

THE BROOKINGS INSTITUTION
BROOKINGS CAFETERIA PODCAST
AMERICA'S HOUSING CRISIS AND THE
GATEKEEPING OF OPPORTUNITY

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PROCEEDINGS

DEWS: Welcome to the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews. Today's show features a conversation about the prohibitive cost of home ownership in America. Jenny Schuetz, a Fellow in the Metropolitan Policy Program, and an expert on housing issues, interviews Conor Dougherty, an economics reporter at the New York Times and author of the new book, *Golden Gates: Fighting for Housing in America*. In his book, Dougherty reports on the housing crisis as seen in the San Francisco Bay area and what it may mean for the nation's future.

Also in this episode, Senior Fellow Jonathan Rauch answers a student's question about how to combat extreme polarization in our politics. This is part of our ongoing policy 2020, Ask an Expert feature, to which you can contribute by emailing an audio recording of your question to bcp@brookings.edu. Be sure to include your name and where you are from. You can follow the Brookings podcast network on twitter at policy podcast to get information on all of our shows, including Dollar and Cents, the Brookings trade podcast, the current and our events podcast.

And now the interview. Here is Jenny Schuetz with Conor Dougherty calling into our studio.

SCHUETZ: Thank you, Fred. Conor, thanks for being with us today. We're excited to talk with you about your new book, *Golden Gates: Fighting for Housing in America*. Anybody who is paying attention to the news recently has probably figured

out that California has a little bit of a housing problem. So, for some context, the median home value in the Bay area, census is reporting is about \$700,000. The median value in the rest of the U.S. is \$200,000. So, obviously people in the Bay area are stretching to avoid housing. Most economics would agree that the crux of the problem is that California hasn't built enough housing and your book gives us a number of different ways to think about this. So, I think there are 2 stories I want to start off with that really capture the dysfunction of California's housing problem in a nutshell.

So, the first one that I'm hoping you can talk to us a little bit about is the story about the family living in the South Bay that is already stretched for housing and then runs up against rent increase from their landlord. So, can you maybe start off telling us about Stephanie and her family and what their living situation is like?

DOUGHERTY: Yes, totally. So, just to back up for a small second, one of the things I'm always thinking about as a reporter is where can I be of use. There is so much great work that people like yourselves, other academics, do in terms of illuminating the situation, what kind of research is out there, and what we do and don't know about housing. And so, when I'm going and reporting, I'm always asking myself stuff like what? In addition to finding people's stories, is there something I can contribute? I don't really want to call it research because it's not the same kind of rigor and statistical analysis and stuff like that. But can I really actually teach people something and learn something myself? So, when I began this book, I

said I want to watch an entire eviction and displacement. I want to see an economic displacement, and I want to see the whole thing. I want to see people go through it. I want to see how it ends up for them and then I want to see the people who move in, so that I can see this whole cycle through the prism of a unit.

So, I met these people, Stephanie Couterous (phonetic) and her mom, Sandy Hernandez, at a gym in Redwood City. Really, it was next to Redwood City in a small unincorporated area called North Fair Oaks. They had shown up at this community center with a note from a landlord that a new owner had bought their building and it said, "Your rent is going up \$800." So, Stephanie's mom, Sandy, she does elder care. She cleans houses, and then she complements and moonlights doing janitorial work. So, I always say to people, she is the person who takes care of your grandmother, the person who cleans your house and the person who is coming into your office wheeling a trash can in as you are going out for the evening. She is all those people in one day. So, there is no world in which they can absorb an \$800 rent increase. It's not a question of making it. It's not a question of stretching their budget. This is more than the total amount of money that they can even generate working 80 hours a week or more. So, they start to organize, and as if very typical in these cases, as I've learned, the kids do most of the organizing because of the fact that I just laid out, which is that the parents work so hard and so long, that there just isn't enough time in the day for them to even sleep, let alone start organizing people to fight a landlord.

So, the kids start organizing. Stephanie does all this amazing stuff after school. She's making signs. She's practicing speeches to give to media. She is calling other youth groups that she's worked with for other things, to make sure that when they have a protest, they have like this huge amount of numbers and really make a statement. They have meeting after meeting. When I even went to the meeting, Stephanie is the one taping the butcher paper up in the meeting room and writing the group suggestions down in a Sharpie. She had a lot of allies helping her. I don't want to overdo it. I mean, there's coach/pastor kind of character helping her out. There is the non-profit infrastructure that even has this community center. So, it is a full community effort. I'm just saying she was really the kind of organizing leader.

