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Density makes cities more affordable

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In the middle of [this piece on the transfer of development rights](#) (a useful approach, in which a developer pays farmers not to develop their farms into subdivisions, and is given a height bonus in return by local government, allowing him or her to build a taller building), there sits this strange quote:

“Of course, TDR is not without its critics. Many green-minded people will celebrate density until it arrives in the form of a high-rise condo next door. But this hesitation is about more than just NIMBYism: Anna Nissen, a design professional in Seattle who takes a critical eye to TDR, points out that upscale development — like Olive 8, for example — drives up property values and hastens gentrification. ‘The poor, the working class, and their employment have been bounced out of central cities that unaccountably are making matters worse by designating dizzying amounts of increased density,’ she writes in an email. ‘TDR rides aimlessly on top of all that.’”

Strange, that is, because it’s so full of cliched non-arguments, one wonders what prompted the writer to include it in an otherwise solid piece.

First there is the conflation of two separate things: density and property values. Density does not drive up property values: property values rise when there are more people who want to live in a set location than there are homes to buy. New density may make a place more desirable to live in, in which case more people may want to live there, and if demand rises more quickly than supply, home prices rise too. We know that it’s possible to create density which drives down property values (think about the awful public housing towers of the 1960s), by making a place somewhere fewer people want to live. We have a term for this well-proven process: supply and demand.

Second, there is the unchallenged hyperbole: “dizzying amounts of increased density” as if we ought to reel in vertigo at the mere thought of condo towers.

Third, we have the real problem with this quote: the claim to serve “the poor, the working class” and “their employment” who are being “bounced out of central cities.” It is true that in successful cities across North America, we’re seeing pretty rapid increases in the value of land and homes. It is also true that this means lower-income people, through no fault of their own, being forced to look to surrounding suburbs for housing, and that living in the suburbs places severe economic strain on them, due to the costs of auto-dependence. I, personally, think this is a major urban crisis.

What is categorically not true, however, is that cities’ development policies are “making matters worse” by adding density. This is a standard trope among anti-urbanists everywhere, and it’s at best a misunderstanding of reality.

Again, we have to go back to supply and demand. As long as there is more demand than supply, prices rise. There is no way around that fundamental fact of capitalism. That means, if we wish to moderate housing prices to limit displacement of lower-income citizens, we have two options: reduce demand, or increase supply.

Demand reduction, in thriving cities within nations whose populations are freely mobile, is possible only by destroying the things people love about the city. You can’t prevent people from moving to your city; you can’t stop people who live there from having kids: if your city is great, more people are going to try to live there. In many cities now, more people want to live there than there are places to live within city borders, and this problem is only going to grow as the forces driving resurgent urbanism (from climate to energy to cultural preferences for walkable neighborhoods) gain momentum.

That leaves us with supply. And this drives NIMBYs up the wall, because the simple truth is that if you want home prices to drop, or even just level off, the *only* way to do this is to build more housing. Every known policy aimed at limiting housing costs — from rent control to tenants’ rights to development moratoria — has failed to stop the rise in housing costs. Some of these policies have other merits for the specific tenants involved (I for one think tenants’ rights ought to be strengthened in most cities), but none can do anything about the central dynamic, which is that in a city with extreme housing pressures, almost every sale of a property drives out a lower-income family and replaces them with a higher income family: and, if that city has limited new housing supply, the lower-income family’s only option is to move out of the city to where housing is cheaper. Desirable cities in growing regions either add housing rapidly or become unaffordable to most and social inequitable. It’s that simple. Limiting housing supply is what drives out the poor.

If you want to see the extreme case of what happens when no new housing is built, and cities try to rely solely on housing laws, look at San Francisco. Their latest affordability survey found that for 25% of San Francisco homes to be affordable to those making 80% median (about \$60K), the city must build 100,000 new homes. Last year? The whole city built roughly 200. The median price for a three-bedroom (i.e. family) home is now \$870,000.

And this points to the hard truth here: we need to build, and build a lot. The amount of housing we need to build to address this challenge though, is often an order or orders of magnitude more than most cities have been building in recent years. To keep many cities affordable, we need policies that result in thousands, sometimes even tens of thousands, of homes built each year. This is basic economics.

There should be caveats about how we build, sure: such homes should be well-built, in buildings that participate in making better places, set in a context of walkable urbanism. Some developments suck — we should avoid building them. Some places would be difficult to improve with new building — we should avoid building in them. But every North American city has a myriad of broken places — half-abandoned commercial streets, strip-mall arterials, neighborhoods with lots of vacant lots and surface parking, and so on — and done right, lots of new housing can fix those places, and make city much better in the process. Density, used correctly, is not just how we add to our supply of housing, it’s a valuable place-making resource.

But to make use of density, we’ve got to let people build. And that demands that we move past bogus arguments against density and begin to wrestle with the realities of urban life in the here and now. It would help if journalists covering cities held anti-density statements up to the scrutiny they deserve, and didn’t just treat them as “the other side” of the story... which, after all, is sort of like quoting climate denialists to give a climate story “balance.”