

How Blue Cities Became So Outrageously Unaffordable

How did the party of big government become the party of paralysis?

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[MUSIC PLAYING]

Ezra Klein

I'm Ezra Klein, and this is "The Ezra Klein Show."

I am a Californian. I was born and raised in Southern California. I was educated in the state's public schools, and I graduated from University of California system. I moved back a couple of years ago after a long time on the East Coast because I love California. I'm a California partisan kind of wherever I am. But I'm also worried about the state I love. The median price for a home in the Golden State is more than \$700,000. It is home to four of the nation's five most expensive housing markets — a quarter of the nation's homeless residents.

And as a result, California has the highest poverty rate in the nation when you factor in housing costs. That is not because of the current set of politicians. The reason is deeper. It is very, very, very hard to build things in California, particularly homes. But it's also just hard to build anything. After years of delays and cost overruns, California's long anticipated high speed rail system — the one that was partially funded by 2009 stimulus dollars, the one that is supposed to go between Los Angeles and San Francisco — it's been shrunk to a line connecting the mid-sized cities of Bakersfield and Merced. And it is still tens of billions over budget and years behind schedule.

I care about what's happening California a lot, because I'm from here. But it's not just a problem here. This is a New York problem. Look at the difficulty both with housing affordability, but also — my God — how long it has taken to upgrade Penn Station over there. It is a Seattle problem. It is a Washington, D.C., problem. And it's an American problem. And now, President Biden is building much of his agenda, much of his theory of the policy case, around building infrastructure. But it costs more to build things in America than in peer nations. It happens more slowly. And a lot of projects simply die in red tape and lawsuits.

On so many policy issues, the Democratic party's pitch is simple. Elect Democrats, and they will use government to do big things. To build big things. To solve big problems. The weakness in that pitch, is that in the places where Democrats hold the most power, building is often really, really hard. And so, accomplishing the Democrats' policy goals is really hard. And I think this is a problem within Democratic governance that liberals need to confront more squarely and try to be more curious about its causes.

Jerusalem Demsas is a policy reporter at Vox who covers a range of issues from housing and homelessness to infrastructure and transportation. She's been doing great reporting on these topics with exactly this frame in mind. So on one level, the conversation we have here is a policy conversation about why it costs so much to build in America, and then in particular states, and why it's so hard.

But on another level, it is about something more central to the Democratic or even liberal project. Why does a party that wants a government to do big things have so much trouble building things when they're in charge? And why do the problems often seem worst where

they have the most power? As always, my email for guest suggestions, reading suggestions, feedback, whatever — ezrakleinshow@nytimes.com.

Jerusalem Demsas, welcome to the show.

Jerusalem Demsas

Thanks for having me.

Ezra Klein

So there's a big infrastructure bill moving through Congress right now. Spending money on roads and bridges is basically the only thing Democrats and Republicans can agree on. But America's really bad at building this stuff. We spend more, we're slower, a lot of the projects end up dying because of those factors. You've done great work on this. Why are we so bad at building infrastructure in this country?

Jerusalem Demsas

Yeah, it's really complicated. I think the first thing, just to define the problem here, the U.S. is basically the sixth most expensive place to build rapid rail transit. So that's things like the New York Subway, the Washington Metro, the Chicago El. New York City is a big part of that. But even without New York City, we are basically paying a 50 percent premium on a per mile basis to build transit. So this is a really big problem. This is billions of dollars. This is a lot of money being lost and a lot of money not being spent as efficiently as possible.

And it's also kind of reducing the impetus for people to even want to engage in ambitious projects. We're the sixth most expensive place to build, even though our projects are only 37 percent tunneled. And the five countries that are ahead of us, they're building projects that are

more than 80 percent tunneled. So essentially, if we were trying to be ambitious, we would likely be the most expensive place in the world to build. There are a lot of reasons.

A big reason is that culturally, American government is really deferential to the interests of upper middle class engaged voters. And when you are trying to build transit, you're usually trying to do it in places where it would service as many people as possible. And that means there's going to be disruption. There's going to be disruption in the construction process. There's going to be disruption as people are planning out and closing streets and bridges and things like that. And it's not that Americans are more angry about disruption than places outside of the United States. But the legal framework that we've set up in this country is one that essentially ensures that if you are upset about construction, that your voice will be heard above that of the interests of the majority of the population.

