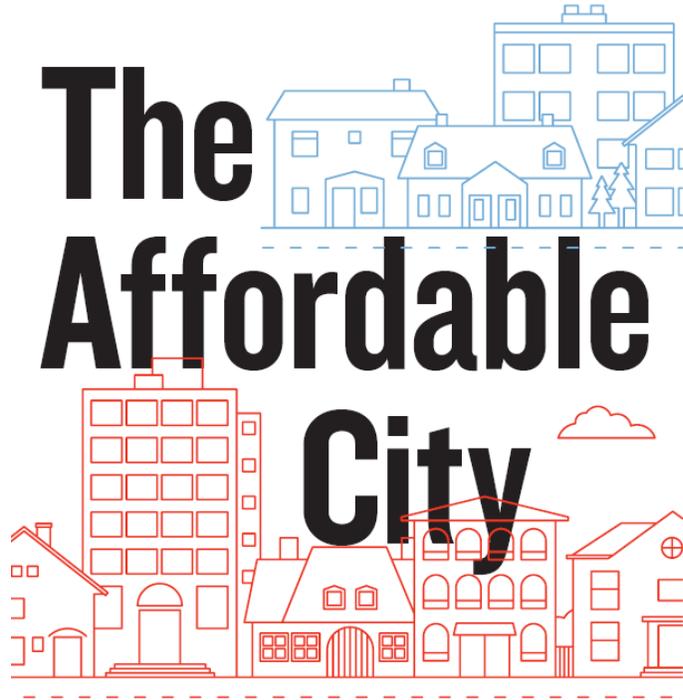


Affordable, Accessible Housing: A “Yes, And” Approach

Shane Phillips
Oct 27, 2022



Strategies for Putting
Housing Within Reach
(and Keeping it There)



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RESTAURANT

RESTAURANT

THE YUCCA-ARGYLE

40 rent-stabilized units replaced by 200 new apartments, including 40 income-restricted

That's a win!

But what happens to the existing tenants?

We must find ways to benefit from projects like this without accepting the individual harms that often accompany them

¿A donde irás cuando no puedas pagar la renta en tu barrio?
¿Por qué no luchar para quedarte?

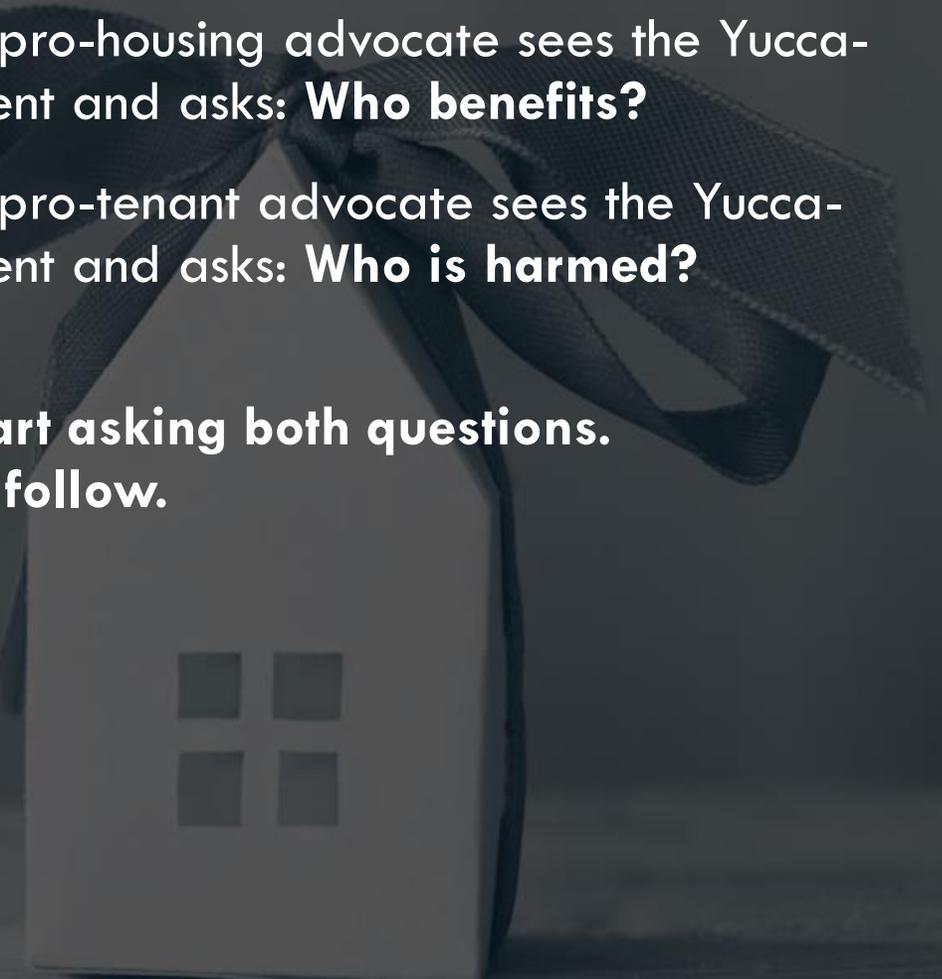


PRO-HOUSING VS PRO-TENANT

The stereotypical pro-housing advocate sees the Yucca-Argyle development and asks: **Who benefits?**

The stereotypical pro-tenant advocate sees the Yucca-Argyle development and asks: **Who is harmed?**

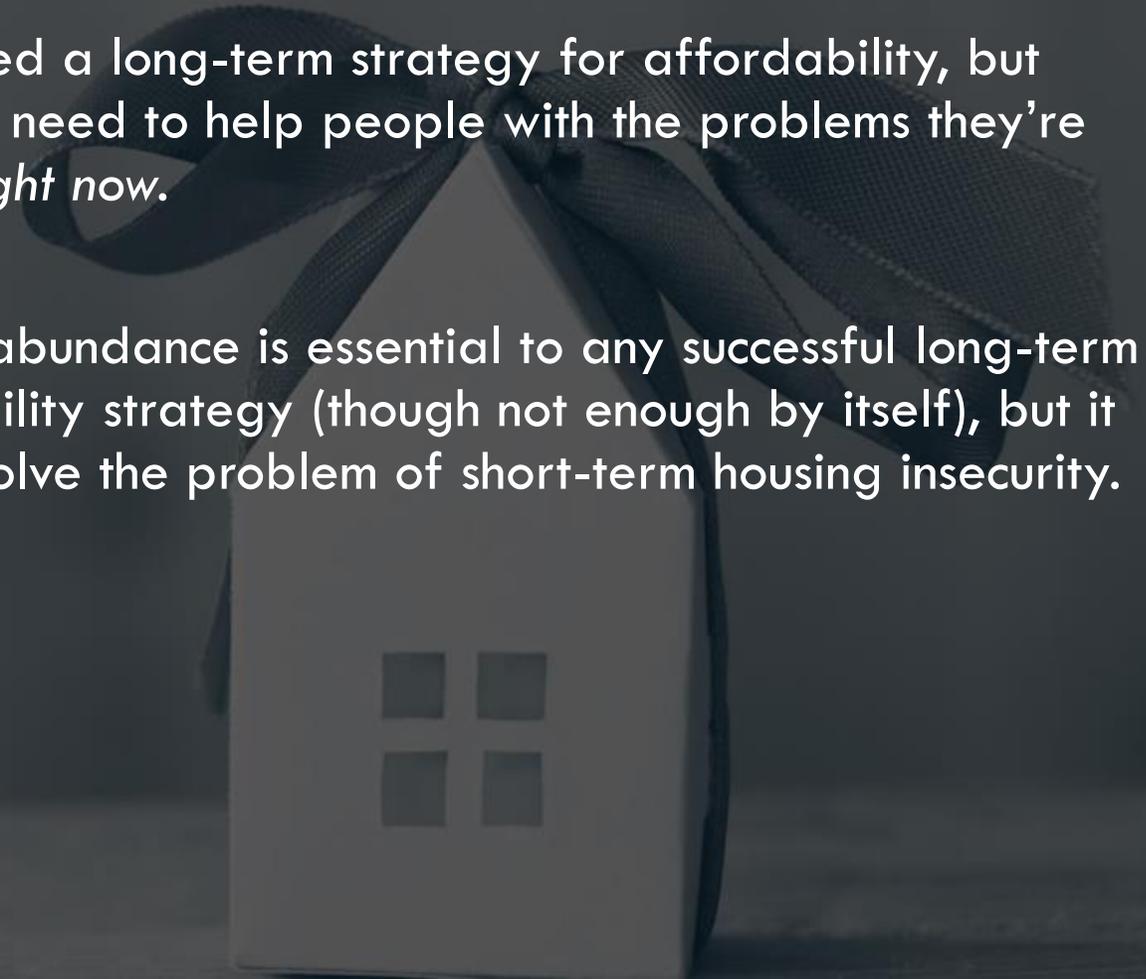
**We all need to start asking both questions.
Better policy will follow.**



SHORT-TERM VS LONG-TERM

Cities need a long-term strategy for affordability, but they also need to help people with the problems they're facing *right now*.

Housing abundance is essential to any successful long-term affordability strategy (though not enough by itself), but it doesn't solve the problem of short-term housing insecurity.



“IF YOU
CAN’T SOLVE
A PROBLEM,
ENLARGE IT.”

- Housing is complex, and most policies have both positive and negative impacts
- Enlarging the problem means acknowledging that unintended negatives are inevitable, and then adding complementary solutions
- E.g., if permitting more housing raises concerns about gentrification and displacement, the solution isn’t to permit less housing – which we need – it’s to tackle those unintended consequences head-on

ENLARGING THE PROBLEM

Concerned that upzoning will displace renters?

- Pair with displacement protections and mitigations
- Upzone broadly to avoid concentration of redevelopment
- Prioritize parcels that don't already have multifamily

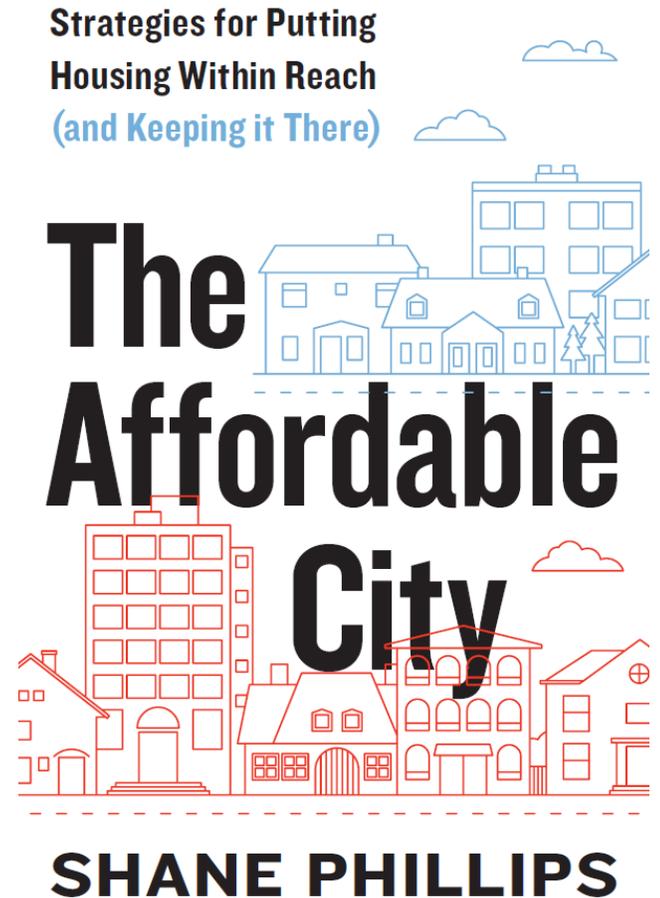
ENLARGING THE PROBLEM

Concerned that rent stabilization will suppress housing supply?

