# Kempner BS March ’19 NC

**We Negate Resolved:** The United States should promote the development of market rate housing in urban neighborhoods

## Our Sole Contention is a False Narrative

Currently, America is undergoing a housing revolution. [**Buds of Curbed ‘18**](https://www.curbed.com/2018/8/10/17674664/cory-booker-rent-bill-housing-opportunity-mobility-equity-act)[[1]](#footnote-1) notes that Congressional action has represented a turn towards greater government involvement as the HOME Act of 2018 and Rent Relief Act represent the first federal response to the growing housing crisis, illustrating new momentum toward national affordability legislation. [**Budds**](https://www.curbed.com/2018/12/11/18136027/elizabeth-warren-affordable-housing-bill)**[[2]](#footnote-2)** continues that the American Housing and Economic Mobility Act on the floor today would create three million new housing units, improve access to affordable housing through anti-discrimination laws, and invest in families living in historically redlined communities. Independent analysis of the bill predicts that it will create 1.5 million jobs and bring rents down, on average, by 10 percent.

Affirming and advancing market rate housing will render this progress useless in two ways

### First, by Breaking Down Homes

The **National Apartment Association[[3]](#footnote-3)** explains that America’s densest cities are running out of room for new housing and the **National Association of Home Builders**, says that the availability of new-home lots for construction is at a historic low.

As a result, **Becker of the Star Tribune[[4]](#footnote-4)** writes that the development of new market-rate housing would require tearing down old lower income housing as it is the most cost-effective housing to tear down.

This is occurring as, **Parlow of Saint Clara University[[5]](#footnote-5)** explains that cities are experiencing a loss of affordable housing, with a significant portion of them being converted into market-rate dwellings by private owners in an attempt to make more money.

The **Fannie Mae Foundation[[6]](#footnote-6)** estimates that 2,000 affordable housing units are lost every month, 45% of them converted to market-rate units

**Chapelle of UC Berkeley[[7]](#footnote-7)** concludes that even in areas where market rate housing is effective, subsidized housing is twice as effective in preventing displacement at the regional level.

#### The Impact is Exacerbating Institutionalized Racism

The **Huffington Post[[8]](#footnote-8)** explains that the housing crisis hits minorities the hardest. African Americans are now nearly 30 percent less likely than whites to own a home, and among renters, blacks and Hispanics are more likely to be spending more than 30 percent of their income on rent — even when they earn the same salaries as whites. This manifests in a form of structural violence hinged on racial discrimination, with 51 percent of blacks and 44 percent of Hispanics live in these areas of concentrated poverty, compared to just 17 percent of whites.

This is detrimental, as [**Brookings Institute**](https://www.frbsf.org/community-development/files/cp_fullreport.pdf) **‘18[[9]](#footnote-9)** finds that areas of concentrated poverty lack access to economic opportunities, have poor education systems, and are ridden with crime, creating traps of poverty that are near impossible to escape.

### Second, Inclusionary Zoning Policies

Inclusionary Zoning policies are the new norm. **McKenna of Burnham[[10]](#footnote-10)** finds that in response to the affordable housing crisis, cities across the US have taken measures using inclusionary zoning, but now there is support for IZ legislation at the federal level.

These pieces of legislation require developers to create below market housing in connection with the local zoning approval of a proposed market-rate development project.

If the resolution is affirmed, then inclusionary zoning policies will be in place. **Roderick Hill[[11]](#footnote-11)** argues that the government will allow market rate housing as long as it comes with conditional policies. Consequently, **NHC[[12]](#footnote-12)** isolates that the government’s general strategy to tie affordable developments to market rate housing is inclusionary zoning.

Unfortunately, these affordable units aren’t actually affordable.

Legal scholar **Robert Ellickson[[13]](#footnote-13)** explains that inclusionary zoning enforces rent control on the below-market-rate units *and* a tax on new development. Ellickson continues that the inclusionary zoning tax won’t actually be paid by developers; they will push it backward to landowners and forward to renters and homebuyers.

**Hamilton[[14]](#footnote-14)** continues because new housing and existing housing are substitutes for each other, the inclusionary tax would increase prices regionally, not just in projects that include inclusionary units. It also creates incentives to build luxury housing that make it feasible for developers to subsidize their projects below market rate units.

