

# Why the Housing Crisis is a Problem for Everyone — Even Wealthy Homeowners

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“Why is it considered a right to be able to afford to live in Arlington?”

That’s what a listener named George emailed to WAMU’s *Kojo Nnamdi Show* during a recent segment on Amazon and high home prices in Northern Virginia.

In a recent *Washington Post* article about D.C. Mayor Muriel Bowser’s goal to produce more affordable housing in the city, Chevy Chase homeowner named Santiago was quoted saying, “I would love to live in Beverly Hills, but I haven’t earned enough money to do so. I’m not asking anyone to give me a voucher or a way in.”

Both comments reflect an idea that’s gained traction as Washington’s housing shortage has left many people priced out: If you can’t afford to live here, that’s your problem.

Economists, housing policy experts and local officials disagree. They say high housing costs don’t only affect those who can’t afford them — they also impact employers, local governments, your neighborhood coffee shop and even well-to-do homeowners in Chevy Chase.

Here are a few reasons why:

## High Housing Costs Worsen Traffic

Traffic is often cited as a reason *not* to build housing. Add more residents to an area, the logic goes, and you put more cars on the road. But there’s evidence that not building housing can make traffic worse.

When people can’t afford to live near jobs, they move somewhere cheaper and drive to work.

Think about the low-income workers who will be cleaning the future Amazon offices in Arlington, says Jenny Schuetz, a fellow in the Metropolitan Policy Program at the Brookings Institution. “If they have to live out on the edge of Prince William [County] and Spotsylvania and commute every day, everybody between where they live and where they work is going to have more traffic congestion and worse environmental impact,” Schuetz says.

Housing affordability is “not just about your ability to afford housing versus someone else’s,” says Arlington County Board Member Christian Dorsey. “It’s how this all impacts the functioning of a community.”

And when low-income people are pushed out of job centers, traffic can still worsen within that job center. That’s because high-income people drive a lot, even when they live near transit. A 2017 analysis by Portland’s public transit authority found that a drop in ridership stemmed from displacement of low-income workers from the Oregon city.

“These low-income residents used transit for a diverse array of trips before moving to areas with lower quality transit,” the report said, “while the high-income earners taking their place use transit less frequently even though they live in some of the region’s most transit-rich neighborhoods.”

That’s why a 2018 report by the Housing Leadership Council of San Mateo and “smart growth” organization TransForm urged officials in the Bay Area to view housing production as a partial solution to the region’s intensifying traffic congestion.

“Reducing travel demand requires looking at what is causing the traffic,” the report said. “One of the most important factors is the scarcity of homes local workers can afford, that are close to jobs and high-quality public transit.”

## **Employers Need Workers At All Wage Levels**

High housing costs are a major problem for employers — from the federal government to your local hardware store.

Both the public and private sectors rely on low-wage work. Fortune 500 companies and federal agencies employ low-paid contract workers like security guards and maintenance teams. Retailers need cashiers and restaurants need servers. The fast-growing hospitality industry depends on line cooks, room cleaners and bellhops.

And wealthy homeowners in places like Chevy Chase? They're affected by housing affordability when their gardeners, nannies and maids can't afford to live anywhere nearby.

Few like to admit that low-wage work is a fundamental part of the local economy, but that's the reality, says Montgomery County Council Member Nancy Navarro (D-District 4).

"We've got to take care of the continuum of income levels," Navarro says. "We can't ignore the notion that yes, we have folks working in restaurants."

The Washington region's affordability problem has already begun to affect hiring, says Bob Buchanan, a real-estate developer who co-founded economic development association The 2030 Group.

"A number of employers are having a very hard time filling jobs," Buchanan says. "We have a lot of jobs that are unfilled because either people are moving away from the area because of high costs, or they're leery of moving into the area, knowing that we have pricing issues."

The geographic divide between jobs and workers is what economists call "spatial mismatch," and it can significantly affect economic growth. Basically, if people don't have access to jobs, growth slows down. A 2019 report published in *American Economic Journal: Macroeconomics* showed that constraints on housing — such as zoning codes that limit apartment construction — lowered U.S. economic growth by 36% between 1964 and 2009.

"Spatial mismatch" is affecting middle class workers, too — including government employees. A 2019 report showed almost half of Montgomery County's government workforce lives outside the county, where median home sales prices reached a record \$465,000 in November.

## **Cost-burdened People Buy Less Stuff**

Consumer spending accounts for about two-thirds of economic activity in the U.S. That's another reason a lack of affordable housing can hurt local businesses and the regional economy, says Christian Dorsey, a member of the Arlington County Board. Dorsey is board vice chair of the Metropolitan Washington Council of Governments, which recently called on local jurisdictions to build more affordable homes near jobs and transit.

"Housing for many people is the most significant portion of their income," Dorsey says, "so the more that is devoted to housing naturally means the less that can be devoted to other things."

Increasing housing supply — and keeping housing prices in check — "could result in greater consumption of other goods and services that stimulate growth and employment gains in other sectors, which could have a multiplier effect," according to the Urban Institute.

There are ethical arguments for building housing, too, Dorsey says. But winning public support for it can require a different approach.

"You have to clearly show what's in it for every individual involved," the Arlington leader says. "We have to get people to understand that this is not just about your ability to afford housing versus someone else's. It's how this all impacts the functioning of a community."