- Pair with upzoning to create capacity elsewhere
- Increase speed and certainty of housing approvals
- Exempt units for 15-20 years (“rolling” rent control)

THE THREE S'S

- Supply
- Stability
- Subsidy

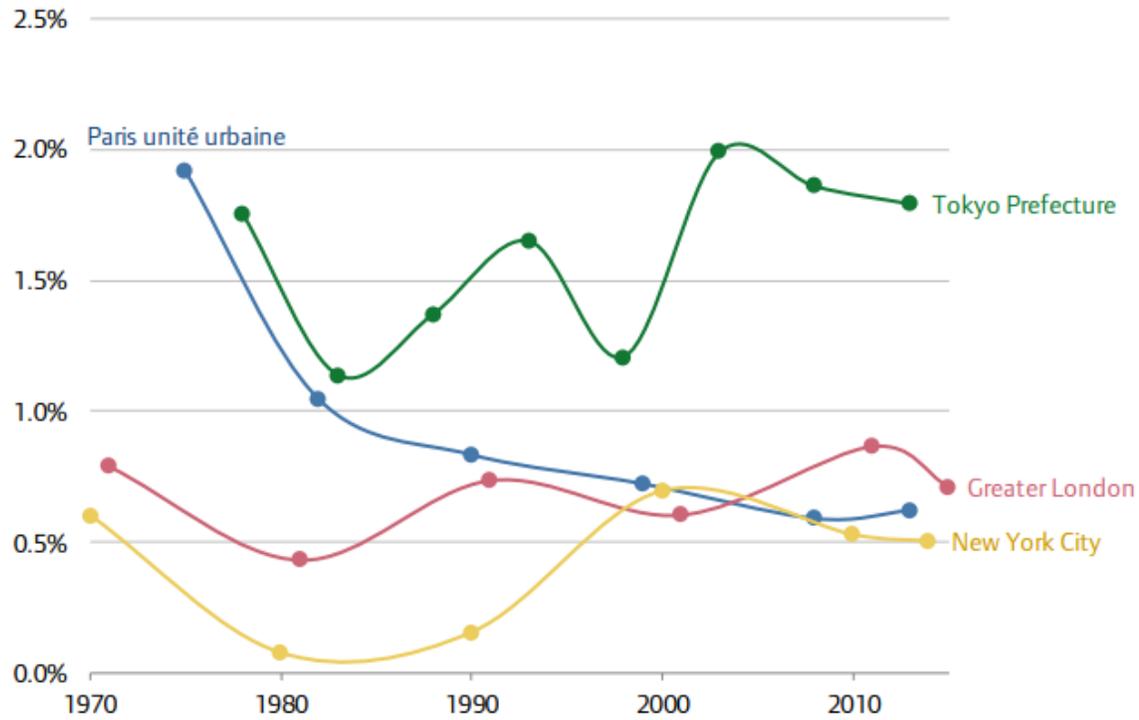


SUPPLY

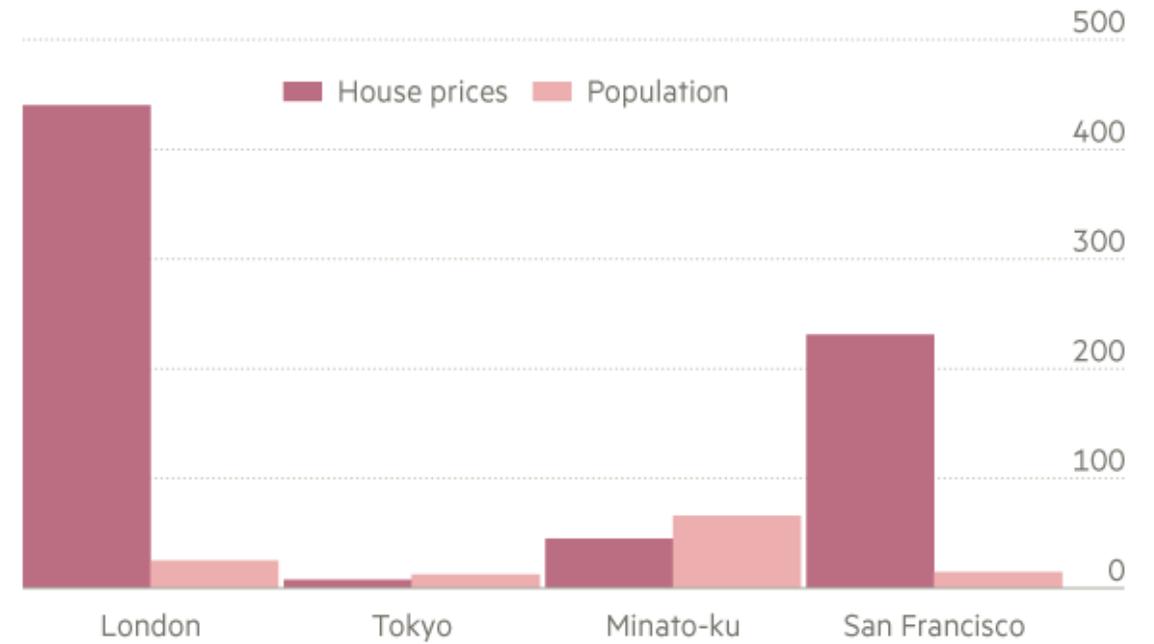
- **Physical constraint:** Growing and changing populations require a growing and changing stock of homes
- **Economic constraint:** When housing is scarce, homeowners and landlords get rich at the expense of homebuyers and renters

CASE STUDIES IN HOUSING ABUNDANCE

Annualised rate of housing stock growth in four world cities since 1970



Change in house price and population, 1995-2015
Per cent

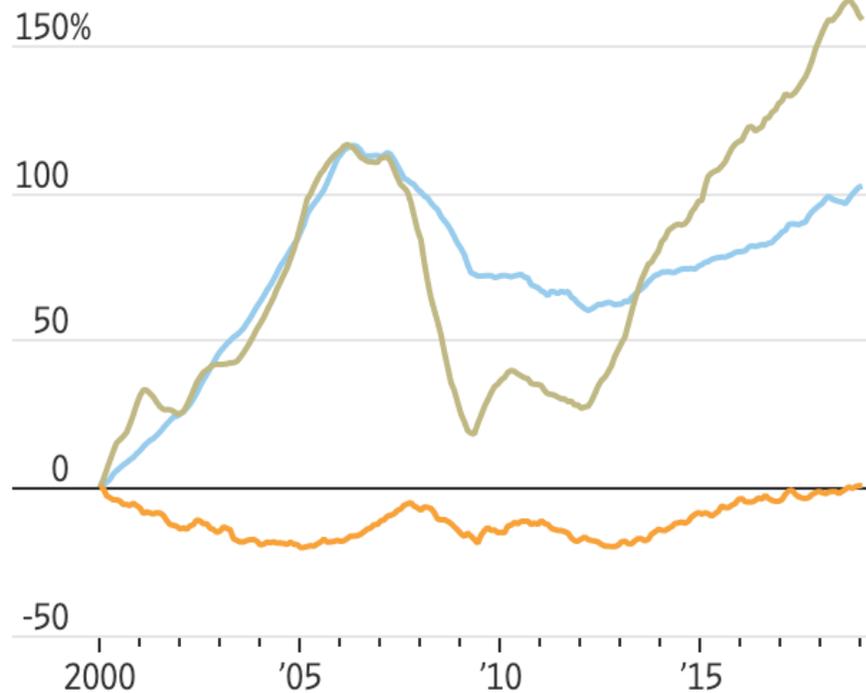


Sources: Office for National Statistics; Census Bureau; Tokyo Kantei; Ministry of Land, Infrastructure & Transport

CASE STUDIES IN HOUSING ABUNDANCE

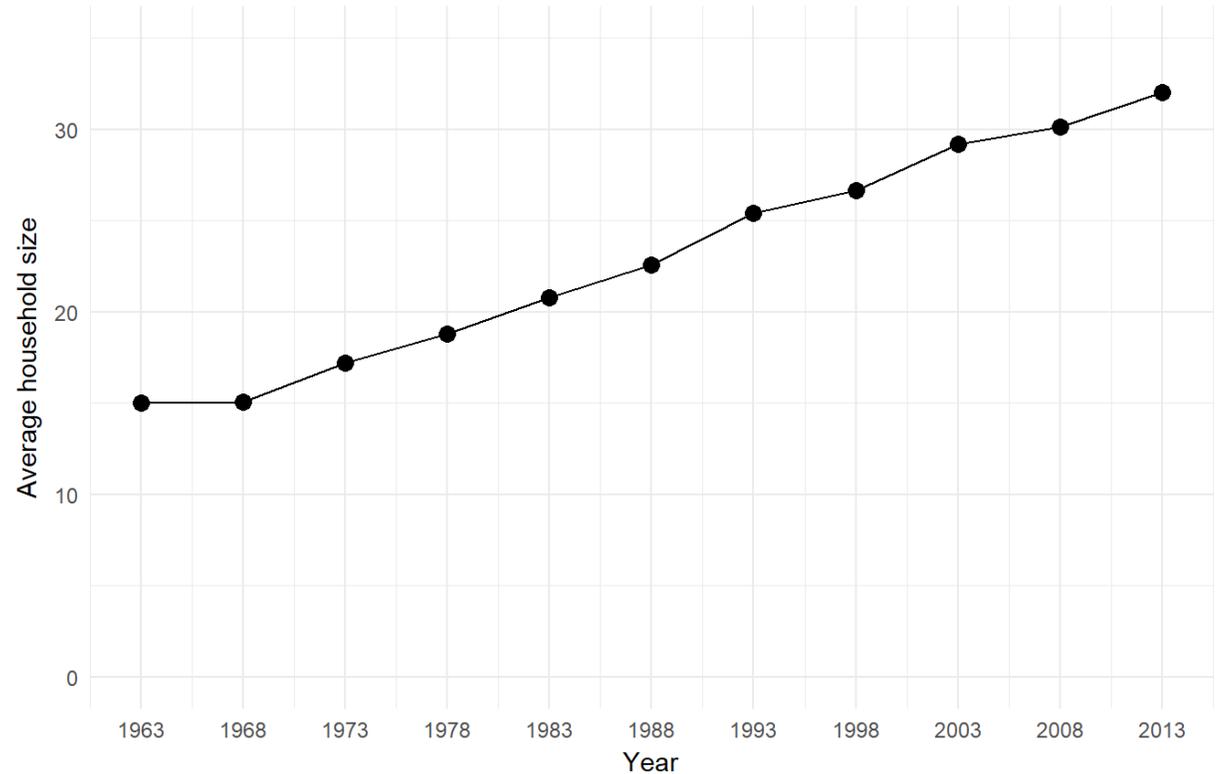
Change in housing price indexes, since 2000