Then they get, and this is very typical in these situations. They got a buy-out. They got \$1500 to kind of leave right away, kind of meager relocation costs. So, they actually ended up in a 1-bedroom apartment not too far away from where they lived. What was fascinating to me is that if you really look at the research that—I mean I'm not telling you anything new because you've done a lot of this, that people who are displaced who are lower income, often remain very close to where they are. There is this prevailing theme that they get displaced 40 or 50 miles away. In many cases that is true, but in almost as many more, it's not true, that people who are tied to an area and are lower income, are actually more likely to stay closer to where they are just by crowding in and putting several people in an apartment.

SCHUETZ: Actually, if I can jump in there, one of the interesting things that struck me about Stephanie's family, when housing economists like me talk about people's housing decisions, we often frame it as a set of trade-offs. So, if your rent goes up, you have a number of ways you can respond. You can maybe get a second job and work more hours to keep paying the rent and stay where you are. You might increase the amount of money you spend on rent and decrease the amount of money you spend on going out to the movies, or you decide to take in a roommate. So, we think of these as being either/or trade-offs. We respond in different ways, but you're really describing with Stephanie's family is they're already crowded. They're already working as many hours as they can work. They don't really have a lot of options other than moving. Even with moving, they're already not consuming high quality apartment necessarily and a lot of space in the location they would most want to be in. So, they have a very limited set of choices.

DOUGHERTY: Yes, totally, though as you just noted, people who are lower income make extremely complicated decisions about how they are going to spend their money. These decisions are just as complicated as somebody who has a lot of money, but the way those decisions shake out is much different, but they are making just as complicated a trade-off as you say, but the trade-offs are different. They are not financial the way you're describing them. So, Stephanie goes to school walking distance from their apartment because of the hours I just described. Sandy has no ability to add an extra hours or two or whatever it would be to even a half hour to

drive her to school. So, that costs, which obviously they don't do this themselves. They actually do do it, but they aren't like laying it out with a spread sheet. That cost is whatever it would be, \$14 to \$20 an hour, which is roughly her wage. This Yetta (PHONETIC) center, which is the gym/community center where they were organizing and where the kids go after school is a wonderful community resource. I don't know how rich you are, unless you are very, very, very rich, everyone who has kids notice that childcare is a huge, huge, huge cost. S, for Sandy, the mom, to know her kids can just walk to this community center where they'll be looked after adults she really trusts, where they'll have this group of people doing in their homework. That's more money than she makes. The cost of childcare is more than \$20 an hour, which is her maximum wage. She makes different wages in different jobs, but the highest pay is about \$20 an hour. So, think about it that way. She is drawing up this community resource is \$50 to \$20 an hour, what is childcare cost; right? So, you put all that together, and she almost has no choice, but to stay nearby and crowd in, because for her to raise her children, for her to feel like they're being educated, for her not to have to spend a bunch of money driving them places, to say nothing of the community, if you have an emergency to call an adult you trust and say can you look after the child—all those community benefits do have costs. What is fascinating to me is you will hear higher income people much more clearly delineate—do I want to move to a fancy suburb where home prices are much higher, but my public school is basically the quality of a good private school or do I want to live in a more vibrant

urban neighborhood where the schools may not be as soon and send my kid to a private school. So, you will hear wealthy people very clearly make these tradeoffs in strict financial terms. Someone like Sandy is making the exact same tradeoffs, but she's just calculating them differently. The difference is usually some larger premium she is putting on being near community or being near place.

One of the things I always try to do in my reporting is try to think much more intradisciplinary. There are all sorts of people. Economics have all sorts of value. Geographers have all sorts of value. Geologists have all sorts of value. I think if you take any one of these disciplines to the bank, you'll go off the rails, but if you try to just think about, okay, what are we learning about what and how people act in something as complicated as the housing market. You can, I think, start to actually make sense of these things, but you have to start discipline a little bit to ask yourself what do I know; what is making sense here? So, actually one of the books I read that I thought was most helpful for their particular situation was a book called Urban Fortunes. It's a fairly famous book by John R. Logan and Harvey Molotch. They are sociologists and geographers. Maybe they are both sociologists. I actually forget, but they are heavily influenced by sociology and geography. They kind of talk about the premiums of place and how people who are lower income start to pull value from their neighborhood in ways that we don't always capture financially. I thought that was super insightful because when I looked at how Sandy was making her decisions, it was extremely clear to her where and how she was making these decisions, but

they weren't strictly financial the same way.

