IN THE FEW YEARS since the Yes in My Backyard movement splashed on the scene in cities across the United States, the YIMBY mantra has been persistent: Clear away the regulatory barriers and let developers build more housing. The laws of supply and demand will take over, this argument goes, and ultimately prices will go down. But the backlash against the YIMBY movement has been strong, as community activists have warned that increased development actually makes things worse. They worry, with some evidence, that the zoning changes YIMBYs are advocating for only accelerate gentrification and displacement—disproportionally harming low-income families and communities of color.

Those concerns were enough to derail YIMBY-sponsored legislation in California last year that would have fast-tracked multifamily housing production around transit stations. Coalitions of low-income families and social justice advocates, in increasingly harsh terms, denounced the pro-growth approach and proclaimed that in some transitioning neighborhoods, it might be better to halt new building altogether.

The controversy roiled further as critics of the YIMBY movement asserted that it skews too young and white to effectively understand or address the housing-related realities faced by residents of neighborhoods in transition. Meanwhile, research has cast doubts on the very premise that the market can solve the affordability challenge.

In the midst of this messy situation, a potential compromise has begun to emerge thanks to forward-looking policy makers: Increasingly, cities are formalizing the requirement that new residential development include a percentage of affordable homes, the policy known as inclusionary housing. The principles of land value capture form the foundation of such mandates for affordability, which allow the public to recover some of the increased property value enjoyed by landowners as the result of government actions like rezoning.

“If [upzoning] generates a lot of value, there's widespread agreement on that,” said Rick Jacobus, principal at Street Level Advisors in Oakland, California, who wrote Inclusionary Housing: Creating and Maintaining Equitable Communities for the Lincoln Institute (Jacobus 2015). With affordability requirements, he says, communities “can recover that value and put it to work for the public, and benefit the people who would not otherwise be the beneficiaries of real estate development—and indeed have suffered from it in the past.”

The mantra of the Yes in My Backyard movement has been persistent: Clear away the regulatory barriers and let developers build more housing. The laws of supply and demand will take over, this argument goes, and prices will go down. But the backlash against the movement has been strong.
This reframing of the urban development paradigm—the notion that when government clears the way for more building, the public can expect something in return—has become the basis for fledgling coalitions from Seattle to Minneapolis and beyond. Some in the YIMBY movement still view inclusionary housing requirements as another barrier that gets in the way of increased housing supply. But others say this new way of looking at the relationship among builders, government, and neighborhoods may be the key to breaking the deadlock—and that it could be one more step toward building cities that are livable for all.

**Born of Backlash**

In high-cost cities from Seattle to Boston, the housing affordability crisis is extending its reach to the point where even middle- and higher-income people are getting priced out. As a result, political energy is spreading beyond longstanding advocates for affordable housing to include new stakeholders, many of whom are focused on zoning and other regulatory barriers to development. These are the people who have organized under the banner of Yes in My Backyard, or YIMBY. It’s a counterforce to those who oppose development in their neighborhoods—a mindset, if not quite an organized movement, long known as Not in My Backyard, or NIMBY.

The YIMBY movement has roots in Europe and Canada, and arguably first gained momentum in the United States in San Francisco, as millennials and those in the burgeoning tech industry became frustrated with the lack of new housing supply. (See Figure 1, page 17.) The YIMBYs received national attention last year with a bill—written by a California YIMBY group and backed by Silicon Valley money—that would have required cities to allow denser development near transit, regardless of local zoning.

Though now facing pushback, the YIMBY movement was itself born of backlash. Ever since cities across the country started making a comeback in the 1980s, infill redevelopment in established urban neighborhoods has been stymied by outdated zoning and codes, Byzantine regulations, onerous requirements such as extensive off-street parking, and so-called exclusionary zoning that favors large lots and discourages multifamily housing. YIMBYism arose in large part out of frustration with neighborhoods saying no to new housing supply.

