Nihar and I affirm Resolved: The United States should promote the development of market rate housing in urban neighborhoods.

**Housing expert Ron** [**Lenshower**](https://www.thespruce.com/market-rate-apartment-155986) **defines**

**Market-rate housing [as]** is **an apartment that has no rent restrictions [like rent controls], [so] a landlord who owns market-rate housing is free to attempt to [can] 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.

### Contention 1 is Breaking Neighborhood Poverty Traps

[Joint Center for Housing Studies](http://cityobservatory.org/more-evidence-of-the-growth-of-concentrated-poverty/) reports in 2017

The JCHS data show that concentrated poverty increased even faster. The number of poor people living in neighborhoods of concentrated poverty in metropolitan areas more than doubled between 2000 and 2015, from 2.7 million to **more than 5.4 million [poor Americans] live in [often urban] neighborhoods of concentrated poverty [known as poverty traps], [twice as many as in 2000] [disproportionately found in urban areas].** ., JCHS uses a 40 percent threshold as their definition of extreme poverty (at least 40 percent of the households living in a census tract have incomes lower than the federal poverty line. The number of neighborhoods with poverty rates in excess of 40 percent in metro areas also nearly doubled, from about 1,800 to more than 3,500. Concentrated poverty is disproportionately found in dense city neighobrhoods

#### Market Rate Housing breaks down these poverty traps by funding schools

**~~The~~** [**~~Oxford Dictionary~~**](https://en.oxforddictionaries.com/definition/develop) **~~defines develop in today’s resolution as to Convert (land) to a new purpose by constructing buildings~~** ~~or making other use of its resources.~~

Promoting the development of more houses has astronomical benefits to the community,

**the** [**National Center for Education Statistics**](https://nces.ed.gov/programs/coe/pdf/coe_cma.pdf) **explains that**

on a national basis **in 2014**–15, some $236 billion,4 or **81 percent, of local revenues [for education]** for public elementary and secondary school districts **were derived [come] from local property taxes**. The percentages of total revenues from local property taxes differed by state. In 2014–15, Illinois and

**Importantly,** Rachel **Burger**, Apr 21 **2016**. Capterra. “The Community Impact of New Construction” <https://blog.capterra.com/the-community-impact-of-new-construction/>

Accessed 2.18.19 CB19

In a recent report, the Association stated that **the one-year economic impact of building [just] 100 single-family homes** with an average price of $378,000 **is astronomical. Those 100 homes generates an estimated $28.7 million in local income, $3.6 million in [tax] revenue for the local government,**and 394 jobs for the local community. Local economies also enjoy recurring income after building those homes. They can expect to bring in $4.1 million in local income **and $1 million in [annual] government revenue [afterwards]** each year, along with 69 new jobs for the local community. The economic benefits don’t stop there. Business owners make more money, so there is more money for local wages and salaries. While the study was based on 100 single-family homes, the benefits are also true for apartments. Also, you don’t need to build 100 pieces of property to enjoy the economic benefits. They will be on a smaller scale, but the local community will still appreciate them.

[**Northwestern Institute for Policy Research in 2017**](https://www.ipr.northwestern.edu/publications/policy-briefs/school-spending-policy-research-brief-Jackson.pdf) **concludes**

**When a district’s per-pupil spending increased by 10 percent**, those exposed to the increases across all 12 school-age years, i.e., those 5 years old or younger at the time of the increase, **[students] completed more years of school—and as adults, they earned more and were less likely to be poor**. For example, in 2012 schools spent $12,600 on average per pupil. Jackson’s findings suggest that a permanent 10 percent spending increase—or an increase of $1,260 per student overall—would lead to 7 percent higher wages at age 40 and a 3 percentagepoint lower likelihood of adult poverty among those exposed to the spending increases across all 12 years of their public school education. **were 10 percentage points more likely to graduate high school, [and]** The estimated benefits of increased school spending justify the higher spending. Jackson and his colleagues calculate an approximate cost-benefit ratio of 1-to-2. **For every additional dollar invested in schools, there is a return on investment of $2 in additional future earnings by the students [were more likely to graduate and earned 2 dollars more as adults, helping them escape poverty].**