SCHUETZ: Yeah, and one of the things that sort of runs through your book. So, you're describing for very concrete reasons why Sandy and her family are attached to the neighborhood that they live in, community institutions, they know people. They have things that work for them with a pretty complicated schedule. But the flip side is that a lot of the wealthy communities are also full of people that are very attached to the place the way it is who don't want to leave and who also don't want to see change. So, I'm thinking in particular about the story you tell about Lafayette which is sort of a very different kind of community but is also really resistant to having any kind of change in development. So, can you talk a little bit about what the proposed change was in Lafayette and how the city reacted?

DOUGHERTY: A hundred percent. And as you point out, this will be a great segue to some of the political stuff we have all observed around the country. Before I get there, let me just finish the story. After Sandy and Stephanie were displaced, I went back to see who moved in. It was an almost identically situated family. It was a Latino family where the two sons worked construction. Stephanie's dad works construction. So, that was identical. And then there was a mom and a sister who did some sort of house cleaning and elder care. On top of that, everyone in the family did at time moonlight doing janitorial work. So, the job description of the people who moved in and incurred this much higher rent increase was almost identical. They were recent immigrants, just like Sandy and Stephanie, as recent as 10 to 15

years. They had solved their problem by crowding six to eight people into this same unit that they had previously had four. As I went and followed many of the other tenants—I left most of this out of the book—you would hear these stories of oh, there used to be two people here. Now, there's four. Everyone was just kind of crowding more people into the units. I thought that was indicative of two things. We see in the research that gentrification rarely moves in a straight line. We start to see this crowding, this turn, before we ever get to a true like someone like Facebook, which is what everyone assumed would happen, gentrified a unit that had previously been for lower income renters. On top of that, it shows you that we have an insane shortage of not just affordable, but units that don't cost more than 100% of the earnings of a lower income worker. I thought it was important that people know how the story ended, that it was not some higher income tech employee who ended up moving in after they were economically displaced was another working-class family that had just bulked up their numbers to pay the rent.

Lafayette was pretty much the opposite situation. Lafayette is a suburb across the Bay next to Oakland. It's along the Bark Stop, which is the commuter rail line in the Bay area. It has a pretty substantial freeway called the 24 Freeway right next to it. So, the town was built along this transit corridor. Nevertheless, the town, though it is a wonderful, wonderful place. You look at the hills. It's kind of stuffed in this valley and the hills rotate from brown to green, depending on the season. There are oak trees up there, and it's a beautiful, beautiful, wonderful place. The residents of

this place use phrases like “small town,” “semi-rural,” to describe their town. If you were teleported to the middle of town and didn’t have to drive there or take a train there, you could see what they were talking about, but of course, in reality, it’s not a small town. It is not semi-rural. It is a suburb next to a substantial commuter rail line in the middle of one of the most urbanized places in America. I think that’s an important point to make before we get to the story, because there are so many actually rural places in America where you can find a pretty small-town quiet life.

SCHUETZ: But you can’t commute to downtown San Francisco from there for your job.

DOUGHERTY: Exactly. And the people who work there, live there, not because it’s a small town, but because it’s proximal to their gigantic office building. One of the people I met who was very anti and we are about to talk about, works at Oracle. You meet people in the town. They work at Oracle. They work at big hospitals. They often are lawyers for corporations. One person I met was the CFO of a major, major company. So, these people are living there because it is next to the beating heart of a vibrant economic area, not because it is actually a small town.