Established residents of every political persuasion have often been stubbornly resistant to change in their midst, embracing the regulatory barriers—all the hoops developers had to jump through—as much-needed protection. “They’re worried about their views, traffic, parking, and a new demographic coming into their community,” said Mary Lydon, a housing consultant in San Diego, where Mayor Kevin Faulconer recently announced he wants to be the first YIMBY mayor. At the mere proposal of increased density along transit corridors, she said, people “become unglued.”

Economists and land policy scholars have thoroughly documented the NIMBY dynamic. William Fischel at Dartmouth College, author of *The Homevoter Hypothesis* (Fischel 2001) and *Zoning Rules!* (Fischel 2015), showed that concern about individual property values was driving much of the resistance to further growth. In *Triumph of the City* and numerous papers, Harvard University professor Edward Glaeser illustrates how land use regulations, exclusionary zoning, and even historic preservation are hobbling urban economies because there isn’t enough housing available for workers (Glaeser 2011).

Research on four booming cities in Texas—Dallas, Houston, San Antonio, and Austin—indicates that Austin’s housing got more expensive more quickly than in the other metro areas. The distinguishing factor was that Austin, by comparison, had more extensive regulations and permitting requirements that either discouraged density or led to long construction delays (Shannon 2015).

Add more housing, the YIMBY advocates claimed, and the demand for that product will get absorbed, leading prices to drop—a basic rule of economics. Even new luxury housing could have a salutary effect, they argued, in a process known as “filtering”: wealthier residents moving into a new penthouse downtown free up the aging town house in outlying neighborhoods, which in turn liberates a triple-decker down the street that will command lower rents.

The mantra to build, build, build has also been buttressed by an environmental argument: that cities have an obligation to cluster height and density at transit stations, to cut down on carbon emissions. The combination of climate change and the affordability crisis amounts to a national emergency, said Dan Bertolet, senior researcher at the Sightline Institute in Seattle, a research organization promoting environment and equity in the Pacific Northwest.

“We need to focus on the big picture: cities like Seattle need to add as much housing as they can as fast as possible. People seem to get hung up somehow on the fairness of that... that landowners and developers are bathing in gold coins,” he said. The wave of tech jobs in such cities should be seen as a “gift,” he said, that will ultimately boost the entire city.
“Developers build, supply increases, prices start to roll off—they are right now in Seattle, rents are down—and then developers stop because they can’t make money anymore. City governments should lower all the regulatory costs and all the things they can control, so developers will keep going, and lower the baseline rent as much as possible, before they stop,” Bertolet said.

“People say building all this supply won’t solve the [affordability] problem, and that’s true,” he said, noting that low-income families will still need subsidies and forms of public housing. “But if you build as much as you can, you make the leftover subsidy problem smaller. Who wouldn’t want to do that? We all know public housing is hugely expensive to build.”

The California Experiment

For all its apparent logic, the YIMBY movement was dealt a serious setback last year, when the California legislation fast-tracking density at transit stations, SB827 by San Francisco State Senator Scott Wiener, died in committee. Traditional housing affordability advocates concerned about gentrification and displacement formally parted ways with the cause for increasing supply: YIMBY advocates were accused of not understanding real estate realities on the ground, particularly in communities of color.

The basic problem was that the legislation did nothing to counteract historical patterns of racialized displacement and dispossession by real estate investment capital, University of Southern California urban studies Professor Lisa Goodmon was more forthright, describing the legislation as “a declaration of war on South LA.”

The political disintegration in California augured much more acrimony to come. A flier in Oakland called for “autonomous action/creative intervention/sabotage” against a scheduled gathering of the “pro-gentrification YIMBY party,” descending on the community “to plot our total destruction.” In the fall of last year, when YIMBY organizers chose the Roxbury section of Boston—a neighborhood facing intense gentrification pressure and rising prices—as the site for their national conference, called YIMBYtown, a coalition of local social justice groups organized a protest under the banner Homes for All. Bearing spools of caution tape imprinted with the words “No Displacement Zone,” they interrupted the closing plenary, which featured a speaker from the National Low Income Housing Coalition.

“We believe the people closest to the pain are people who have the answers,” said Armani White, a Roxbury resident working with a group called Reclaim Roxbury.