■ Tokyo ■ San Francisco ■ New York

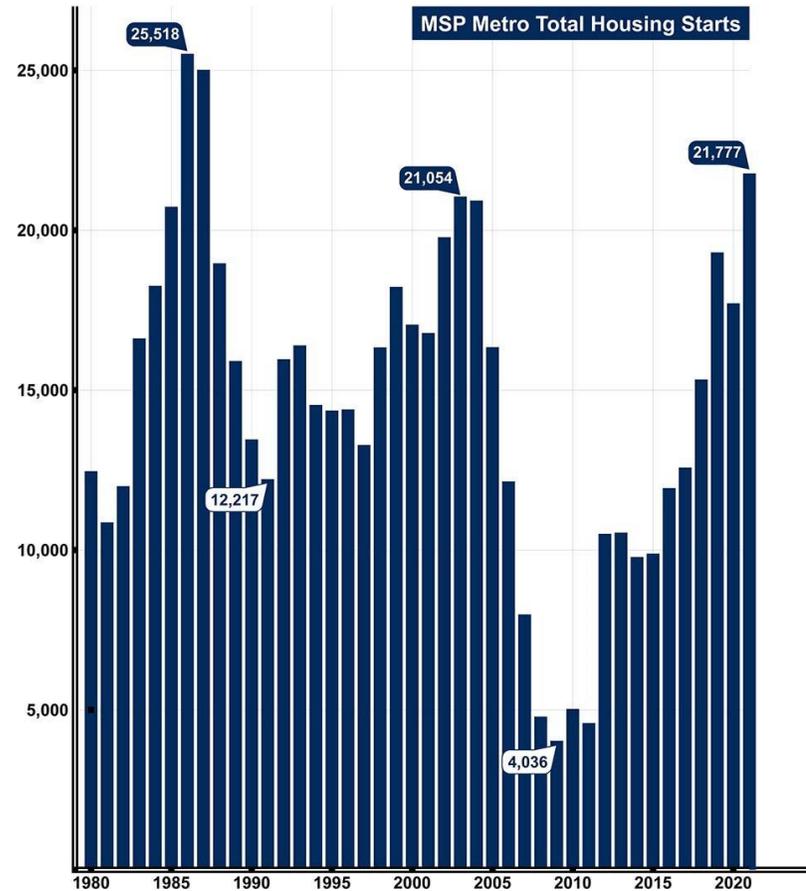


Average floorspace per person in Tokyo Prefecture, 1963-2013

Data from Japan Housing and Land Survey

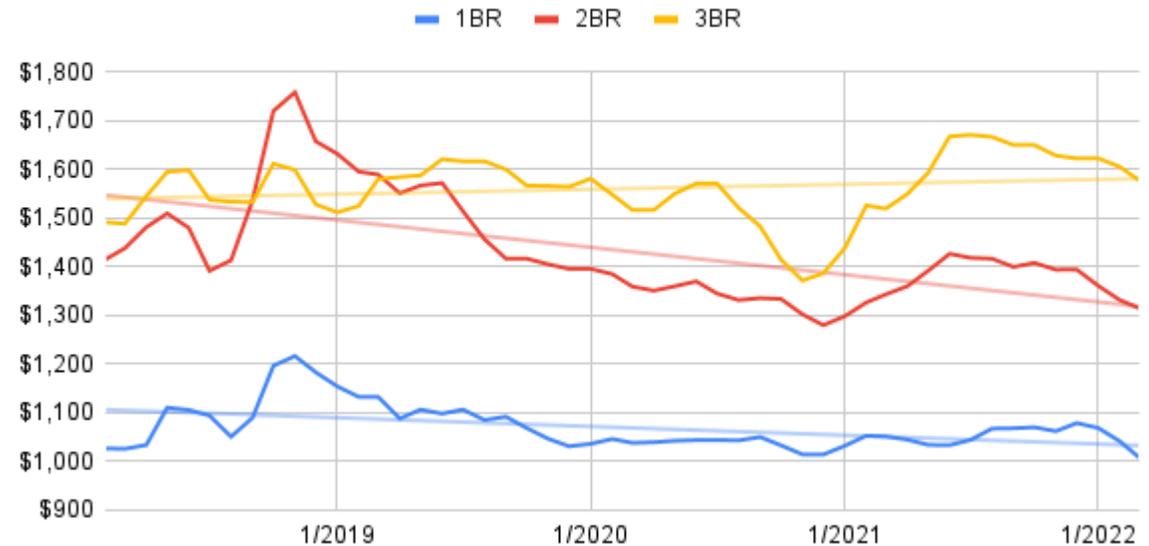


CASE STUDIES IN HOUSING ABUNDANCE



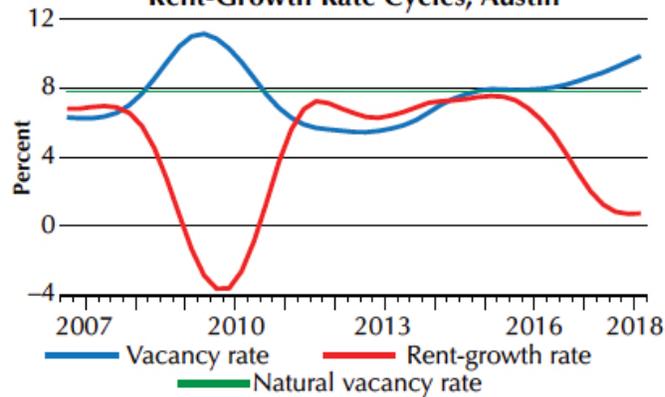
Median Advertised Mpls Rent

3 month rolling average



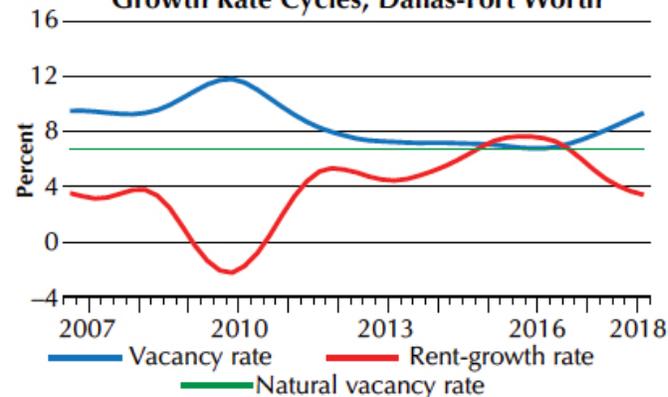
CASE STUDIES IN HOUSING ABUNDANCE

Figure 9. Apartment Vacancy Rate and Rent-Growth Rate Cycles, Austin



Sources: ALN Apartment Data and Real Estate Center at Texas A&M University

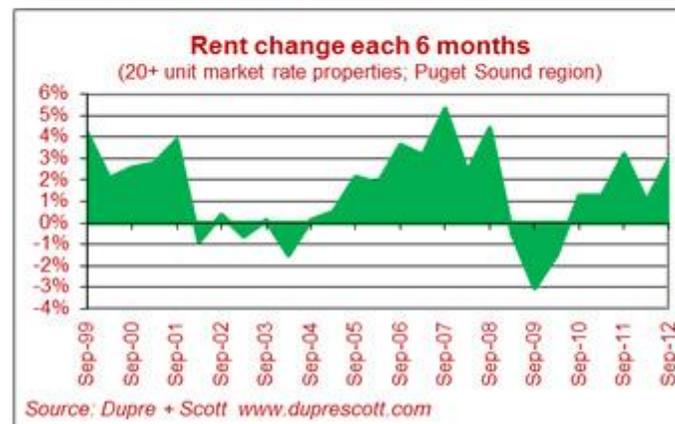
Figure 10. Apartment Vacancy Rate and Rent-Growth Rate Cycles, Dallas-Fort Worth



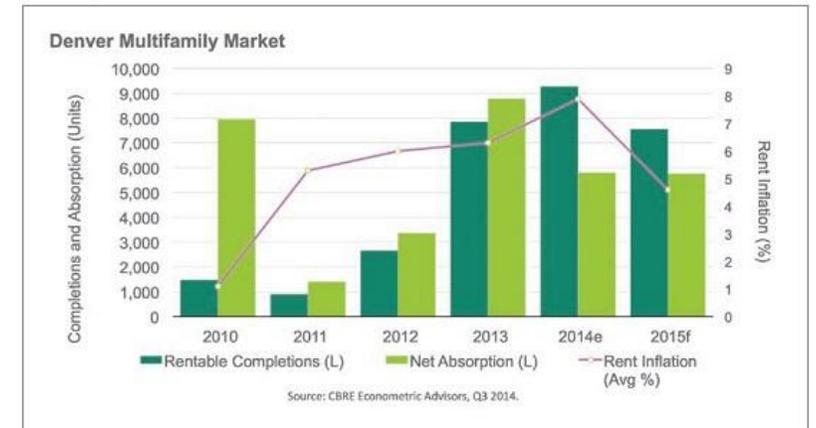
Sources: ALN Apartment Data and Real Estate Center at Texas A&M University



Source: Dupre + Scott www.duprescott.com



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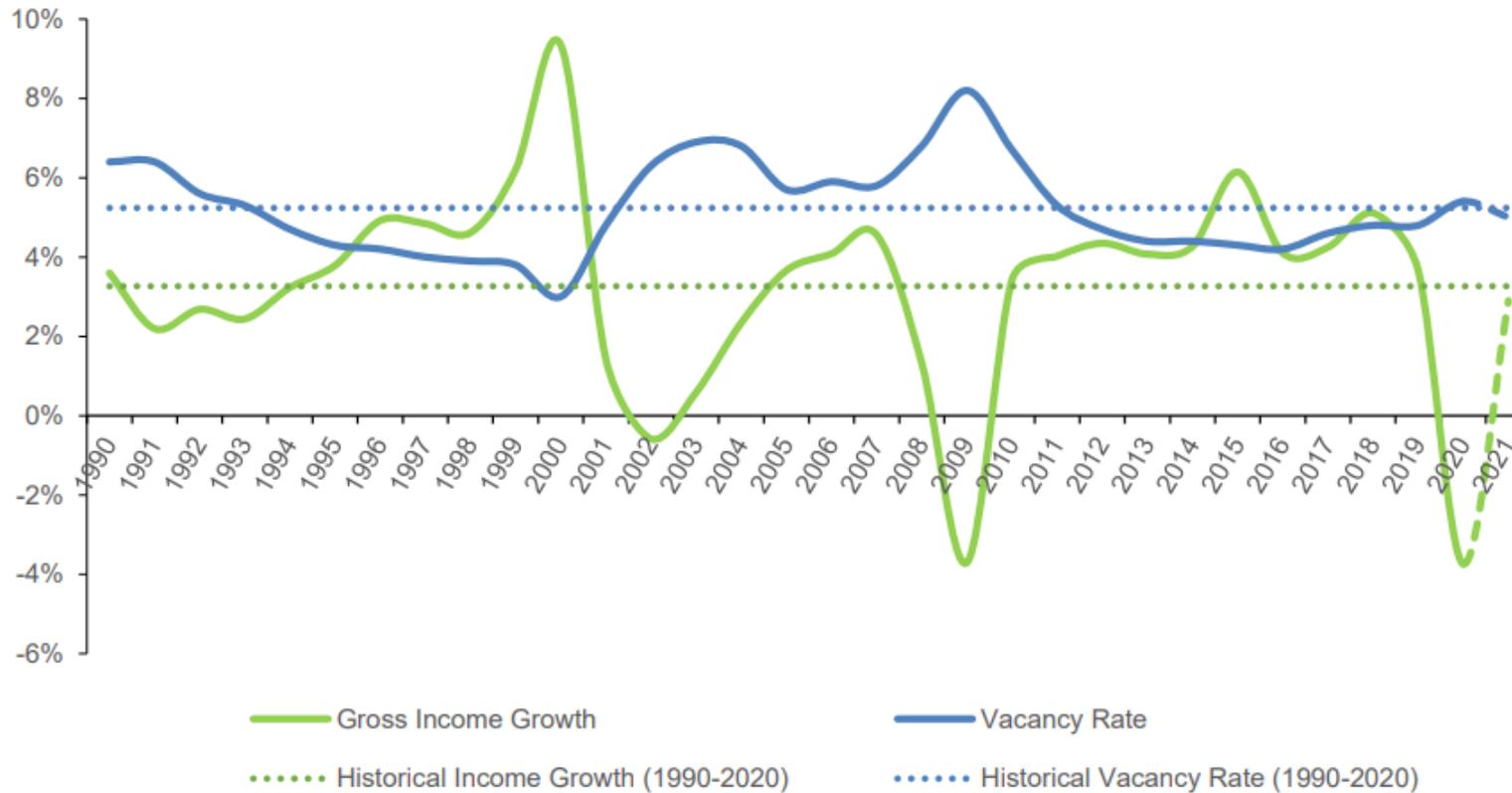
Source: CBRE Econometric Advisors, Q3 2014.



