



The recent publication of [Ezra Klein's](#) and [Derek Thompson's](#) *Abundance* has the Alt-Left NIMBYs out in force. Again. Outraged by Klein and Thompson's call for zoning reform, they argue that zoning reform has nothing to do with housing affordability. That's their standard line. What isn't standard is their reliance on a [quality peer-reviewed study from the Urban Institute](#) to back up their claims. Citation to this study as a way fighting housing has now appeared in the [Boston Review](#) (unsurprisingly) and the [Washington Monthly](#) (surprisingly).

But that doesn't mean that they are right. The study in question appeared two years ago, and [I considered it then](#). It's a good study, careful and measured. But it doesn't say what the NIMBYs say it does. Consider this, then, a [Guide for the Perplexed](#) to explain what this study shows and what it doesn't.

The problem stems from part of the abstract, which states:

We find that reforms that loosen restrictions are associated with a statistically significant 0.8% increase in housing supply within three to nine years of reform passage, accounting for new and existing stock. This increase occurs predominantly for units at the higher end of the rent price distribution; we find no statistically significant evidence that additional lower-cost units became available or moderated in cost in the years following reforms. However, impacts are positive across the affordability spectrum and we cannot rule out that impacts are equivalent across different income segments. Conversely, reforms that increase land-use restrictions and lower allowed densities are associated

with increased median rents and a reduction in units affordable to middle-income renters.

Only 0.8%? Then what in the world is all the screaming about?

If that is all the study concluded, then the NIMBYs might - might - have a point. But that is not all the study concludes, and it is highly misleading just to quote a chunk of the abstract.

Let us first look at the problem from a scholarly point of view: ***good data on land use regulations and their implementation is really, really hard to obtain***. Land use is intensely local, and so you can't just look at, say, federal government sources (not to mention that the federal government is now destroying data and lying about what they find).

So how does the study figure out the problem? They used AI programs to go through newspaper articles in different jurisdictions (mostly large ones with relatively good local press) and determine where various land use reforms were enacted. But it wasn't just a machine: they then had human coders with land use experience go over the articles to ensure that they really said what the machine said that they said, and randomly chose a series of jurisdictions to study based upon what the coders found. Then they looked at the jurisdictions that did 21 different types of regulations (FAR, zoning categories, height restrictions, ADUs, lot sizes, setbacks, etc.). They then used a fixed-effects model to detect whether the jurisdictions that had reforms generated any more housing than the ones that did not, with a series of controls to try to cover for endogeneity and other factors.

Let me be clear: there is nothing wrong with doing it this way, especially given the fearsome difficulties in getting good land use data.

But now let's take a look at the very substantial limitations of this study to draw Big Conclusions About Land Use Reform And Housing Supply.

- The model basically is an on/off switch for reform. Either a city increases density or it doesn't; it either reduces required lot sizes or it doesn't. And so on. But of course the ***extent*** of the change is, in the words of Bernie Sanders, yuge. In Pacific Palisades (where - full disclosure - my house burned down), the new rules allow property owners to increase their housing footprint by up to 10%. That's good, but the entire point of this is to not have any change in the neighborhood. That is really, really different than, say allowing duplexes or triplexes. If all you have is an on/off switch, you really can't measure things very well.

- The model covers different reforms. But if we have learned anything about land use reform over the last few years, it is that you can't disaggregate them so easily. Suppose that a jurisdiction allow duplexes or triplexes on single-family lots. Great. But if it does not change the height restrictions, or the FAR ratio, or the setbacks, there is a very good chance that the reform will be stillborn. If I can't change the footprint, it doesn't matter.
- The study rightfully understands that it takes time not only for implementation, but for market-rate units to "filter" down to low-income people. So it gives two years for implementation, and then three years to ascertain whether there have been impacts. But this is really noisy evidence. First, we have no idea whether any of these regulations were ever actually implemented. [The Turner Center found that a year after the passage of SB 9](#), which allows for duplexes on single-family lots, virtually no municipality had actually implemented it. That was two years ago, and it appears as if nothing has changed because of municipal resistance. And it takes a lot longer than three years for units to filter down. I don't think that even the most free-market land use advocate would argue that you could have filtering in three years.
- The study finds that the additional housing units are all from the "higher end of the rent price distribution." They define this as being above Average Median Income for the area in question. But "moderate income" housing is often defined as being between 80% and 120% of the AMI: that means that "moderate" is subtly redefined as "upper." If a reform generates more middle-class housing, that is a very good thing indeed.
- What's more, the study notes that "[a]bout one-third of reforms were in the Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area." That changes the equation considerably, because in Los Angeles County, the nation's largest, [housing costs are so high that even those above AMI qualify as low-income renters](#). When I first saw the numbers from the California Department of Housing and Community Development, I thought it was a misprint, but it's not: in California, it's also true for Monterey, San Diego, Santa Barbara, and Santa Cruz Counties. Affordable housing developers that I have worked with in Los Angeles routinely use these numbers (and indeed have to in order to get state subsidies), so many of their low-income tenants have incomes over AMI. That means that a substantial amount of "above-median" units in the study could very well be for low-income families.

And even with all of this, the study *still* finds a statistically significant impact on housing construction!

Note also two more things. The study observes that:

“the effects on the number of rental units that are affordable to extremely-low income and very low-income households are much larger in magnitude than the effects on higher-cost units. The standard errors on the ELI and VLI unit estimates are much larger, likely because the base number of units in those affordability ranges are small to begin with in many of the cities in our study. Therefore, we cannot disprove that the impacts are positive and equivalent across the different affordability categories.”

The critics simply ignore this point. The study finds very large impacts on deeper affordability categories but statistical means that they cannot conclude it. Totally fair, and again good practice. But this probably means that given the paucity of VLI and ELI units, no study could *ever* find an impact from land use de-regulation as a matter of statistical method. The abstract states that they cannot find *statistically significant* impacts, but that does not mean that there are no impacts. Just the opposite.

The authors also find that increasing *restrictive* policies has a severe and sharp impact on housing supply. Again, unavoidable statistical and data problems rear their head because it is easier to find results here because of the difficulty of determining the implementation of de-regulation: it is far, far easier for the planning department to say “no” than “yes,” and that means that implementation of NIMBYism is easier than its opposite. But it stands to reason strongly that if restriction will hurt housing, then de-regulation will help.

Finally, the authors conclude *inter alia* that:

“These results indicate that policies targeting affordable housing may need to accompany measures designed specifically to increase supply. Direct development or preservation of affordable units through nonprofit housing developers may be more successful at increasing the supply of low-cost units in the short run than regulatory reform alone. If supply grows at pace with household growth, then income or rent supplements could also ease affordability problems for low-income households.”

A-friggin’-men. There are sectors in the YIMBY movement that appear to claim that all you need to do is de-regulate. But they are wrong, and they are a tiny minority of housing advocates. We need to do Everything Everywhere All At Once. And indeed, that is required. Suppose that Section 8 – assuming it survives the federal government’s assault on housing – becomes an entitlement. More people get Section 8! Great! But then they will need to live somewhere; otherwise, it will just increase prices.

The problem here is not with the authors or the study. The problem here is with advocates who are desperate to reject the obvious fact that a housing market is a market, that people buy and sell and rent housing units, and so the laws of supply and demand *at some level* apply. They reject the now [close to overwhelming evidence](#) that increasing supply helps affordability. They have now seized upon a careful, circumscribed study (accompanied by an abstract that lends itself to misleading) to promote reactionary housing policy. If they are so dedicated to pulling up the ladder and depriving others of housing opportunities, then that is their right. But the rest of us should not be fooled.