Hallah Elbeleidy, policy analyst of Urban Programs at the Lincoln Institute, helped organize the YIMBYtown conference as a volunteer and focused on offering a program that featured critical and different viewpoints. The protest led to some soul-searching within local YIMBY and YIMBY-aligned organizations, she said, but didn’t necessarily lead to meaningful change. “Those they declare to want as neighbors aren’t represented in their organizations in a meaningful way, nor in the neighborhoods in which they reside,” says Elbeleidy.

“We’re interested in those who have the answers, and respond to how far from these individuals they really are, and not just spatially.”

Reflecting on the experience of being the subject of protests and the discomfort these very necessary conversations can bring, Elbeleidy penned an essay titled “Getting Comfortable with Being Uncomfortable” in Planning magazine (Elbeleidy 2019). In the piece, she urges greater collaboration among housing advocates: “We cannot accept a siloed approach to a problem fundamentally relevant to every individual.”

Examining the Premise

One of the most potent arguments in the backlash against the YIMBY movement is that its basic premise is all wrong. “We’re challenging YIMBYs to stop promoting the myth that the market can solve the affordability and displacement crisis,” said Lori Hurlebaus of Dorchester Not for Sale, during the Roxbury protest.

Well-established research shows that excessive regulations, exclusionary zoning, and NIMBYism can lead to higher prices. But there is little definitive evidence in the current literature that removing barriers and adopting upzoning brings prices down.

Some studies use econometric modeling and survey data that show up the YIMBY argument. In The Long-Term Dynamics of Affordable Rental Housing, researchers at the Hudson Institute and Econometrica Inc. found that from 1985 to 2013, nearly half of rentals affordable to low-income families existed previously as homes owned or rented by higher-income residents (Weicher 2017). Stuart Rosenthal at Syracuse University estimated that filtering occurred ever roughly the same time period at a steady rate of 2.5 percent per year (Rosenthal 2014).

A coalition of neighborhood groups on the front lines of Boston’s displacement crisis protested at the national YIMBYtown conference held in the city in 2018. Credit: Lauren Miller

Well-established research shows that excessive regulations, exclusionary zoning, and NIMBYism can lead to higher prices. But there is little definitive evidence in the current literature that removing barriers and adopting upzoning brings prices down.

If new housing isn’t built, wealthy newcomers have no choice but to bid on existing homes, driving up prices and derailing the filtering process, said New York University Professor Rodrick M. Hills, Jr. In this view, it would defy the laws of economic gravity to assert that building more supply somehow exacerbates affordability problems. “Attributing rent increases to new market-rate housing is like attributing rainstorms to umbrellas,” Hills wrote in The Washington Post (Hills 2018). Other studies, however, suggest that what’s actually happening on the ground is far more complicated. An extensive review by New York University’s Furman Center found that, “from both theory and empirical evidence… adding new homes moderates price increases and therefore makes housing more affordable to low- and moderate-income families.”

But the study also quickly emphasized that “new market-rate housing is necessary but not sufficient, and that government intervention is critical to ensure that supply is added at prices affordable to a range of incomes” (Been 2018).

A 2018 Federal Reserve paper by Elliot Anenberg and Edward Kung confirmed that housing demand has low elasticity—meaning essentially that consumers continue to pay higher prices despite increases in supply—and that rents may be more determined by the amenities in desirable or transitioning neighborhoods (Anenberg 2018). The implication is that even if a city were able to ease some supply constraints to achieve a marginal increase in its housing stock, that city would not experience a meaningful reduction in rental burdens. In some cases, neighborhoods that are targeted for zoning reforms allowing greater

“We believe the people closest to the pain are people who have the answers.”
More than 25 percent of the units at Green on Fourth, a new apartment complex in Minneapolis, will be designated as affordable housing. Credit: Timberland Partners

height and density see prices rise very quickly—before a single foundation is poured. That was the conclusion of an MIT study published in January 2019 in Urban Affairs Review, looking at land parcels and condominiums in catchment areas around transit stations in Chicago that had been rezoned for taller and denser buildings (Freemark 2019). An important caveat was that there was a lag in permitting and construction of new projects, so supply wasn’t actually increased. But because the city signaled that density would increase, the research concluded that the “short-term, local-level impacts of upzoning are higher property prices.”