Even more so, **Office of Economic Analysis[[15]](#footnote-15)** finds that inclusionary zoning policy involves a tradeoff between the creation of affordable housing subsidies, for low-and moderate income households, and the constraining of housing supply that tends to raise housing prices.

### The impact is less supply where we need it most

**Schneider of City Lab[[16]](#footnote-16)** empirically confirms that new inclusionary zoning policy leads to a 6 to 12 percent reduction in total unit production compared to a scenario without IZ.

 As a result, **Bento of the National Center of Smart Growth[[17]](#footnote-17)** finds that housing prices in cities that adopted inclusionary zoning increased about 2-3 percent faster than cities that did not adopt such policies

 In a meta study analyzing over 150 IZ programs across the country, Lance **Freeman of Columbia University[[18]](#footnote-18)** concludes, “affordable housing produced under IZ is less than 0.1 percent of existing housing in all regions.”

## Thus, We Negate

1. <https://www.curbed.com/2018/8/10/17674664/cory-booker-rent-bill-housing-opportunity-mobility-equity-act>

On August 1, Senator Cory Booker (D-NJ) introduced the [Housing, Opportunity, Mobility, and Equity (HOME) Act of 2018](http://nlihc.org/sites/default/files/Booker_HOME_Act080218.pdf), a proposal to alleviate the affordable housing crisis through tax credits for renters, zoning policies to increase the affordable housing stock, and savings incentives. It comes on the heels of[Senator Kamala Harris’s (D-CA) Rent Relief Act, proposed on July 19](https://www.curbed.com/2018/7/20/17595698/rent-relief-act-tax-credit-kamala-harris), the first federal response to the growing housing crisis. While neither bill is likely to advancein the Republican-controlled Congress, together they illustrate new momentum toward national affordability legislation.

“These bold, ambitious proposals are just what’s needed to spark the conversation that’s ultimately necessary to solve the housing crisis impacting communities all over the country,” says Diane Yentel, CEO of the [National Low-Income Housing Coalition](http://nlihc.org/) (NLIHC). [↑](#footnote-ref-1)
2. https://www.curbed.com/2018/12/11/18136027/elizabeth-warren-affordable-housing-bill

The bill would create three million new housing units, improve access to affordable housing through anti-discrimination laws, and invest in families living in historically redlined communities. Independent analysis of the bill predicts that it will create 1.5 million jobs and bring rents down, on average, by 10 percent. [↑](#footnote-ref-2)
3. <https://www.naahq.org/news-publications/americans-city-centers-running-out-housing-space>

America’s densest cities are running out of room for new housing. Therefore, any new housing that gets built is inevitably high-priced to account for the escalating cost of scarce land. This means that housing in popular urban areas, such as New York City and San Francisco, is increasingly available to only the wealthy. [↑](#footnote-ref-3)
4. http://www.startribune.com/the-market-will-not-fix-twin-cities-affordable-housing-crisis/498361491/

A third problem is that the cost to build new housing is higher than what is affordable to low-income people. No new affordable housing is being built without subsidies and will not be built simply because it is not profitable. Housing for the poor has become a merit good, something that the marketplace underproduces. The only way we are going to produce more affordable housing is through government intervention. Last, in Minneapolis, there is the problem of opportunity cost. To get new housing, we have to tear down old housing. **The most cost-effective housing to tear down is lower-value housing — exactly the affordable housing we need.** Merely adding new housing of any kind, anywhere, will not magically make housing cheaper. The new apartment building the Lakes on Lake Maka Ska that is currently posting units for $9,750 — that’s per month — will do nothing to create affordable housing. [↑](#footnote-ref-4)
5. https://digitalcommons.law.scu.edu/cgi/viewcontent.cgi?article=1155&amp=&context=lawreview&amp=&sei-redir=1&referer=https%253A%252F%252Fwww.google.com%252Furl%253Fq%253Dhttps%253A%252F%252Fdigitalcommons.law.scu.edu%252Fcgi%252Fviewcontent.cgi%253Farticle%25253D1155%252526context%25253Dlawreview%2526sa%253DD%2526ust%253D1552498270085000%2526usg%253DAFQjCNFG2wWqDO8MonZjHsMKU75uftIVRg#search=%22https%3A%2F%2Fdigitalcommons.law.scu.edu%2Fcgi%2Fviewcontent.cgi%3Farticle%3D1155%26context%3Dlawreview%22

