(NOTE: I amended this talk quite a bit at the last minute, so it is reconstructed from memory rather than being anything like an exact transcript).

The last speaker has already talked about the "neighborhood veto" concept- the idea that neighborhoods and small suburbs have effective veto power over rezonings. And he has also pointed out that this may have a negative effect on housing costs. So what I'd like to do is, first, add a little more detail to this picture, second, explain why the neighborhood veto is often directed against housing, and third, respond to some of the anti-housing counterarguments.

The last speaker suggested that under neighborhood pressure, zoning has become more restrictive over time. Its hard to verify whether this is true for suburbs. But at least some evidence suggests that this is true in cities- in particular, the growth of neighborhood review over rezonings. For example, in 1972 New York City enacted the Uniform Land use Review Procedure (ULURP). Under ULURP, a zoning amendment must go to one of 59 community boards, each of which reviews the proposal and makes a recommendation. Similarly, in Washington DC, the city has established advisory neighborhood commissions to comment on zoning changes. This procedure gives neighborhood residents a forum, making it easier for them to organize against unwanted development.

Why do neighbors object to new housing in the first place? Housing markets are citywide, which means that if new housing is built in a neighborhood, it might reduce the rent just a little bit throughout the city instead of driving down rents significantly in that neighborhood- which means that renters get only a small benefit from housing near them. By contrast, if there are any negative externalities caused by new housing, the neighborhood gets 100 percent of those.

Like the last speaker, I believe that the neighborhood veto increases housing costs; places with lots of supply growth tend to have lower housing costs than more restrictive cities. For example, housing supply lags behind job growth: San Francisco added 122,847 jobs between 2011 and 2015, but added only 13,421 housing units.

Defenses of the neighborhood veto come in two types- first, NIMBYs claim that new housing creates externalities, and second, they argue that regulation doesn't affect housing costs.

The arguments about externalities are what I call "beggar thy neighbor" arguments- that is, even when a refusal to allow new housing prevents a public harm of some sort, that public harm is merely shifted to another neighborhood or suburb. For example, people often oppose new housing out of a fear that new people means more traffic. But the people excluded from a neighborhood will have to go SOMEWHERE – and the somewhere in question will always get more people, which may mean more traffic.

Similarly, residents of a neighborhood often argue that new housing will change neighborhood character. But new people and new buildings will change neighborhood character wherever they go, so this too is a beggar thy neighbor argument.

Furthermore, new development in outer suburbs actually changes neighborhood character MORE than development in cities and older suburbs. For example, 300 homes in a cornfield changes the cornfield forever, while 300 apartments in the Upper East Side is just a drop in the proverbial bucket.

It could be argued that land prices are the key factor behind high housing costs, rather than zoning. But this argument is meritless for two reasons. First, high land values don't have to lead to high housing costs if people are allowed to build more densely. For example, suppose I have a house on a parcel of land valued at $50k. If the cost of land goes up to 100k and I have a duplex obviously the duplex is more expensive. But if the duplex is replaced by ten apartments, each apt only costs $10k (plus construction costs of course).

Second, if more permissive zoning increased housing costs, then cities with the most restrictive zoning would have cheaper housing. Los Angeles is an example to the contrary. In 1960, that city was zoned to support 10 million people. Today it is zoned to support about its present population. Rents have risen by inflation plus 55 percent, far more than renter income.

Another counterargument is that new housing is only built for the rich, and thus new construction will not reduce housing costs. But this claim overlooks the effect of new housing on the market for older housing. Common sense dictates that enough new housing is built, the demand for older housing will decrease, causing it to be less expensive. Now, you may think "I saw some new housing built and my rent keeps going up." But the proper response to that is: some new housing is not enough, especially when government has been artificially restricting supply for decades. To draw an analogy, if you've been overeating for all your life, you aren't going to lose the excess weight as rapidly as you would if you were close to your ideal weight.

So what solutions are there? The most radical solution would be for a state to simply eliminate zoning controls on residential development. State law could provide, for example, that cities and towns could regulate use, but could not discriminate between types of housing, so that they could not regulate density at all. Since the most legitimate original purpose of zoning was to prevent industrial pollution, it might be argued that in an area zoned for housing, government should not be allowed to regulate the amount of housing or type in an area. This might be most appropriate in the most expensive states such as California.