down" theory either. We do know the new unit at least went to someone in need and the overall supply has increased. (In fact, as an affordable unit is more reliably going to be lived in as primary residence, building affordable housing increases overall supply a little bit faster than building the same number of luxury units.) I'm not the first person to say this, of course - National Low Income Housing Coalition has made this argument to support subsidies specifically for adding units targeted to extremely low-income households and reforming the Low Income Housing Tax Credit to serve those households better. It should be noted that in a weak market this does not necessarily work - if there are sufficient units at various low- and moderate-income price points to meet demand but they are of poor quality, new higher quality affordable homes for people who are already housed can lead to abandonment of poorly maintained housing. Affordability work in such areas is still needed, but will look different. It Works In strong markets, however, there's a very noticeable positive ripple effect of adding new units for those at the lower incomes. Karen Chapple and Miriam Zuk of University of Cailfornia - Berkeley found in 2016 that "At the regional level, both market-rate and subsidized housing reduce displacement pressures, but subsidized housing has over double the impact of market-rate units" (emphasis added).It also improves the match between home cost and jobs, which makes for a more balanced housing market. The affordable housing field shouldn't cede the "increasing the supply of housing" and "freeing up units through filtering" arguments to the luxury developers - or let them use those points against commitments to affordable housing. If housing is going to trickle, let it go up.

2. Filtering fails - low-rent MRH subject to destruction, offsets filtering - affordable housing development key

2015, Harvard, Joint Center for Housing Studies of Harvard University, "America's Rental Housing", accessed February 6, 2019, http://www.jchs.harvard.edu/sites/default/files/americas_rental_housing_2015_web.pdf

For the roughly one in five renters earning less than $15,000 annually, rents would have to be under $400 to be affordable. Between 2003 and 2013, new construction added only 5 percent to the stock of housing renting at these levels, while conversions from owner-occupancy added just under 2 percent. Downward filtering of higher-cost units contributed 11 percent of the growth in the lowest-cost stock over the decade. But because housing units with such low rents are vulnerable to deterioration and demolition, 11 percent of these rentals were permanently lost from the stock by 2013, offsetting the additions from filtering.While filtering of housing to lower rent levels is an important mechanism for expanding the supply, it has not made up for the losses of low-cost rentals or matched the strong growth in low- and moderate-income renters. Moreover, strong rental demand among higher-income households is likely to slow the net filtering of units to lower rent levels. Since filtering does not adequately address the growing gap between demand for lower-cost units and the existing supply, new construction is necessary to help meet part of the shortfall. Rental housing developers, however, face a variety of regulatory and financing obstacles that limit their ability to add significantly to the lower-cost stock.

3. New market-rate housing expanding now - luxury construction means middle-class housing unavailable, filtering and supply fails

5-20-2015, Wall Street Journal, "New Luxury Rental Projects Add to Rent Squeeze", accessed February 6, 2019, https://outline.com/nSSeH8

Developer Mark Randall cut his teeth over the last few decades building apartments for Atlanta's middle-class with properties such as Alta Ridgewalk, a complex of low-rise buildings clustered around a swimming pool in suburban Atlanta. That development stands in contrast to one of his newer projects, a luxury project dubbed Inman Quarter. Located in a trendy neighborhood east of downtown Atlanta, the units feature quartz countertops and the complex has a rooftop club room; the ground floor is filled with retail stores and restaurants. Rents in the complex, which officially opened a few weeks ago, run as high as $4,000 a month. Mr. Randall's shift from moderately priced to luxury apartments is emblematic of a broader trend taking place in cities across the U.S. - and partly explains why apartment rents are climbing at a rapid pace.Of 370,000 multifamily rental units completed from 2012 to 2014 in 54 U.S. metropolitan areas, 82% were in the luxury category, according to CoStar Group Inc., a real-estate research firm. The firm defines luxury buildings as those that command rents in the top 20% of the market. In some places, including Denver, Tampa, Baltimore and Phoenix, virtually all new apartment construction has been targeted to high-end renters. In Atlanta, about 95% of new apartments have been in the luxury category.

(cont.)

"I don't believe there ever has been a time where we have produced so much luxury rental housing," said Susan Wachter, professor of real estate at The Wharton School of the University of Pennsylvania. While these new buildings are priced for the affluent, many middle-class and young workers are straining to rent the units, in part because they have few others choices.What's more, rents in new apartment buildings are commanding a far bigger premium over older buildings than during past construction booms. According to MPF Research, a division of RealPage Inc., apartments completed a decade ago on average commanded rents that were 9% higher than older buildings. But new apartments delivered since 2010 have fetched a 21% premium over existing rental stock. In the Atlanta area, the premium for a new apartment is 39% compared with 2% a decade ago. New construction has almost always fetched higher rents than older units, due mainly to the rising cost of land and construction. But in past construction cycles, as new apartment buildings came online, landlords in older buildings sometimes reduced rents or at least didn't raise rents, providing a steady supply of moderately priced apartments.That pattern isn't occurring in the current cycle, say economists, due in part to a supply shortage. In 1987, U.S. developers built 344,000 multifamily rental units, according to U.S. Census data. During the 1990s and the 2000s, the rate of multifamily construction declined to about 219,000 units a year - not enough to keep up with demand. Although construction is now picking up again and hit 328,000 units in 2014, "it can take many years or decades of sustained housing construction to ensure affordability," said Jed Kolko, chief economist at Trulia. While some developers worry that the current construction boom could eventually result in overbuilding at the high-end - which could put downward pressure on rents for all types of apartments - there is considerable angst among city officials and housing advocates worried that the middle class is getting squeezed.For years, many cities have offered a mix of tax breaks and incentives to encourage developers to build more moderate- and lower-priced apartments, while relying on the private market to provide middle-class rental housing. But now, experts say, the federal and local governments may need to consider targeting more subsidies not just to low-income, but also to middle-income renters.Some cities, such as New York, are moving to require that new developments in some areas include more units for middle- and low-income families.Even in Atlanta, long known for its low housing costs, officials are considering a mandatory requirement that developers of new housing help create units deemed affordable. "Individuals who are considered to be middle class...school teachers, city employees and bank tellers need housing subsidy as well," said Terri Lee, deputy commissioner at the city's Department of Planning and Community Development.Cities should also look at loosening many of the zoning and other regulatory restrictions that make development so costly and lengthy and have kept rates of new rental construction low in many places, experts said. Allowing developers to build smaller, micro-units, can also help keep rents more affordable to young professionals. "If cities become places where only the very high-income households can afford to live...that's going to be a problem for the businesses that want to locate in those cities," said Ingrid Gould Ellen, faculty director of New York University's Furman Center.Mr. Randall, owner of privately-held South City Partners, said when he started 30 years ago "almost 100%" of what he built was low-rise, suburban buildings with rents of about $1,000 a month in today's dollars. Now, even as his business has shifted almost entirely to urban projects like Inman Quarter, he fears the supply of new high-end building could be overdone.

MISCELLANEOUS ECONOMIC ANALYSIS

Land Usage

1. Flexible Density. Housing can intensify land-use by increasing unit density.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

It is surely true that land is constrained, especially in certain markets (Saiz 2010). But that does not mean that the laws of supply and demand don't apply to housing. Land can be used more intensively to accommodate more housing. Thus, while the limits on the land with which housing is bundled make housing different from many goods, the difference is one of degree: the supply of housing can and does increase even in constrained markets, and prices should generally fall in response (DiPasquale, 1999 (reviewing the literature); Mayer & Somerville, 2000).

2. Lots of available space for development - average of 15 percent of city land

Michael A. Pagano and Ann O'M. Bowman (Michael A. Pagano is Professor of Political Science at Miami University in Oxford, Ohio. He authors the annual report on city fiscal conditionsn of the National Leage of Cities. Ann O'M. Bowman is the James F. and Maude B. Byrnes Professor of Government at the University of South Carolina. She is President-Elect of the Urban Politics section of the American Political Science Association.), 12-2000, Center on Urban & Metropolitan Policy, Brookings Institution, "Vacant Land in Cities: An Urban Resources", accessed February 11, 2019, https://www.brookings.edu/wp-content/uploads/2016/06/paganofinal.pdf

<u>A recent survey examining vacant land and abandoned structures in 70 cities found that:</u>

<u>On average, fifteen percent of a city's land was deemed vacant. This total includes widely varying types of land, ranging from undisturbed open space to abandoned, contaminated brownfields.</u>

Housing Stability

1. STABILITY FOR THE POOR: The development of market rate housing helps less privileged residents stay where they are.

Freeman, L., & Braconi, F. (2004). Gentrification and displacement New York City in the 1990s. Journal of the American Planning Association, 70(1), 39-52.

We found that increases in rent are indeed related to the probability of a household moving. But as was the case with the seven gentrifying neighborhoods, these increases were associated with a lower probability of moving rather than a higher one.

For poor households, a 1% increase in rent inflation is associated with a 1% decrease in the odds of moving. The same is true for households whose head lacks a college degree. Moreover, this relationship persists even when other factors associated with residential mobility are controlled for.

Taylor, M. (2016). Perspectives on Helping Low-Income Californians Afford Housing. Sacramento, CA: Legislative Analyst's Office, 2100.

