Conerly → the middle class market is settled, don't need to drop prices there as well

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

Our sole point of contention is displacing the poor

Matthews of Vox reports in 2019 that Seattle has set aside nearly $500 million to support affordable housing, California has called for 3.5 million new homes, and Boston has announced 26 million in funding for low income housing projects. Forbes further contextualizes opportunity zone investment from 2017 is further leading to the development of affordable housing in 8,700 low-income zones across the country with potentially six trillion in funds. These incidents are not isolated, as Olick of CNBC in 2018 contextualizes that nationwide demand for housing in urban areas have fallen as buyers are finally getting homes, and Leonhardt finds that rent prices in urban areas are falling as well. Simply put, the housing crisis that our nation has grappled with for the past decade is finally ending.

Unfortunately, the United States promotes affordable housing through tax breaks and subsidies that make affordable development profitable, but in order to make market rate housing the more profitable option once again, the US would have to cut these programs. Indeed, back in 2017, Mercury News reports that Trump attempted to take away the low income housing tax credit, which has created over 3 million affordable units.

But in addition to removing the incentive for affordable development, market rate housing reverses progress in the affordable housing market in three ways.

1. Decreasing investment. Richmond of the San Francisco Tenants Union in 2015 writes that in 2011, when market rate housing offered low returns, investment into subsidized housing boomed, with 59% of all new units being affordable. But in 2014, as market rate units offered larger profits, private investment was diverted into market-rate units and only 14% of all units were affordable, displacing hundreds.
2. Demolitions. Austen of the New York Times reports in 2018 that, back in the 1990s when the the HUD incentivized market-rate housing development, municipalities destroyed 250,000 affordable units to make room. The reason building destroys affordable housing is simple. Beyer of Forbes in 2016 explains that builders in urban areas face low availability of land and Becker of Star in 2018 explains that lower-value housing is the most cost-effective to tear down to the point that that more market-rate housing cannot be produced without demolition and displacement. Herriges of Strong Towns writes that today in Portland for instance, there has been a spread of luxury homes

that don't add any net new housing to the city because they're built on the teardown of low-income single-family houses.

3. Upzoning. Perry of NextCity in 2018 explains the mass removal of zoning regulations unintendedly increases the value of real estate and therefore displacement pressures. The reason comes from Lew of CityLimits in 2017 who writes that fueling new development increases a region's appeal, creating a higher demand for the area, prompting landlords to skyrocket rents and price out the poor, which is why UPenn in 2018 finds that after analyzing 76 rezonings across the country, most rezonings occurred in high concentrations of minorities, increasing the costs of properties and rent, and displacing many.

Overall, Chapelle of Berkeley in 2016 writes that market rate housing takes decades to decrease to prices that are still unattainable for low income buyers, while in the short term, low-income families are displaced. In contrast, affordable housing development had double the impact on reducing rents, compared to market-rate units. Chew of Shelterforce in 2018 the study concludes that in neighborhoods where market rate housing was promoted, poorer residents were forced out at rates 3x faster than in other areas due to richer people moving into the area. Thus, Florida of the Atlantic quantifies that for every neighborhood benefited by increased construction, twelve more formerly stable neighborhoods fall into concentrated poverty.

History further proves this point. For instance, the CBP in 2014 finds that during the housing boom for the 70s and 80s, up to 2.4 million low-income renters were displaced by high income development, leading Davidson of Clark in 2010 to conclude that market-rate housing construction overwhelmingly displaces low-income residents.

Displacement pushes the poor into horrible situations. Indeed, Princeton University in 2015 finds that displaced families are more likely to move to lower-income neighborhoods with poorer economic conditions, higher crime rates, and lower-performing public schools. And, tragically, the Brookings Institute concludes 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 nearly impossible to escape.

4. .

Kate Gibson, 6-14-2018, "Minimum wage doesn't cover the rent anywhere in the U.S.," No Publication,
https://www.cbsnews.com/news/minimum-wage-doesnt-cover-the-rent-anywhere-in-the-u-s/
A minimum-wage worker would have to put in lots of overtime to be able to afford a modest, two-bedroom apartment anywhere in the country. And downsizing to a one-bedroom pad barely helps.

Even with some states hiking pay for those earning the least, there is still nowhere in the country where a person working a full-time minimum wage job can afford to rent a decent two-bedroom apartment, according to an annual report released Wednesday by the National Low Income Housing Coalition.

Even the $15 hourly wage touted by labor activists would not be enough to make housing affordable in the overwhelming majority of states, the coalition found. Nationally, someone would need to make $17.90 an hour to rent a modest one-bedroom or $22.10 an hour to cover a two-bedroom place.