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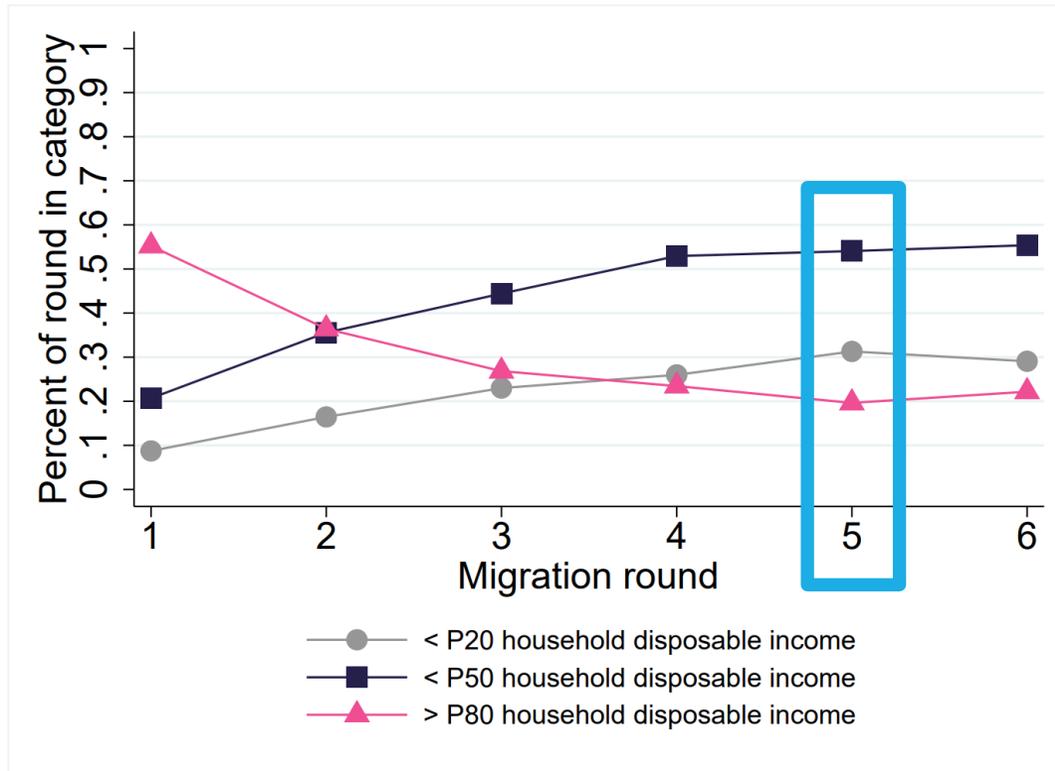
CASE STUDIES IN HOUSING ABUNDANCE

Exhibit 6: Vacancy Rate and Gross Income Growth, History and Forecast

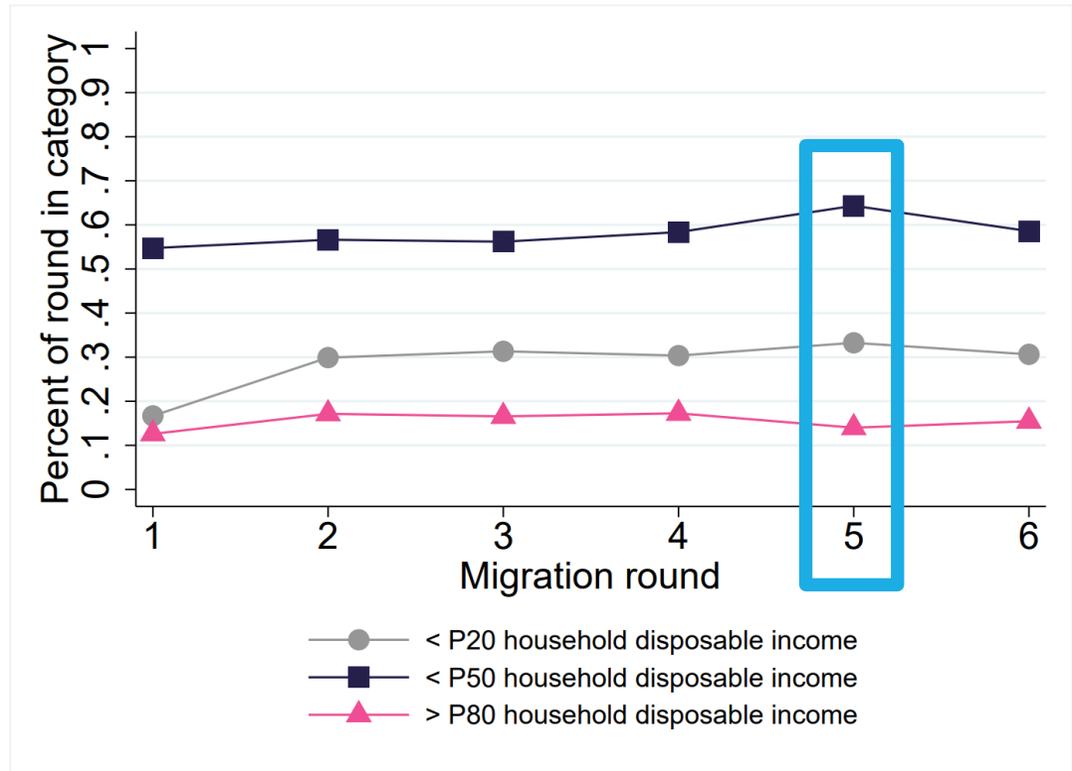


Sources: Reis, Freddie Mac projections for 2021 represented by the dashed lines.

BUILDING NEW HOMES CREATES VACANCIES IN OLDER, MORE AFFORDABLE HOMES — FOR FREE!