As market–rate housing construction tends to slow the growth in prices and rents, it can make it easier for low–income households to afford their existing homes. This can help to lessen the displacement of low–income households. Our analysis of low–income neighborhoods in the Bay Area suggests a link between increased construction of market–rate housing and reduced displacement. (See the technical appendix for more information on how we defined displacement for this analysis.) Between 2000 and 2013, low–income census tracts (tracts with an above–average concentration of low–income households) in the Bay Area that built the most market–rate housing experienced considerably less displacement. As Figure 3 shows, displacement was more than twice as likely in low–income census tracts with little market–rate housing construction (bottom fifth of all tracts) than in low–income census tracts with high construction levels (top fifth of all tracts).

Housing Market

1. Different "goods." Different types of housing are actually separate markets for different goods because housing units have different features.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

Housing has an additional feature highlighted by those skeptical that adding supply in one portion of a housing market can affect prices in other portions: it is more heterogeneous than most other goods. Housing comes in many different forms, ages and sizes. Even in the same city, a four-bedroom house is very different from a two-bedroom apartment and can be considered a different good. Rather than having one unified housing market, it is more accurate to think of a city as having numerous housing submarkets, each with its own demand, supply and price. Skeptics argue, therefore, that additions to housing supply likely will be "luxury" housing, but that "[t]he only increase in housing supply that will help to alleviate . . . [the] affordable housing crisis is housing that is truly affordable to low-income and working-class people" (Aguirre, Benke, Neugebaurer & Santiago, 2016). They reject the idea that building housing at one price point has any significant effect on the price of housing in other submarkets (Council of Community Housing Organizations, 2016).

THE ALTERNATIVES

For all debates (but especially on the negative), an understanding of the alternatives to market-rate housing is necessary for debaters to develop comparative argumentation. Note that this does not specifically mean you advocate a counterplan nor be tricky with some type of conditional advocacy. Rather, you could craft a standard that you hold the affirmative to that argues that the US ought to promote the development of market-rate housing only if it is superior to the alternatives out there.

Understand that this could lead to some theory-based controversy but try to ground these arguments in real-world scenarios policymakers and activists must answer. Are the benefits of market-rate housing unique to market-rate housing or do they flow from development of affordable housing? Market-rate housing may not be perfect, but is it superior to vouchers? Or rent control? Or Subsidies?

1. Resolution framing - governments address housing through either affordable subsidies or MRH supply increases (zoning, restrictions)

Matthew Yglesias (Matthew Yglesias co-founded Vox.com with Ezra Klein and Melissa Bell back in the spring of 2014. He's currently a senior correspondent focused on politics and economic policy, and co-hosts The Weeds podcast twice a week on Tuesdays and Fridays. Before launching Vox, he was the author of the Moneybag column for Slate and before that he wrote and blogged for Think Progress, The Atlantic, TPM, and The American Prospect. Yglesias is the author of two books, most recently "The Rent Is Too Damn High" about the policy origins of the middle class housing affordability crisis in America.), Matthew Yglesias, Vox, Vox, "Everything you need to know about the affordable housing debate", accessed February 10, 2019, https://www.vox.com/2014/4/10/18076868/affordable-housing-explained

There are two basic types of policies that could make a large difference in housing affordability:

First, the government could directly give money or discounted housing to low-income families. Obviously a family that receives a free house can now afford housing. By the same token, families that receive more money can afford a wider range of houses.

Second, policymakers could increase the number of dwellings in a given metropolitan area. This could be done either by relaxing restrictions on the size of buildings that can be built, or by relaxing restrictions that mandate minimum sizes of individual dwelling units. Cities tend to have a number of zoning rules that artificially restrict the supply of housing.

Governments and political activists are often very interested in using rent control or inclusionary zoning policies to address housing affordability issues. But those tools only redistribute a fixed supply of housing, and can't actually expand the number of people who can afford to dwell in a particular place.

As always, there are countless interpretations of the limits and ground of the resolution. Here's just one.

INCLUSIONARY ZONING & HOUSING

2. Inclusionary Housing Succeeds: Inclusionary housing leads to decreases in price.

Grounded Solutions Network (2016). Economics of Inclusionary Housing Policies: Effects on Housing Prices. Retrieved from Grounded Solutions Network: https://inclusionaryhousing.org/wp-content/uploads/2016/09/Economics-of-Inclusionary-Housing-Policies-Effects-on-Housing-Prices_a.pdf

The study fails to find evidence that developers lowered rental prices in cities that eliminated or weakened their rental inclusionary housing policies. In short, this means that developers likely do not lower the price of high-cost units in response to a city repealing or reducing the requirements of its inclusionary housing policy. This report does, however, find a strongly statistically significant and positive effect of weakening an inclusionary housing policy on the price of low-cost units. It finds that weakening an inclusionary housing policy is associated with a 2 percent increase in median rental prices and a 3 percent increase in the price of low-cost units. These findings suggest that while inclusionary housing policies may not result in significant price increases for high-end units, they do contribute to keeping prices lower for working class families.

3. Inclusive zoning leads to more price controls and causes a decrease in supply and an increase in prices.

Meltzer, R., & Ghorbani, P. (2017). Does gentrification increase employment opportunities in low-income neighborhoods? Regional Science and Urban Economics, 66, 52-73.

Results from Suburban Boston also suggest that adopting IZ is positively correlated with having several other types of regulations. How much affordable housing is produced under IZ seems to be largely a function of the length of time IZ has been in place, although the San Francisco results also suggest that more flexible programs produce more affordable units. Results on the effects of IZ on housing permits and prices are quite mixed both within and across the metropolitan areas. The Suburban Boston results provide some evidence consistent with theoretical predictions: regressions on panel data including jurisdiction and year fixed effects suggest that IZ may be constraining housing production and increasing housing prices.

4. Inclusive zoning causes increase in housing starts.

Bento, A., Lowe, S., Knaap, G.-J., & Chakraborty, A. (2009). Housing market effects of inclusionary zoning. Cityscape, 7-26.

Finally, our findings indicate that the size of market-rate houses in cities that adopted inclusionary zoning increased more slowly than in cities without such programs. Specifically, our findings show that housing size in cities with inclusionary zoning programs was approximately 48 square feet smaller than in cities without inclusionary programs. Further, most of the reductions in housing size occurred in houses that sold for less than $187,000. These findings suggest that inclusionary zoning programs caused housing producers to increase the price of more expensive homes in markets in which residents were less sensitive to price and to decrease the size of less expensive homes in markets in which residents were more responsive to price.

RENT CONTROL

Note that "affordable" housing units may or may not fall under the category of rent control. Often they are, with rates set lower (more "affordable) and for individuals who fall into certain categories based on Average Median Income (AMI).

Pro-Rent Control

See the section on affordability for more reasons why market-based housing fails and "affordable" or subsidized housing succeeds.

1. Policy trade-off: Affordable housing helps one set of lower-income households, while driving up the cost of market-rate housing.

> *Gabriel Metcalf (Executive director of the San Francisco Planning and Urban Research Association (SPUR), previously worked 5 years for The Bay Institute, an environmental nonprofit focused on California water policy, co-founder and former Board Chairman of City CarShare, Master of City Planning Degree from UC, Berkeley), Winter 2018, Journal of Economic Perspectives, "Sand Castles Before the Tide? Affordable Housing in Expensive Cities", Volume 32, Number 1, accessed February 7, 2019, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.32.1.59*
>
> Most public officials would state that affordable housing is one of their top priorities. But when looking at the combination of housing policies - both the official "affordable housing" policies and the broader set of exclusionary land use regulations - it seems clear that de facto housing policy for most of the cities in expensive metro areas is to make people live somewhere else (and suffer long commutes) or to discourage people from moving into the area in the first place (effectively preventing them from participating in the most successful economies of the country). Many more people experience this sort of exclusion than actually receive a price-restricted, subsidized housing unit, a rent controlled unit, or a housing voucher. The exclusionary effects of unnecessarily high housing costs due to local barriers to supply far outweigh the gains in housing access provided from the other programs. A policy trade-off arises here: is it worth helping one set of lower-income households by providing subsidized housing at the cost of increasing the price of units in the market sector?

Analysis from Joshua Arnold, M.P.P.

The negative certainly has more of an uphill battle when it comes to the economics. It is much easier for the Affirmative to prove their side is more efficient or utilitarian, at least in the macro sense. However, there is always a policy trade-off, and the Negative has to argue that the relative few who benefit from affordable housing merit ongoing protection because of their economic vulnerability.

See the below sections on "Social Issues" and the topic analysis on "Debating Stakeholders" for further support for this line of argumentation.

2. Rent Control Harm Mitigated. Current U.S. rent control still allows prices to rise over time, so it's problems are not as bad as many economist still seem to think.

Gabriel Metcalf (Executive director of the San Francisco Planning and Urban Research Association (SPUR), previously worked 5 years for The Bay Institute, an environmental nonprofit focused on California water policy, co-founder and former Board Chairman of City CarShare, Master of City Planning Degree from UC, Berkeley), Winter 2018, Journal of Economic Perspectives, "Sand Castles Before the Tide? Affordable Housing in Expensive Cities", Volume 32, Number 1, accessed February 7, 2019, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.32.1.59

Rent control is relatively rare in American cities and occurs mainly in the states of New York, New Jersey, and California. In our cohort of expensive cities, rent control is especially significant in New York, San Francisco, and Los Angeles. From the sample of economists that I have known, it appears that opposition to rent control is something like an oath of office for the profession, but real-world rent control, at least in its modern form, is generally not very damaging in its impacts on the housing market (Arnott 1995). Generally, landlords are allowed to raise the rent a certain percent each year for existing tenants, and there are rules to prevent landlords from evicting tenants without "just cause." But landlords can usually raise the rents up to market rate, with no restrictions, upon unit vacancy. Nowhere in the United States does rent control apply to new construction. In a sense, rent control works as a delay mechanism that slows the rate of price increases on incumbent tenants for part of the housing stock. This American version of rent control is quite different from rent control in places like Paris, where the government sets the allowable maximum rent each year for all the regulated units (O'Sullivan 2016).