Renters across the country earn an average hourly rate of $16.88, the report estimated, a finding that illustrates how even folks earning more than the minimum wage scramble to pay for housing.

Chapple Berkeley 2016
http://www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf
Market-rate production is associated with higher housing cost burden for low-income households, but lower median rents in subsequent decades.
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.

We examined the relationship between market-rate housing construction, rents, and housing cost burden (Table 1). Initial results indicate a filtering effect for units produced in the 1990s on median rents in 2013. Yet market-rate development in the 2000s is associated with higher rents, which could be expected as areas with higher rents are more lucrative places for developers to build housing. Furthermore, development in both the 1990s and 2000s is positively associated with housing cost burden for low-income households. Thus, while filtering may eventually help lower rents decades later, these units may still not be affordable to lowincome households.

Center for Budget and Policy Priorities

https://www.cbpp.org/sites/default/files/atoms/files/2-24-09hous-sec2.pdf
There are three major federal rental assistance programs — the Housing Choice ("Section 8") Voucher Program, public housing, and the Section 8 project-based rental assistance program — as well as a handful of smaller programs, such as the Section 521 rural rental assistance program administered by the Department of Agriculture. Under existing funding levels, these programs can assist approximately 4.8 million low-income families, or only about one of four eligible households. 19 Most communities have long waiting lists for assistance.

Parker The Real Deal February 12 2018
https://therealdeal.com/2018/02/12/trump-white-house-proposes-even-deeper-cuts-to-hud/
The White House Office of Management and Budget released its 2019 federal budget proposal on Monday, calling for an 18.3 percent reduction in funding for the Department of Housing and Urban Development.

The $8.8 billion proposed cut to HUD is even deeper than the roughly $7 billion the White House wanted to withhold from the department last year.

The $39.2 billion in total proposed spending for the department would reduce funding for rental assistance programs — which accounts for the majority of HUD's spending — by 11.2 percent.

This year's budget also includes another proposal targeting Section 8 rental voucher holders: that they contribute more personal income toward their rent by paying more of their gross income and working full-time if they don't already.

"The Administration's reforms require able-bodied individuals to shoulder more of their housing costs and provide an incentive to increase their earnings, while mitigating rent increases for the elderly and people with disabilities," the report reads.

Ben Austen, 2-6-2018, "The Towers Came Down, and With Them the Promise of Public Housing," No Publication,
https://www.nytimes.com/2018/02/06/magazine/the-towers-came-down-and-with-them-the-promise-of-public-housing.html
In 1990, Chicago's population started to tick up for the first time in 40 years; the area surrounding Cabrini-Green added 4,000 white residents during the previous decade, and vacant lots that had sold for $30,000 a few years earlier were being snapped up for five times that amount. As the fortunes of cities changed once again, public housing experienced a new pressure. HUD began to award municipalities tens of millions of dollars in grants to tear down their public-housing high-rises and replace them with much smaller developments that mixed public-housing families with higher-income renters and market-rate owners. Proposals to

preserve some of the towers, filling in the cleared land around them with a variety of housing types, were rejected. Many low-rise developments in rejuvenating areas were targeted as well. A majority of the relocated public-housing residents were given Section 8 vouchers to rent from landlords in the private market. Nationwide, 250,000 public-housing units have been demolished since the 1990s. Atlanta, Baltimore, Columbus, Memphis, New Orleans, Philadelphia, Tucson — just about every American city got in on the action. But no city knocked down as many as Chicago.

Scott Beyer, xx-xx-xxxx, "The Verdict Is In: Land Use Regulations Increase Housing Costs," Forbes,
https://www.forbes.com/sites/scottbeyer/2016/09/30/the-verdict-is-in-land-use-regulations-increase-housing-costs/
1. The Impact of Zoning on Housing Affordability (Edward Glaeser and Joseph Gyourko, Harvard University)--I mention Glaeser's work first, because he has become the academic face of the housing deregulation movement, both through his book Triumph of the City and numerous studies. He writes in this report "that in much of America the price of housing is quite close to the marginal, physical costs of new construction. The price of housing is significantly higher than construction costs only in a limited number of areas, such as California and some eastern cities," with "zoning and other land use controls, play[ing] the dominant role in making housing expensive." Other Glaeser studies analyze why housing prices have gone up; the impact of land use regulation in greater Boston; and the impact of regulations on Manhattan.

Miriam Axel-Lute, 11-2-2017, "Trickle Up Housing: Filtering Does Go Both Ways — Shelterforce," Shelterforce, https://shelterforce.org/2017/11/02/time-for-trickle-up-housing/
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.)