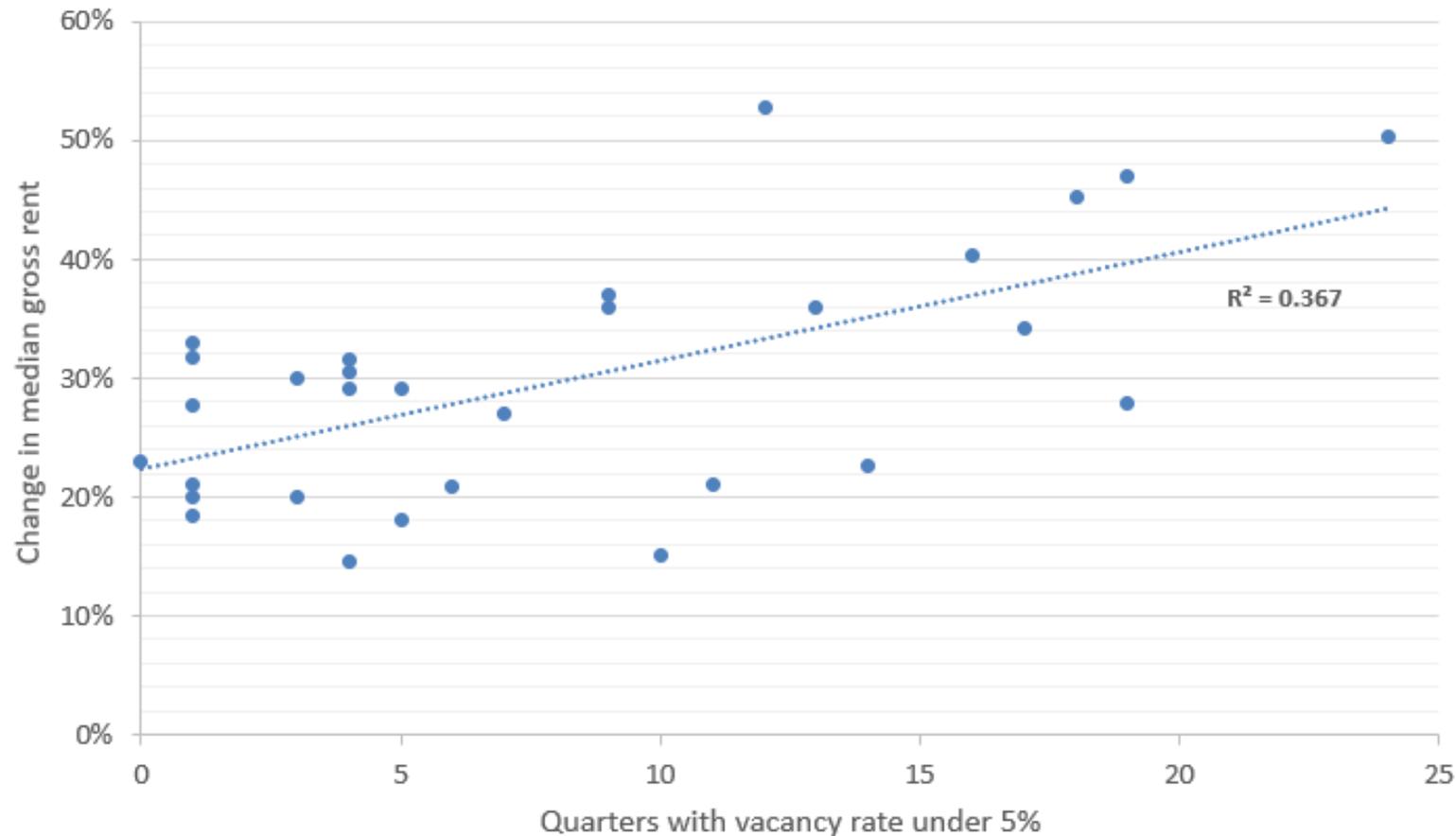
(e) Market-rate, individuals



(f) Social housing, individuals

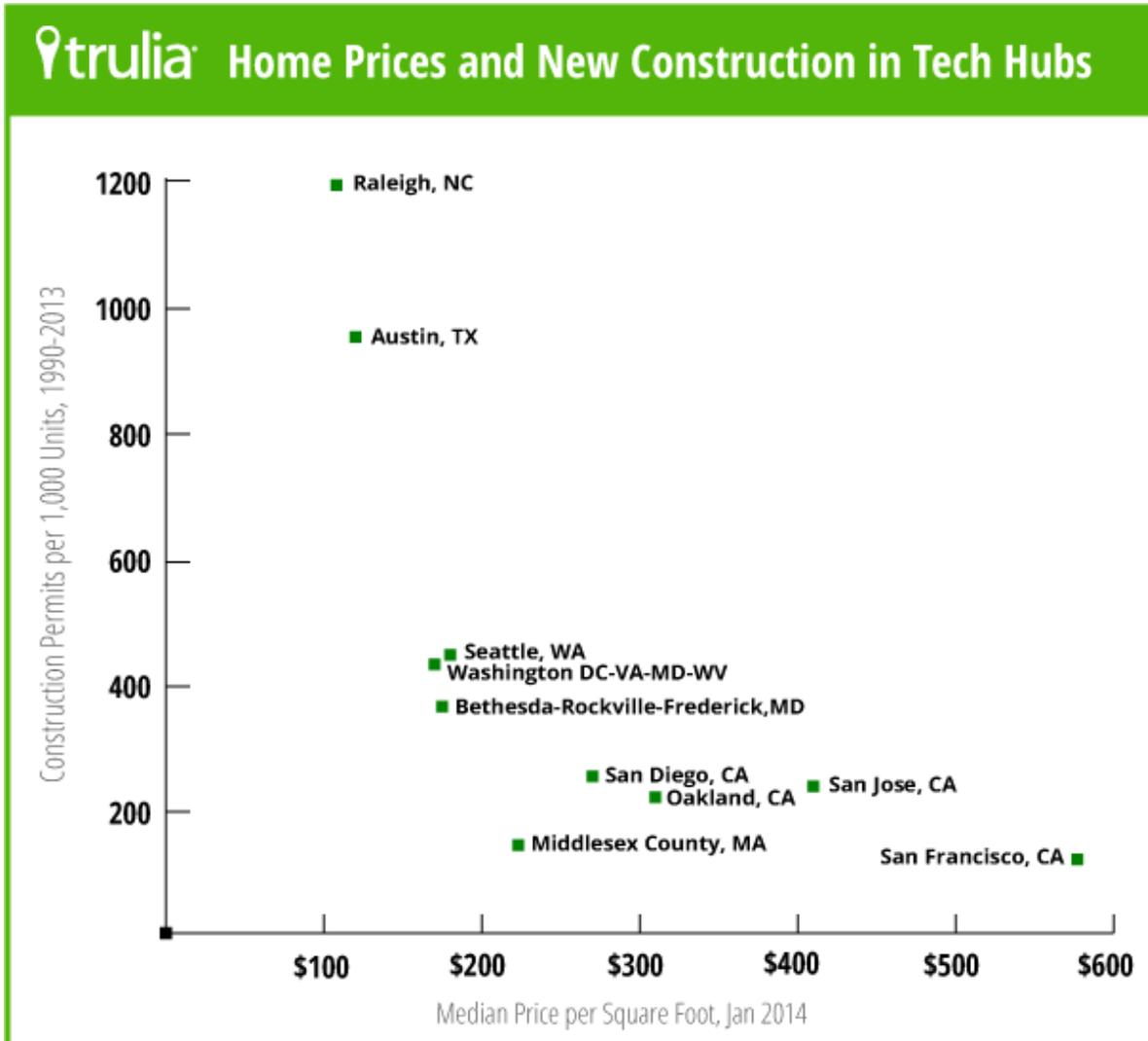
CASE STUDIES IN HOUSING SCARCITY

Change in median rent by number of quarters with rental vacancy rate under 5% for 30 largest metro areas, 2012-2019



- Metro areas with persistently low vacancy rates also tend to see higher rent growth
- Low vacancies are a sure sign that you need more housing

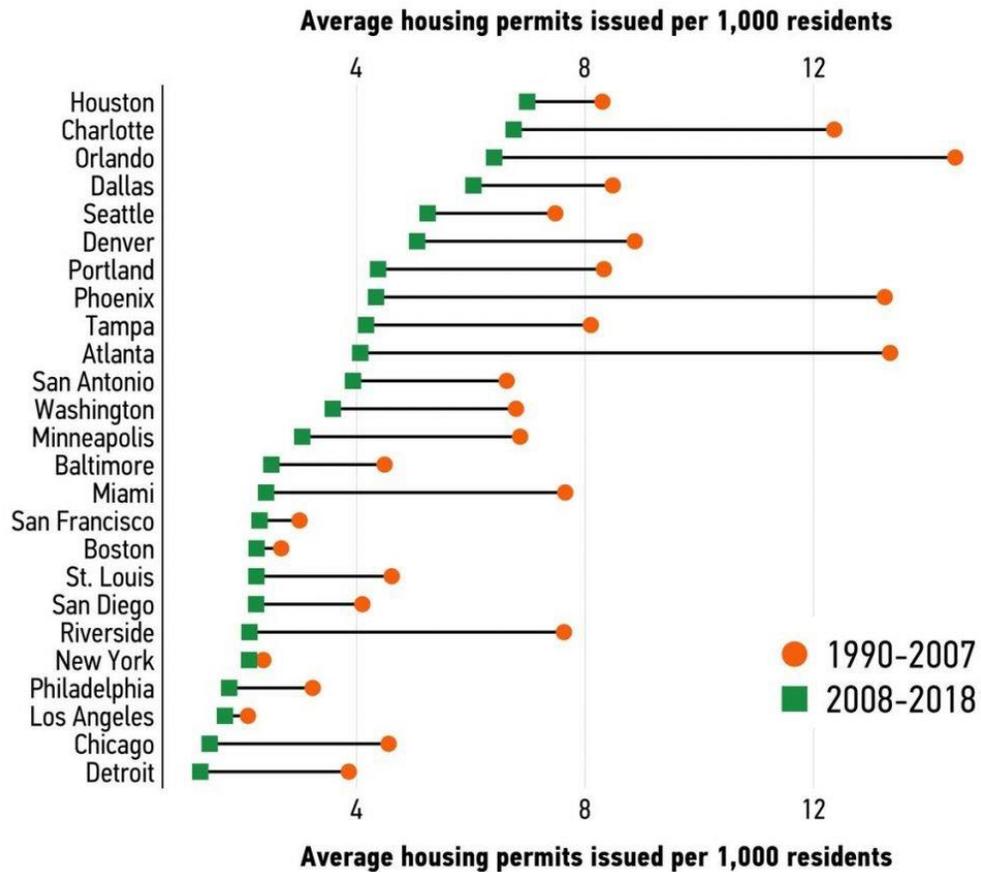
CASE STUDIES IN HOUSING SCARCITY



- Fewer new home permits (per capita) are associated with higher home prices (per square foot)