So there are several examples where you have people using environmental protection legislation to ensure that you can't build transit. You can't build even solar projects. You can't build things that are clearly good for the environment. And it essentially is weaponizing pieces of legislation that are supposed to give a voice to people who might be harmed by a process. And they're creating massive delays. And that's what's running up the costs.

Ezra Klein

You mentioned tunneled versus non-tunneled. And the issue there, as I understand it, is simply that tunneled infrastructure is much more expensive. It's also great. I mean, tunnels are amazing. But it's much more expensive. And we do less of it, in part because it is so expensive. So when you're trying to compare our infrastructure cost to other places,

the fact that we have given up on so much of the tunneling we might otherwise do because of our costs makes us look artificially a little bit cheaper. But actually, it's simply a collapse in our ambitions.

Jerusalem Demsas

Yeah, exactly. And this is a big problem, because one of the ways that transit agencies have responded to this, and our government has responded to this massive cost problem, is by creating less ambitious projects to begin with. So in not even trying or attempting to do tunneling is one way they've done that.

But another way is that instead of trying to build in really dense areas in places that would allow people to reach central business districts and get from work, to job, to play in the most efficient manner possible, they try to build most transit along freeways where there's already kind of — there's already less disruption, because people don't usually live right next to a freeway. Or they'll try to build it in places near freight train lines that exist already. But dense places are not next to these infrastructure projects that already exist. So people are getting much worse projects even at the very beginning of the planning process, which stunts us before we even get to the point where we're assessing costs.

Ezra Klein

This is such an important point. And I want to hold on it for another second and bring in some numbers here. Because your point about density is key. I think in a lot of people's heads, one easy explanation is well, America is — particularly in these cities — pretty dense. Some of the infrastructure — buildings, roads, et cetera — is pretty old. Of course it's really hard to build.

But so, the Eno Center for Transportation finds that New York's Second Avenue subway cost \$2.6 billion per mile — \$2.6 billion per mile. San Francisco — where I live — the Central Subway cost \$920 million per mile. L.A.'s Purple Line cost \$800 million per mile. And then, in contrast, Copenhagen built a project at just \$323 million per mile. And Paris and Madrid, which are old and dense — I mean, Paris is very dense — they did their projects in the range of \$160 million to \$320 million per mile.

So these are European cities. They have old dense infrastructure. They tend to have higher union density — union penetration than we do. When Americans think about how work gets done in Europe, they think it's inefficient, that everybody just sits around taking espresso breaks, right? It's not like we're talking here just about Shanghai. But it's weird.

Jerusalem Demsas

Yeah. One of the best places to do this — to build transit in the world — is in Spain. Which is not a place — there are tons of jokes that Americans make about siestas and things like that. So you're right. The perception of this is not actually accurate when we look at what's happening with these massive projects. And there are a few things going on here. One of the things going on here is that these countries have invested in public servants in a way that we haven't here in the United States. Public transit agencies in these European countries that are performing a lot better than us on this issue are in power to complete projects and whatever it takes to do that.

So for example, if an agency in the United States decides they want to build a light rail train, they try and go through a permitting process to close down a street that they need to do for a couple of weeks so that construction workers can work on it. Then they have to ask several other

agencies, often, to just do the same exact process over again, do the same kind of thing with getting community input, going through all of the regulations and rules, because no one agency is actually empowered to finish a project. So there's this jurisdictional issue as well, where we've basically forced several jurisdictions to have these same sorts of authorities that one jurisdiction will have in many European countries.

And a second part of the problem is, we've basically terrified a lot of these transit agency workers into not being able to make these specific decisions. So there's one anecdote that I heard from an expert in this space, where someone was asked, what color should we paint the subway walls? And they had to just kick it up like 12 different levels to get to the very board of their institution in order to get that question answered. And the cost of delaying, and having people wait around at these stations, because they're waiting for an answer on this, costs a lot of money.

Ezra Klein

I'm just going to put this as a signpost for where this conversation is going. But a lot of what we're going to end up talking about here is the way Americans, in some cases, dislike and devalue government. Not just from the right, but also from the left. That a lot of things are going to come down to the way America treats its government, and constrains it, and assumes that challenges to it are correct, and should be given quite a bit of precedence.