San Francisco Tenants Union, 4-4-2018, "Building Market-Rate Housing Makes Crisis Worse – San Francisco Tenants Union," No Publication, https://www.sftu.org/2018/04/market-rate-housing-makes-crisis-worse/
Cohen and Marti mention it, but I want to go into more detail. The document is called a nexus study, and you can read it [see p. 25] here. It's not that complicated: When you build a new luxury housing complex, new resident move into it. For the most part, they result in net additions to the number of people in the city: If the person who buys a new condo moves out of a rental unit, someone else will move into that rental. Quickly.

The people with high disposable incomes who fill those condos or luxury rentals will spend money in town, creating a demand for jobs – restaurant workers, grocery clerks, cops and firefighters, bank tellers … and those people will also need a place to live.

(Sup. Scott Wiener notes that the city's police force hasn't kept up with the population growth. Perfect example – bring in 5,000 new wealthy residents, and the city faces pressure to hire more cops to protect them. Those cops cost tax money – but they also need places to live. And that puts pressure on the housing market).

So according to the study, by Keyser Marston Associates, every time the city allows 100 new high-end housing units, it needs to build between 20 and 43 new affordable units – just to keep the housing balance the way it is now. Put the affordable units in the main complex and the impact is lower (because fewer millionaires move in). Built them, as is common, somewhere else and the impact is greater.

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.

If the city demands 15 percent affordable set-asides, then every market-rate building adds more demand for affordable housing than it supplies. That means every new building makes the housing crisis worse.

Davidson 2010
https://wordpress.clarku.edu/mdavidson/files/2012/02/Davidson-Lees-2010-New-Build-Gentrification.pdf
Drawing upon multiple examples of new-build gentrifi cation in London, we have demonstrated the diverse workings of displacement. These range from direct (spatial) displacement via stateled housing renewal projects to a host of placebased, context-bound indirect displacement processes

operating in Thames-side neighbourhoods. Focusing on the latter examples, we argue displacement is both spatial and place based. In particular, we argue that a purely spatial account of displacement is inadequate. As such, we understand displacement as operating uniquely across neighbourhoods, according to the particular contexts and positionalities. However, in all our examined cases, space- and place-based

Bieri UMich HUD
No Author, xx-xx-xxxx, "Rental Burdens: Rethinking Affordability Measures," No Publication, https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html
In discussing the rental affordability measurement to Business Week, David Bieri of the University of Michigan states that the 30-percent rule "[is] essentially an arbitrary number." One of the arguments against the share of income approach is that different households earning the same annual income spend considerably different amounts of money on basic necessities. For example, families with children spend more on clothing, food, and medical bills than do single adults. Thus, a household with children that spends 50 percent of its income on housing might be cost burdened, whereas a single adult who earns the same salary and spends the same percentage of income on housing might not be. In addition, the share of income measure does not consider cost-of-living differences in areas where housing is expensive. Consider a very low-income family in New York City that earns approximately $22,100 a year, or 30 percent of the area median income according to the Furman Center. If 50 percent of the family's income is dedicated to rent, the family has only about $200 per week left to cover all other basic expenditures, including food, clothing, medical costs, and transportation.

Amee Chew, 11-5-2018, "What We Know About Market-Rate Housing Construction and Displacement," Shelterforce,
https://shelterforce.org/2018/11/05/heres-what-we-actually-know-about-market-rate-housing-development-and-displacement/
The influx of higher-income residents, whom market-rate developments are typically geared toward, is itself associated with the displacement of vulnerable groups from the same area. Studies in London, Sydney, and Melbourne using longitudinal census data found that increases in high-income and professional households in a neighborhood were correlated with greater losses or displacement of low-income, family, and working-class households, as well as elderly, disabled, and unemployed residents, from that community (Atkinson 2000a, 2000b; Atkinson et al. 2011). One study found that in neighborhoods with an influx of higher-income residents, working-class residents moved at three times the rate compared to in other areas—and usually out of the neighborhood (Atkinson 2000a, 159).

Bertolet, 8-10-2016, "Displacement: The Gnawing Injustice at the Heart of Housing Crises," Sightline Institute,

https://www.sightline.org/2016/08/10/displacement-the-gnawing-injustice-at-the-heart-of-housing-crises/
In Seattle and other fast-growing cities across Cascadia and beyond, bitter stories of people priced out of their homes and of affordable buildings torn down for new construction are all too familiar. The sense of injustice we feel about these stories is well justified. Sightline recently assembled focus groups—random samples of long-time Seattle residents—to talk about the housing crunch, and strong feelings about housing costs ran to a fever pitch on the issue of displacement. To see friends and neighbors forced to relocate from their homes and communities stirs everyone's hearts to indignation.