Even if the massive introduction of supply eventually has a moderating effect, the urgency of the housing crisis is that there’s no tomorrow. “Unfortunately, those facing pressures from increasing prices don’t have the luxury of time—they can’t pay the difference and wait for a better deal down the line,” said Elbeleidy.

Cities Move Forward

While this battle plays out, policy makers and housing advocates are making adjustments on the ground. Many are tying upzoning to affordability requirements such as inclusionary housing, where new residential development must include a percentage of affordable homes—typically 10 to 15 percent as a baseline—or funding so that the same amount of affordable homes can be built elsewhere in the community. (See Figure 2, page 18 for a map of local and statewide inclusionary housing policies.) Many cities are changing this policy from voluntary to mandatory. In California, lawmakers have worked with critics to redraft the density bill with statewide affordability requirements, as well as other protections for renters. The legislation also delays implementation for five years in neighborhoods most threatened by displacement.

In Minneapolis, the scene of extensive policy innovations around housing, the city laid the groundwork for increasing supply by easing restrictions in the downtown area, legalizing accessory dwelling units, and banning single-family-only zoning, to encourage more multifamily development. All of that was swiftly followed by a minimum inclusionary requirement of 10 percent for any project that gets increased allowable size, measured as floor-area ratio.

“This city council isn’t going to upzone without that policy,” said Minneapolis City Council President Lisa Bender. Even if it’s not discussed on a daily basis, the concept of value capture provided a critical rationale for that reciprocity, she said. “We have made it easier to develop. We have given lots of benefits to developers—we’ve eliminated parking requirements, we have an amazing park system, streets, transit—all kinds of investments that are creating a private benefit. And affordable housing isn’t the only way we ask for some of that benefit back. We have a fee to help pay for the park system.” That message—that taxpayers are constantly providing things that increase value for private landowners and developers—is hugely important, she said.

While expectations have permanently shifted, the city is constantly monitoring projects to make sure developers don’t end up with undue burdens. One additional measure being studied is allowing the use of tax increment financing as a supplement to the inclusionary requirement—additional funding that could potentially double the number of affordable units from 10 to 20 percent.

“I think we’re at a point in Minneapolis where we have a pro-growth, pro-equity political coalition,” Bender said. “Increasing supply is a necessary part of housing stability, but we insist that growth should help close our race and equity gaps, which are among the worst in the country.”

Inclusionary housing requirements are either in place or on the way in other cities as well. Seattle’s Housing Affordability and Livability program, for example, essentially now establishes a formula: if certain parts of town are upzoned, or projects get to be denser, larger, and taller, the obligation to supply affordable housing increases concomitantly. A few other examples:

- In Honolulu, a new rail line will boost private land values along its route. As such, the affordability requirements in Hawaii are seen as neither a gift by developers nor an extra charge—but rather, the recovery of a portion of the taxpayer-funded infrastructure project

Many cities are tying upzoning to affordability requirements such as inclusionary housing, where new residential development must include a percentage of affordable homes—or funding so that the same amount of affordable homes can be built elsewhere in the community.
that is creating large increases in value for the private sector. “The public has invested billions of dollars into rail. That is increasing the property values around rail stations, and allowing people to build higher and more densely. That is all worth a lot and we need to get back some of our public investment by building more affordable housing,” said Gavin Thornton, co-executive director of the Hawaii Appleseed Center for Law and Economic Justice.

- In San Diego, the multipronged approach includes removing height restrictions and minimum parking requirements, an unlimited density bonus for any project that includes affordable housing, a 10 percent inclusionary standard, and by-right zoning approval for affordable housing and housing for the homeless. A plan to vastly increase allowable height and density along a new transit corridor is set to be accompanied by the provision of land near stations owned by the regional transit agency.