But I want to get to the underlying mystery of this. Because it wasn't always this way. It would be one thing if America is an individualistic country. We have a distinctive heritage, a distinctive culture, maybe we've always been bad at building infrastructure. But we built the interstate highway system, just in a matter of decades. You'd think we

could build something like that that fast today? And something has changed.

I mean, you cite research from the economist Leah Brooks, who finds that states spent more than three times as much to build a mile of highway in the 1980s as they did in the early '60s. There was a real explosion in a pretty condensed period of time. So what is the explanation for the change over time here? What happens in this '60s to '80s, '90s period that creates the modern infrastructure tangle we have?

Jerusalem Demsas

Yeah. So her research — Brooks and her co-author Zach Liscow who's at Yale — they look into this problem of, why is it that highways have gotten much more expensive to build? And it's an interesting question separate from transit. Because with transit, we don't do it that often. But we build highways all the time here. We lengthen them, we build interchanges, we keep them up, we maintain them.

So we should be very good at it. And in a lot of ways, we are. And they're able to rule out a lot of the traditional explanations, things like, it's either unions, or it's the geography of the places that we're talking about — it's just getting more difficult to build, because we're building in harder and harder geographies for whatever reason. And so, they rule out these kinds of explanations.

And what they're left with is this concept they call "citizen voice." And there are regulations that have been put in place, that a lot of times come from a good place. They're saying the government should not be able to steamroll over communities — in particular marginalized communities. There are many instances in the 20th century of the government building highways through minority communities, and

really destroying them, and creating a lot of negative impacts. And so, one of the big regulations that comes out in 1970 is the National Environmental Protection Act.

And this is meant to ensure that the government — if it's either doing a federal project, or a project that is receiving federal money — needs to do an environmental impact statement, and make sure they're engaging the community properly, so that you don't get these massive harms accruing to these local communities, because the government's just stomping through them. What ends up happening is what ends up happening a lot of the time when you increase participatory democracy at the local level. Which is that, it is not used by people who are marginalized.

It is often very few times ever used by people who are really concerned about the fact that the government is not representative of their interests. Who it's used by is, very frequently, individuals who are very wealthy, who are white, who are already privileged in the political system, to stop transportation, and to stop public works projects, or anything that might be broadly beneficial to the community, from being placed in their neighborhoods. And so of course, there's this concept of "not in my backyard," which really begins to gain steam.

And so, people who are broadly supportive of things like public transit become very opposed to the idea that it could ever be properly put inside the community that they reside in. And of course, wealthier individuals are concentrated in these places of high opportunity, where there are good houses, good schools, good jobs. And a lot of times, these places do not have access to transit for the very reasons I just described.

I want to go back to that point about the history here, because I think it's so important. It's become much more important in my work as I've been looking into this more. There is a stereotype of the cleavage in American politics, which is that Democrats want to use the government to do big things, and Republicans don't, and that is the fight.

But if you look more deeply — and one reason you see a lot of these pathologies in states with a history and a present of overwhelming Democratic governance, places like California or New York — is that there's a bit of a divided Democratic soul here, that there was, as you say, partially in response to these periods in the '50s and '60s when you had Robert Moses cutting up minority communities with highways in New York.

But things like that happened all over. There was a lot of environmental damage. Think of Rachel Carson's "Silent Spring." And so, you had the rise of a progressive movement — a New Left movement — which becomes part of the current Democratic Party, which is very focused on restraining big government, on giving citizens voice in government. Nader's Raiders — Ralph Nader and the public interest movement — is part of this. There's a great new book on this called "Public Citizens" by Paul Sabin.

And so, on the one hand, you have this sort of New Deal liberalism that is part of the Democratic Party, where you have government, and unions, and corporations coming together to do very big things. And then, you have this progressive New Left legacy in the Democratic party, which is trying to build structures to restrain the government's ability to do those things, at least over the will of communities.

But then as you say, a lot of the processes and pieces of legislation that get built for that end up becoming the tool of organized interests. That

they're no longer for the community. They're just for whoever might lose from a current project, and wants to organize, and nobody else shows up. Because who likes to go to local planning meetings? When you do your work on this, do you see this as part of a legacy on the left?