Amee Chew, 11-5-2018, "What We Know About Market-Rate Housing Construction and Displacement," Shelterforce,
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.
The influx of higher-income residents, whom market-rate developments are typically geared toward, is itself associated with the displacement of vulnerable groups from the same area. Studies in London, Sydney, and Melbourne using longitudinal census data found that increases in high-income and professional households in a neighborhood were correlated with greater losses or displacement of low-income, family, and working-class households, as well as elderly, disabled, and unemployed residents, from that community (Atkinson 2000a, 2000b; Atkinson et al. 2011). One study found that in neighborhoods with an influx of higher-income residents, working-class residents moved at three times the rate compared to in other areas—and usually out of the neighborhood (Atkinson 2000a, 159).

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.

Carol Becker, xx-xx-xxxx, "OPINION EXCHANGE ," Star Tribune,
http://www.startribune.com/the-market-will-not-fix-twin-cities-affordable-housing-crisis/498361491/

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.

The marketplace does not have an incentive to produce more affordable housing. The cost to construct affordable housing is too high for the market to produce and we have to tear down affordable housing to produce new housing. We need more government intervention to protect existing affordable housing and produce new affordable housing — not less. Deregulation of housing production will just exacerbate this problem, not help it.

The new Republican tax overhaul will likely chop plans for thousands of new affordable homes in California and further squeeze low-income renters, but experts say the impact could have been more severe.

Louis Hansen, xx-xx-xxxx, "Affordable housing in California takes hit under GOP tax plan," Mercury News,
https://www.mercurynews.com/2017/12/25/affordable-housing-takes-hit-under-gop-tax-plan/
The tax law, signed by President Donald Trump last week, preserved two threatened federal programs that are key to building tens of thousands of affordable homes in California — low-income housing tax credits and tax-exempt private activity bonds.

But experts estimate the new tax rules could still reduce federal funding for subsidized housing in the state by 20 percent, translating to roughly $500 million a year of projects and 4,000 new units lost.

Oscar Perry, 9-27-2018, "So You Want to Change Zoning to Allow for More Housing," Next City
https://nextcity.org/daily/entry/so-you-want-to-change-zoning-to-allow-for-more-housing
"Jurisdictions are beginning to understand that up-zoning in order to absorb growth has unintended consequences — it increases the value of the real estate and therefore increases displacement pressures," says Nora Liu, northwest regional manager for the Government Alliance on Race and Equity, a national initiative spearheaded by the nonprofit Race Forward that is working with jurisdictions around the country to pioneer equitable development strategies.

Abigail Savitch-Lew, 1-10-2017, "Will Rezoning Cause or Resist Displacement? Data Paints an Incomplete Picture," City Limits,
https://citylimits.org/2017/01/10/will-rezoning-cause-or-resist-displacement-data-paints-an-incomplete-picture/

Drilling down, it's clear one of the central disagreements revolves around whether an upzoning can have a destabilizing effect on the existing housing in a neighborhood. Activists, and many urban planning experts, too, contend that both the attention brought by a rezoning and the actual development that follows can transform a neighborhood into a destination, increasing demand for housing in that neighborhood and prompting landlords to raise rents. As Lisa Bates, a professor of urban studies at Portland State University and a leading displacement scholar, puts it, "It's like: 'announcement, this is a place, everyone! Take your money, come over here.'"

Low-income renters who cannot easily adjust to increases in housing prices would thus be at risk of eviction. Because the de Blasio has followed the precedent of Bloomberg in selecting predominantly low-income neighborhoods of color as spots to increase density, some activists believe the mayor's rezoning strategy is putting the city's most vulnerable residents at risk.

UPENN
https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=1224&context=jlasc
Angotti and Morse marshal convincing evidence to back up their assertion that upzoning and minority displacement are causally linked. The authors note that in a study of 76 rezonings between the years of 2003 and 2007, upzoned lots were disproportionately located in "areas [with] higher concentrations of African American and Hispanic residents than the city median."76 The authors go on to illustrate that these upzonings have exerted upward pressure on everything from property values and taxes, to rental costs and the types of small businesses that are able to operate in the neighborhood.77 The rest of the book chronicles how this process has played out in the New York neighborhoods of Williamsburg, Harlem, and Chinatown.78 In each of these neighborhoods, conscious decisions by the city government and developers to upzone particular areas resulted in an increase in average rents,79 a reduction in affordable housing units,80 an increase in white residents, and a noticeable reduction in the neighborhood's minority populations.81