So, what happened in Lafayette was, about a mile from the Bart stop, there was a parcel. This parcel, unbeknownst to many of the people in the town, it’s a 22-acre parcel, had been zoned for high density development many, many, many years ago. I think it’s important to note that because when they were building the town, the town leaders, in their mind, very different kind of mindset at that time, were saying to

themselves, okay, well, we're about to have a giant train line here. We are currently building a large freeway here. The logical thing to do with this parcel is put high density development along this transit corridor, to give you a sense of where the town's kind of founders minds were. So, this parcel had never really been developed because an old kind of hermit type of character owned it, and the town just sort of ignored it, even though they did know it was zoned for high density development because they figured he wasn't going to do anything with it. He died eventually. He was in the Navy. His heirs, his daughter, quickly partnered with a developer and they decided they were going to build 315 apartments on this parcel. I should note, before I go forward, that while this was the largest development in the city's history, or would have been, it was actually quite a bit smaller than what it was zoned for. It was zoned for potentially 800 apartments. As I was reading the story, I remember thinking wow, they actually went small. So, anyway, the town flipped out and they resolved these very contentious meetings and what happened then—this is a wild story. But the city manager went to the developer and said something like, hey, can we work out a deal. And they had all these meetings and they kind of talked about how can we find a place to placate neighbors but also to get the developer a profit he considered worth his time, let the heir feel like her land had returned to the value she thought it should return. What was fascinating to me is you will hear developers say, that if they propose something that is allowed on a particular parcel, the city will “extort” them by saying “Well, I could have proved that, but it really would make

my life easier if you would build us a park over here”. There is a lot of greasing that happens in a lot of these things.

SCHUETZ: Sure, and particularly in California because the process of approving housing, if the neighbors don’t like something, they can protest it, so that you have to have these sort of side negotiations to make things go through basically to forestall protests and lawsuits.

DOUGHERTY: Exactly. And this is precisely what happened. They got the developer to agree to build a dog park. Some of these things, I should say, were great. Community process, as long as it is moving in a direction that is forward—when community process is a euphemism for stopping everything, it’s not always so great, but when community process truly is—I know this on the ground. We should do this this way, not that way, but it is fundamentally yes, no but, rather than no. I think that it actually can be really great. One of the things they did with this, there was this very traffic choked intersection next to where the development site was, and they agreed to essentially reorient the development so that it would direct all of the activity out of the apartment complex into a different direction to a less intensely used road. So, that actually was the true community improvement. They said don’t do it this way; do it this way. Fast forward a couple of years because it’s been four years now. They spent two years fighting over the original apartment complex, then two years planning this whole new alternative development, which was going to have 44 single family homes. So four years have gone by. During those four years,

developers paying lawyers, he is purchasing options on this land. This is not idle time.

SCHUETZ: And if people want to know why housing is so expensive, the developer has to make up the cost of that when the housing gets finished.

DOUGHERTY: Right.

SCHUETZ: So, this all gets capitalized into the final cost of housing.

DOUGHERTY: 100 percent, and he's spent more than a million dollars on these different applications, chose completely separate applications. So, just the cost of the paperwork is not small. Anyway, so what happens is, finally—and this is where the story gets hilarious—this woman, Sonya, who is one of these so-called YIMBYs, which is yes in my backyard, shows up and tries to use this obscure California law to sue the city into making them return to the larger abandoned 15 unit apartment project. What makes this such a hilarious story is Sonya is not a lawyer. She just copied and pasted this law called the Housing and Accountability Act in California that makes it illegal to make a project smaller once it has been proposed. It's a little more complicated than that, but that's basically what it says. And she has just kind of wrote the lawsuit herself, copied and pasted it from past Housing Accountability Act cases she could find, which there were not that many. Then the city actually had to pay her to go away. I thought that was clever. They then simultaneously—these neighbors, let's call them more not in my backyard, but the concerned neighbors who thought the project was too big, basically sued the

opposite case, saying, oh, no, even the new smaller project is too big.

So, the city is now grappling with one lawsuit who says it is too small and another lawsuit who says it's too big. I thought that was kind of funny. And the really funny part is, the developer, because of the indemnification clause, is paying for both of these lawsuits, in essence. He is essentially playing both sides of the same legal argument.

SCHUETZ: I mean that's just astonishing. People in the rest of the country are used to a more straightforward process where the developer gets control of a parcel of land, goes in and asks permission to build and the permission is either granted or not granted and it's over, but the story that you're telling in Lafayette, this isn't an outlier. Right? So some of the research I've done with my colleagues at Seal and Murray looks at how much new housing gets built, particularly apartments, these sort of higher density projects like you're talking about. Many of the wealthy suburbs in both northern and southern California just don't build any apartments ever. Right? So, this is a good way of understanding it, even if technically a builder could build apartments. In practice, there's so much process and it's so expensive and potentially litigation from lots of directions, that just a lot of housing never even gets built. So, Lafayette is not the only place where this is going on, although this is a more complicated story than in some places.