Jerusalem Demsas

Yeah, for sure. I think that there's this broader correct diagnosis that progressives have done, that there is massive regulatory capture by billionaires, by big business, by oil companies, to stop environmental legislation from passing. But there's very little reckoning of the fact that there are large swaths of the community that makes up progressives that have also engaged in regulatory capture. And that things like homeownership, and things like blocking housing, and transit, and infrastructure in their communities is something that's not being done by developers or some kind of nefarious other force.

It's being done by people who make up this coalition. And I think that that kind of cognitive dissonance is something that is not really reckoned with. And I mean, you mentioned this kind of idea of participatory democracy does not actually solve this problem. And I think it's just structural. You have structural issues with the fact that people who are willing to engage in these kinds of local politics are systematically older, systematically whiter, and systematically they're more likely to be homeowners and have a preference towards stability rather than growth and change.

And we have specific data for this. Katherine Einstein and her co-authors at Boston University looked at in-person meetings pre-Covid to see who attended. And before Covid, you had 75 percent of people were over 50, whereas the surrounding population was actually only 52 percent over 50. And 73.4 percent were homeowners, while the general

population in the area was only 45.6 percent homeowners. And then, they decided to see, what if we made it easier for people to participate. During Covid, these became virtual meetings. So the cost to actually accessing these spaces declined significantly. But still, it actually got slightly worse. And I think that unless we recognize that representative government is the only way to solve collection action problems, we're going to continue having this issue, where there's confusion around why is it that participatory democracy isn't getting everyone into the room. It's just never going to happen.

Ezra Klein

Yeah. There's a fascinating book on this by a guy named Bruce Cain, called "Democracy More or Less." And he makes a point very related, which is that a lot of the populist movements in this country have just been built on an empirically wrong view of the population. And this is a real politically hard one for anybody, who like me, believes in democracy. But most people don't want to participate in politics all that much. They will participate some of the time, when something they really care about is at stake.

And otherwise, they want to live their lives and have governance done well by other people. And to even say that makes you sound a little bit elitist. It makes you sound maybe like you're diminishing the capacity of people to participate. But we see it over, and over, and over again. The more you ask of people, even on one ballot, the less of it they will fill out. And that's normal on some level. I mean, everybody's got limited time. You're trying to take care of a family.

But what it ends up meaning, is that there are a lot of processes at basically every level of government, that are designed with the idea of a population that wants to participate. But then, when that population

doesn't participate, to paraphrase Cain here, it leaves a void that organized interests flow into. And so, it is then the people who are most organized, who have the money, who can hire lobbyists, who can sign up for everything, and generate the information, who are well organized, who have something on the line, who show up.

That's not always bad. I mean, sometimes that is a community that has a real need for something. But it is often bad, because as the data you're pointing to suggests, usually those are folks who just own more. And as for the people who are not already in the community, have not benefited yet from the project, that has not yet been built — of course you can't organize the future recipients of something that has not yet happened. That's a very tough organizing job.

Jerusalem Demsas

Yeah. I mean, you're getting at something, I think, that is really important here, is that, there's just an asymmetry with these issues in particular, where the harms to progress are concentrated on very few people. Let's just take, for example, a train that's being built in a neighborhood. Construction costs — it's annoying to have construction. It's annoying if your normal route is blocked. It's annoying if there's dust being kicked up places, and there's people around that you don't know in your normally more quiet community.

And those are very concentrated harms, and that people are reacting to, and requiring that their government respond to, and stop from happening. But the benefits of these kinds of policies are extremely diffuse. No one is the specific recipient of the transit line usually. Or if you're just building more houses, you're not really sure who's going to get that. That community can't speak up in favor of that, because it's not clear who that person is.

And that's kind of the structural disadvantage to progress that we're seeing here, is that even if in the abstract, which I mean, I genuinely believe that the majority of Democrats are — and maybe even the population — is in favor of these kinds of projects in the abstract and would like them to happen if there was no costs. There's not a reckoning with the fact that someone's going to have to bear the costs. And we need to stop excessive deference to the very few people who are going to experience some harms in the process.

Ezra Klein

So I want to ground this in a particular example. Tell me the story of Maryland's Purple Line. What is it? What is it trying to do? How long has the project taken? What's the cost issue there? Just tell me about that the tale.