CPB
https://cpb-us-e1.wpmucdn.com/blogs.uoregon.edu/dist/4/8542/files/2014/09/Whats-Race-Got-to-Do-With-It-1iiw6hz.pdf
Evidence of the extent of displacement varies greatly (Bostic, 2003), but early in the examination of the phenomenon of gentrification, "[a]necdotal reports of displacement and the demographic changes that were obviously taking place in gentrifying neighborhoods led many to believe that displacement was a widespread phenomenon and the engine behind demographic change in gentrifying neighborhoods" (Freeman, 2005, p. 464). Studies of the displacement effect of gentrification that occurred in the 1970s and 1980s include the following: one national study estimated that between 1.7 and 2.4 million people were displaced by private redevelopment in 1979, consisting primarily of tenants, the poor and female-headed families; a study of New York

City estimated that between 10,000 and 40,000 households were displaced annually by gentrification in the late 1970s; and another study of nine revitalizing neighborhoods in five cities found that 23 percent of tenants had been displaced over a two-year period (Kennedy and Leonard, 2001). Displacement is not only "always a central axis of academic, policy and popular concerns

PRINCETON
https://www.philadelphiafed.org/-/media/community-development/publications/discussion-papers/discussion-paper_a-practitioners-summary.pdf?la=en
In particular, low-credit score movers, many of whom were hit harder during the recent housing crisis, are more likely to move to neighborhoods with higher crime rates, lower-performing public schools, and worse economic conditions. In contrast, residents who moved and were better off financially move to significantly better neighborhoods. Furthermore, vulnerable residents are less likely to move to gentrifying neighborhoods over the period, indicating that housing in gentrifying neighborhoods became less available for less advantaged residents, thereby redistributing more vulnerable groups to more disadvantaged neighborhoods. T

Sftu, 4-4-2018, "Building Market-Rate Housing Makes Crisis Worse – San Francisco Tenants Union," No Publication, https://www.sftu.org/2018/04/market-rate-housing-makes-crisis-worse/
In 2011, at the low-point of market-rate housing production, The City produced (i.e. paid for) 207 affordable housing units, which was 59 percent of all housing built that year! While market-rate development was stalled because of a lack of finance capital from investors (who seem to refuse to finance any construction unless they can be guaranteed at least 25 percent returns on their investment), The City with its public funding sources continued to invest in affordable housing production. By contrast, there were 3,454 housing units built in 2014 of which 490 were affordable housing units, a mere 14 percent of total production. In other words, the “housing balance” was terrible. Affordable housing on balance got worse, not better, as the real estate market boomed.

There are other funding sources for BMR units – not enough, by a long stretch. But it’s not market-rate housing funding an increase in affordable units, and a moratorium on luxury units in the Mission won’t in any way damage affordable housing production, in that or any other neighborhood.

Bill Conerly, 7-10-2017, "Housing Forecast 2018-2019: Declining New Demand," Forbes, https://www.forbes.com/sites/billconerly/2017/09/20/housing-forecast-2018-2019-declining-new-demand/#3424ca7e58c6
The ability to live on one’s own, whether that means moving out from parents or from an ex-spouse, ties to employment and wage rates. As we noted in our article on the consumer

spending forecast, job growth has been moderately slow, and wage inflation has not accelerated. I expect wage rates to improve next year, but not soon enough to change the trend in household size. So new demand for housing units will be (under these assumptions) 1.183 million units. For comparison purposes, so far this year we are on pace to build 1.287 million single family houses, apartment and condo units, and manufactured homes. Looks like we're building too much, at least nationwide.
Nonetheless, I'm comfortable saying that we don't need an increase in home construction, and would be just fine with a five percent reduction in housing starts next year and in 2019, which is my forecast.

Matthews
Dylan Matthews@Dylanmattdylan@Vox, 1-23-2019, "Microsoft's $500 million plan to fix Seattle's housing problem, explained," Vox,
https://www.vox.com/future-perfect/2019/1/23/18193380/microsoft-affordable-housing-500-million-seattle
Microsoft has announced an unusual bit of corporate political activism: $500 million to support affordable housing in the Seattle area, where rents have shot up considerably as tech workers there and at Amazon have moved in.

Specifically, as the Seattle Times's Vernal Coleman and Mike Rosenberg explain, the company is spending $225 million on below-market-rate loans to developers to build affordable housing in suburbs to the east of Seattle (like Redmond, where Microsoft is headquartered), targeting families earning between $62,000 and $124,000; $250 million on market-rate loans for developers to build low-income housing (targeting households earning up to 60 percent of the area median income, so as to limit to poorer families); and another $25 million in grants to local groups addressing homelessness.