3. Rent Control Mixed Effects. Rent control is inefficient, but it keeps prices down for some.

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We should acknowledge the downsides of US-style rent control. It limits unit turnover and leads to a misallocation of housing resources. It has poor targeting efficiency in terms of matching the benefits to the people who most need them. It adds to the perception of risk (and the cost of capital) for investors in new development, who will fear that cities with pro-rent control politics could at some point try to apply it to new construction or otherwise change the universe of units that fall under the price controls. It benefits current residents while doing nothing for new migrants to cities. But where rent control has been in place for a while, it is not typically a major cause of supply suppression. So long as cities are not trying to apply rent control to new (or recently built) development, it is a sidebar to the more fundamental dynamics that affect the cost of housing in expensive metro areas. Against these downsides, we should also acknowledge the significant upsides of large groups of people enjoying lower housing rents than they otherwise would, with the attendant benefits of greater community stability.

Harms of Rent Control

1. Rent Control Leads to Gentrification: Rent control causes gentrification to occur in a harmful way.

Diamond, R., McQuade, T., & Qian, F. (2018). The effects of rent control expansion on tenants, landlords, and inequality: Evidence from San Francisco.

In the long run, landlords' substitution toward owner-occupied and newly constructed rental housing not only lowered the supply of rental housing in the city, but also shifted the city's housing supply towards less affordable types of housing that likely cater to the tastes of higher income individuals. Ultimately, these endogenous shifts in the housing supply likely drove up citywide rents, damaging housing affordability for future renters, and counteracting the stated claims of the law. Table 10 shows that properties treated by rent control have tenants who came from neighborhoods with $1292 higher per capita incomes, representing a 2.8% increase, relative to residents of control group buildings located in the same zipcode. This 2.8% increase represents the average income increase across all properties treated by rent control. Since only 15.3% of these properties upgraded their housing stock, we would expect these high income residents to only be drawn into this 15.3%. Indeed, the other 85% of the treated housing stock that did not renovate may have lower income residents due to the direct effect of rent control on tenant mobility. To construct a lower bound estimate of the effect of rent control on gentrification, we will assume that residents of the non-renovated housing stock have incomes similar to that of the control group. Under this assumption, our estimate of a 2.8% increase in residents' incomes suggests that the renovated buildings attracted residents with at least 18% (2.8/0.153) higher incomes than residents of control group buildings in the same zipcode. In this way, rent control appears to have brought higher income residents into San Francisco, fueling gentrification.

Taylor, M. (2016). Perspectives on Helping Low-Income Californians Afford Housing. Sacramento, CA: Legislative Analyst's Office, 2100.

Another result of too little housing construction is that more affluent households, faced with limited housing choices, may choose to live in neighborhoods and housing units that historically have been occupied by low–income households. This reduces the amount of housing available for low–income households. Various economic studies have documented this result. One analysis of American Housing Survey data by researchers at the Federal Reserve Bank of New York found that "the more constrained the supply response for new residential units to demand shocks, the greater the probability that an affordable unit will filter up and out of the affordable stock." Other researchers have found that low–income neighborhoods are more likely to experience an influx of higher–income households when they are in close proximity to affluent neighborhoods with tight housing markets.

2. Landlords are highly responsive to price controls.

Diamond, R., McQuade, T., & Qian, F. (2018). The effects of rent control expansion on tenants, landlords, and inequality: Evidence from San Francisco.

Finally, we analyze whether rent control enables tenants to live in neighborhoods with better amenities. One might expect neighborhoods with the largest increases in market prices and amenities would be ones where tenants would remain in their rent-controlled apartments the longest, since their outside options in the neighborhood would be especially expensive. However, for these same reasons, landlords in these high-rent, high-amenity neighborhoods would have large incentives to remove tenants. They then could either reset rents to market rates with a new tenant or redevelop the building as condos or new construction, both of which are exempt from rent control. These landlord incentives would push rent control tenants out of the nicest neighborhoods.

3. Supply Shock: Rent control legislation decreases housing supply.

Diamond, R., McQuade, T., & Qian, F. (2018). The effects of rent control expansion on tenants, landlords, and inequality: Evidence from San Francisco.

However, landlords of properties affected by the law change respond over the long term by substituting to other types of real estate, in particular by converting to condos and redeveloping buildings so as to exempt them from rent control. To further study the landlord response to the rent control expansion and to understand the impact of rent control on rental supply, we merge in historical parcel history data from the San Francisco Assessor's Office, which allows us to observe parcel splits and condo conversions. We find that rent-controlled buildings were 8 percentage points more likely to convert to a condo or a Tenancy in Common (TIC) than buildings in the control group. Consistent with these findings, we find that rent control led to a 15 percentage point decline in the number of renters living in treated buildings and a 25 percentage point reduction in the number of renters living in rent-controlled units, relative to 1994 levels. This large reduction in rental housing supply was driven by both converting existing structures to owner-occupied condominium housing and by replacing existing structures with new construction. This 15 percentage point reduction in the rental supply of small multi-family housing likely led to rent increases in the long run, consistent with standard economic theory. In this sense, rent control operated as a transfer between the future renters of San Francisco (who would pay these higher rents due to lower supply) to the renters living in San Francisco in 1994 (who benefited directly from lower rents). Landlords treated by rent control reduce rental housing supplies by 15% by selling to owner-occupants and redeveloping buildings. Thus, while rent control prevents displacement of incumbent renters in the short run, the lost rental housing supply likely drove up market rents in the long run, ultimately undermining the goals of the law.

4. Restricted Supply: Housing regulations, fees, and rule changes drives developers into non-housing land uses where they can recoup their investment.

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Who bears the burden of the costs of the fees and exactions on housing development? At the scale of an individual building, developers cannot simply "pass the costs on" to consumers; rational developers will already be charging the maximum the market will bear. Most of the costs of producing housing (materials, labor, capital) are given from the perspective of the developer; fees and exactions are no different. But if the costs of production go up, developers can try to bid less for land. If all the costs of fees and exaction are known in advance of a land transaction, developers should not bid more than they can afford - which in theory would drive down residual land value.

But there are significant limits, especially in high-demand markets. For one thing, if the rules are inherently unpredictable and changeable, it is nearly impossible to bid rationally on land, which inevitably drives up the cost of capital, and results in inefficient outcomes. More importantly, as a residential developer's offer price decreases, fewer land-sellers will sell, which translates into a reduction in how many parcels will be developed. After all, urban land has other uses than housing. Almost always, the urban parcel in question is generating revenue already; it is occupied by a store, a parking lot, or some other business. It's quite easy to impose such high costs that developers will not be able to outbid existing uses and redevelop so-called "soft" sites. At some point, the capitalized net operating income flowing from a single-story strip mall retail development is worth more than a housing developer can offer. In jurisdictions like California, this problem is particularly acute because the ballot Proposition 13 approved in 1978 depresses property taxes on long-term owners, further disincentivizing the sale of their existing revenue-generating assets. In the long run, we can expect fees, exactions, and other financial requirements to reduce the quantity of land that is developed. Said differently, the market price for housing has to remain high enough to cover the cost of the fees and exactions, so these function as a price floor that keeps housing more expensive than it otherwise would be.

Vouchers (General/Affirmative)

1. Housing Vouchers. 5 million Americans received government vouchers to afford housing in 2015.

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In 2015, 2.2 million households, comprising 5 million people, used rental vouchers to secure housing in the private market. The biggest program known as "Section 8," was created in 1974. Under the Section 8 program, households pay 30 percent of their income in rent, and the local Housing Authority covers the rest of the monthly rent to the landlord. Each year, the US Department of Housing and Urban Development determines "fair market rent" which sets the limits on how much rent subsidy will be provided in each city. (As of this writing in 2017, the HUD fair market rent for a two-bedroom unit in San Francisco is $3,319 per month.)

2. Voucher Shortage. Far more families need housing vouchers than receive them. On average, 1 in 4 needy families receive a voucher, and in L.A., 1 in 250 receives a voucher.

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The federal government does not fund vouchers for everyone who needs them, and there are long waiting lists in most cities. One study estimates that only 25 percent of the households that are income eligible according to the standards of the US Department of Housing and Urban Development receive federal assistance (Center on Budget and Policy Priorities 2017). In some cities, the odds are much worse: recently, 600,000 residents of Los Angeles were applying for 2,400 vouchers (Smith 2017). In expensive housing markets, there is also a perennial problem of voucher dollar amounts being insufficient, so that many landlords are not willing to rent to voucher holders.

3. Negative Side-Effects. Housing vouchers create additional problems, such as discrimination against those who obtain them and increased housing costs.