Jerusalem Demsas

Sure. So I grew up in Montgomery County Maryland, which is one of the Maryland counties that borders Washington, D.C. And the Purple Line is an above ground light rail project that has been trying to be built since before I was even born. And for 20 years — from when I moved there to now — the project is still not completed. And costs have risen just astronomically in completing the project. And the ones that are really causing a lot of the delay are these wealthy homeowners in Chevy Chase, Maryland, which is a very wealthy suburb of the District of Columbia.

So you have these folks who, essentially, have been suing to stop the transit line from coming through. And they've offered a bunch of different justifications for this. One was that there is some endangered species that might be harmed by this. It took a lot of litigation and time to discover that they could not find it or any evidence of it at all. And they delayed it for a serious amount of time because of that. And then,

you had in addition to that complaint, they offered up a bunch of other ones about how ridership was going to be low, and how people had ridden the bus along the way that the rail line would be built. And that there wasn't that much ridership.

Ignoring the fact that, of course, if you built a rail line people would be able to use that and be much more efficient than the current several different buses you'd have to take to get along the exact same route. And so, at this point, it's taken over two decades. I thought that I was going to ride the Purple Line when I was in high school. And that never happened. And people are really mad. And there's even people who are infamous, at this point, in the broader Maryland political community for having been one of two major proponents of the lawsuit.

So you have a situation here, where very few people have managed to proffer up a bunch of facially neutral, race neutral, class neutral, explanations for why it's a bad idea to build a public works project. And at the end of the day, the people who have suffered the most are domestic workers who are taking multiple bus lines, or having to figure out other ways to get to work every single day. And that's high costs for them. It's high time costs for them. And they're bearing the cost of all of that. And it's a really bad situation.

Ezra Klein

Would you say Chevy Chase has a reputation as a very Republican community?

Jerusalem Demsas

No, I would not say that. [LAUGHS]

Ezra Klein

This is something I want to know. I lived in D.C. for almost 15 years. Chevy Chase is overwhelmingly Democratic. Overwhelmingly liberal. I'm certain, if you walk through there, you will see Black Lives Matter signs on tons of homes. It is a place that considers itself committed to racial equality, committed to reducing political and economic inequality. And yet — and this is a repeated pathology in blue areas of the country right now — when the question is, will you sacrifice something — inconvenience, building infrastructure, your view getting blocked, something potentially happening to property values — the answer isn't just no.

The answer is to leverage all kinds of other liberal laws, like the National Environmental Policy Act process, to stop it from happening. I point this out, because often times on this show, I talk about things that are wrong in the Republican Party. But this is a real problem in liberalism. In particular, it's all the more grotesque, because it distorts so many other liberal accomplishments and pieces of legislation to do it.

So can you talk a little bit about the actual process here, by which you could try to stop something on behalf of an endangered species or environmental concerns? And also the way in which that can be weaponized, even when somebody's concern is not actually environmental. They just don't want to see the project happen, because that's also part of this. I mean, this wasn't an action brought by the Sierra Club, but it is using the National Environmental Policy Act. So what's going on here?

Jerusalem Demsas

And to be clear, the Sierra Club — in lots of places in this country — has also fought against public works projects in the name of environmentalism. But I think, a large part of this that is very informal

is showing up at these meetings, and also being very clear at the local level of where the power is. There's a lot of data showing that when you become a homeowner, you begin owning this asset that will be the largest thing that you'll ever have in your life.

And the United States of America has created a society where we do not have a social safety net for medical care. We don't have a social safety net for higher education for people who need it. We don't have a social safety net for retirement, especially as defined benefit plans have just been eradicated, essentially, in society. We have a situation where you have to save. You have to have wealth in order to make sure that you're OK and that your kids are OK. So we have incentivized this behavior at some point. And I'm also struck with the hypocrisy of the idea that you have people saying things like, housing is a human right, but blocking housing in their backyard.

But this kind of shock that a lot of people express when we talk about these issues is really just not really reading the incentives here. We have told people that the government is not going to have your back. You need to save a bunch of money. And that any change to your environment could affect the value of the only asset that you essentially have to make sure that you and your family are OK. And it's exceedingly rational behavior, on some level, to make sure that that doesn't change, and to also feel like it's unfair that you might have to bear the burden of someone else getting housing, rather than the government or someone else figuring out a way to make sure that all of you can be OK.