**Affordable housing units are eliminated from the rental housing market for a variety of reasons, but it is clear that a significant portion of them are converted into market-rate dwellings by private owners**.28 For example, since it started collecting such data, the Fannie Mae Foundation approximates that private owners have converted more than 150,000 previously United States Department of Housing and Urban Development-assisted or -insured apartments into market-rate units.29 In fact, the Fannie Mae Foundation estimates that 2,000 affordable housing units are lost every month, with forty-five percent of such losses occurring by conversion to market-rate housing." [↑](#footnote-ref-5)
6. https://digitalcommons.law.scu.edu/cgi/viewcontent.cgi?article=1155&amp=&context=lawreview&amp=&sei-redir=1&referer=https%253A%252F%252Fwww.google.com%252Furl%253Fq%253Dhttps%253A%252F%252Fdigitalcommons.law.scu.edu%252Fcgi%252Fviewcontent.cgi%253Farticle%25253D1155%252526context%25253Dlawreview%2526sa%253DD%2526ust%253D1552498270085000%2526usg%253DAFQjCNFG2wWqDO8MonZjHsMKU75uftIVRg#search=%22https%3A%2F%2Fdigitalcommons.law.scu.edu%2Fcgi%2Fviewcontent.cgi%3Farticle%3D1155%26context%3Dlawreview%22

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7. http://www.urbandisplacement.org/sites/default/files/images/udp\_research\_brief\_052316.pdf [↑](#footnote-ref-7)
8. ####  Racial Disparities are getting Worse

At every level, the housing crisis hits minorities harder. **Since 1987, white homeownership rates have increased by 3.6 percent, while black homeownership rates have fallen by 2.7 percent. Black Americans are now nearly 30 percent less likely than whites to own a home. Hispanics and Asians, while increasing their homeownership rates faster than whites over this period, still trail by 26.1 percent and 16.5 percent, respectively.** But the racial wealth gap goes much deeper. **Even among homeowners, African-Americans and Latinos have less than half the net worth of whites. Among renters, blacks and Hispanics are more likely to be spending more than 30 percent of their income on rent — even when they earn the same salaries as whites.** As noted in the National Association of Real Estate Brokers’ “State of Housing in Black America” report, **African-American home buyers are more likely to take out “nonconventional” loans, often from the Federal Housing Authority, which require smaller down payments and lower credit scores.** **In high-demand cities, homebuyers receiving housing assistance or nonconventional loans often lose out to cash offers or applicants with traditional loans. Black applicants are twice as likely to be denied home loans as white applicants**. **While many cities have programs to help** veterans, minorities and low-income families with down payments, **housing costs in many cities are now so high that even a 3 percent down payment is out of reach.** And the housing crisis doesn’t just make it harder to buy, it profoundly affects where people choose to live. **Though the number of Americans living in poverty has increased by 41 percent since 2000, the number of “high-poverty census tracts” has increased even faster. By now, 51 percent of blacks and 44 percent of Hispanics live in these areas of concentrated poverty, compared to just 17 percent of whites**. According to numerous studies, children who grow up in areas of concentrated poverty are disadvantaged on nearly every measure, from school quality to violence to social mobility. All of this adds up to one inescapable conclusion: For some Americans, housing is a way out of poverty. For others, it is the trap keeping them there. [↑](#footnote-ref-8)
9. https://www.frbsf.org/community-development/files/cp\_fullreport.pdf [↑](#footnote-ref-9)
10. Kevin Mckenna, 8-28-2018, "New Federal Legislation to Increase Inclusionary Zoning," No Publication, https://www.burnhamnationwide.com/final-review-blog/federal-legislation-to-increase-inclusionary-zoning [↑](#footnote-ref-10)
11. <https://www.strongtowns.org/journal/2018/4/10/is-inclusionary-zoning-creating-less-affordable-housing>