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In practice, the program does not work as well as we might wish. There is pervasive discrimination against voucher holders, such that in many places certain landlords specialize in housing the population of voucher holders. In low-elasticity housing markets, vouchers can end up increasing the cost of housing, whereas direct provision of social housing can expand the supply and can drive down prices in the lower end of the housing market. To truly reach its potential as a tool for lifting low-income families out of poverty by giving them access to better school districts and other opportunities, voucher programs need to be supported by more intensive counseling programs and other forms of assistance (DeLuca and Rosenblatt 2017).

SOCIAL ISSUES

Again, note that though many of these arguments may lend themselves more towards the negative side of the debate (especially in developing impact scenarios or developing obligational arguments), they can be used to impact out and link to both the affirmative and negative sides of the debate, depending on the main argumentation being utilized.

Poverty (General)

1. Those that are rent-burdened struggle to meet basic needs

Pew Charitable Trusts, April 2018, Pew Charitable Trusts, "American Families Face a Growing Rent Burden", accessed February 10, 2019, https://www.pewtrusts.org/-/media/assets/2018/04/rent-burden_report_v2.pdf

Rent-burdened families are financially insecure in many other aspects of their lives, too. They often have trouble meeting basic consumption needs, frequently rely on public assistance, and typically have little connection to the banking system and limited savings. In general, renter households have less money across their financial accounts than do nonburdened families and those that own their homes.8 In 2001, half of rent-burdened households had less than $10 in savings, while the median non-rent-burdened family had $800 in inflation-adjusted dollars, and half of homeowners had more than$4,000.9 By 2015, the savings of nonburdened renter families had increased to slightly more than $1,000 at the median10 and that of owner households had nearly doubled, to $7,000. But rent-burdened households still had less than $10. (See Figure 5.)

Inequality (Link)

1. New MRH primarily supports high-income locations - avoids investment in disadvantaged areas, creates cycle of disinvestment that drives crime, decay, segregation - expansion of affordable housing necessary

Rick Jacobus (Rick Jacobus, a national expert in inclusionary housing and affordable homeownership, is the principal of Street Level Urban Impact Advisors. He serves as a strategic advisor to Grounded Solutions Network, a national initiative focused on building more inclusive communities.), 11-4-2016, Street Level Urban Impact Advisors, Shelterforce, "Housing Doesn't Filter, Neighborhoods Do", accessed February 6, 2019, https://shelterforce.org/2016/11/04/housing-doesnt-filter-neighborhoods-do/

If we're sitting in an undergraduate economics class, it sounds reasonable to suggest that, like any product, as housing ages it loses value and becomes more affordable. In this context, a housing policy that promotes building new homes for the rich would seem to offer more, older homes for the poor. Housing may be a "right" but brand-new housing certainly isn't.

But sitting in econ class, it is easy to overlook all of the ways that housing is not like other products. First, is older housing really less valuable? Our cities are full of very old housing that is still quite expensive. One reason is maintenance. With ongoing regular investment in maintenance and renovation, older housing can hold its value over the long term. In order for filtering to generate really affordable housing, we need older homes that are also poorly maintained.But there's an even bigger problem. Housing is different because you can't move it. When you buy a home, you are buying a product, but you are also buying a location. You might pay somewhat more for a "new" product but mostly what you are buying (or renting) is the location.

When we hear about filtering we are supposed to imagine a single building floating in space, becoming more affordable as it ages. Maybe if that property were well maintained it would lose value more slowly, but what happens in real cities is that sometimes buildings increase in value dramatically, even as they age. Other times even well-maintained buildings lose value quickly. This happens because it is the value of the neighborhood that really drives the price of a property.When we look at filtering as a policy option for neighborhoods, things look very different. Clearly some kind of filtering does happen, but it is not often filtering by the age of the home. People move up and out of less desirable neighborhoods to "better" neighborhoods until at the end of the process filtering creates new vacancies in the least desirable locations in the region.

Today, advocates for the poor are rightly focused on displacement, as whole neighborhoods are consumed by higher-income housing demand, but it seems like just the other day we worried mostly about disinvestment. It is easy to think that these are two different problems, but they aren't. Displacement and disinvestment are simply two faces of the same underlying market dynamic - one where we invest only at the high end of the housing market.Filtering is sometimes described as a version of "trickle down" economics for housing, but it is not housing that trickles down, **it's neighborhoods.** A policy of only (or mostly) building housing for the wealthy is essentially a policy of only investing in wealthy neighborhoods - those that are already wealthy and those that are on their way to becoming wealthy. The remaining neighborhoods are allowed to deteriorate until they reach the point where they are politically and economically weak enough for the market to reclaim and reposition them as wealthy neighborhoods again.

The alternative to disinvestment is investment. Just as a home can maintain its value over time with regular maintenance, a neighborhood needs regular reinvestment in order to remain a place were people want to live. One piece of the regular maintenance of a healthy neighborhood is new housing. If we could manage to build housing for middle-income and working-class people, we could maintain middle-income and working-class neighborhoods instead of waiting for those neighborhoods to fall into disrepair and then be "rediscovered."This cycle of disinvestment and displacement is economically inefficient in many ways, but worse, it imposes a very high human cost on poor and working-class people who suffer blight, crime, and decay only to later be priced out or evicted when the cycle finally brings new investment into their neighborhoods. Perhaps most importantly, this cycle is the single most important driver of continuing racial segregation. Both owners and renters are constantly seeking to avoid the concentrated distress that comes when the filtering process generates neighborhoods where continued investment is not economically rational. A generation after white flight, the mere presence of low-income people and people of color in a neighborhood continues to signal lower property values.

This happens in part because people have internalized the idea that stable neighborhoods aren't possible and that every neighborhood is either declining or being gentrified, so everyone is on the lookout for signs that tell us which way an area is heading. The process forces people to move strategically in anticipation of the next wave of change - either you try to move in before prices take off, or you try to move out before the crime gets too bad, etc. And all that strategic moving drives the process, possibly more than the natural aging of the housing stock. I find it ironic that when people want to argue that filtering in housing is natural and appropriate, they tend to refer to used cars as an analogy. It is true that many low-income people drive used cars, but the car market succeeds in exactly the way that the housing market fails. Where the housing market provides supply from the top down the car market operates from the middle out. Our auto industry offers an impressively wide range of products with a wide range of prices and features precisely because they want to provide options that are affordable for buyers at different income levels. If cars worked like housing, low-income people would be driving 60-year-old BMWs instead of 10-year-old Ford Focuses. The existence of new, relatively affordable Honda Civics makes it possible for the used car market to provide safer, cleaner, and more fuel-efficient options to families who could never afford a new car.

In part 2 of this post, I'll talk about whose "fault" it is that we aren't building Ford Focus housing developments (spoiler: there is no simple answer) but the first step is admitting that we have a problem. It is probably too much to expect the private market to produce truly low-income housing, but the current situation where most new housing serves only the highest income people is a choice that we have made. Again, we have other options. It would be possible for us to direct investment not only to the top of the market but to the middle as well. We do this in most other parts of our economy. Achieving this goal in housing will require understanding and accepting the ways in which housing is not a normal product, but we could do it. And investing in middle-income and working-class housing is the only way to get our neighborhoods off of the merry-go-round cycle of disinvestment and displacement - it is the only way to sustain stable, healthy neighborhoods for most people.

This card, albeit long (it can and should be divided up/summarized for your uses) provides analysis that can create strong case narratives regarding MRH re-entrenching inequality.

Inequality (Impacts)

These cards can help to facilitate the creation of obligation-based arguments as to why low-income and minority individuals ought to be the most important stakeholders of the debate. A key link which could allow for links of these impacts to both affirmative and negative comes in the 'Wealth Creation' subsection—which addresses the ability of rent-burden individuals or homeowners to create wealth. These arguments would require links probably developed in the ''Economics'' portion of the brief dealing with affordability.

1. Racial wealth gap largely caused by housing discrimination

Christian E. Weller (senior fellow at American Progress and a professor of public policy at the McCormack Graduate School of Policy and Global Studies at the University of Massachusetts, Boston.), Danyelle Solomon (senior director of Race and Ethnicity Policy at American Progress. Previously, she served as policy counsel at the Brennan Center for Justiceâ€™s Washington, D.C., office, where she focused primarily on criminal justice issues, including sentencing reform, corrections reform, policing reform, commutations and pardons, and racial disparities in the justice system.), and Angela Hanks (writer for teh Center for American Progress), February 21, 2018, Center for American Progress, "Systematic Inequality", accessed February 10, 2019, https://www.americanprogress.org/issues/race/reports/2018/02/21/447051/systematic-inequality/

Unfortunately, <u>wealth in this country is unequally distributed by race - and particularly between white and black1 households</u>.2 African American families have a fraction of the wealth of white families, leaving them more economically insecure and with far fewer opportunities for economic mobility. As this report documents, even after considering positive factors such as increased education levels, <u>African Americans have less wealth than whites. Less wealth translates into fewer opportunities for upward mobility and is compounded by lower income levels and fewer chances to build wealth or pass accumulated wealth down to future generations.</u> Several key factors exacerbate this vicious cycle of wealth inequality. Black households, for example, have far less access to tax-advantaged forms of savings, due in part to a long history of employment discrimination and other discriminatory practices. <u>A well-documented history of mortgage market discrimination means that blacks are significantly less likely to be homeowners than whites,3 which means they have less access to the savings and tax benefits that come with owning a home.</u> Persistent labor market discrimination and segregation also force blacks into fewer and less advantageous employment opportunities than their white counterparts.4 Thus, African Americans have less access to stable jobs, good wages, and retirement benefits at work5 - all key drivers by which American families gain access to savings. Moreover, under the current tax code, families with higher incomes receive increased tax incentives associated with both housing and retirement savings.6 Because African Americans tend to have lower incomes, they inevitably receive fewer tax benefits - even if they are homeowners or have retirement savings accounts. The bottom line is that persistent housing and labor market discrimination and segregation worsen the damaging cycle of wealth inequality.