So I think that a big part of this conversation here, and I think this is true with transit as well — I think a lot of times people are worried about these public works project affecting the value of their homes — is that we need to actually provide a social safety net as well as removing the

power for people to stop these public works projects from going through.

Ezra Klein

I want to voice skepticism on this point. I think this is a theory you sometimes hear in the context of maybe social democracy can iron out all the contradictions. And I don't think it's true. Look, in San Francisco, where a lot of this is happening, the people who are organizing to stop this stuff — there is no social safety net you can think of that is going to materially affect their retirement. It's just not the case for them. They're doing great. They work for technology companies. They've made a lot of money over time. It's often times the people who have done the best who are the most able to wield the political system in their favor. I don't want to say it's not rational behavior, because it is. I mean, you can be doing amazingly well and still want your house to go up in value. You can be doing amazingly well and not want your life to be inconvenienced. I'm not even saying that it is — on a local level — cruel behavior. I'm much more sympathetic than some people are in this conversation to the idea that people move into a neighborhood. And that neighborhood's character — all the aesthetics of it, the height of it, the trees of it, the fact that it's not that crowded — that's part of why they move there, and they care about it.

And even if I give you all kinds of economic data showing you it'd be better for people if you made it more dense, they don't want that to happen. And that's actually a legitimate human interest. But I do want to push on this idea that this is all coming out of a mindset of scarcity, because I don't think it's the case that if you made people's pensions better you would see a radical change in the housing policy they would be willing to absorb. I think if you look at sort of the way the very rich act in these issues, you see that pretty clearly.

There are all these very famous cases in California of just really, really rich folks trying to stop any building around their places, of trying to not let people get to the beach through the area they've bought up. And you're not going to change that through better social policy. It's actually a collision of interests here. And we've just made it so the government has less power than it does in other places to say, yeah, we're choosing the collective interest over the individual interest.

Jerusalem Demsas

Yeah. I mean, certainly it's not the case that all of NIMBYism or all of opposition to housing development, or transit development, or helping progressive policy at local level can be explained by these incentives. But there's clearly racism and classism. You can hear it when you go to public meetings. You can hear the way people talk about it. But I think that we have to be more open sighted to the fact that there are homeowners who are Black, homeowners who are Asian American, who are Latino, who are middle class, who are not wealthy, who share a lot of the same views around making sure that the value of their asset does not decline.

And all these people can also have classist views, and of course have xenophobic views, or whatever it is. But it is clearly the case that the tenor of these conversations is so heightened because there are real financial stakes for a lot of people. And it's different for someone who is a wealthy tech worker in San Francisco who bought a house in 1970, and has locked in a really low property tax rate that's just saving them tons of money. But that doesn't explain what's happening at every other level, where homeowners are also opposing these policies, despite being essentially identical to the types of people who benefit from them.

Ezra Klein

I'm skeptical you'd solve it through social insurance. But the point that this is about people trying to protect the value in part of their most valuable asset, I think, is undeniably true. I do want to go back to the question of environmental policy and the role it's playing here though. Because you see this nationally with the National Environmental Policy Act. You see it in some states. You have a series of laws passed in the — I think it's primarily the '60s, '70s — that come in this moment of conservation. Where the view was that a lot of the problem in the environment is you're having building and development done heedless of the ecosystem that it is crushing.

And now, we're in this moment where, to a lot of people, having environmental concerns means worrying about climate change. And one of the best things you can do for climate change is density. We actually want to build more — at least in targeted areas. And so, you have bills designed for one area that are now, in many ways, and certainly in the view of many people, have become a problem for pursuing a lot of environmental goals in this era. So can you talk a little bit about how? How do these bills work? Let's use NEPA as the example here. How has the environmental impact assessment process changed? What is actually going on here procedurally that has made it so easy to tie up projects in lawsuits and impact assessments?

Jerusalem Demsas

So I think the clearest way to explain this problem and how procedurally we're seeing it play out, is through the environmental impact statements that NEPA requires. And we've basically gotten to the point where — and Niskanen's Brink Lindsey and Sam Hammond are the ones who actually looked into this — but the average economic environmental impact statement runs about 600 pages now, with 1,000 pages long as the appendix. When they first started, it was below 50 pages what we

were seeing out of these environmental impact statements. And what that means, is that it takes about four and a half years on average for these statements to be completed. And you're getting projects, that means they're held up for 17 years as people attempt to finish these projects.

