



The Marquee on Meeker Apartments, 2030 W. Meeker St. in Kent, will feature 492 apartments and 12,000 square feet of retail. The first phase of 288 apartments is expected to be completed in early 2020. Developers are targeting people in their 20s and 30s to rent their high-end, urban-style apartments. Steve Hunter/staff photo

## AFFORDABLE HOUSING

# Housing study pokes holes in conventional wisdom

High construction and land costs will incentivize developers to build luxury units.

By Aaron Kunkler

Wednesday, May 15, 2019 12:20pm | [NEWS & COMMENT](#)

A new housing analysis challenges the conventional wisdom that deregulation and rezoning will automatically lead to more stock and cheaper prices.

The [analysis](#), titled “Housing, Urban Growth and Inequalities,” was published by Utrecht University in the Netherlands and penned by Andrés Rodríguez-Pose and Michael Storper. In it, the pair said there is no clear evidence in either the U.S. or Europe that housing regulation is a major source of differences in home availability or price in cities.

Failure to regulate the housing market can lead to lost economic growth and create problems such as segregation, homelessness, barriers to social mobility and long commute times as lower-income earners are forced from city and job centers. The authors said the idea that housing will “trickle down” to lower earning workers has not happened. High construction and land costs will incentivize developers to build luxury units.

This has been seen locally as well in a [report](#) published last year by the King County Regional Affordable Housing Task Force. The report showed the median price for a house in Seattle was around \$706,000 and houses on the Eastside were more than \$100,000 more expensive last October.

Of the people moving to King County, 60 percent of new households between 2006 and 2016 were earning \$125,000 or more per year, while 18 percent earned less than \$50,000 annually. This meant developers focused on building luxury housing while many lower-income residents were either priced out or became severely cost-burdened. Many of these residents found it difficult to save and were often only one unexpected bill away from homelessness.

Blanket changes in zoning are unlikely to increase migration to cities or increase affordability for lower-income households in wealthy areas, the report’s authors argue. However, these policies can increase gentrification within prosperous areas while other major factors are ignored, like the employment demand and low wages and skills.

“We now argue that policies such as blanket upzoning, which will principally unleash market forces that serve high-income earners, are therefore likely to reinforce the effects of income inequality rather than tempering them,” the report said.

Upzoning would trigger new housing construction in neighborhoods where highly paid workers want to live, including gentrifying areas. This would let more high-income people move to cities, which would produce more expensive housing for them. While this would allow them to avoid competing with lower income residents, it would pressure landowners to redevelop existing affordable housing in desirable areas. The paper argues this is the definition of gentrification.

“While building more affordable housing in core agglomerations would accommodate more people, the collapse of the urban wage premium for less-educated workers means that the extra housing would mostly attract additional skilled workers,” the paper said.

If left to its own devices, the market will simply build housing that benefits landlords, landowners and property developers, according to the report. It argues that housing markets are not like normal markets. Increases in supply do not directly translate to decreases in price because housing comes with so many hidden costs and barriers to access.

The housing crisis in the U.S. as well as Europe is due less to over-regulation of housing than low wages and income inequality, the report said. Wages and skill levels for many workers are stagnating and employment levels could fall further due to automation. The report said that for most workers, a college degree was the basic qualification to survive or earn livable wages within major cities.



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