2. Wealth gap between whites and blacks largest since 1989

Richard Fry (senior researcher at Pew Research Center. He is an expert on school and college enrollment in the United States, as well as the returns to education in the labor market and marriage market, and its connection to household economic well-being such as net worth.) and Rakesh Kochhar (senior researcher at Pew Research Center. He is an expert on trends in employment, income and wealth.), December 12, 2014, Pew Research, "Wealth inequality has widened along racial, ethnic lines since end of Great Recession", accessed February 10, 2019, www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/

The Great Recession, fueled by the crises in the housing and financial markets, was universally hard on the net worth of American families. But even as the economic recovery has begun to mend asset prices, not all households have benefited alike, and wealth inequality has widened along racial and ethnic lines. The wealth of white households was 13 times the median wealth of black households in 2013, compared with eight times the wealth in 2010, according to a new Pew Research Center analysis of data from the Federal Reserve's Survey of Consumer Finances. Likewise, the wealth of white households is now more than 10 times the wealth of Hispanic households, compared with nine times the wealth in 2010.The current gap between blacks and whites has reached its highest point since 1989, when whites had 17 times the wealth of black households. The current white-to-Hispanic wealth ratio has reached a level not seen since 2001. (Asians and other racial groups are not separately identified in the public-use versions of the Fed's survey.)

3. Blacks often owe greater debts, which impedes wealth creation

Christian E. Weller (senior fellow at American Progress and a professor of public policy at the McCormack Graduate School of Policy and Global Studies at the University of Massachusetts, Boston.), Danyelle Solomon (senior director of Race and Ethnicity Policy at American Progress. Previously, she served as policy counsel at the Brennan Center for Justiceâ€™s Washington, D.C., office, where she focused primarily on criminal justice issues, including sentencing reform, corrections reform, policing reform, commutations and pardons, and racial disparities in the justice system.), and Angela Hanks (writer for teh Center for American Progress), February 21, 2018, Center for American Progress, "Systematic Inequality", accessed February 10, 2019, https://www.americanprogress.org/issues/race/reports/2018/02/21/447051/systematic-inequality/

On the other side of the ledger, debt tends to be more detrimental to blacks than for whites, largely because the types of debt they owe - such as car or student loans - are more costly. Despite blacks being slightly less likely to owe money than whites; only slightly more than three-quarters of blacks owed any debt, compared with 85 percent of whites. (see Table 5) Blacks' debt payments, however, are relatively large compared with that debt. The total amount of debt that African Americans owed in 2016 was approximately one-third that of what whites owed. Yet, blacks typically had debt payments that were more than twice as costly as those as whites - $12,900 compared with $6,840, respectively. Relative to their incomes, blacks generally had debt payments that were almost as costly as those for whites - 14.4 percent of their income compared with 15.5 percent of white households' income. More costly debt - such as car loans, student loans, and credit card debt - is the main driver for the discrepancy between outstanding debt and debt payments when comparing blacks to whites. Though federal student loans have generous repayment options, they are a more expensive type of debt than other instruments such as mortgages. Blacks are particularly less likely to owe money on a mortgage or home equity line of credit, which tend to be a comparatively less expensive way to borrow. Yet blacks are slightly more likely to owe installment loans such as car and student loans than whites. The amount blacks owe on such loans is also typically higher than what whites owe - $20,000 compared with $18,000. Moreover, blacks are more likely to carry a credit card balance than whites despite their balances being less than that of whites - $1,400 compared with $3,000. The higher costs of debt payments further impede blacks' ability to build wealth and economic security for their families.

4. Inequality impact spans far and wide

Vincent Chin (Studies in Computer Science and Information Systems, National University of Singapore; MBA, Edinburgh Business School. Formerly, worked for Singapore Airlines stations and Accenture, focusing on public sector and new enterprises projects. With Boston Consulting Group: Global Leader of BCG's Public Sector Practice. Member of WEF's Global Future Council on Economic Growth & Social Inclusion.), April 2017, World Economic Forum, "Inequality has a major impact on a countryâ€™s wellbeing. Why?", accessed February 11, 2019, https://www.weforum.org/agenda/2017/08/inequality-makes-us-unhappy-heres-why/

Inequality has many invidious consequences - too many to list here. This is because it is one of the few issues that spans both the micro and macro. From the parents who can no longer be confident that their kids will be able to ascend the ladder of opportunity, to the fact it leads to increased government spending on healthcare, it is clear that its impact stretches far and wide. That's why we have placed inequality front and centre in the latest Sustainable Economic Development Assessment (SEDA). The report, which The Boston Consulting Group publishes annually, assesses the relative well-being of countries around the world and how well they convert wealth into well-being

5. Interstate Inequality: Housing prices are locking in wealth inequality between states because workers cannot move freely to obtain the highest wages.

Katherine O'Regan (Professor of Public Policy and Planning at NYU Wagner, formerly served as Assistant Secretary for Policy Development and Research at HUD, previously taught at Yale School of Management, received teaching awards from Berkeley, Yale, and NYU, served on the editorial board for the Journal of Policy Analysis and Management, Ph.D. in Economics from UC, Berkeley), Ingrid Gould Ellen (Professor of Urban Policy and Planning at NYU Wagner, held visiting positions at the Department of Urban Studies and Planning at MIT, the U.S. Department of Housing and Urban Development, the Urban Institute and the Brookings Institution, Ph.D. in public policy, Master's degree in Public Policy, and bachelor's degree in applied mathematics, all from Harvard University.), and Vicki Been (Professor of Law at NYU School of Law, Affiliated Professor of Public Policy of the NYU Wagner Graduate School of Public Service, Faculty Director of NYU's Furman Center for Real Estate and Urban Policy, served as Commissioner of Housing Preservation and Development for the City of New York, recipient of the MacArthur Award for Creative and Effective Institutions in 2012.), October 26, 2017, NYU Furman Center, NYU Wagner School, and NYU School of Law, "Supply Skepticism: Housing Supply and Affordability", accessed February 9, 2019, http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O'Regan%20supply_affordability_Oct%2026%20revision.pdf

Ganong and Shoag (2015) argue that the reduced mobility resulting from the constrained supply of housing is also exacerbating inequality and locking in economic differences across states. They point out that the relative gains in income and housing costs achieved by moving to high-cost regions vary with occupations. For workers in low-wage occupations, the increases in housing costs they would have to endure when moving to a state with restricted housing supply are larger than the gains in income they would enjoy. The calculus differs for workers in high-wage occupations, however, for whom income gains have continued to outpace housing cost increases. In other words, highly educated workers may still find it profitable to move to supply-restricted places, while less educated workers do not, which is exacerbating inequality across cities and states. The differential mobility also may have very long term effects on inequality, because many of the areas to which more highly educated workers may be more likely to move have higher levels of intergenerational mobility than the areas in which less educated workers remain (Schleicher, 2017).

Wealth Creation

Typically, Public Forum Debate comes down to a utilitarian focus on the motion. But that's not always the case nor always the most advantageous. Note that even every utilitarian calculus applied to a debate decision requires an initial consideration of what is valuable, or who the most important/significant stakeholders are. Coupled with the 'Inequality' section and links from the above "Economics" section, you could develop solid obligation-based arguments that could outweigh macroeconomic arguments. Then again, macroeconomic arguments could interact on both sides of this type of analysis.

1. Rent-burdened tenants less likely to be homeowners -- this undermines low-income families

Pew Charitable Trusts, April 2018, Pew Charitable Trusts, "American Families Face a Growing Rent Burden", accessed February 10, 2019, https://www.pewtrusts.org/-/media/assets/2018/04/rent-burden_report_v2.pdf

Fifty-six percent of all renters spent at least one year being rent burdened,13 and about 34 percent experienced rent burdens for three or more years. The average duration of a rent burden was about three years.14 Further, being rent burdened in one year was correlated with being rent burdened the next year. Among renter households that spent one year with rent burdens, 74 percent endured two to six additional years struggling with rent. Despite the transitory nature of being rent burdened, even a short spell may have an effect on the potential for homeownership. To get a better idea of how being rent burdened is associated with homeownership, Pew looked at household housing status in one year and then looked at the same households' housing status four years later. Nationally, the percentage of prime buying-age renter households - those headed by people ages 21-34 - that transitioned from renting to owning declined from 26 percent in 2001 to 16 percent in 2015. Even given that overall decrease, compared with households that were never burdened, rent-burdened households were less likely to become homeowners in the four years after a rent-burdened spell. Among those prime buying-age renter families, 25 percent of those that were rent burdened in 2001 became homeowners by 2005, compared with 41 percent that had affordable rent in 2001. (See Figure 8.) Between 2003 and 2007, the figures were 24 and 37 percent, respectively. Between the start of the housing credit crisis in 2007 and 2015, only 14 percent of prime-age, rent-burdened households transitioned to homeownership each year, on average. Over the same period, an average of 1 in 4 nonburdened families became homeowners annually. This decline in the share of cost-burdened renters attaining homeownership suggests that although the economy is recovering, rent-burdened households have a harder time accumulating savings and wealth today than they did before the crisis. Although this analysis is descriptive and cannot isolate causal relationships between these factors, the significant decline in rent-burdened households transitioning to ownership may be an early warning sign that those in the lower economic echelons will have a harder time becoming owners in the future.