Relatedly, law professor Roderick Hills argues: “**If cities must choose between unconditionally permitting new market-rate housing or unconditionally excluding it, then they are likely to choose the latter**.” Perhaps the inclusion of affordable units helps individual projects make it through the politics of their cities’ entitlement processes. But if it were the case that affordable units help developers get the approvals they need to build profitable projects, we would expect them to provide these units even without a mandate. [↑](#footnote-ref-11)
12. <https://www.nhc.org/wp-content/uploads/2017/10/What-makes-inclusionary-zoning-happen.pdf>**Though they all share this same general strategy of tying affordable housing to market-rate development**, there is considerable variation in the specific characteristics of local IZ programs. Some of the most significant dimen- sions of variation are whether programs are mandatory versus voluntary, the length of the affordability periods, the share of units that must be built as affordable, and the income requirements for the households moving into the units. In addition, there are often differences in the characteristics of places that adopt an IZ program. [↑](#footnote-ref-12)
13. Related, 4-11-2018, "Is inclusionary zoning creating less affordable housing?," Strong Towns, https://www.strongtowns.org/journal/2018/4/10/is-inclusionary-zoning-creating-less-affordable-housing

In a 1981 article, legal scholar Robert Ellickson explains that inclusionary zoning enforces rent control on the below-market-rate units and a tax on new development. Both of these forces can be expected to reduce housing supply, leading to higher prices for everyone who doesn’t get to live in an below-market-rate unit. Ellickson explains that the inclusionary zoning tax won’t actually be paid by developers; they will push it backward to landowners and forward to renters and homebuyers. Because new housing and existing housing are substitutes for each other, the inclusionary tax would increase prices regionally, not just in projects that include inclusionary units. [↑](#footnote-ref-13)
14. Related, 4-11-2018, "Is inclusionary zoning creating less affordable housing?," Strong Towns, https://www.strongtowns.org/journal/2018/4/10/is-inclusionary-zoning-creating-less-affordable-housing

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15. https://sfcontroller.org/sites/default/files/Documents/Economic%20Analysis/161351-170208\_economic\_impact\_final.pdf

Inclusionary housing policy therefore involves a trade-off between the creation of affordable housing subsidies, for low- and moderate-income households, and the constraining of housing supply that tends to raise market-rate housing price [↑](#footnote-ref-15)
16. While builders and developers express a range of opinions on IZ, they are usually the primary opponents of these policies. Developers in Chicago and California recently filed lawsuits against their local IZ laws, claiming that they violate private property rights. “Penalizing homebuilders with more costs and mandates deters the creation of more housing, and raises the overall cost of market-rate homes,” said one of the lawyers representing the California Building Association in a press release. This is, essentially, the main argument against IZ. Policy think tanks and economists: Rather than argue against inclusionary zoning per se, many policy think tanks and economists argue that inclusionary zoning has a perverse effect because it increases housing prices. **It puts a damper on housing supply, they say, by increasing the cost of new market rate units. In a 2016 study, UC Berkeley’s Terner Center for Housing Innovation estimated that Oakland’s new inclusionary zoning policy would lead to a 6 to 12 percent reduction in total unit production as compared to a scenario without IZ.** Oakland’s policy would also reduce revenue from taxes and fees by between 6 to 19 percent, or about $9.2 to $27.7 million. It would, however, increase the proportion of below-market rate units being produced in the city from 4 percent to 11 percent. **Other academic studies have come to similar conclusions.** [↑](#footnote-ref-16)
17. <http://smartgrowth.umd.edu/housingmarketimpactsofiz.html>

**We also found that housing prices in cities that adopted inclusionary zoning increased about 2-3 percent faster than cities that did not adopt such policies. In addition, we found that housing price effects were greater in higher priced housing markets than in lower priced markets.** That is, housing that sold for less than $187,000 (in 1988 dollars1) decreased by only 0.8 percent while housing that sold for more than $187,000 increased by 5.0 percent. These findings suggest that housing producers did not in general respond to inclusionary requirements by slowing the rate of single family housing construction but did pass the increase in production costs on to housing consumers. Further, housing producers were better able to pass on the increase in costs in higher priced housing markets than in lower priced housing markets. [↑](#footnote-ref-17)
18. https://www.huduser.gov/portal/periodicals/cityscpe/vol19num1/ch11.pdf [↑](#footnote-ref-18)