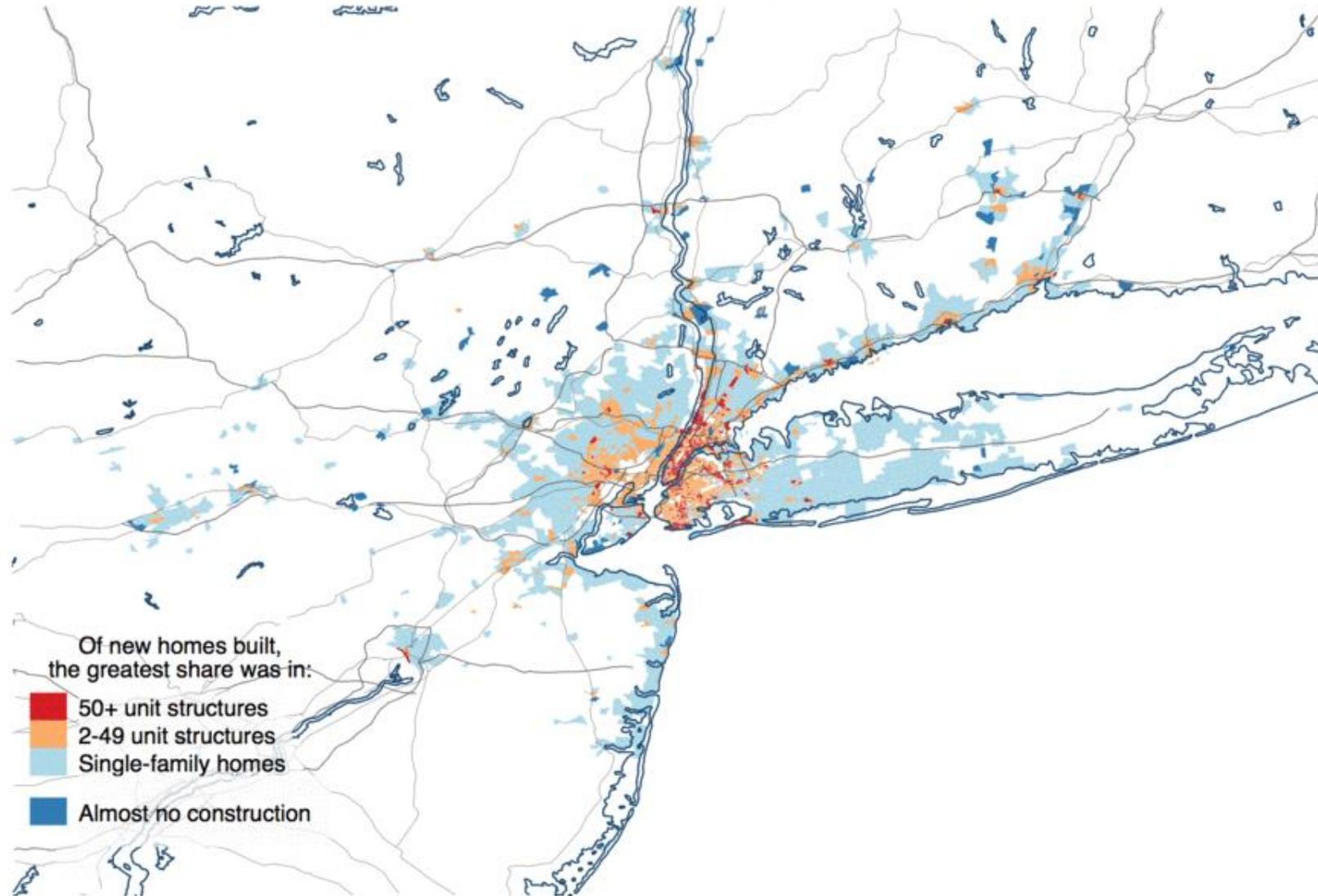
CASE STUDIES IN HOUSING SCARCITY

Every major U.S. metro is building less housing



Dominant Type of New Housing Built 1940-1960

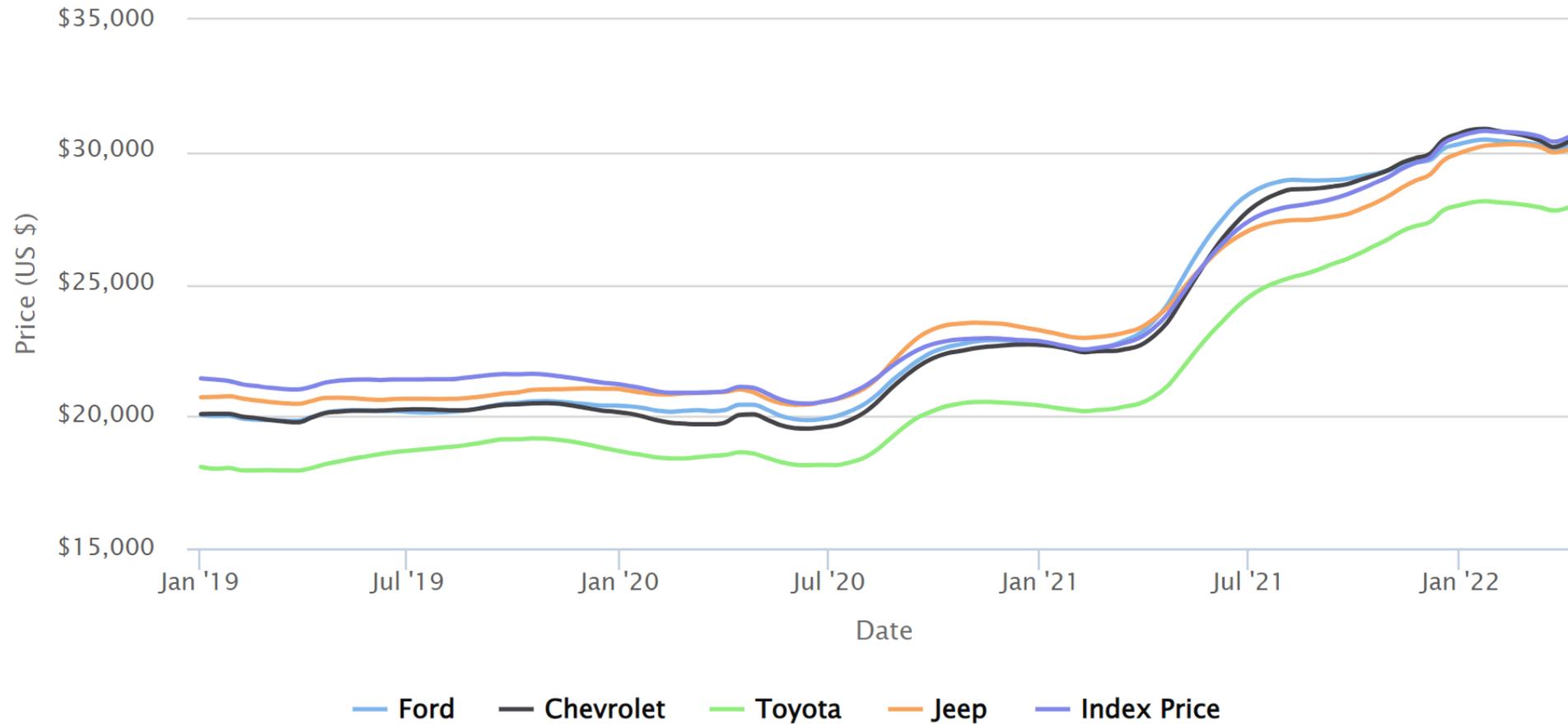
New York-Newark, NY-NJ-CT-PA CSA



Source: BuildZoom; Census (2012-2016 5-year ACS).

Notes: Residentially-developed areas include Census tracts with more than 200 currently existing homes per square mile at the end of the period. An area is defined as having "almost no construction" if its net addition of new homes is less than 0.1 new homes per acre per decade.

LEARNING FROM THE USED CAR MARKET

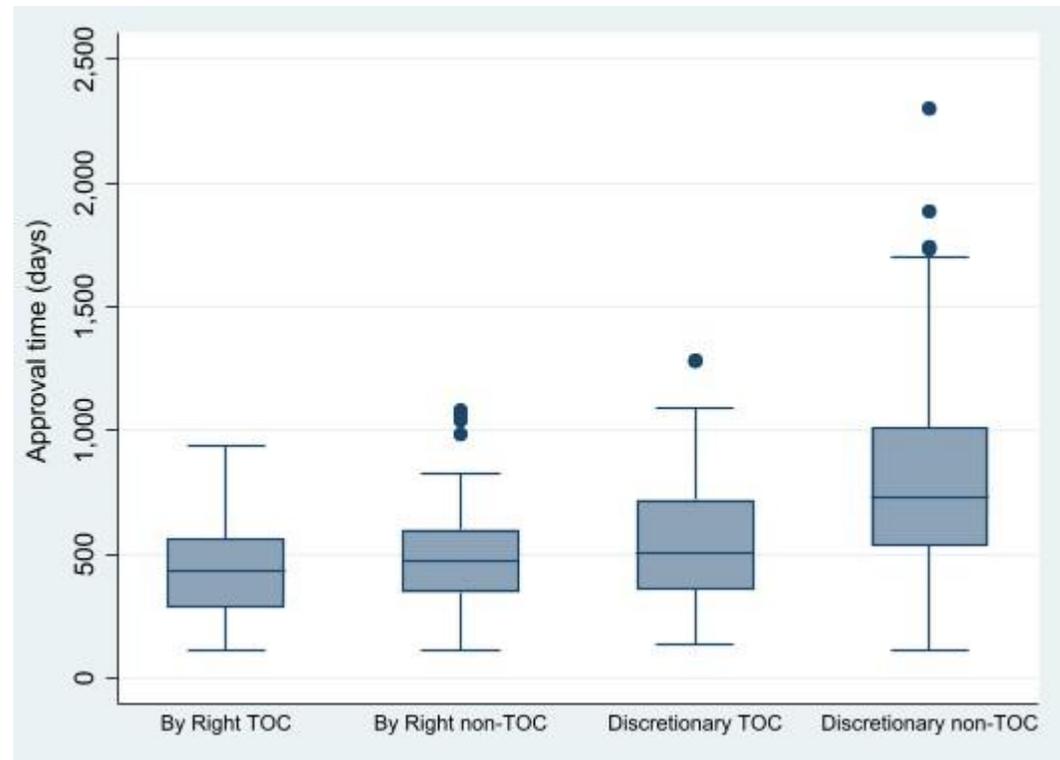


SUPPLY POLICY EXAMPLES

- Build up your commercial corridors and centers, where transit is most effective and residential displacement is least likely
- Zone for increased density across wide swathes of the city
 - Missing middle, mid-rise, high-rise, small lots, micro-units, townhomes, stacked flats
- Make more homebuilding “by-right” — more certainty, lower cost
 - Do quality planning up front, then stick to the plans you’ve made
- Reduce or eliminate parking minimums

IMPACTS OF REFORM: REDUCING DISCRETION

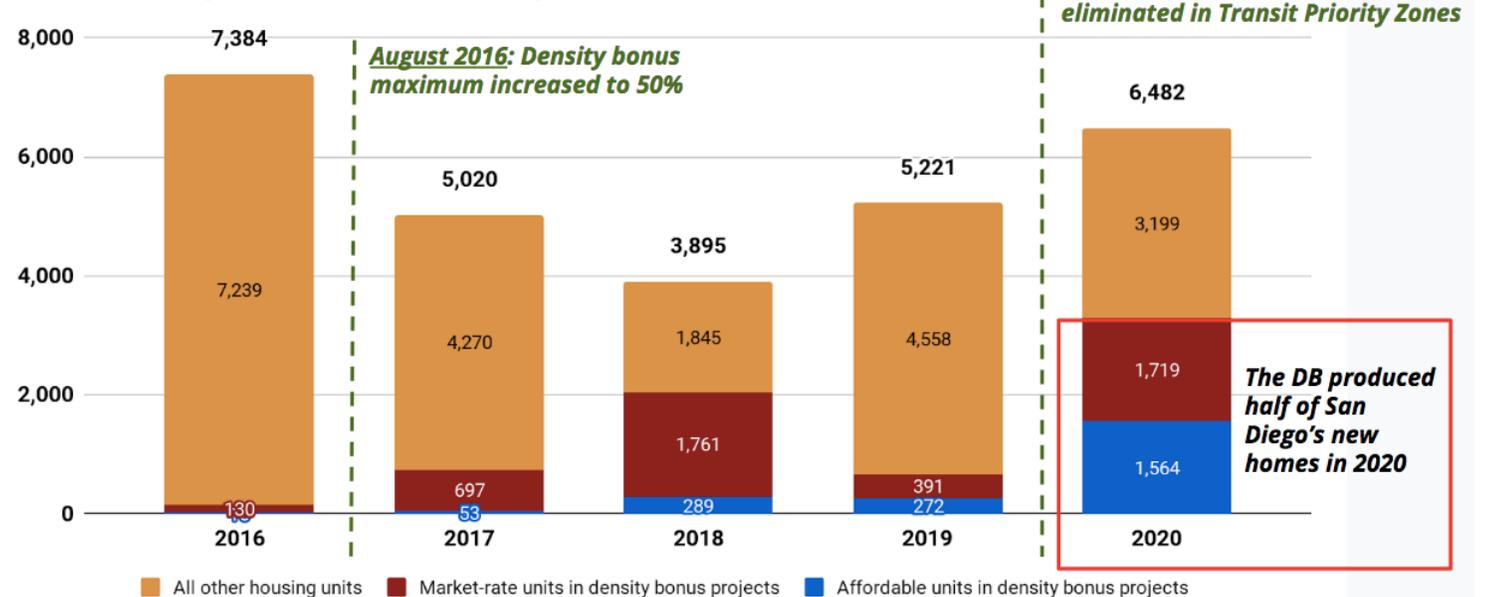
- Los Angeles Transit Oriented Communities (TOC) program
 - Increased density and FAR, reduced parking
 - But also: increased project size threshold for by-right approvals
- Faster approvals, with less variation in approval time
- *Higher* share of units reserved for low-income households



IMPACTS OF REFORM: REDUCING PARKING MANDATES

- San Diego increased its density bonuses (DB) in 2016, then combined this with parking reductions in 2019
- In 2020, use of the density bonus increased dramatically, and production of below-market DB units increased almost six-fold

