

Media Contact:

Charles McNally
charles.mcnally@nyu.edu
212-998-6492

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Newly Published Article Addresses Concerns about Housing Development

Local opposition can deepen crisis in housing affordability

New York, NY— A newly published paper, “*Supply Skepticism: Housing Supply and Affordability*,” co-authored by NYU Furman Center faculty directors, discusses the rising concerns about whether new housing development contributes to the displacement of low- and moderate-income residents. Reviewing the arguments raised by those who question the wisdom of new housing (“supply skeptics”) as well as existing research, the paper concludes that new construction can help to moderate price increases and alleviate housing cost burdens for low- and moderate-income families. But the paper argues that a balanced approach – adding new market-rate supply while also building and preserving subsidized affordable units – is critical to produce and sustain economically diverse cities. The article was published in a special January edition of *Housing Policy Debate*. [Read *Supply Skepticism: Housing Supply and Affordability*.](#)

The debate about whether increasing supply will harm current residents or will instead reduce pressure on prices has generated more heat than light,” said Vicki Been, Faculty Director of the NYU Furman Center. “We give serious attention to the concerns of supply skeptics, and argue that those advocating increases in supply must also pay attention to the need for anti-displacement tools such as tenant protections.”

While many supply skeptics point to new construction as exclusively serving the high end of the market, new supply can help to prevent upward filtering. The paper reviews evidence that when new housing is not sufficient to accommodate neighborhood growth, higher-income households will outbid current residents with less resources for the existing housing in the neighborhood. Further, downward [filtering – the process through which new units become gradually less expensive over time – has been the primary source of affordable units in recent decades](#). That said, filtering is a slow process and is not a substitute for subsidized homes for very low-income households.

Another common rationale behind opposition to additional supply revolves around the concept of induced demand, the idea that construction attracts new residents to an area and therefore drives up prices. The article argues that while more research on the effects of new construction on the surrounding blocks is needed, the additional demand generated by new construction is generally not large enough to offset the increase in supply the new construction provides.

“Policymakers and government officials have to remember – and remind the public – that addressing the affordability crisis is not a zero-sum game,” said Ingrid Gould Ellen, Faculty Director of the NYU Furman Center. “It is critical to expand the overall supply of housing while also providing subsidies for the low-income households who need them.”

Research shows that restrictions on supply exacerbate the issues that many supply skeptics seek to avoid. [Restricting supply hinders economic growth and increases inequality](#). Stringent land-use and density restrictions are linked both to higher prices and to [greater racial and ethnic segregation](#).

The article calls for better data collection to address research gaps, for more analysis of the details and time horizons of the filtering process, and for better evaluations of the policy responses of cities across the country to ensure the construction of housing affordable for a range of incomes, and to protect tenants from displacement.

“We need rigorous data and research to understand the mechanisms and neighborhood effects of new construction,” said Katherine O’Regan, Faculty Director of the NYU Furman Center. “Evidence-based policy intervention is crucial, because we know that restrictions on new housing exact real harms on historically marginalized communities, on our cities, and on our broader economy.”

[Read *Supply Skepticism in Housing Policy Debate*.](#)

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About the NYU Furman Center: The NYU Furman Center advances research and debate on housing, neighborhoods, and urban policy. Established in 1995, it is a joint center of the New York University School of Law and the Wagner Graduate School of Public Service. More information can be found at furmancenter.org and [@FurmanCenterNYU](https://twitter.com/FurmanCenterNYU).