And so, what happens is, during this process — the NEPA process — you are required to get a lot of community input. You have to make sure there's availability for anyone if they want to kind of to challenge findings as they're going on through the environmental impact statement process. And there's also not a firm end. There's not some sort of, OK, everyone has to voice their complaints within a three year period, and then we can move on. It is, someone can voice a complaint, then as that's being resolved, come up with a different idea, so that once you've resolved their original problem, they have another problem for you, and another one. There's no requirement that these be dealt with concurrently.

And so, you have just these consecutive complaints coming out of the same individuals without any kind of requirement they provide proof on their own that there is an environmental harm here. And the California version, CEQA, it's been used to oppose infill housing. It's been used to oppose solar farms. It's been used to oppose a great degree of projects that are very clearly meant for the environment. And it's been used to protect parking lots, which are clearly bad for the environment. And car infrastructure is really bad for the environment if we're talking about climate change. And so, these processes are put in place to create delays. And that's the really big problem with infrastructure and even housing when we're talking about why people build more expensive units when they do have the chance to build in these places. It's because the delay

runs up the cost on the developers, or the governments, and so much that it no longer makes sense to build affordable things.

Ezra Klein

And an interesting counterpoint here, is that there are a lot of European countries that have better environmental — certainly better climate — track records than the U.S. And they don't have the same issues, because — and I think this point is really important — they don't enforce their environmental legislation through litigation. The enforcement mechanism is not that individual people sue the government.

The transportation researcher Alan Levy points out, that in many countries, like Italy, planning authorities perform these kinds of things in-house. It's not done through lawsuit enforcement. So you can have these reviews. The point is not that you don't want to know the effect of a project on the environment. But it is a really important question whether or not you trust the government to do that and make that decision, or at least to group that altogether and do it only once, or you've given any individual who wants to stand in front of the project, for any reason, at any time — be that reason environmental or not — the power to use litigation to slow it down.

Which then, again, sometimes it's used for the reason the legislation was intended for. But sometimes that litigation is used as a point of leverage, that we want changes to the project that have nothing to do with, say, whether or not you're going to destroy the habitat for a shrimp or something. And we are going to threaten you with these endless lawsuits unless you come and bargain with us on other measures.

Jerusalem Demsas

Yeah. I mean, that's one of the reasons why it's so hard to reform NEPA, is because it just makes you sound like you're anti the environment, when in fact, there are many other models for actual environmental protection that work a lot better and don't require solar farms to go through an onerous process to get built, and on the claims that they're bad for the environment. And there's some talk, hopefully, about exempting explicitly environmental projects — things like wind farms and solar farms — from this process. But it's politically very dicey.

Ezra Klein

And we've mentioned CEQA — the California version of this, the California Environmental Quality Act. And I get pushback whenever I talk about CEQA, because there have been exemptions built into it. But there's a lot of dispute over how well those exemptions work. And so, I just want to note that as a thing I'm saying aloud, that I am aware there are exemptions in CEQA, and I am not persuaded that they have solved the problem.

[MUSIC PLAYING]

I want to move over to housing here, speaking of California. Let's not start on the current housing market. Let's start before Covid. How would you describe the state of housing affordability in America before Covid?

Jerusalem Demsas

Not affordable. [LAUGHS] You had really high rates of people who could not afford rent well before Covid began. You had housing under-supply in America's most job rich communities, places like D.C., L.A., Boston, Seattle, San Francisco, our so-called superstar cities. These places were markedly unaffordable and had really low housing supply even before the crisis hit. And it's not just about buying houses. It's also

about rent, and rental affordability, and the share of people who have been rent burdened — which means that you're paying over 30 percent of your income on your rent — had been growing significantly.

And we were also seeing a rise in the homeless population. I mean, this is something that's become really politically salient in California and in Seattle. But I've just noticed the D.C. area over the course of my life has seen a lot more of this kind of tent living, which is not something that we used to have, all over the place. And so, it has been a serious problem for a long time. Covid clearly exacerbated a lot of these issues and also pushed housing into the forefront of the conversation. But we definitely should not pretend like this was something that was just caused by a pandemic.