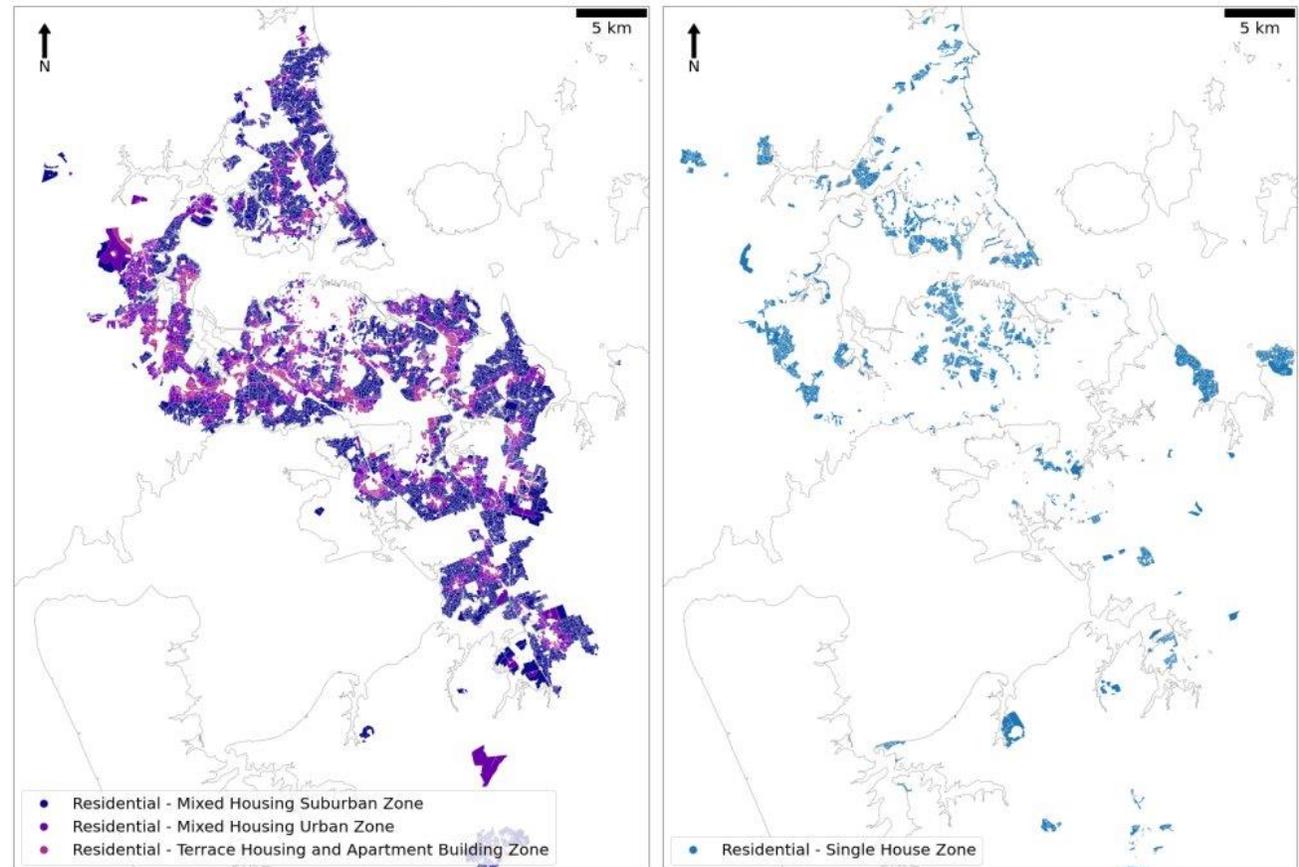
Total Housing Production in San Diego



IMPACTS OF REFORM: BROAD UPZONING

- Auckland reformed its zoning in 2016 after a yearslong process – left image is multifamily zones, right is SFH-only
- Housing production in upzoned areas increased dramatically

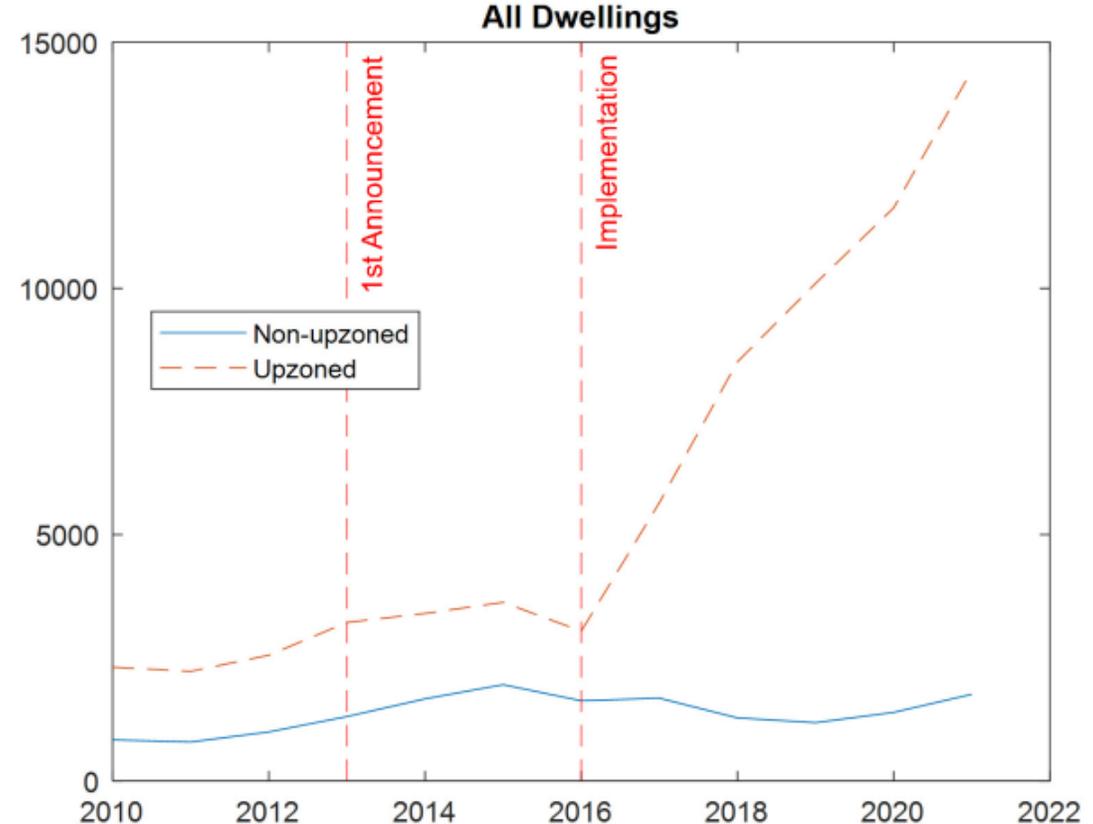
Figure 2: Upzoned areas in Auckland



IMPACTS OF REFORM: BROAD UPZONING

- Auckland reformed its zoning in 2016 after a yearslong process – left image is multifamily zones, right is SFH-only
- Housing production in upzoned areas increased dramatically

Figure 3: Dwelling consents, 2010-2021

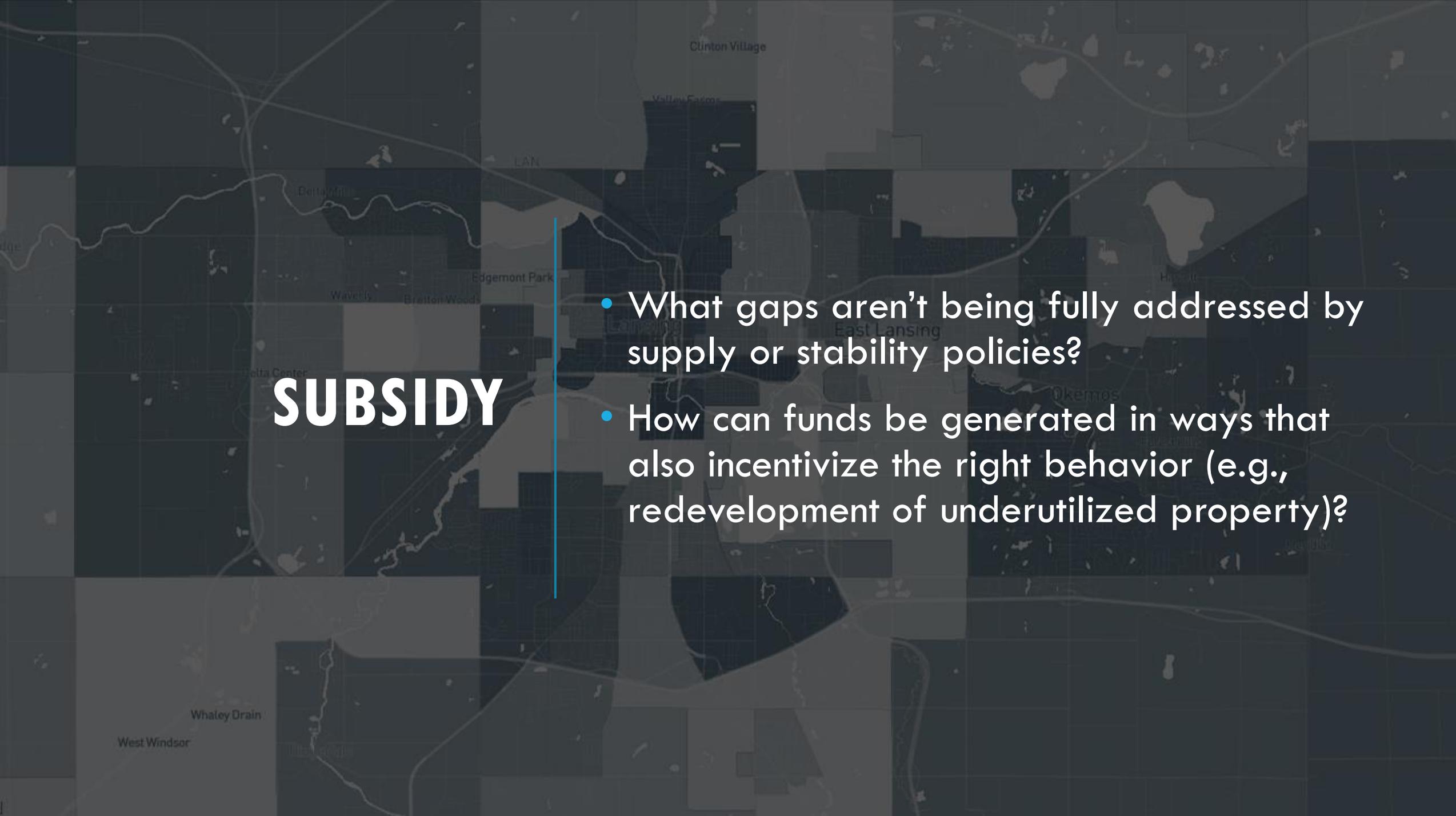


STABILITY

- **What are our moral obligations?**
- What is the minimum level of security and dignity that every person should enjoy in their home, regardless of tenure?