2. Homeownership is the key to wealth creation

Ben Hecht (Ben Hecht is the President and CEO of Living Cities, a collaborative of the world's leading foundations and financial institutions who work together to boldly fight poverty in America's cities.), April 19, 2017, Huffington Post, "Homeownership as a Key Driver of Wealth", accessed February 10, 2019, https://www.huffingtonpost.com/entry/homeownership-as-a-key-driver-of-wealth_us_58f66a5de4b0c892a4fb7319

We're at the start of what's often called the home-buying season. Creating more homeowners is not only exciting for people in real estate, but also for those of us in the business of social change and economic equality. That's because homeownership is far and away the most powerful driver of wealth creation in the U.S. economy. And wealth matters, big time. The Critical Importance of Wealth Intuitively, most of us know this. But while we can easily envision lifestyle differences between high-earners and people living in poverty, it can be harder to pinpoint the effects of being asset-rich - often because the effects span a lifetime and beyond. Income funds daily expenses, but it's wealth (or, the difference between someone's assets - cash savings, a home, a business - and their debts) that offers long-term financial security. It's protection against crises, unexpected expenses or dips in income, and it can transform the economic prospects of a family, both day-to-day and generation-to-generation. Imagine a young family that has just enough cash saved up to get a mortgage. As they build equity in their home over the years, they can borrow against that wealth to weather financial emergencies - a car breakdown, a medical crisis, or whatever it may be. By the time their child is ready to go to college, they can afford to send her off - likely adding hundreds of thousands of dollars to her lifetime earnings and launching her into adult life debt-free.

3. Asset reduction, such as reduced homeownership, is a major cause of wealth gap

Richard Fry (senior researcher at Pew Research Center. He is an expert on school and college enrollment in the United States, as well as the returns to education in the labor market and marriage market, and its connection to household economic well-being such as net worth.) and Rakesh Kochhar (senior researcher at Pew Research Center. He is an expert on trends in employment, income and wealth.), December 12, 2014, Pew Research, "Wealth inequality has widened along racial, ethnic lines since end of Great Recession", accessed February 10, 2019, www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/

A number of factors seem responsible for the widening of the wealth gaps during the economic recovery. As the Federal Reserve notes, the median income of minority households (blacks, Hispanics and other non-whites combined) fell 9% from its 2010 to 2013 surveys, compared with a decrease of 1% for non-Hispanic white households. Thus, minority households may not have replenished their savings as much as white households or they may have had to draw down their savings even more during the recovery. Also, financial assets, such as stocks, have recovered in value more quickly than housing since the recession ended. White households are much more likely than minority households to own stocks directly or indirectly through retirement accounts. Thus, they were in better position to benefit from the recovery in financial markets. All American households since the recovery have started to reduce their ownership of key assets, such as homes, stocks and business equity. But the decrease in asset ownership tended to be proportionally greater among minority households. For example, the homeownership rate for non-Hispanic white households fell from 75.3% in 2010 to 73.9% in 2013, a percentage drop of 2%. Meanwhile, the homeownership rate among minority households decreased from 50.6% in 2010 to 47.4% in 2013, a slippage of 6.5%.

4. The wealth created from homeownership is intergenerational, especially for POC

Ben Hecht (Ben Hecht is the President and CEO of Living Cities, a collaborative of the world's leading foundations and financial institutions who work together to boldly fight poverty in America's cities.), April 19, 2017, Huffington Post, "Homeownership as a Key Driver of Wealth", accessed February 10, 2019, https://www.huffingtonpost.com/entry/homeownership-as-a-key-driver-of-wealth_us_58f66a5de4b0c892a4fb7319

It's a simplistic example, but you can spin it out for generations. And it highlights some of the patterns that play out family by family, with results that are evident at the macro-scale. A child born into a wealthy family, for example, is six times more likely to become a wealthy adult than a child who grows up poor. Homeownership has long been a central part of this equation. In 2015, the average net worth of a homeowner in was $195,400, compared to just $5,400 for a renter, according to the Federal Reserve. The significance is even more staggering for people of color. Wealth from equity in a home constitutes 51% of total wealth of the average white household, but 71% for black households. Essentially, if you are part of America's fastest growing populations, it's highly likely that without a home, you don't have wealth.

Health And Psychology

1. Wealth inequality and poverty linked to depression and mental health problems

Joe Herbert M.B, Ph.D. (emeritus professor of neuroscience and former chair of the Graduate School of Biosciences at the University of Cambridge.), November 17, 2018, Psychology Today, "The Scandal of Inequality and Its Effect on Mental Health", accessed February 10, 2019, https://www.psychologytoday.com/us/blog/hormones-and-the-brain/201811/the-scandal-inequality-and-its-effect-mental-health

Inequality has a direct impact on mental health. Sweden, a rich country with an excellent and accessible health service, but low inequality, has much less social and mental health problems than the UK, with an equally good health service but much higher inequality. The USA has an even worse health score. Men seem particularly liable to mental disorders as their income declines. Depression is strongly associated with lower income and greater inequality, though this has only really been studied adequately in high-income countries. What is the mechanism linking financial inequality to mental illness, particularly depression? Since we do not know the 'cause' of depression at either social, genetic or neurobiological levels, any suggestions must be speculative. Poverty is related to feelings of social defeat and inferiority, as well as social isolation, alienation, and loneliness. These are accentuated if poorer people live in a society that allows them to compare themselves to much richer ones. Robert Sapolsky, in a recent Scientific American article (well worth reading) suggests that relative poverty generates stress, and stress generates overactivity of the hormonal and neural responses to stress which include secretion of cortisol, the stress hormone. Lower SES is associated with greater levels of stress (sometimes called 'allostatic load'). We know that higher cortisol is a risk factor for depression. Lower SES children and adults have higher cortisol levels than richer ones. Depression is not the only mental disorder associated with SES. As every scientist knows, association does not prove causation, but the gun is beginning to smoke.

2. Impacts of illness upon society -- smoking, obesity, etc. Treat wealth inequality the same way

Joe Herbert M.B, Ph.D. (emeritus professor of neuroscience and former chair of the Graduate School of Biosciences at the University of Cambridge.), November 17, 2018, Psychology Today, "The Scandal of Inequality and Its Effect on Mental Health", accessed February 10, 2019, https://www.psychologytoday.com/us/blog/hormones-and-the-brain/201811/the-scandal-inequality-and-its-effect-mental-health

There are other social risks for illness, first demonstrated by showing statistical correlations. Smoking is one, and the marked decrease in smokers has had a corresponding effect on lung cancer and heart disease. Obesity is the next social challenge, one that both the USA and UK are taking seriously. Now we should give economic inequality the same urgent attention. Not only is it a social and communal disgrace, but it also seems to contribute to the huge burden that mental illness puts on both USA and UK. And that's without any consideration of the individual pain and disaster that mental illness represents for many of those experiencing it.

3. Stress of poverty and racism increased risk of Alzheimer's in African American populations

Fredrick Kunkle (DC reporter, Yale University graduate and the recipient of a Fulbright. He is co-chair of the Washington-Baltimore News Guild's bargaining unit at The Washington Post.), July 16, 2017, Washington Post, "Stress of poverty, racism raise risk of Alzheimerâ€™s for African Americans, new research suggests", accessed February 10, 2019, https://www.washingtonpost.com/local/social-issues/stress-of-poverty-and-racism-raise-risk-of-alzheimers-for-african-americans-new-research-suggests/2017/07/15/4a16e918-68c9-11e7-a1d7-9a32c91c6f40_story.html?utm_term=.4baef55d675c

A new group of studies into racial disparities among people with Alzheimer's disease suggests that social conditions, including the stress of poverty and racism, substantially raise the risks of dementia for African Americans. In four separate studies, researchers found that conditions that affect blacks disproportionately compared with other groups - such as poor living conditions and stressful events such as the loss of a sibling, the divorce of one's parents or chronic unemployment - have severe consequences for brain health later on. One study by University of Wisconsin researchers found that stress literally takes years off a person's life in terms of brain function - an average of four years for African Americans, compared with 1½ years for whites. Another Wisconsin study showed that living in a disadvantaged neighborhood is associated with later decline in cognitive function and even the biomarkers linked to Alzheimer's disease, which is the most common form of dementia.

