Actualizing Equity 2019 : From Principles to Practice

Why Density Isn't Enough

In neighborhood debates about new housing development, the simplified battle of the yard signs and bumper stickers boils down to NIMBYs and YIMBYs — Not In My Backyard and Yes In My Backyard. At that surface level, the dividing line is often density, with NIMBYs opposing increased traffic and building heights while YIMBYs preach the benefits of more concentrated housing supply. But that conversation often overlooks the deeper issues related to the role of the private market and the public good. At our **April 2019 Actualizing Equity event**, we explored the relationship of density to affordability and points of leverage to advance equity over purely private market solutions in housing development and land use decisions in our region.

Market Myths *versus* Research Reality

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Myth: Housing is a market commodity like any other good.

Housing is a unique good. It has use value: people living in it. And it has exchange value: people can buy and sell it, and its value can increase over time, which is uncommon. Because it's unique, we can't treat it like other generic goods — and **the rules of Econ 101, which we so often defer to, simply don't apply**.

Myth: New housing supply at any rent level impacts the entire housing market.

There is no single housing market. Instead, urban areas have interrelated submarkets[1] that operate somewhat independently. Prices and rent are dictated by **supply within, not across**, those submarkets so it's possible to see rents falling in one submarket and rising in another. When the supply of luxury apartments increased in Portland, for instance, overall rent went down by 3.1% in the city. But, when disaggregated by submarket, researchers found that rent declined 2.4% in buildings where rent was more than $2,000 but **rent increased 2.3% in buildings with rents below $1,000**[2].

Myth: Boosting allowable density will yield new production.

Upzoning isn't a silver bullet. Research from Chicago[3] found that, when specific parcels of land were upzoned — making it possible to build more buildings with more units — the impact was minimal. Five years later, the land value had jumped, but there was no increase in the number of construction permits — and **no increase in supply or affordability.**

Myth: Market rate production reduces pressure for low-income families.

Market rate production displaces lower-income families in the near-term. Research in California[4] showed that new market rate construction alleviates displacement pressure at the regional level in the long term, but is associated with **higher cost burden for low income households and increased displacement pressures at the local scale in the short term.**

It's not **what** we build or **how much** we build **it's WHO we build for!**

Where do we have leverage

to ensure affordability, not just density, in housing development?

Public subsidy

In organizing with the **Suburban Hennepin Housing Coalition**, Aaron Berc of Jewish Community Action has worked to advance equitable, affordable housing production in cities across the region. "The suburbs can do a lot more to ensure they're developing communities in ways that promote growth *and* make it affordable to families, low-income people, and communities of color," he says.

One way is making sure that cities that provide any type of subsidy get some sort of return on that public benefit. After all, he says, "is our goal here to make extra revenue for the city or make sure it stays affordable for families and community members and the most marginalized in our communities?"

Examples of public subsidy include:

- Selling or leasing publicly owned land
- Zoning changes and variances
- Tax increment financing
- Permits
- Land swaps
- Infrastructure development

Community organizing

At the **West Side Community Organization,** leaders have been working with residents for several years to create a tangible tool that holds developers accountable to the community's housing production priorities.

"In 2016, we began to adapt the **Equitable Development Principles & Scorecard** to our neighborhood so, when any sort of private or public investment comes, it centers the question who benefits?" says Monica Bravo, WSCO's Executive Director. "We all need to be asking that question."

So, when one of the largest housing developers in the nation bought land on the West Side and the city proclaimed it had no leverage to insist on affordable units in the private development, WSCO mobilized. "By organizing, we were able to get contract language that requires affordable housing in this development," Bravo says, "and requires that they revisit with us every couple months along the stages of development."

Watch a video about WSCO's scorecard at thealliancetc.org/equitable-development-scorecard

Putting intention into practice

When the city of Portland sold 34 acres in the Pearl District — a highly desirable area near the river with access to transit and proximity to downtown — they mandated the developer make 35 percent of the housing units built on that land affordable. The agreement included a stipulation: if that goal was not met in 15 years, the city would acquire the land from the developer at below-market price. While the developer did create more than 2,000 units of affordable housing, they only reached 28 percent so the city took back some of the developer's vacant land at 13 percent below market rate to build affordable housing[5].

Lesson: When there is leverage, use it.

REFERENCES: **1** Rothenberg, J. (1991). The Maze of Urban Housing Markets: Theory, evidence, and policy. Chicago: University of Chicago Press. **2** Monahan, R. (2018, August 15). Portland Developers Are Offering Renters Amazon Gift Cards to Move Into Their Luxury Apartments. Willamette Week, Retrieved from http://www.wweek.com **3** Freemark, Y. (2019). Upzoning Chicago: Impacts of a Zoning Reform on Property Values and Housing Construction. Urban Affairs Review. **4** Zuk, M., & Chapple, K. (May 2016). Housing Production, Filtering and Displacement: Untangling the Relationships. Retrieved from: https://www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf **5** https://www.portlandoregon.gov/phb/article/526517