STABILITY POLICY EXAMPLES

- Rent-stabilize older housing
 - It won't make housing more affordable, but it will give tenants more certainty about the future and shield them from rapid changes in the market
 - Must be paired with just cause eviction protections
- Limit “low-yield” redevelopments
 - Replacing four old apartments with five (or three) new apartments is not a win for affordability
- Require negotiated buyouts or “right of return” for displaced households
 - This increases the cost of development, but it can be offset by allowing sufficiently dense replacement projects



SUBSIDY

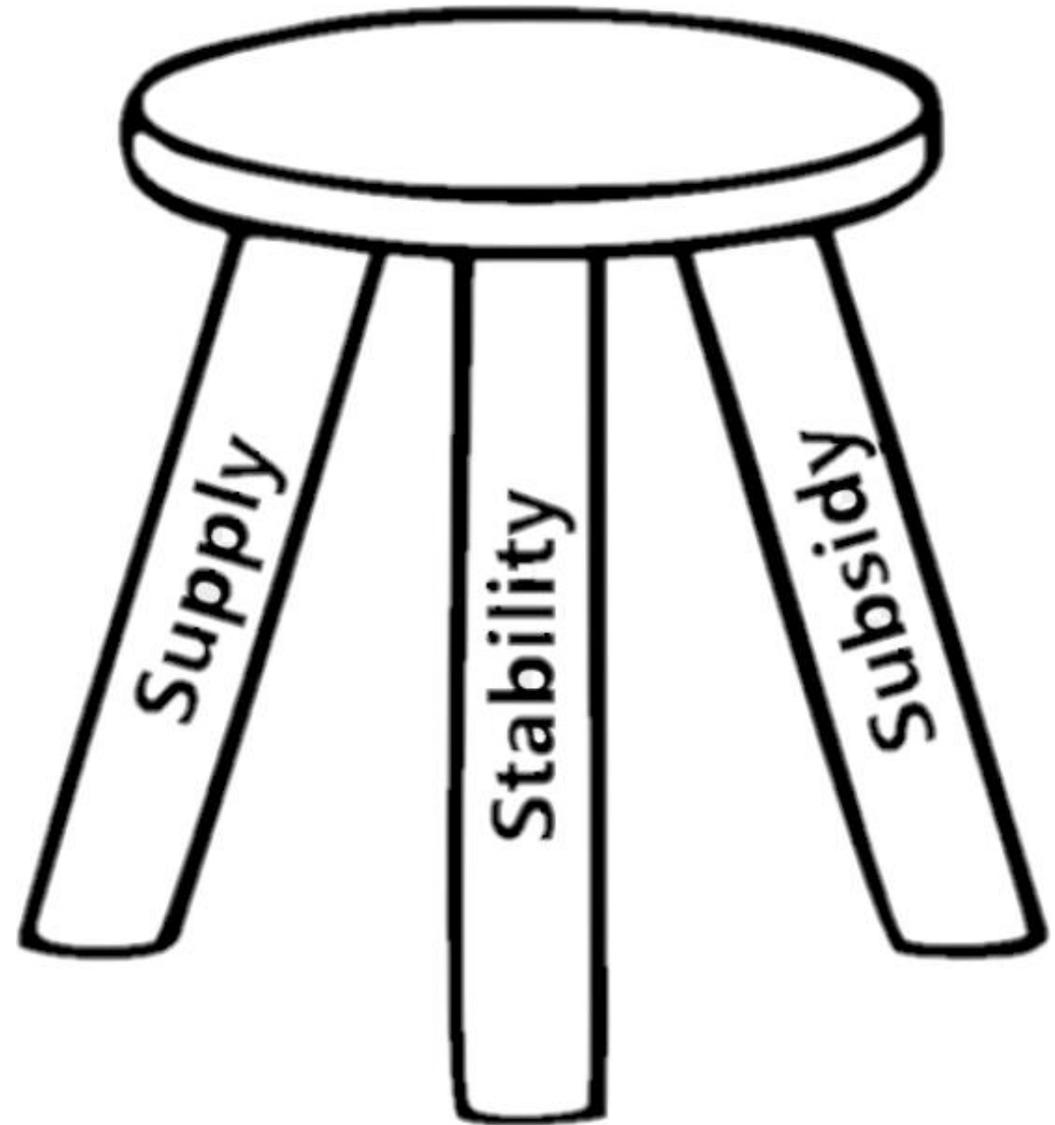
- What gaps aren't being fully addressed by supply or stability policies?
- How can funds be generated in ways that also incentivize the right behavior (e.g., redevelopment of underutilized property)?

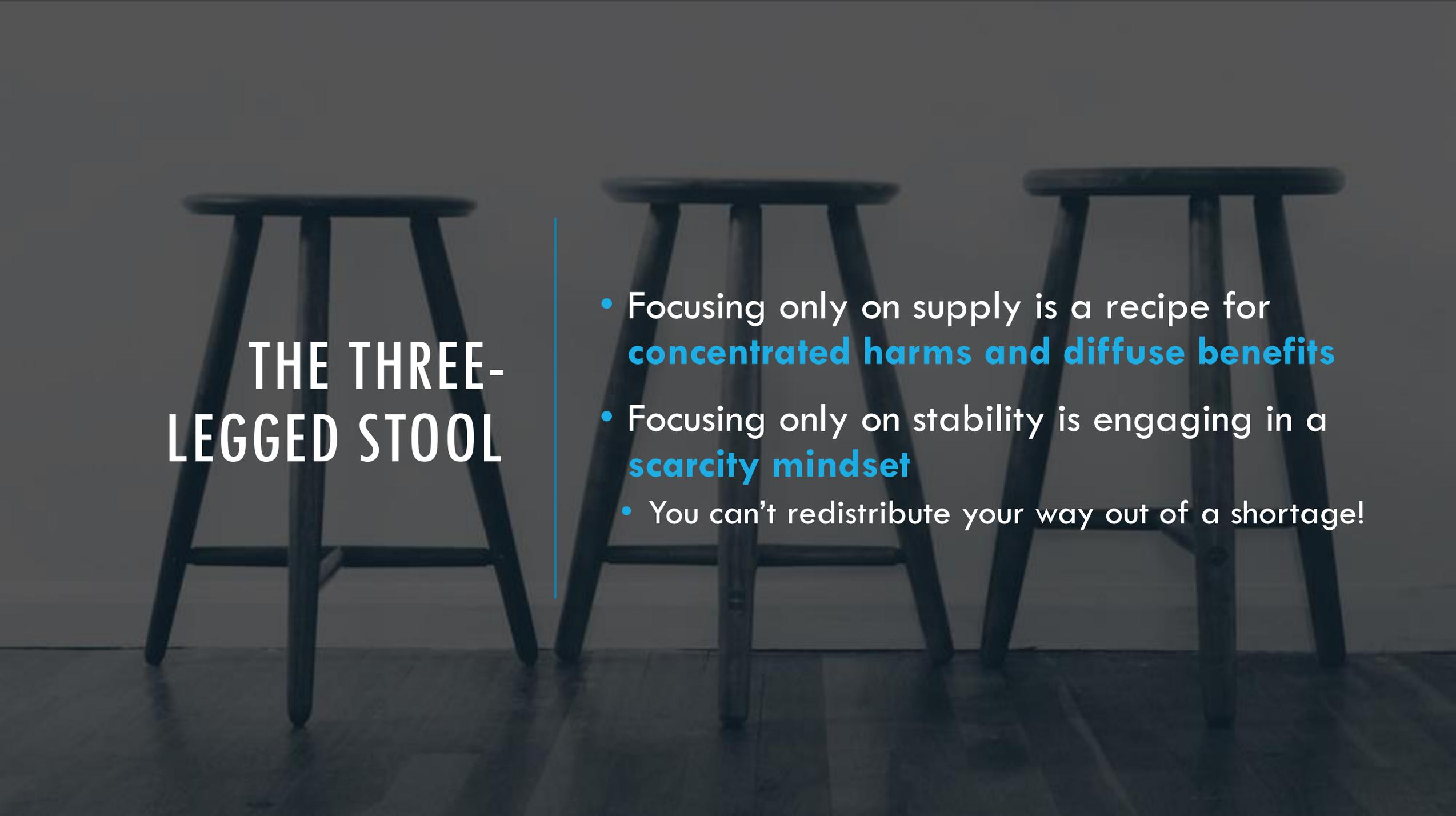
SUBSIDY POLICY EXAMPLES

- Adopt progressive transfer taxes
 - Home value appreciation isn't "creating" wealth, it's transferring it from renters to owners and younger to older generations
 - Capture some of that wealth and direct it back toward the people who need it most
- Tax underutilized property
 - Not just empty units, but empty or underutilized land
- Invest in public land – and acquire it when necessary
 - If private owners won't move on underutilized land, and you need to build more homes, take the initiative

A THREE- LEGGED STOOL

- None of the Three S's stands on their own
- Remove one and the whole thing topples over





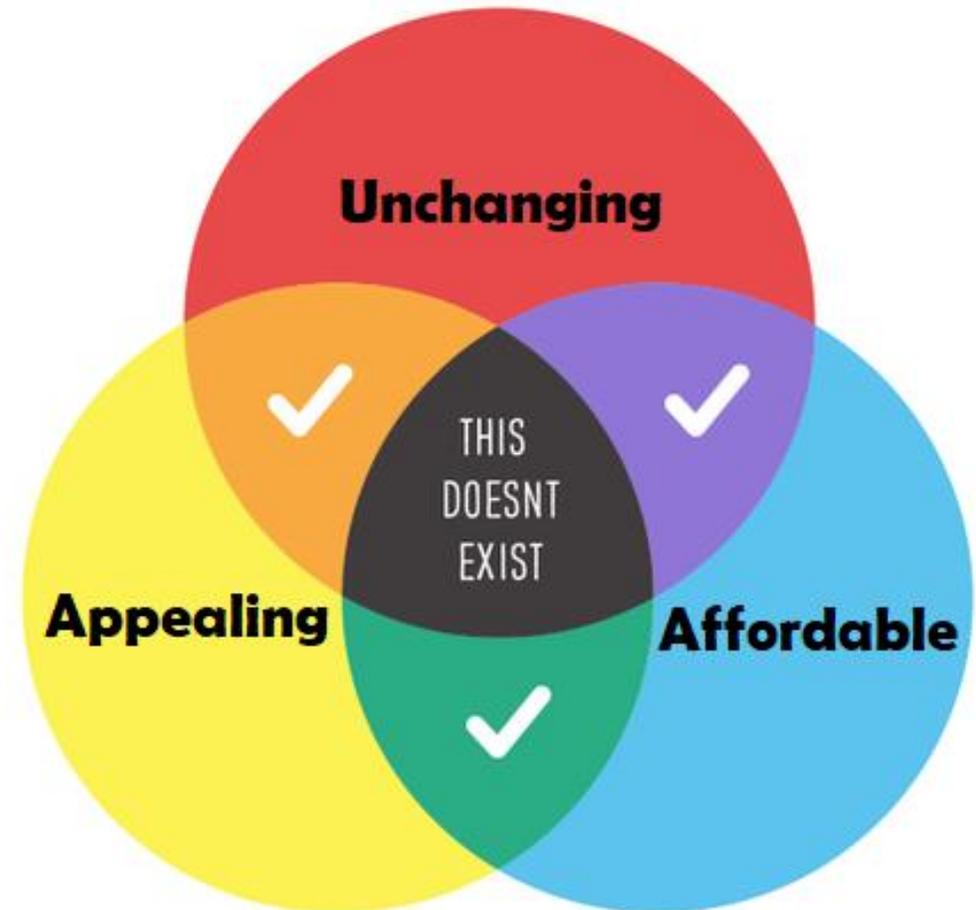
THE THREE- LEGGED STOOL

- Focusing only on supply is a recipe for **concentrated harms and diffuse benefits**
- Focusing only on stability is engaging in a **scarcity mindset**
- You can't redistribute your way out of a shortage!

THERE'S NO SUCH THING AS "NO GROWTH"

Cities and towns generally have three choices:

1. **Growth in housing stock**
2. **Growth in housing prices**
3. **Stagnation and decline**



THANK YOU!

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**UCLA
HOUSING VOICE**