**This is crucial, as**

[**Kalish in 2017**](https://www.mobilitypartnership.org/publications/escaping-poverty) **finds that without assistance, just 16% of children born into poverty have a chance at escaping its vicious cycle, causing this inequality to continue for generations.**

Persistently poor children have varied economic trajectories in adulthood. Only 16 percent of persistently poor children are consistently working or in school (i.e., “connected”) as young adults and are not poor in their late 20s.

### Contention 2 is Fixing the Housing Crisis (2:05)

As America’s cities swell in population, a lack of housing construction has resulted in a crisis.

**the** [**NLIHC**](https://reports.nlihc.org/gap) **in 2017 warns**

**The U.S. has a shortage of 7.2 million rental homes affordable and available to extremely low income renters**

**As a result,** [**Jeff Stein of the Washington Post in 2018**](https://outline.com/pDEkey)

**Nationwide, rents at [the bottom of the market] have [skyrocketed,] increasing by 18 percent [since 2011].**

Government interventions like density and zoning regulation have tried to subvert these huge price hikes but have only made the housing shortage worse. This is because it takes away the incentive for builders to develop

[**Jackson of UC Irvine quantifies in 2016**](https://pdfs.semanticscholar.org/b8cb/05282f12748cde6ff4187e23d36c2e96dfb3.pdf)

**[Land use and density regulations decrease construction by as much as 32%.]**

on the number of residential building permits that can be issued in a given time frame could potentially constrain both single and multi-family development, but the estimates in Table 6 suggest that it works entirely through single family housing. The same is true for restrictions on the floor area ratio of buildings. **After controlling for the effects of the other land use regulations, the proportional impact of building limits on single family housing construction is between 26-32%.** For floor area ratio restrictions, this proportional impact is a reduction between 10-23%**. If binding, a reduction in the permitted residential density of a city is expected to significantly reduce new construction of multi-family housing units, and this expectation is borne out in the data. In terms of the proportional impact, cities that reduced permitted densities experienced about a 36%** reduction in the issuance of multi-family housing permits.

Fortunately, promoting market-rate housing solves the root-cause of this shortage in 2 ways:

**First, preventing outbidding**

[Perine](https://juantornoe.blogs.com/hispanictrending/2009/01/dwellings-or-deathtraps-sinking-economy-may-be-behind-rise-in-illegal-housing-conversions.html) of the Citizens Housing Council explains that**[when] there is not enough market-rate housing in one neighborhood, higher income households start [buy up houses in] the more affordable neighborhoods and displace the residents already there.**

15This buyup has already begun, as the [Urban Institute finds that](https://ggwash.org/view/37070/why-the-left-is-wrong-about-affordable-housing)

about affordable housing in the region. I**t shows that nearly half of the units that could be affordable to lower-income people are instead occupied by higher-income residents:** Basically, the people who make up the green bars in the above chart could afford to be in a higher-priced unit. **[however, with]** If there were **more new construction units, many [higher-income residents] would [move]**.That would **leav[ing]** more **lower-priced housing** left **for those who don’t earn as much.**

Thus, [Cortright from City Observatory in 2017](http://cityobservatory.org/the-end-of-the-housing-supply-debate-maybe/) writes that

**When supply does catch[es] up to demand, rents tend to fall across the market.** Last month, we showed how **[For example,] the completion of thousands of new, market rate apartments in Portland** was having the knock-on effect of **[successfully decreased rents]**creating [a growing number of vacancies and a flood of “FOR RENT” signs](http://cityobservatory.org/signs-of-the-times/) in the city’s older apartment stock.Rent increases, which were measured in the double digits eighteen months ago, have gone negative.

When supply catches up to demand, rents fall across the market.