DOUGHERTY: Totally. Precisely what you just said. You know it's kind of funny; right? People always say developers are very profit driven, and they are, but

that cuts both ways. Sometimes the city can come to you and say I will make it much easier for you to make a profit building single family homes than I will for you to build an apartment complex. In essence, that's what happened here. The city implicitly said to him, you may get to build those apartments, but you're going to have to sue us; you're going to have to fight us. It's going to be years and years and years and a judge is going to figure it out. Would you rather take that risk or would you rather sit down with us and talk to us about what we want and your path to development will shrink? Your reputation will be enhanced by you being perceived by someone who works with cities. So, I mean, really, the city is using the cudgel of ease of profit as their negotiation tactic. So, just as you said, if it was just as easy to profit off apartments as it was single family homes, we might see a lot more apartments. We might see a lot more. By the way, I should note, this developer volunteered. This is something we should talk about in a second actually. This developer volunteered to make some of the apartments below market rent. Now, the reason he volunteered that was not because he's a good guy, although I should note that this guy is on the board of an affordable housing developer, Bridge Housing. So he certainly has some interest in affordable housing, as well. By making some of the apartments below market rent, his path to a lawsuit was much, much, much cleaner. It would have made it much easier to file a Housing Accountability Act lawsuit against the city.

SCHUETZ: Got you. So, the State sort of built in a little bit of an advantage

for developers to include some affordable housing. They get a little bit more legal redress if they're refused.

DOUGHERTY: Yes, and this is one thing I think conceptionally that I actually am excited about, or I think could be useful. I don't really want to start advocating about the different types of legislation because if there is one thing I learned from doing this book, it's that legislation people passed that they think will have a particular effect often does not have that effect. On top of that, designing and nurturing legislation is a very specific skill and it's a different skill than journalism. All that said, Scott Weiner, which is actually the next chapter of the book—Scott Weiner, who is the State Senator in California, for people who are listening who are not familiar with California, that is actually a pretty powerful position. California State Senators represent more people than members of the U.S. House of Representatives. I sometimes think that is important to note because it's one of the most powerful legislative positions in the country, outside of the U.S. Senate. What he passed a year later was a bill that essentially—I don't want to bore everyone with the details, but it was a bill for complicated reasons would make it much easier to build affordable housing, that if you were a developer who came in and said I want to build a below market rate housing development in a community, you could effectively bypass the city council and just get a permit, almost like just going to the building department and getting it at a window.

SCHUETZ: And just to back up a second, one of the reasons the State is

getting involved, if you look at both Stephanie and her family, a family that's living in an apartment, even when the entire apartment building organizes together to try and stop a rent increase and try to stop being effective, it's still sort of one of negotiations between the tenants and the landlord of an individual building. So, one building at a time of trying to stop the process of rent going up. In the case of Lafayette, there is a developer who proposes one project and has to fight with the city for years and years. So, the scale at which a lot of these things are being fought, it's a very long and time-consuming process and an expensive process just to get one apartment building built and to keep one apartment building from becoming more expensive. So, the scale of California's housing crisis—if we have to push back sort of one building at a time, you can see why we're never going to solve this. There becomes a reason or a motivation for the State legislature to step in and say if we do this city by city and building by building, we're never going to fix it. What could the State do to make it easier to building housing? Right. Which is where Scott Weiner is coming from.

DOUGHERTY: Right. I'm not regretting that I didn't put a paragraph like that in the book somewhere.

SCHUETZ: You can put it in the revisions.