4. Poor children more at risk of accidents, chronic illness, asthma, and mental problems - AAP study proves

Priyanka Boghani (journalist at FRONTLINE, where she reports, writes and tweets about foreign policy. She previously worked at GlobalPost, an international news site, Patch.com, and The Huffington Post, in addition to freelancing. Priyanka earned her M.S. in Journalism from Boston University with a focus on foreign reporting. She writes mostly about conflicts and humanitarian crises in the Middle East, Afghanistan and Pakistan.), November 22, 2017, PBS, "How Poverty Can Follow Children Into Adulthood", accessed February 11, 2019, https://www.pbs.org/wgbh/frontline/article/how-poverty-can-follow-children-into-adulthood/

Poverty itself can be dangerous. Children growing up poor are more likely to be injured in accidents, and five times more likely to die due to accidents, according to the American Academy of Pediatrics. "Poor families are more likely to reside in homes without functional smoke detectors and with open fires, unprotected windows and unsafe roofs or stairs," an AAP report from 2016 noted. "Children in poor neighborhoods are at increased risk of cycling accidents, pedestrian injuries, falls, burns, poisonings and chemical burns." But the risks go deeper than that. Research shows that children who grow up in poverty are also more likely to develop chronic illnesses such as asthma or obesity - the latter can lead to further health problems, including diabetes and heart disease. Poor children are also more likely to be sedentary and exposed to tobacco, which in turn may increase the risk of heart and lung problems when they grow up. Poverty can also harm a child's brain development and lifelong mental health "There are definite impacts [of poverty] on physical health," said Benard Dreyer, former president of the American Academy of Pediatrics, in an interview with FRONTLINE. "But in addition, and perhaps more importantly, there's an impact on brain development and the ability to succeed in life." Dreyer was referring to a growing body of research that shows exposure to "toxic" stress can actually impact a child's brain development.All children experience stress, and caring adults or support networks can help them cope and figure out how to respond. However, the constant stresses of living in an impoverished household - and in some cases, dealing with abuse or neglect - can create a toxic stress response. Such levels of stress "impact children's brain development in the first couple of years of life," said Dreyer, and can result in permanent changes to brain structure and function. These changes can manifest as increased anxiety, impaired memory and mood control - making it harder to learn, solve problems, follow rules and control impulses. The release of stress hormones can also create a "wear and tear" effect on the child's organs, including the brain. How toxic stress effects a child may depend on their innate ability to cope with the stress, and on whether or not they have a support system, Dreyer said. "It doesn't doom all children, but on the average, it causes a very significant problem in their ability to react to other stress, their ability to behave, to pay attention and to learn cognitively."

5. Poverty and low education levels correlated to life expectancy

Pedro Nicolaci da Costa (joined the Peterson Institute for International Economics (PIIE) as editorial fellow in October 2015. He has been writing about economics and financial markets since 2001, first at Reuters and most recently at the Wall Street Journal. In 2010, he was a coauthor of the article "Club Fed: Ties That Bind at the Federal Reserve," which helped spur the Fed to adopt a more open communications policy.), February 13, 2018, World Economic Forum, "A lack of education can literally be deadly", accessed February 11, 2019, https://www.weforum.org/agenda/2018/02/this-startling-imf-chart-shows-how-poverty-and-lack-of-access-to-education-are-literally-deadly

Poverty and low education levels are directly correlated to life expectancy around the world, according to a new International Monetary Fund blog that emphasizes access to quality healthcare as another key variable. The Fund's Chart of the Week shows "how this longevity gap, which reflects inequality in access to health care and its impact on peoples' overall health, varies across countries." Men with a lower level of education live shorter lives on average than their better educated counterparts domestically. The gap ranges from four years in Italy, to 14 years in Hungary, the IMF said. The Fund's review included a wide cross section of rich and middle-income nations. "These health gaps represent a huge loss for people and the countries where they live," the IMF said. "Poor health leads to disruptions in employment, which results in lower lifetime earnings. Also, a labor force with poor health hurts a country's productivity and economic growth." The Fund recommends greater standardization of healthcare provision not just across incomes but geographies, for instance, in less-developed or rural areas.

Crime

1. REDUCED CRIME: Transition to market rate housing reduces crime and thereby generates benefit to residents.

David, H., Palmer, C. J., & Pathak, P. A. (2017). Gentrification and the Amenity Value of Crime Reductions: Evidence from Rent Deregulation. Retrieved from https://www.nber.org/papers/w23914

Using detailed location-specific incident-level criminal activity data assembled from Cambridge Police Department archives for the years 1992 through 2005, we find robust evidence that rent decontrol caused overall crime to fall by 16 percent—approximately 1,200 reported crimes annually—with the majority of the effect accruing through reduced property crime. By applying external estimates of criminal victimization's economic costs, we calculate that the crime reduction due to rent deregulation generated approximately $10 million (in 2008 dollars) of annual direct benefit to potential victims. Capitalizing this benefit into property values, this crime reduction accounts for 15 percent of the contemporaneous growth in the Cambridge residential property values that is attributable to rent decontrol. Our findings establish that reductions in crime are an important part of gentrification and generate substantial economic value.

Such an argument could be turned on its head, especially as it does not hold low-income individuals in high regard. Key questions: How is crime reduced? Where are these residents moving to? Are they being displaced? Is this an unjustifiable action, is this using disadvantage individuals as means to the middle class' end?

Displacement

1. Subsidized Housing Decreases Displacement: Subsidized housing is best at preventing displacement.

Miriam Zuk, K. C. (2016). Housing Production, Filtering and Displacement: Untangling the Relationships. Retrieved from Berkeley IGS: Research Brief

Through our analysis, we found that both market-rate and subsidized housing development can reduce displacement pressures, but subsidized housing is twice as effective as market-rate development at the regional level. It is unclear, however, if subsidized housing production can have a protective effect on the neighborhood even for those not fortunate enough to live in the subsidized units themselves.

2. Multiple warrants why high-income MRH displaces - only affordable housing solves

Ana Aguirre et al. (Ana Aguirre represents United Community Centers, Bishop David Benke is from St. Peter's Lutheran Church, Michelle Neugebauer is head of Cypress Hills Local Development Corporation and Robert Santiago serves with the Highland Park Community Development Corporation. They write on behalf of the Coalition for Community Advancement: Progress for East New York/Cypress Hills.), 2-18-2016, Coalition for Community Advancement, City Limits, "For East New York's Housing Crunch, Supply is not the Solution", accessed February 10, 2019, https://citylimits.org/2016/02/18/cityviewsfor-east-new-yorks-housing-crunch-supply-is-not-the-solution/

As tenants, homeowners, affordable housing developers, faith-based organizations, and other local stakeholders, the Coalition for Community Advancement shares the city's interest in creating more affordable housing. But we have grave concerns about the city's current plans, and claims that the city can address the affordable housing crisis and prevent displacement of ENY residents by dramatically increasing the community's overall supply of housing. This ignores that significant new building may increase local market pressures, adding fuel to the fire of gentrification; that dramatically increasing development rights is especially dangerous in communities with lots of unregulated housing, such as ENY; and that building "affordable" housing at levels above the reach of current residents will not help them stay in the community.

Simply put, inviting significantly more building in low-income communities without guarantees that most or all of the new housing will be affordable to current residents may increase, not reduce, the risk of displacement. The only increase in housing supply that will help to alleviate New York's affordable housing crisis is housing that is truly affordable to low-income and working-class people. Opening the floodgates to new market-rate development is not the way to way to build a more equitable city, and we urge the city to reject this strategy for East New York and citywide.

3. Ripple Effect 2.0: Market rate housing leads to increases in living costs and gentrification.

Chew, A. (2018). Here's What We Actually Know About Market-Rate Housing Development and Displacement. Retrieved from https://shelterforce.org/2018/11/05/heres-what-we-actually-know-about-market-rate-housing-development-and-displacement/

Even worse, however, new construction actually fuels displacement in the short term, even when no already existing housing is knocked down. Why? Numerous studies show that market-rate housing development has price ripple effects on surrounding neighborhoods, driving up rents and increasing the burden on lower-income households. Many residents in communities transformed by gentrification can already attest to the connection between for-profit development, rising living costs, and the mass exodus of lower-income residents. Maybe this won't play out in Malibu, or a sparse neighborhood with very few low-income folk, but otherwise the above effects are widespread in our cities.

In sum, luxury development that centralizes a concentration of higher-income residents in a lower-income surrounding community puts neighboring poor residents at risk of displacement due to the impact on increased living costs. Both luxury development itself and the influx of higher-income residents are linked to higher housing cost burdens for low-income residents, as well as displacement, because of their price effects on the real estate market. Furthermore, even upcoming development can set off real estate speculation and price increases before construction begins. Place matters, and proximity to richer neighborhoods as well as massive capital investment, whether in the form of private development projects or transit infrastructure, are risk factors for gentrification.

4. Displaced individuals suffer from drops in credit score.

Florida, R. (2015). The Closest Look Yet at Gentrification and Displacement. Retrieved from https://www.citylab.com/equity/2015/11/the-closest-look-yet-at-gentrification-and-displacement/413356/

Moving to a lower-income neighborhood takes an additional toll on residents, with their credit risk scores declining by an average of 15 points after three years. Gentrification also increases housing costs, thereby pricing out low-income residents. And this shift is taking place in Philadelphia, which has experienced nothing close to New York or San Francisco's extreme gentrification, and where housing remains much more affordable.

This does not finish the argument; it merely begins it. This provides a useful link and support to arguments concerning wealth creation of minorities and low-income individuals. What is the US doing by increasing the amount of market-rate housing in urban neighborhoods?

5. New MRH development drops displacement by 20 percent - outweighs inclusionary housing programs

Daniel Hertz, 2-9-2016, City Observatory, "Report: Market-rate housing construction is a weapon against displacement", accessed February 6, 2019, http://cityobservatory.org/report-market-rate-housing-construction-is-a-weapon-against-displacement/

But now, for the first time that we're aware of, researchers have taken the next step to showing directly that places like that prevent new construction end up inducing more displacement of their low-income residents.