[The Associated Press this January corroborates that](https://www.oregonlive.com/business/2019/01/apartment-rents-dropping-in-seattle-landlords-compete-for-tenants-as-market-cools.html) Rents are dropping significantly across the Seattle area for the first time this decade, **as [In Seattle], a flood of new construction [increased vacancies and]** has left apartments sitting empty in Seattle’s hottest neighborhoods. The average rent across King and Snohomish counties**[caused rents to dip] 2.9 percent in [just three months]**December compared with the prior quarter, according to a new quarterly landlord survey by Apartment Insights/RealData.

### Second, direct construction of affordable units

[**Anderson NREI 18**](https://www.nreionline.com/multifamily/appeal-affordable-housing-profit-investors)

**"There is growing investor interest in [lower-end]** product, whether the properties are part of an affordable housing program or are just **market-rate [housing]**projects at the lower end of the price spectrum,” says Greg Willett, chief economist with RealPage, a provider of property management software. Some of these investors are hoping to raise the rents, but many are satisfied to keep these apartments relatively affordable. **[since demand for them is so high, and] That’s because affordable housing properties tend to produce consistent, steady income from rents. In many markets, they are fully-occupied, dependable, performers and can often be safer investments than conventional, class-A apartment buildings.“Given where we are in the current cycle, with pricing pushed so high for top-tier [housing] product, especially in coastal markets, return for those premium properties now isn’t necessarily greater than is achievable in the affordable-product niche," says Willett. Lower-rent properties are attractive in part because demand for these apartments is very strong]**

**Cosgrove of the Journal of Law and Commerce in 2018** corroborates: if the

**“Any viable solution (free market or otherwise) must involve increasing supply significantly.** . . .As previously articulated, many legal scholars “think the proper line to [housing reform] is to require new developments to save a proportion of units for low-income residents, which will ensure, they claim, ‘that economically diverse neighborhoods and housing affordability will be preserved for generations to come.’”125 Free market economists, however, would argue, “[t]he implicit assumption behind this position is that government agents have enough information to organize complex social institutions, when in fact they are slow to respond to changes in market conditions and are often blissfully unaware of the many strategies that are needed in different market settings.”126 Due to this incorrect assumption, many economists articulate that the alternative view is to **“abandon the assumption that there is a systematic market failure requiring government intervention” and to “removes [key] all barriers to entry in the [market-rate] housing market, so that supply can increase and prices can fall.”127 These barriers “include an endless array of fees, taxes, and permits that grant vast discretionary authority to local officials.”128 Thus, in the end, it is likely that the “removal of these burdens will allow [society] to harness the private knowledge of developers who will seek to work in those portions of the market that hold the greatest profit opportunities**.”129 Critics of this free market approach and many legal scholars alike, often fear that “developers will look to build only mansions and high-rise towers to satisfy the endless desires of the millionaire class.”130 However, that hyperbole is a stark exaggeration and ignores “every relevant feature of an unregulated housing market.”131 In such an unregulated market, costs of housing construction and maintenance will decrease due to the ease of new entrants into the market across the full spectrum of priced units. **With low barriers to entry, developers will be able to offer more affordable units [as they move from] to people of limited means as some developers, aware of the the luxury market trends, will move into niche markets in different neighborhoods [to] where they can secure the highest and steadiest rate of return by building more affordable housing.132 This establishment of niche neighborhood markets will provide expanded supply across a wide variant of prices thus providing more opportunities to lower-income tenants.**

This means we directly promote affordable housing, but it's done through the private sector without going through the inefficient and expensive public housing process.

The impacts are twofold

First is homelessness

**Mother** [**Jones 17**](https://www.motherjones.com/politics/2017/12/the-number-of-homeless-people-in-america-increased-for-the-first-time-in-7-years/) writes over half a million Americans are homeless on any given night.