DOUGHERTY: Yes, exactly, and then paperback. So, what's happening here is the State is saying—and this is common, right, whenever we have a problem that's a lower level of government seems incapable of solving, we kick it up a level. This

happens with all sorts of things. The only thing I was going to add about SP35 was similar to Dennis O'Brian's lawsuit, is that I actually think there is an opportunity for Dennis to kind of take that framework and say, look, if you're going to build that development that has a substantial amount of affordable housing, it will be much, much, much easier for you to get approval. Around the country, there is something called inclusionary zoning which is when cities say to development of a certain size, it is by law you are going to have to set aside some of the units, usually it's about 10 percent. It can be as high as 25 or 30 in the Bay area for lower income households. That's often just another thing, along with impact fees and other kinds of developer taxes that require the developer to go over certain hurdles before they build the unit. What I liked about the way Dennis O'Brien, who was the developer in Lafayette, was using the housing act accountability, what I liked about SPF 35 is it almost takes that concept and turns it on his head. It says you developer, if you can figure out a way to make a profitable development that will have all these social benefits to it, affordable housing, et cetera, you can just rush through the process, and you can get a permit in 6 months. What I like about that frame is it is turning the idea of inclusionary zoning on its head and using it, to use the cliché more, as a carrot than a stick. I don't know why, but if our goal is to build the maximum number of affordable units as fast as possible, I feel like that frame and the promise of basically a lower regulatory barrier, I'm more optimistic that that will be a better way to do it than just saying every development by design has to have exactly the same amount

of affordable units. You know, there are all sorts of ways you can imagine developers taking that inducement, because you know what that framework says is regulation has a cost. This cost in time and process is a cost that we will relieve you of if you will give us a bunch of affordable units. I don't know exactly how that will work out. I don't know enough about development performers and what not. I've certainly looked at a few of them, but to totally see how that might actually play out in the real world, but I do think it's a smart place for policy to say that we recognize that regulation has a high cost and we'll just emit that cost to you, in essence, if you rebuilt the project that needs these parameters with a large number of affordable units.

You actually just saw that in Cupertino which is the home of Apple. There was a development right next to Apple's headquarters. After SP35 was passed, they basically changed the whole development to give it a much larger affordable housing component specifically so they could take advantage of this new law. So, you just think about the profit motive of the developer there. He was saying okay, I will add affordable housing because I think that's my route to a higher profit. So, what we've learned through this high, through the single family homes and then to the State legislation that followed it, we've learned that we can use policy to direct developers towards the profit, which is what they're going to want, but we can use policy to make their route to profit be more socially useful, if we want to.

SCHUETZ: So, our last question, I want to pull back outside of California.

California is ahead of the U.S. in terms of being really expensive, has reached deeper depths of really unpleasant politics. We didn't talk about it from the book, but you go into a number of the fights, the really hostile discussions that go on at all levels of government, both for individual projects that are being proposed, but also any time someone proposes changing state wide laws or changing city wide laws around those. So, California in a sense is ahead of the country, not necessarily in a food way. There was a lot of places, Denver, Nashville, Austin, that have traditionally been more affordability places that have built more housing. Costs are starting to creep up and housing production is slowing down. From the perspective, you have spent a lot in the book thinking about the historic circumstances that got California to where it is and how the politics have built on one another to really become very intractable. If you got a chance to talk to people in places that aren't that bad now, but look like they're trending in the right direction, what would you tell them not to do. How can they not become California?

DOUGHERTY: Yes. It's a great question. So, again, let me give you a frame real quick. I traveled extensively for this book. I've been to Boulder, Minneapolis. I spent a ton of time in Minneapolis meeting with both tenants and policy folks. I went to Vancouver, British Columbia, to try to get a sense of how the international market works, because Vancouver is much more similar to London and Sidney than you might think, even though it's not as big of a city. Then I went to Portland a bunch too, and in Boston. So, I tried to go around the country a lot for this book. One of the

reasons I didn't put as much of that stuff in the book is that it was a very similar situation. The message of this book is that local government is really important, has a much larger effect on our lives than we give it credit for, and is pretty much the primary logjam, the primary determinate of where, how and at what cost we build shelter, this human need around the country, than doing this deep dive on a local government and showing how one of them works I found to be a more useful exercise than going around the country and just sort of repeating yourself, saying this is a problem everywhere. I used one place because I thought it allowed me to bring greater depth to the story, to see more different kinds of people, to see more different kinds of policies and action, rather than going around the country, because when you go to Minneapolis, other than did you find that being evicted there sucks as much as it does in California; right?

SCHUETZ: Being poor is tough everywhere.

DOUGHERTY: Right. My point is that I do think this book has national implications because it's telling us that us how these local jurisdictions which don't vary all that much around the country. We have a lot of single families zoning everywhere. We have of difficulty building affordable apartments everywhere. That teaches us more than just checking boxes and saying this is happening here; this is happening here; this is happening here. So, that's why I did the book, but I did go a bunch of other places. As you said, or at least you intimated, they are terrified of becoming California. You know what's fascinating to me about this?

