



# Housing Affordability and Public Policy

by [Robert Bruegmann](#) 01/26/2012

Nothing in the world today affects citizens more directly than the home in which they live. And when it comes to housing no piece of recent research opens more interesting avenues of investigation than the [Demographia International Housing Affordability Survey](#).

Individuals and families across the economic and social spectrum all over the world are eager to gain as much control as they can over the place where they live. They wish to make sure it cannot be taken away from them arbitrarily; they wish to control who has access to it and who can benefit from it; and, as much as possible, they wish to protect it against negative influences in the larger community around it.

This combination of goals sets up some inherent conflicts in every society. What is good for a given individual or family is not necessarily good for a society as a whole, and what is good for society as a whole is not necessarily good for any given individual or family. From this fundamental tension has sprung a bewildering set of arrangements for allocating and regulating land and residential structures on it. At one end of the political spectrum have been societies in which land is owned in common and is supposed to be allocated to individuals and families on the basis of merit or need. Such has been the case with many Utopian and Socialist societies. At the other end of the spectrum have been societies where the individual ownership of land and homes is considered a bedrock condition of a democratic society, where ownership is widely dispersed, and individual rights and preferences have been zealously safeguarded from all but the most necessary intervention. One of the best examples of this would have been the United States, Canada or Australia in the nineteenth century. The trend over the last fifty years has been a convergence toward the middle of this spectrum as Socialist countries have abandoned the dream of complete common ownership and societies that traditionally were loath to interfere with individual property rights have adopted layer after layer of regulation intended to secure the health, safety and wellbeing of the larger society.

Given the fundamental importance of housing in all societies, it is remarkable how little we know about the results of housing policies in various parts of the world. In my own field of architectural and urban history, for example, if you were to ask even some of the greatest experts to compare what an average house or apartment unit in any two given cities looked like at some date in the past or even the present, what it would cost to buy and to operate them and what regulations would affect them, it is very unlikely that the individual would have more than rudimentary hunches. Historians can tell you in great

detail about the palaces, townhouses and country estates of the powerful and wealthy, then and now, and about some of the efforts at reform housing by the government or charitable organizations, but at least until recently, the lack of information about how and where ordinary individuals live has been remarkable.

Part of this neglect is due to a discredited but lingering attitude that history is made overwhelmingly by the rich and famous and not by the decisions of millions of ordinary citizens. Part of it is simply that real estate ownership is now so dispersed and so intensely affected by local conditions that it is hard to quantify in ways that allow for comparative analysis. Partly it has been due to a widespread belief that commerce and industry are the driving forces in the world economy and that housing is a by-product of the larger economy. This attitude is, of course, obviously wrong-headed, as the central role of residential real estate in the recent economic downturn has proved. Residential real estate plays a huge and increasingly important role in the economy of every nation. Given the obvious importance of housing, what should public policy be and the role of the individual, the developer, governmental agencies? Is there an optimal size for cities, for housing units? How much land should housing occupy? Should housing be separated from or integrated with other uses? Should government promote one kind of residential tenure over another, individual home ownership over rental or various kinds of collective ownership over individual property, for example? Have the citizens of a given city or nation underinvested or overinvested in housing? Are housing prices in line or out of line with individual and family incomes? Unfortunately there has been very little data for anyone trying to find answers to questions like these.

It was against this backdrop that the appearance, in 2004, of the first international housing affordability survey by Wendell Cox and Hugh Pavletich was such a revelation. It provided some of most reliable information ever compiled for those who wished to compare nations around the world with quite different housing policies. Cox and Pavletich had their own point of view. It is fair to say that both of them tend to favor market solutions to many of the most difficult questions about housing and how it is allocated and regulated, but their compilation of data, like the data found on Cox's demographia.com website generally can stand on its own as one of the most impressive and reliable collections of comparative urban statistics to be found anywhere.

The issue that appears to have been the principle motivation to compile this data was the rise of various forms of "Smart Growth" policies around the world. Whether these policies were intended to enhance the environment or limit sprawl, they clearly had an effect on the price of housing, but what these effects were was very much in dispute. In the United States, for example, the question of whether the growth boundary around Portland, Oregon, has had an effect in raising housing prices, as some observers claim, or that the dual focus on development at the center and regulation at the edge has kept housing prices reasonable, has raged for a number of years now. The same debate has been joined in many other places, for example in Australia where the recent rise in prices has been particularly sharp and, given the vast extent of the country, the urban containment policies particularly contentious.

Cox and Pavletich went out in search of the data they felt could answer questions of this kind. Their conclusion, that the land use policies in places like coastal California, Vancouver, Britain and Australia, have dramatically driven up the cost of housing, and that the less intrusive policies of places like Atlanta and Houston has kept prices down

has been controversial, but I think it is fair to say that a growing number of people who have looked at the figures have tended to agree that a good many well-meaning policies involving housing may be pushing up prices to such an extent that the negative side-effects are more harmful than the problems the policies were intended to correct. These observers have also noted that measures that restrict land supply, slow growth in the immediate area where the policies are in place and push up housing prices can be very attractive to individuals who already own their own homes.

In any case, the figures presented in this survey, like the collection of data on demographia.com more generally, are endlessly fascinating and very important. They provide some basis for exploring issues that will figure importantly in discussions of housing policy for decades to come.

*Robert Bruegmann is professor emeritus of Art history, Architecture and Urban Planning at the University of Illinois at Chicago.*

---

Note: This article appeared as the Introduction of the *8th Annual Demographia International Housing Affordability Survey*, released January 22, 2012