Tragically, a [study by Zillow analyzing 25 major cities found a](https://www.inman.com/2017/08/04/homelessness-in-major-metros-made-worse-by-rising-rents-zillow/)

Beyond the possibility of moving into a smaller home or apartment, an increasing number of people are priced out of housing altogether. That’s the focus of Zillow’s latest study, which found a correlation between rising rents and higher levels of homelessness in 25 of the largest metropolitan areas.Between 2011 and 2016, homelessness rates in New York, Los Angeles, Washington, D.C. and Seattle increased by at least four percent and revealeda **strong relationship between rising rents and [homelessness] growth in the homeless population.** Philadelphia, Chicago, Minneapolis, Detroit and Pittsburgh also show a significant connection. **[Quantifying that]** In New York City, there are currently an estimated 76,411 homeless people. Zillow data scientists projected that**a five percent increase in rent [in a city] would leads to a additional [4% increase in homelessness]** 2,982 people living on the street by 2018. In Los Angeles, there are currently an estimated 59,508 homeless people, and a 5 percent increase in rent would lead to an additional 1,993 **people becoming homeless.**

**This is life threatening, as**

[**Jill Roncarti from Harvard 2018**](https://jamanetwork.com/journals/jamainternalmedicine/article-abstract/2687991) **finds**

In this 10-year cohort study of 445 unsheltered homeless adults**, the** age-standardized all-cause **mortality rate [for homeless adults] is** almost 3-fold larger than that for a cohort of homeless adults primarily sleeping in shelters and**nearly 10 [times]**-fold **larger than** that for **the [general]** adult **population[‘s]** of Massachusetts; both represented significant differences. Common causes of death were cancer and heart disease.

**The Second Impact is increasing affordable housing funds**

[Schieferdecker 18](https://streets.mn/2018/07/30/two-perspectives-on-the-housing-crisis-affordable-housing-vs-housing-affordability/)

For one, funds for producing affordable housing are scarce. Even with large budget increases for affordable housing, the amount allocated is not commensurate with the problem (this building alone cost $54 million). That leaves two options—find ways to throw even more money at the problem, or find ways to reduce the size of the problem. That’s where measures to improve housing affordability come in. **If** the cheapest end of new **market-rate housing [becomes cheaper]** is affordable to households making 60% AMI, **than fewer households** earning that amount **will need assistance,** and that **free[ing] up more dedicated affordable housing money to be spent on [help the poorest] households who need the help****more**. Not to mention that more market rate development means more money for the city, some of which can be used to support affordable housing initiatives.

[Jessica Boehm Arizona Central](https://www.azcentral.com/story/news/local/phoenix/2019/02/22/want-tax-break-phoenix-require-you-build-affordable-workforce-housing/2884658002/) February adds that

**Most large cities in the U.S. require [apartment] developers who erect luxury apartment[s] complexes to put money into a pot [that the government uses to fund] for affordable housing [programs]. The city then uses that fund to** build lower-cost housing and **maintain affordability in high-growth areas.**

[Dineen in February](https://www.sfchronicle.com/politics/article/SF-s-affordable-housing-projects-hit-hard-by-13621283.php)

The amount of fees that **market-rate housing [fees in the Bay Area]**and office developers pay into the city’s affordable housing fund has plummeted 70 percent from the high in fiscal year 2015-16, **declining from [have raised over] 111 million [dollars to fund these programs], subsidizing hundreds of ]**  to $35 million in the current fiscal year. Down the road, delays in other market-rate projects could hurt more affordable developments, said Don Falk, executive director of the Tenderloin Neighborhood Development Corp. In particular, the developer of a huge 960-unit complex planned for the South of Market site of the Creamery restaurant at Fourth and Townsend streets has committed to paying $70 million in affordable housing fees, money that is earmarked to **fund [hundreds of] affordable units.** at Fifth and Howard streets. But the Creamery project has been delayed by several lawsuits over the Central SoMa neighborhood rezoning plan passed by the Board of Supervisors in December.

**Overall**, market rate housing not only makes houses cheaper, but also increases the amount of housing vouchers and other programs that help make housing affordable.

Affirm.