



Opinion

OP-ED CONTRIBUTOR

Fires Aren't the Only Threat to the California Dream



Homes in the Coffey Park neighborhood of Santa Rosa, Calif., destroyed by wildfires.

JUSTIN SULLIVAN / GETTY IMAGES

By ENRICO MORETTI

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SAN FRANCISCO — The fires that ravaged Northern California in October claimed lives, weakened communities and scarred one of the West's most distinctive landscapes. The destruction of an [estimated 14,000 homes](#) in the wine country north of San Francisco will worsen a severe housing shortage in a region where rents and housing values are already sky-high.

The shortage harms rural communities on the fringes of the Bay Area, but it is rooted in urban communities in the region's core — San Francisco, Oakland, Palo Alto and Berkeley. It is exacerbated by well-meaning but misguided housing policies championed by urban liberals. The area has some of the most progressive

voters and policymakers in the nation, yet it has also adopted some of the most regressive housing policies, with large costs for low-income renters and the environment.

The regional economy of the Bay Area is like an integrated ecosystem, where everything is connected. The exceptional economic dynamism of the region's urban core affects the labor and housing market as well as the physical environment in the periphery.

The San Francisco and Silicon Valley labor markets are the most robust since the mid-1960s, when researchers started collecting jobs data — and employment and wages are higher today than at the peak of the dot-com boom of 2000. Young, well-educated workers can have some of the best careers in the world here. Labor productivity and wages are among the highest anywhere, creativity and innovation flourish, and incomes are growing inside and outside the tech sector.

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So it is unsurprising that tens of thousands of workers want to move here every year. The problem is that the supply of houses in the region's core remains wildly inadequate. Over the past two years, San Francisco County [added 38,000 jobs](#), reaching its highest employment level ever. Yet only 4,500 new housing units were permitted. For all those new families knocking on San Francisco doors, new units are available for less than 12 percent of them. The numbers for Silicon Valley are even worse. This is why the rents skyrocket.

The problem is largely self-inflicted: the region has some of the country's slowest, most political and cumbersome housing approval processes and most stringent land-use restrictions.

Thanks to aggressive lobbying by an odd coalition of Nimby homeowners and progressives — radical county supervisors, tenants' unions, environmental groups — in places like San Francisco and Oakland, it takes years (and sometimes even decades), harsh political battles and arduous appeals to get a market-rate housing project approved.

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Everything is political in the Bay Area, but housing most of all.

Some restrictions make sense: Nobody wants skyscrapers poking up among Victorian houses, and nobody wants to tear down historical buildings. But many others don't: There are scores of empty parking lots in San Francisco and Oakland that can't be built on because of political opposition.

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The lack of supply means rents and housing values increase faster than necessary. For homeowners, this is a boon, as their assets keep appreciating. For renters, this means an ever-increasing cost of living and for some, an impetus to pack up and leave.

One way to think about it is that the enormous increase in wealth generated by the tech boom is largely captured by homeowners in the urban core who bought before the boom. By fighting new market-rate housing, Nimbys and Bay Area progressives are de facto making the housing shortage worse. Ironically, given residents typically progressive political leanings, this has regressive consequences, because it helps rich insiders at the expense of everyone else.

The second negative consequence of the region's restrictive housing policies in the urban core is environmental degradation on the periphery. Good environmental stewardship suggests that we should build more in the urban core near transit and jobs and less on the fringes. Yet because of cities' strict housing regulations, we build more on farmland on the region's outskirts and less in the city center where demand is higher.

Families who can't afford San Francisco, Berkeley or Silicon Valley have to move to exurbs. Some 3,800 Californians leave urban parts of the Bay Area for cheaper housing in Sonoma and Napa Counties every year. This worsens traffic and heightens the pressure for development on the edge of the region — in places such as Santa Rosa, home to some of the neighborhoods hardest hit by this month's fires.

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This extracts enormous environmental costs. Bay Area urban progressives, by fighting new housing in their neighborhoods, cause more sprawl on the rural fringes. I'm a committed environmentalist, and it made me rethink the way I engage with such issues: For example, I was a member of the Sierra Club for a more than a decade. But because of all the unwise battles waged by the San Francisco chapter against smart housing growth in the city, I quit to support other environmental groups.

Just like fires, bad housing policies can carry horrendous social and environmental costs. As the smoke from the Northern California fires clears, our urban communities should follow the examples of other progressive cities, and embrace smart growth.

For this to happen, local urban progressives must moderate their reflexive opposition to all new market-based housing. The main winners will be the region's most vulnerable: urban renters as well as the land and inhabitants of areas incinerated by the recent infernos.

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