SCHUETZ: What?

DOUGHERTY: I was an economics reporter at the Wall Street Journal for about 10 years before I joined the New York Times. Every reporter, no matter who they are, has one kind of press release that just will not leave their in box. They get 50 of them a day and for years, that press release was always communities around the country saying to me, "Oh, we're going to become the Silicon Valley of "X", Boise, Idaho." I remember getting all these economic pitches from Boise, saying, "Oh, we're about to become the Silicon Valley. We have Micron. We have all these different tech companies up here." Denver would send these to you.

SCHUETZ: Meaning they're going to have all of the tech jobs and the new start-ups.

DOUGHERTY: Exactly. They were bragging about how they were going to become the new start-up place. Now, when I go talk to those communities, they start pitching themselves as an alternative, just like, oh, we're better than them. We don't have all their problems. So, just think about it. In a decade's time, we've gone from everyone wanting to be the Silicon Valley to everybody terrified that they're going to become the Silicon Valley.

SCHUETZ: Which Is not a great position for the Bay area to be in. So, yeah, in some sense, actually your book is useful as a cautionary tale. We all know how expensive housing is, but getting a sense of the human cost, what is this really like for poor families, for working families? In some sense, hopefully this will help other

places realize they have to get a handle on their problem now before it's too late.

DOUGHERTY: Totally, 100 percent, and if I had to say what people are doing – just look at Minneapolis. Minneapolis became the first major city to essentially outlaw single-family zoning. Another great example is Oregon. I know some other economics allow this, but they built a very diverse political coalition in which they asked passed Statewide rent control, a pretty light form of rent control at about 7 percent, meaning the rent cannot go up more than 7 percent a year, but also essentially outlawed single family zoning in the State. I think Nebraska has a similar proposal. You are seeing places around the country really take leadership. California is the leader on problem and the absolute laggard on solutions. I think that it's really inspiring. I was talking to a bunch of YIMBYs, yes, in my back yard, activists in San Francisco the other day. They were talking about my book and whatever. I said to them, I have a very national frame. I am very interested, as you are, in economic empowerment. I want to see the American promise, which when I define the American problems, I see it as everyone being able to move up a notch. You can come here and be a very low-income person and hopefully have some prayer to make the middle class. My point is that the American promise is like the escalator to a better life if you work hard. I want that promise to be realized. As we all know, the best possible way to do that, though government programs and what not are very important, is to give people the opportunity to live in proximity to a vibrant economy where a lot is going on. and right now we are not fulfilling that promise because

we're making it almost impossible for people to live near these vibrant economies, these vibrant economies that do more than any government program to lift people up. So, I said to this YIMBY person, I said, well, the outcome in my book is that I convince a bunch of other places not to become San Francisco and that San Francisco still falls down the drain but that all these other places don't and the effect would be that millions and millions of more people would live near vibrant economies and get further along. If that's an acceptable outcome, it would sadden me because I was raised in San Francisco and my dad still lives there and I still have a lot of love for the place but fantasizing one little city is not what we should be doing as a country. We should be thinking about how opportunity could be realized in a great many other places, because as you know, most people don't move that far. You go to Minneapolis and you meet all sorts of people, but they're typically from North Dakota or Iowa. They're typically from that place. They are making the same smaller economy to larger economy move that other people are making around the country. Even in the Bay area, you meet so many people who are from LA or the Central Valley. So, people don't move as far as you think. Creating lots of different vibrant economies around the country and ensuring that they remain escalators for their residents and anybody who wants to come there, I think that's the message of this book. That's why the book is called the Golden Gates. The metaphor is supposed to be that we have put up gates around our most vibrant economic centers in the form of high home prices and high rents.

SCHUETZ: Well, we'll have to write that as a new blurb for your book jacket, that Golden Gates is now the playbook for how not to become San Francisco in the best possible way. So, thank you, Conor Dougherty, for joining us, and anybody whose interest in understanding the deep historical roots of California's housing crisis as well as the human impacts, I highly recommend picking this up as a fun plane read, if you've got a long trip coming ahead. So, thanks for joining us, Conor, and best of luck with the rest of the tour.

