

The Californians Are Coming. So Is Their Housing Crisis.

Is it possible to import growth without also importing housing problems? “I can’t point to a city that has done it right.”

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Statistically speaking, Idaho is one of America’s greatest economic success stories. The state has low unemployment and high-income growth. It has expanded education spending while managing to shore up budget reserves. Brad Little, the state’s Republican governor, has attributed this run of prosperity to the mix of low taxes and minimal regulation that conservatives call “the business climate.”

But there is another factor at play: Californians, fleeing high home prices, are moving to Idaho in droves. For the past several years, Idaho has been one of the fastest-growing states, with the largest share of new residents coming from California. This fact can be illustrated with census data, moving vans — or resentment.

Home prices rose 20 percent in 2020, according to Zillow, and in Boise, “Go Back to California” graffiti has been sprayed along the highways. The last election cycle was a referendum on growth and housing, and included a fringe mayoral candidate who campaigned on a promise to keep Californians out. The dichotomy between growth and its discontents has fused the city’s politics and collective consciousness with a question that city leaders around the country were asking even before the pandemic and remote work trends accelerated relocation: Is it possible to import California’s growth without also importing its housing problems?

“I can’t point to a city that has done it right,” said Lauren McLean, Boise’s Democratic mayor.

That’s because as bad as California’s affordable housing problem is, it isn’t really a California problem. It is a national one. From rising homelessness to anti-development sentiment to frustration among middle-class workers who’ve been locked out of the housing market, the same set of housing issues has bubbled up in cities across the country. They’ve already visited Boise, Nashville, Denver and Austin, Texas, and many other high-growth cities. And they will become even more widespread as remote workers move around.

Housing costs are relative, of course, so anyone leaving Los Angeles or San Francisco will find almost any other city to have a bountiful selection of homes that seem unbelievably large and cheap. But for those tethered to the local economy, the influx of wealthier outsiders pushes housing costs further out of reach.

According to a recent study by Redfin, the national real estate brokerage, the budget for out-of-town home buyers moving to Boise is 50 percent higher than locals’ — \$738,000 versus \$494,000. In Nashville, out-of-towners also have a budget that is 50 percent higher than locals. In Austin it’s 32 percent, Denver 26 percent and Phoenix 23 percent.

Frustrating as this is for prospective home buyers, the real pain is felt among low-income tenants, a quarter of whom — about 11 million U.S. households — are already spending more than half their pretax income on rent. As rising costs filter through the market and the rent burden gets

more severe, food budgets get squeezed, families double up and the most vulnerable end up on the streets.

In city after city, studies have shown that homelessness has a distinct financial tipping point. As soon as the local rent burden reaches the point where renters on average spend more than a third of their income on housing, the number of people on the streets starts to rise sharply, according to researchers at Zillow and elsewhere.

Cities are built around jobs, and the nation's inequality reflects that. In a trend that has been exhaustively documented by economists and journalists, over the past four decades the U.S. economy has bifurcated into high-paying jobs in fields like tech and finance and low-paying jobs in retail and personal services. It could be described as two separate societies, but in U.S. metropolitan areas these societies are intertwined.

This is as true in Boise as it is in San Francisco. Some work has to be done in person. No matter how high housing costs get, there is not, as of yet, a way to telecommute to a cleaning job. So unless the hordes of expatriate Californians flocking to cheaper cities expect their children to be in remote school forever, to never again eat at a restaurant, to always tidy their own homes — and unless companies leaving California expect to do without the services of janitors and security guards — the underlying problem will persist in every next city that has the misfortune of becoming desirable.

Scholars started documenting California's affordable housing crisis in the mid-1970s, and since then liberal and conservative economists have identified stringent zoning regulations and not-in-my-backyard (NIMBY) politics as leading causes of the nation's housing problem. Both Republican and Democratic administrations have taken up the NIMBY issue. Jack Kemp, the secretary of housing and urban development for the first President George Bush, convened a housing advisory commission whose 1991 report was called "Not in My Back Yard: Removing Barriers to Affordable Housing."

President Barack Obama spoke against "rules that stand in the way of building new housing" in a speech in 2016, and President Donald J. Trump, echoing Mr. Bush, signed an executive order in 2019 establishing a White House council on affordable housing. (Mr. Trump reversed course a year later, ending an Obama-era program intended to combat racial segregation in the suburbs.)

The problem is that opposition to new housing also has bipartisan agreement. Blue cities full of people who say they want a more equitable society consistently vote to push housing costs onto others. They will vote for higher taxes to fund social programs, but also make sure that whatever affordable housing does get built is built far away from them. Red suburbs full of people who say regulation should be minimal and property rights protected insist that their local governments legislate a million little rules that dictate what can be built where. What does it mean to respect property rights? In zoning fights, it gets fuzzy.

"Normally we think of ownership as determining who has a right to use a piece of property in a certain way," said Emily Hamilton, an economist and director of the Urbanity Project at the Mercatus Center at George Mason University. But when a city tries to add density, she said, it's common to see this framed "as harming the property rights of people who could experience changes in their neighborhood."

It's a distant memory now, but in the weeks before the pandemic shut down the economy, housing policy was having a minor political moment. The field of Democratic presidential candidates, including President Biden, had released a flurry of federal housing proposals that

varied in their particulars but revolved around a series of tax breaks, affordable housing funds and promises to encourage intransigent local governments to make it easier to build.

The track record of previous administrations suggests that the federal government can accomplish only so much. That's why Dr. Hamilton, who closely follows local housing policies, is encouraged that there are also a flurry of proposals coming out of state and local governments.

In 2018 the City Council in Minneapolis voted to outlaw the practice of declaring some neighborhoods off limits for apartment buildings — what's known as single-family zoning — becoming the first major U.S. city to do so. Since then, a half-dozen states have introduced bills to limit single-family zoning. Various others have passed laws to prevent cities from banning backyard cottages and require them to permit more apartments. Ms. McLean, the mayor of Boise, recently started an effort to rewrite the city's zoning code.

The action might be local, but the message should carry nationwide: The only way to solve the housing crisis is to address it in every city it visits. Otherwise, we're just spreading it around.

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