In the day or so since the plan was announced, I've seen two kinds of takes. There's the tech booster take: Look, our coding overlords aren't so bad! And there's the cynical anti-capitalist take: This is a rich company trying to pay indulgences when we should just be taxing it to solve these problems.

CALIFORNIA 3.5 2025! (And, xx-xx-xxxx, "How California can build 3.5 million new homes," Medium,
https://medium.com/@firstcultural/how-california-can-build-3-5-million-new-homes-dfe2f0ba3466
California's new governor, Gavin Newsom, has called for California to build 3.5 million new homes in the next five years as part of a "Marshall Plan for housing" to reduce housing costs and

homelessness. For decades, California has added jobs faster than it has built housing, and this is what it'd take to restore the balance and end the shortage.

Boston.gov, 2-20-2019, "More than $26 million in affordable housing in Boston announced," https://www.boston.gov/news/more-26-million-affordable-housing-boston-announced
Building on his commitment to create and preserve affordable housing in Boston, Mayor Martin J. Walsh today announced more than $26 million in new and recommended funding from the Department of Neighborhood Development, the Neighborhood Housing Trust, and the Community Preservation Fund, to create and preserve 515 units of housing in Brighton, East Boston, Dorchester, Mattapan, Mission Hill, North End, and Roxbury. The new funding will also contribute to affordable housing programming like the Acquisition Opportunity Program and the Boston Home Center.

Diana Olick, xx-xx-xxxx, "Housing demand sees biggest drop in more than 2 years," CNBC, https://www.cnbc.com/2018/08/01/housing-demand-sees-biggest-drop-in-more-than-2-years.html
While supply declined overall, Redfin noted a large rise in listings in some of the most supply starved markets, which is where home prices have overheated most. Those include Seattle and Washington, D.C., which both saw double-digit increases in the number of homes for sale in June. Demand in both of those markets, however, fell.

"As much-needed large inventory increases finally arrive in some of the hottest markets, buyers are taking the opportunity to be choosy, offering only on well-priced homes," said Pete Ziemkiewicz, head of analytics at Redfin. "Buyers in Seattle are even keeping offer contingencies like the inspection intact, something that has been increasingly rare in recent years. With more homes to go around, buyers don't need to bid as aggressively to win bidding wars, so prices, while still growing, are growing a lower rate, and home sales are slowing."

Megan Leonhardt, 6-12-2018, "7 cities where rent prices are actually falling," CNBC, https://www.cnbc.com/2018/06/12/rent-prices-are-falling-in-these-7-major-u-s-cities.html
Rent prices have risen over the past year across the U.S., but there are some bright spots: Several cities experienced modest price drops thanks to new building projects.

Although rental rates went up nationwide, the increase was actually fairly modest at about 1.5 percent, according to a new report from rental site Apartment List. That's down from a high of 3.6 percent in 2015, the report found. The increase was so minimal that it actually lagged the Bureau of Labor Statistics reported wage growth (2.7 percent) and overall inflation (2.5 percent).

Others that track the real estate market have also noted the slowing of rent prices. Apartment management software and data provider RealPage estimated in March that year-over-year growth was down to 2.3 percent, falling from a 2015 rate of 4.7 percent.

FLORIDA OF THE ATLANTIC
Richard Florida, Citylab, xx-xx-xxxx, "This Is What Happens After a Neighborhood Gets Gentrified," Atlantic, https://www.theatlantic.com/politics/archive/2015/09/this-is-what-happens-after-a-neighborhood-gets-gentrified/432813/
Of course, an even bigger issue is the neighborhoods that are untouched by gentrification and where concentrated poverty persists and deepens. A 2014 study found that for every gentrified neighborhood across 51 U.S. metro areas, 10 others remained poor and 12 formerly stable neighborhoods fell into concentrated disadvantage. A Harvard study of Chicago found that the gentrification process continues for neighborhoods with over 35 percent of white residents, and either slows or stops if the neighborhood is 40 percent black. The reality is that the displaced are getting pushed out of working-class neighborhoods that are “good enough” to attract people and investment, while the poorest and most vulnerable neighborhoods remain mired in persistent poverty and concentrated disadvantage.

Gentrification and displacement, then, are symptoms of the scarcity of quality urbanism. The driving force behind both is the far larger process of spiky reurbanization—itself propelled by large-scale public and private investment in everything from transit, schools, and parks to private research institutions and housing redevelopment.

