



# The Flip Side of the Housing Recovery: Resurgence of the NIMBY

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If you own a home you've probably been keeping at least one eye on Zillow lately. Housing values have largely crawled back from 2008 lows -- and in many cases have surpassed their 2006 high-water marks.

Good news for some. Bad news for many.

A recent report by the Legislative Analyst notes that "[b]etween 1970 and 1980, California home prices went from 30% above U.S. levels to more than 80% higher." The trend has only worsened. An average California home now costs \$440,000 -- about two and a half times the average national price of \$180,000.

Rising prices means a large swath of the population is being closed out of the market. There simply is not enough supply to meet demand, and if that lop-sided calculus persists, we could be witness to a mass migration of Millennials out of the Golden State. Such a blood-letting of next-generation professionals cannot but spell doom for California's long-term economic prospects.

This crisis is not news. In 1982, the State Legislature declared that "[t]he lack of housing, including emergency shelters, is a critical problem that threatens the economic, environmental, and social quality of life in California." At that time, Legislature enacted the Housing Accountability Act, which significantly restricts the ability of local governments either to force the scale down of a housing project or to deny such a project. Indeed, to deny or scale-down a housing project, local governments must make heightened findings that the project would have a "specific adverse impact on public health or safety." The "specific, adverse impact" means a "significant, quantifiable, direct, and unavoidable impact," based on objective, pre-existing written standards. The law interposes a very high threshold for denial and, as some courts have suggested, may also give rise to a protected property right.

It is the affluent communities in SoCal, like the coastal cities, that frequently have the most unmet Regional Housing Needs Allocation (RHNA) housing unit quotas mandated by the State. The Legislative Analysis notes that "[o]n top of the 100,000 to 140,000 housing units California is expected to build each year, the state probably would have to build as many as 100,000 additional units annually — almost exclusively in its coastal communities — to seriously mitigate its problems with housing affordability."

Developers approaching such communities with offers of higher density housing to help those cities meet their RHNA counts often face passionate resistance from existing homeowners who see new development as a threat to their lifestyle (the not-in-my-backyard set or "NIMBY"). City councils, whose electoral fate is in the hands of those anxious homeowners, often feel



compelled to address the concerns of their constituents by slamming the door on mixed-use or multi-family housing projects. And so it is in places like the beach where the friction between the entrenched property owner and the up-and-coming workforce is most acutely felt.

Everyone loves a beach. But the chance of actually owning a piece of coastal real estate is a privilege of the very few. The person serving your coffee at the beachside coffee house most likely had to drive far from inland realms to serve it to you. Developers should be apprised of their rights to pursue affordable, but well designed, housing projects in those troublesome jurisdictions. Elected officials of such communities should be advised of their constraints in determining whether or not such developments should be built. And as for the NIMBY, well no one has yet found a cure.

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