- Vancouver, B.C., is divided up into six districts that determine contributions by developers, known as Community Amenity Contributions and Development Cost Levies, based on the rezoning in each area. A measure to allow more duplexes, for example, triggers a calibrated affordability requirement. The system was designed to improve transparency, and it also has the effect of taking the mystery out of what developers can or can’t afford.

“There is understandable distrust of developers—those who have benefitted from the housing crisis. Well-designed land value capture policies serve to counter some of those fears,” said Vancouver City Councillor Christine Boyle. In what is increasingly becoming a common refrain, Boyle said she would prefer a citywide land value tax, which would fully match the realities of how landowners and developers are currently making profits. Boyle, a United Church minister, pitched the idea during her campaign, and gave it a catchy label: Windfall Power.

A New Framework

Despite this embrace of inclusionary requirements, complaints persist that they are never enough—that if cities require 15 percent of new residential development, the number of affordable homes will never catch up to the number of market-rate homes.

“Everybody recognizes it’s not enough, and it should never be the only thing, but inclusionary housing is an important source of affordable housing,” said Jacobus of Street Level Advisors. There is no question, he said, that the details of implementation are reliably complicated, and that changing the required percentage of affordable homes can be at odds with making the policy predictable.

But once landowners, in particular, realize that inclusionary requirements will be part of the equation from the start, the policy becomes an accepted and standard component of the urban development process, he said. With that as a basic foundation, policy makers can turn to other measures and initiatives, in a bundling of actions for affordability—strengthened tenant protections, co-housing and shared equity housing, tax increment financing for affordable housing, and reforms to allow accessory dwelling units, tiny houses, and single-room occupancy or rooming houses, just to name a few.

Given the high price of urban land, which makes housing so expensive, many cities are supplementing inclusionary requirements with direct actions such as providing government-owned land for affordable housing. Sound Transit, the Seattle area’s regional transportation authority, has made it a policy to do just that, handing over parking lots and construction staging areas next to existing and new light rail stations.

A mix of carrots and sticks is increasingly part of the effort to push cities and towns to plan for adequate housing. Courts in New Jersey have for decades enforced the state’s “fair share” housing laws, stemming from the landmark Mount Laurel decisions. In Massachusetts, under Chapter 40-B, housing gets fast-tracked if municipalities fail to maintain at least 10 percent of their housing stock as affordable to those earning 80 percent of median area income.

And some politicians are getting tougher. Mayor Martin Walsh has endorsed a special tax on the penthouses and other luxury homes that are increasingly dominating the landscape in Boston. California Governor Gavin Newsom, formerly the mayor of San Francisco, coupled $2 billion in new funding for housing and homelessness initiatives with a proposal to punish communities that block home building by withholding other state funding.

Randy Shaw, a leader of the YIMBY cause and author of Generation Priced Out: Who Gets to Live in the New Urban America (Shaw 2018), said he would take such tough measures a step further—by charging residents who block multifamily housing for the value they are accruing by maintaining the status quo.

“Homeowners increasing their own values are profiting by artificially restricting development,” said Shaw, who is director of the Tenderloin Housing Clinic, a pro-tenants group. “We act as if there’s no economic impact of anti-apartment policies. They increase the price for everybody else, and in terms of equity, it’s a staggering
amount of money that homeowners are gaining.” In contrast, linking upzoning to affordability requirements stands to be a more feasible and politically acceptable step, as a theoretical basis for the YIMBY movement. Changing the frame-work for urban development across the country can also smooth out highly charged neighbor-hood politics. “I think the world is a better place for them being around,” said Jacobus of YIMBY advocates. “I just want them to be more concerned about what these communities are concerned about.” Clashes like the protest of YIMBYtown in Roxbury are “totally avoidable,” he said. “Both sides are fighting an uphill battle, and there’s no good reason to be on opposite sides. It’s not going to be right to not build at all.”

If nothing else, YIMBYs might embrace affordability requirements as part of a better communications campaign. “It changes the way voters respond to a new development, even though everybody recognizes it’s not enough,” Jacobus said. “Lecturing people about supply and demand doesn’t work. What would it take to make people think they’re part of the solution? If we’re all going to row in the same direction, we have to all think there’s something in it for everyone.”

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