

Thomas Sowell

Pundits

There was a painful irony in an upbeat newspaper story about a man of modest income who was able to continue living in San Mateo County, California, only because he could rent a government-subsidized apartment for \$850 a month. Without the subsidy, the rent would probably have been at least twice as high.

On the other hand, in Modesto, California, he could rent an apartment in a gated community for less than \$850 a month -- and without government subsidies. Modesto is in a much more conservative part of California, where environmental extremists do not have the political clout to ban the building of housing over vast areas under "open space" laws. The artificial scarcity of buildable land under such laws drives up land prices and thus drives up housing prices.

As housing prices skyrocket after open space laws are passed, token amounts of "affordable housing" are then provided through government subsidies. In other words, having made housing unaffordable for many people, government now provides a relative handful of people with housing that is almost as affordable as it would be if the government had left things alone.

It is a classic example of what Adam Smith called a "most unnecessary attention" by politicians to things that would be better off without their interference. It has been nearly half a century since Martin Anderson's classic study "The Federal Bulldozer" revealed that the federal government had destroyed more housing through Urban Renewal than it ever built. Now state and local governments are banning housing under open space laws.

Meanwhile, politicians, editorial writers, and others who wring their hands over a lack of "affordable housing" turn to government as the only solution to a problem which government itself has created!

Politicians are seldom willing to solve any problem by simply stopping what they have been doing to create the problem. Instead, they come up with new programs that ignore the real cause.

Let's go back to that fortunate gentleman who is able to live in San Mateo County with government subsidies. Why couldn't he afford to live there without those subsidies?

A major reason is that the building of housing is banned on more than half the land in San Mateo County. Moreover, the county is now seeking to acquire an additional 220 square miles of land for "open space." That is more than four times the area of San Francisco. You cannot take vast amounts of land off the market without driving up the price of the land that is still on the market. That's Economics One.

Some people are naive enough to believe that, when you are preserving open space, you are preventing over-crowding. But it is just the opposite. Since the total population is the same, whether there are open space laws

or not, the larger the amount of land where nobody can live, the more crowded is the land where people are allowed to live -- and the more expensive.

Those who are pushing for even more open space are not all naive, however, even if some of their followers are. Bans and restrictions on the use of land enable the affluent and the wealthy to keep out the unwashed masses and preserve the character of the upscale communities where they live.

Making housing unaffordable to other people is the most effective way to preserve the little enclaves of the elite. It also raises the value of the homes and land they already own. Nothing is a better camouflage for pure selfishness than the appearance of lofty nobility in "preserving" the environment.

Stratospheric rents and astronomical housing prices are an acute problem in particular localities where there are drastic restrictions on building housing. Politicians, however, seize on these examples to claim that there is a "national" problem which calls for massive federal government programs. In reality, you can rent or buy luxury housing in most of the country for less than the cost of very ordinary housing in those parts of California or New York where housing bans and drastic building restrictions abound.

Those who look to government for housing solutions seldom consider how many of our existing housing problems are a result of the "most unnecessary attention" of politicians and bureaucrats.