DOUGHERTY: Thank you, Jenny.

DEWS: You can find Conor Dougherty's book, Golden Gates wherever you like to find books. Jenny Schuetz's ongoing research on housing policy is on our web site, Brookings.edu. See especially her big idea on improving housing affordability published by our policy 2020 initiative.

Now, speaking of Policy 2020, Senior Fellow Jonathan Rauch answers a student's question about how to combat polarization in our projects.

AIELLO: My name is Jack Aiello, and I study economics and political economy at Princeton. My question for you today is what policy options exist, if any, for combating partisanship in American politics and in electoral democracies more broadly.

RAUCH: Hi, Jack. Thanks for your question. I'm Jonathan Rauch, a Senior Fellow in Government Studies here at the Brookings Institution.

Polarization is like that old joke about the weather. Everyone complains

about it, but no one does anything about it, except that nowadays a lot of people are trying to do something about the weather, polarization not so much. There is so much partisan antipathy, social media yelling and extreme political rhetoric that a sense of fatalism descends. Could American become too hostile mutually uncomprehending camps forever? I wish I could rule it out. Some polarized democracies disintegrate; the Weimar Republic, America in the 1850's. I am not among those who pooh-pooh polarization by saying well, it was worse during the Civil War or the 1960's. One reason not to be complacent has to do with the type of polarization we are now experiencing. Scholars call it affective polarization. It's not so much that Democrats or Republicans think the other side is wrong on the issues. It's not just disagreement. It's also the belief that the other side is dangerous, a threat to the country, a threat to our way of life, maybe a threat to our very existence. What we fear, we hate.

Politicians of a certain stripe, the term of art is demigods, glory in enflaming affective polarization for political advantage. Case in point, Donald Trump. As he said in his re-election kickoff rally in June, "Our radical Democratic opponents are driven by hatred, prejudice and rage. They want to destroy you and they want to destroy our country as we know it. Not acceptable. It's not going to happen."

So, why not be fatalistic? Can we do something s individuals, as a country? Actually, yes, quite a bit. We can start in our own lives and communities, just mixing reds with blues does not depolarize people, but working together on a common

project does. Groups are springing up across the country to exploit that psychology. One such is Better Angels, a national grass roots depolarizing movement on whose board I serve. It brings reds and blues together for workshops that use methods derived from family therapy to reduce barriers to communication. Participants aren't expected to leave the room agreeing with each other, but they do come away seeing the other side as more human and more understandable, less a sinister threat, more a fellow citizen. It dials down the fear and moves polarization back toward issues. There are many other such groups springing up across the country, with names like Living Room Conversations, Bridge USA, Bridge the Divide. Will they make much difference? We'll see. At a minimum, they can help. And importantly, they show that ordinary Americans are not helpless. We are not pawns of social media and inflammatory disinformation. In our lives, in our communities, we can act.

Also, we can tackle political polarization. Ironically, one of its causes seems to be the disempowerment of traditional party organizations. Until recently, they have the power to vet candidates and platforms for a broad appeal to the so-called median voter, but the moderating power of political party organizations has declined. In primary elections, polarized activists push extreme candidates and veto moderate ones. Unfortunately, if there are no moderate candidates, there can be no moderate voters. Fortunately, steps can be taken to strengthen party organizations from untying their hands financially to increasing their influence in nominations. Those who want to know more might start with papers and articles by Elaine Kamarck, Ray La Raja

and me on the Brookings website.

Finally, we can think harder on what I believe is the root cause of polarization, the neglect of the kind of social organizations, so-called mediating institutions, which let Americans feel connected, efficacious and spoken for. I'm talking about everything from civil clubs to churches and unions and local political party organizations. Without those connectors, Americans feel isolated and ignored and at the mercy of faraway bureaucracies like corporations and the government. An important new book by Yuval Levin, *A Time To Heal*, is essential reading for those who want to learn how devaluing institutions has deradicalized America and want to do about it. Restoring our institutions and our commitment to them is a long-term project, but remember, history demonstrates that Americans are expert institution builders. We can prove that again.

DEWS: You can listen to more Policy 2020 Ask an Expert segments at brookings.edu/2020. Send in your own questions to bcp@brookings.edu. Be sure to include your name and where you're from.

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Until next time, I'm Fred Dews.

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