HERRIGES STRONGTOWNS
Related, 7-25-2018, "“Why Are Developers Only Building Luxury Housing?”," Strong Towns, https://www.strongtowns.org/journal/2018/7/25/why-are-developers-only-building-luxury-housing
One consequence of this is the proliferation of single-family teardowns in desirable urban neighborhoods. If the land is valuable, and all you can build on it is a single-family home, why not build a very expensive single-family home? Sightline has documented the spread of large homes in Portland that don't add any net new housing to the city, but were the most profitable thing developers were allowed to build on their lots.

This is why the proposal in Minneapolis's draft comprehensive plan to allow duplexes, triplexes, and fourplexes throughout residential neighborhoods is such a promising idea. Single-family homes in the city's toniest neighborhoods—particularly around the Chain of Lakes in its southwest corner—are already being torn down to build larger single-family homes. What if some of those were instead torn down to build triplexes or fourplexes?

BROOKINGS
https://www.frbsf.org/community-development/files/cp_fullreport.pdf

Prices for Goods and Services

David Caplovitz's pioneering work on consumer practices among low-income families, and the relatively lower availability and quality of goods and services in inner-city neighborhoods, was among the first to suggest that being poor in a poor area might place additional financial burdens on these families.[81] More recent work has examined how a lack of business competition, gaps in market information, and higher costs for doing business in poor neighborhoods can raise the prices charged for basic goods and services, such as food, car insurance, utilities, and financial services, in low-income neighborhoods.[82] As a result, poor residents may end up paying more than families in middle-income neighborhoods for the same goods and services. With less room in their budgets, residents of very poor areas might go without certain necessities (e.g., utilities), take on unsustainable debt, or forgo investments (e.g., a reliable car) that could improve their long-term economic situation.

Employment Networks and Ambitions

Low levels of labor force participation in distressed neighborhoods may effectively cut off these places from the informal networks crucial to helping workers find good jobs and advance their careers.[83] Recent research finds that high-poverty locations may disadvantage both blacks and Hispanics in their job search activities.[84] Employers may also attach a stigma to extremely poor neighborhoods that discourages them from hiring local residents; this may be rooted in racial as well as neighborhood discrimination.[85]

Based on his interviews of residents in high-poverty neighborhoods in Chicago, Wilson further argues that high local levels of joblessness may change the social norms around work.[86] These norms may be absorbed by children as well, such that chronic unemployment among adults in the community may cause children to under-invest in the education and training necessary for future success in the labor market.[87]

Educational Opportunity

Highly segregated communities (either racial or economic) can have a significant influence on the quality of the neighborhood schools. Even with the expanded school choice available today, children who live in extremely poor urban neighborhoods generally attend neighborhood schools where nearly all of the students are poor and at greater risk for failure, as expressed by low standardized test results, grade retention, and high dropout rates.[88] James Ainsworth finds that children who grow up in poor areas face reduced educational expectations and homework demands, which in turn diminish their educational outcomes.[89]

Concentrated poverty can also inhibit actions designed to increase low-income students' access to more economically integrated schools. It appears that communities can become segregated quickly when the percent of minority residents reaches a certain "tipping point," making the successful integration of low-income students into surrounding wealthier school districts difficult.[90] Even under favorable conditions (e.g., motivated students and willing recipient districts), the academic benefits to the integrated students can fade.[91] Also, efforts to move students to new schools often suffer because students are sent to similarly poor schools.[92]

High-poverty neighborhoods also exert "downward pressure" on school processes and quality. Schools in these areas endure high rates of student mobility that frustrate classroom stability, are often unable to attract the best personnel, and must operate additional systems to cope with disorder and the social welfare of their students.[93] Moreover, living in an area of concentrated poverty may increase the risk of premarital childbearing among young women, thereby limiting their educational opportunities.[94] Finally, there is growing evidence that there are significant additional social benefits from higher graduation rates, especially with regard to reduced incarceration costs.[95]

Crime

In general, high-poverty inner-city neighborhoods exhibit higher crime rates, especially for violent crime.[96] One team of researchers found that neighborhood poverty is a significant predictor of local crime.[97] In another study, Anne Case and Lawrence Katz show that neighborhood peer groups influence adolescents' propensity to engage in criminal behavior or drug use.[98] In these neighborhoods, the social penalties for criminal activity may be lower, and reduced access to jobs and quality schools may further reduce the opportunity costs of crime. Conversely, adults who participated in the Moving to Opportunity demonstration, in which they were offered the chance to move from a high-poverty public housing project to a low-poverty suburban neighborhood, reported significant improvements in neighborhood safety and crime victimization compared with control groups not offered the opportunity to move.[99]

Health

Residents of high-poverty areas experience negative health outcomes at much higher rates, owing partly to the stress of being poor and marginalized and partly to living in an environment with dilapidated housing and high crime. There may also be higher risk of exposure to other environmental hazards, such as lead-based paint, cigarette smoke, and pollution from heavily trafficked roads nearby. Researchers have associated the incidence of depression, asthma, diabetes, and heart ailments with living in these neighborhoods.[100] Even when the residents of high-poverty areas seek medical attention, they may find that the quality of care available at local providers is inferior to the quality of care available to most residents of wealthier areas.