That finding comes from California's Legislative Analyst's Office, which just released a new report on the state's ever-growing affordability crisis. Using a broad definition of displacement - any decline of a neighborhood's low-income population relative to its total population - the LAO shows that, even controlling for other demographic factors, Bay Area communities with the greatest expansion of market-rate housing also see the least low-income displacement.The effect is strong: changing from a low-construction neighborhood to a high-construction neighborhood was associated with a decline in the probability of displacement from 46 percent to 26 percent.

And crucially, the LAO researchers found that this effect was independent of inclusionary housing programs. That is, new construction reduced displacement not because it included low-income set-aside units, but because it helped keep market prices lower. In fact, the presence or lack of an inclusionary housing policy had a much, much smaller effect on displacement than the amount of market-rate housing construction.

Gentrification (Link)

1. Lack of market rate housing causes gentrification to occur.

Taylor, M. (2016). Perspectives on Helping Low-Income Californians Afford Housing. Sacramento, CA: Legislative Analyst's Office, 2100.

Another result of too little housing construction is that more affluent households, faced with limited housing choices, may choose to live in neighborhoods and housing units that historically have been occupied by low–income households. This reduces the amount of housing available for low–income households. Various economic studies have documented this result. One analysis of American Housing Survey data by researchers at the Federal Reserve Bank of New York found that "the more constrained the supply response for new residential units to demand shocks, the greater the probability that an affordable unit will filter up and out of the affordable stock." Other researchers have found that low–income neighborhoods are more likely to experience an influx of higher–income households when they are in close proximity to affluent neighborhoods with tight housing markets.

Gentrification (Impacts) - Negative

Analysis from Michelle Murata:

When debating gentrification and its effects, it is important to bear in mind that there exists a myriad of positive impacts which debaters can defend. Impacts significantly differ across different groups of individuals. The best approach, then, is to contextualize these impacts in terms of the income groups they are affecting. If you can use evidence to show that the economic and social benefits of gentrification come at the cost of displaced, lower-income residents, you can poison the well of pro-gentrification evidence and make the point that all gentrification exacerbates inequality by helping the privileged while hurting the disadvantaged. See above sections on 'Inequality', 'Wealth Creation', and 'Displacement' for additional support.

1. Gentrification causes displacement

Newman, K., & Wyly, E. K. (2006). The Right to Stay Put, Revisited: Gentrification and Resistance to Displacement in New York City. Urban Studies, 43(1), 23-57. Retrieved February 15, 2019.

Increased housing expenses associated with gentrification displace current residents as well as those who might have moved there in the future. Neighbourhoods become off-limits, forcing lower-income residents to look to lower-cost neighbourhoods for housing, producing what Marcuse (1986) calls exclusionary displacement.

2. Gentrification exacerbates inequality

Bryant, L. G., & Poitras, L. (2003, January 17). What is Gentrification? Retrieved February 15, 2019, from http://archive.pov.org/flagwars/what-is-gentrification/

Many aspects of the gentrification process are desirable. Who wouldn't want to see reduced crime, new investment in buildings and infrastructure, and increased economic activity in their neighborhoods? Unfortunately, the benefits of these changes are often enjoyed disproportionately by the new arrivals, while the established residents find themselves economically and socially marginalized. Gentrification has been the cause of painful conflict in many American cities, often along racial and economic fault lines. Neighborhood change is often viewed as a miscarriage of social justice, in which wealthy, usually white, newcomers are congratulated for "improving" a neighborhood whose poor, minority residents are displaced by skyrocketing rents and economic change.

3. Gentrification increases rents and displacement

Ellen, I. G. (2017). Can Gentrification Be Inclusive? A Shared Future: Fostering Communities of Inclusion in an Area of Inequality. Retrieved February 15, 2019.

As the population in central neighborhoods has continued to grow, housing markets have been growing tighter and thus the risk of displacement has likely become higher. Finally, even if residents are not directly displaced, the rising rents mean that lower income households, absent subsidies, will likely find it increasingly difficult to move in and remain in gentrifying neighborhoods over time.

4. Gentrification targets renters

Bryant, L. G., & Poitras, L. (2003, January 17). What is Gentrification? Retrieved February 15, 2019, from http://archive.pov.org/flagwars/what-is-gentrification/

In certain respects, a neighborhood that is gentrified can become a "victim of its own success." The upward spiral of desirability and increasing rents and property values often erodes the very qualities that began attracting new people in the first place. When success comes to a neighborhood, it does not always come to its established residents, and the displacement of that community is gentrification's most troubling effect. No one is more vulnerable to the effects of gentrification than renters. When prices go up, tenants are pushed out, whether through natural turnover, rent hikes, or evictions. When buildings are sold, buyers often evict the existing tenants to move in themselves, combine several units, or bring in new tenants at a higher rate. When residents own their homes, they are less vulnerable, and may opt to "cash them in" and move elsewhere. Their options may be limited if there is a regional housing shortage, however, and cash does not always compensate for less tangible losses.

5. Gentrification forces residents out and increases prices

Ding, L., Hwang, J., & Divringi, E. (2016). Gentrification and residential mobility in Philadelphia. Regional Science and Urban Economics, 61, 38-51. Retrieved February 15, 2019.

As neighborhoods gentrify and new residents of a higher socioeconomic status relative to incumbent residents move in and housing values and rents rise, housing and living costs may lead less advantaged incumbent residents to move out of the neighborhood against their will. Most existing studies on the population composition of gentrifying neighborhoods find that demographic changes take place at the aggregate neighborhood level. This implies that long-term, less advantaged residents are indeed moving out of the neighborhood. Further, anecdotal accounts show that residents move out of gentrifying neighborhoods by choice or through eviction as landlords increase rents, property taxes increase as local home values and rents rise, or because developers offer existing residents relatively large cash sums and then renovate the properties for larger profits.

6. Job Loss: Gentrification from the development of market rate housing results in job losses.

Meltzer, R., & Ghorbani, P. (2017). Does gentrification increase employment opportunities in low-income neighborhoods? Regional Science and Urban Economics, 66, 52-73.

We find that employment effects from gentrification are quite localized. Incumbent residents experience meaningful job losses within their home census tract, even while jobs overall increase. In our preferred model, local jobs decline by as much as 63 percent. These job losses are concentrated in service and goods-producing sectors and low- and moderate-wage positions. Proximate job losses, however, are compensated for by larger gains in goods-producing and low-wage jobs slightly farther away. There is some evidence that chain establishments are associated with modest job gains in gentrifying census tracts, and that, outside of NYC, businesses that stay in place around gentrifying neighborhoods are associated with marginal job gains.

Gentrification (Impacts) - Affirmative

1. Benefits Minorities: Minority groups move into gentrifying areas and enjoy rises in income.

Kiviat, B. (2008, June 29, 2008). Gentrification: Not Ousting the Poor? Retrieved from http://content.time.com/time/business/article/0,8599,1818255,00.html

A new study by researchers at the University of Colorado at Boulder, University of Pittsburgh and Duke University, examined Census data from more than 15,000 neighborhoods across the U.S. in 1990 and 2000, and found that low-income non-white households did not disproportionately leave gentrifying areas. In fact, researchers found that at least one group of residents, high school–educated blacks, were actually more likely to remain in gentrifying neighborhoods than in similar neighborhoods that didn't gentrify — even increasing as a fraction of the neighborhood population, and seeing larger-than-expected gains in income.

The researchers found, for example, that income gains in gentrifying neighborhoods — usually defined as low-income urban areas that undergo rises in income and housing prices — were more widely dispersed than one might expect. Though college-educated whites accounted for 20% of the total income gain in gentrifying neighborhoods, black householders with high school degrees contributed even more: 33% of the neighborhood's total rise. In other words, a broad demographic of people in the neighborhood benefited financially. According to the study's findings, only one group — black residents who never finished high school — saw their income grow at a slower rate than predicted. But the study also suggests that these residents weren't moving out of their neighborhoods at a disproportionately higher rate than from similar neighborhoods that didn't gentrify.

2. Benefits Minorities: Income gains from gentrification were widely dispersed; unexpected results

Meltzer, R., & Ghorbani, P. (2017). Does gentrification increase employment opportunities in low-income neighborhoods? Regional Science and Urban Economics, 66, 52-73.

The researchers found, for example, that income gains in gentrifying neighborhoods — usually defined as low-income urban areas that undergo rises in income and housing prices — were more widely dispersed than one might expect. Though college-educated whites accounted for 20% of the total income gain in gentrifying neighborhoods, black householders with high school degrees contributed even more: 33% of the neighborhood's total rise. In other words, a broad demographic of people in the neighborhood benefited financially. According to the study's findings, only one group — black residents who never finished high school — saw their income grow at a slower rate than predicted. But the study also suggests that these residents weren't moving out of their neighborhoods at a disproportionately higher rate than from similar neighborhoods that didn't gentrify.

The new study found that while gentrification did not necessarily push out original residents, it did create neighborhoods that middle-class minorities moved to. The addition of white college graduates, especially those under 40 without children, was a hallmark of gentrifying neighborhoods — that much fit the conventional wisdom — but so was the influx of college-educated blacks and Hispanics, who moved to gentrifying neighborhoods more often than they to did similar, more static areas. Two other groups tended to move more often into upwardly mobile neighborhoods as well: 40-to-60-year-old Hispanics without a high-school degree, and similarly uneducated Hispanics aged 20 to 40 with children — a counterpoint to the common conception of gentrification, if there ever was one. The only group that was less likely to move to a gentrifying area was high school–educated whites aged 20 to 40 with kids.