As evidence of these neighborhood effects, adult participants in the Moving to Opportunity demonstration who relocated experienced significant improvement in mental health, an outcome that may be attributable to lower levels of stress associated with reduced violence and disorder, to improved community resources (such as schools, housing, and parks) or to both.[101] Moreover, researchers found that the larger the increase in neighborhood quality, the larger the mental health improvement. Overall, they liken the magnitude of the effect to that found in "some of the most effective clinical and pharmacological mental health interventions."[102]

Wealth

Many residents of high-poverty areas own their homes; in 2000, 29 percent of households in high-poverty census tracts were owners.[103] But local conditions in these distressed areas are associated with market devaluation of those assets, and lack of house-price appreciation precludes residents and their progeny from the same wealth accumulation enjoyed by owners in other parts of the metropolis.[104] Recent research by George Galster and colleagues suggests that the presence of high-poverty neighborhoods within large metropolitan areas depresses values for owner-occupied properties in those areas by 13 percent.[105]

Effects on Wider Areas

The negative outcomes just described affect not only very poor neighborhoods and their poor residents, but may extend to surrounding neighborhoods and residents as well. For instance, the failure of high-poverty areas to attract market investment reduces housing and retail options for populations over a wider area. Crime may have spillover effects into surrounding areas. The existence of high-poverty schools may cause middle-class parents who are able to exercise choice to opt out of public school systems, or to leave jurisdictions with high-poverty schools altogether. And as the research on wealth indicates, diminished housing value as a result of concentrated poverty affects wider private economic well-being and public fiscal capacity. Beyond these hypothesized and, in some cases, observed effects, the research literature points to additional costs imposed on the wider society by concentrated poverty.

Local Government Services

Concentrations of poverty generate high costs for local government—for elevated welfare case loads, for high loads of indigent patients at hospitals and public health clinics, for extra policing—that can divert resources from the provision of other public services and can lead to increased tax burdens on local businesses and non-poor residents.[106] Consequently, wealthier households may migrate outward, which can further erode local fiscal capacity to address the problems facing vulnerable populations and may redirect state spending away from increasingly poor areas.[107] The resulting inability of the public sector to make strategic investments in physical infrastructure and human capital may constrain future economic growth in cities and regions with high levels of concentrated poverty.

Political and Societal Divisions

Research in a number of disciplines has explored how concentrated poverty is both caused by and can lead to political and societal divisions between a community's "haves" and "have-nots."[108] The spatial divide between segregated poor neighborhoods and their wealthier counterparts can also sow misunderstanding, distrust, and negative assumptions among both groups, especially where racial divisions also exist.

These political and societal divisions erode civic capacity by limiting the ability to find common ground,

Ridaa Murad, 3-19-2019, "Opportunity Zones: The Antidote To Los Angeles' Housing Crisis," Forbes, https://www.forbes.com/sites/forbesrealestatecouncil/2019/03/19/opportunity-zones-the-antidote-to-los-angeles-housing-crisis/

There is a supposed antidote available to help cure the affordable housing problem: opportunity zones. Opportunity zones were introduced by Congress through the Tax Cut and Jobs Act of 2017, and altogether more than 8,700 opportunity zones exist across every state and territory in the United States. Most of these areas have also historically seen little new development and, as a result, almost no inventory of finished product. I believe opportunity zone incentives are sure to spark the much-needed development cycle within these areas, creating newer, safer and better housing options than currently exist.

Opportunity zones can offer very strong investment returns, while also making a socially strong impact on the local Los Angeles community, especially in areas that have been trailing in development. The tax incentives and investment potential combined can attract the funds required to make a meaningful dent in creating supply. I encourage investors to consult a tax professional to fully understand the common questions regarding opportunity zones, but in a nutshell, they were established to attract investment dollars to areas that are currently struggling and experiencing slow economic growth by incentivizing investment into those markets. Ultimately, investment money in opportunity zones will lead to the development of more affordable housing, which the country — and in particular, my home of Los Angeles, where my firm has focused its opportunity zone funds — so desperately needs.