Ezra Klein

So I've often heard this described as two separate housing crises. You have, on the one hand, a crisis of poverty — of the money people have to actually buy homes. So if you're in, say, the bottom 20 percent to 25 percent of the income distribution, you're just going to have a hard time affording adequate housing in a lot of different places. That crisis arguably has a straightforward solution, which is, you give people money to buy homes.

So you give people money to pay their rent. But then, there's this other problem of supply, where even many people who aren't suffering from low incomes by traditional measures, where they have incomes that would have easily bought them shelter at other points in American history in that same city or in that same area, can't afford shelter — or at least adequate shelter — because there simply isn't enough of it. How do you see those two threads of it?

Jerusalem Demsas

So there's obviously this, as you mentioned, there's this demand issue, where a lot of people can't afford their rent, and you want to give them money. Whether it's through vouchers or through another program to ensure they can afford it. But overwhelmingly, we're getting to the point where there's not even enough supply, even if you were to give everyone all the money that they wanted, for people to live in the places where they needed to live — where they need to live for their jobs, for their family, for their friends, for whatever preferences they have about where they want to live in the United States.

And it's especially becoming a problem when we're looking at just the housing stock in the United States in general. Because of a lot of these regulations that make it difficult to build housing — and especially affordable housing — you are seeing very few starter homes at all exist or be built as developers are choosing to build their next project. And which means, when people do actually get to the point where they've saved enough money, there's very few starter homes available for them. And there's a lot more luxury homes, and there are a lot more, quote unquote, luxury apartments available. And that's a really perverted incentive that we're creating.

Ezra Klein

When you hear about the supply crisis in housing, I mean, I've heard numbers like, California has a three and a half million gap in the number of houses it needs. Or the country has something like seven million, I think it is. And I always wonder what I'm hearing when I hear that number. For instance, is the issue that we have enough housing supply, but it's not in the right places? Because of course, there are places you can go in this country where a house would be really, really cheap. Is it, we have it in the right places, but it's not the right kinds? When you look at those numbers, what are you actually seeing?

Essentially, there are a few different parts to this. One is, housing supply is really low in the places where people want to live. People really want to live in places where there are jobs, where their family is, where there's access to art, culture, all these different things, and usually that means in metropolitan areas. And over the last few decades, we've seen really this pull towards these superstar cities on the coasts: D.C., L.A., Boston, San Francisco, Seattle, and it's for a lot of different reasons.

There's increased productivity gains firms get for moving to these places. There's increased productivity gains that workers get, increased wages, all these different sorts of things. And so, we've seen a pulling towards these places, because there's opportunity, and jobs, and other things that make life feel good for people. And that is the place where there aren't enough housing. And the response to that obviously cannot just be like, oh, it's fine. There's a home in rural Missouri for you to go to. Because if you don't have access to a job, family, community, or whatever, that's meaningless that there's a structure available to you.

And so, there's that kind of problem, where there's just not enough housing there. But it's compounded by the fact that we're also making it harder to build the types of housing that is the most necessary. Low income, affordable units are very in short supply. Especially after the Great Recession, we saw a lot of these get flipped and turned into servicing higher income Americans. And so, it is a double-edged sword here, where there's just not enough housing at all, whether it's market rate or lower income housing.

And also, there is a problem of misallocation, which in some places, it's a problem that they have a lot of dilapidated housing. Of course, Baltimore, I think is a place where we've seen a bunch of extra housing,

and it's causing a lot of problems. It is predominantly an issue of just not enough supply of any kind of housing anywhere.

Ezra Klein

I remember a conversation you and Matt Yglesias had on "The Weeds" about how there's all just kinds of housing that have basically disappeared from America. That you go back, however many decades, and you have a lot of boarding homes in this country. If you read anything about 19th- century Americans, people are always — including very important people — ending up in boarding homes. Whether they're with six other people and some widow is running the home, it's a constant in the fiction of that period too.

You had a lot more things that were just tiny, that were dormitory style. Which, when you think at least about homelessness for a lot of people, that kind of super low- cost housing could be really valuable. But people don't want it in their communities, zoning is against it. Could you just talk a little bit about the way the housing stock and the regulations on what you can build have changed?

Jerusalem Demsas

Yeah. I think this is one of those interesting things, where people saw that others are living in suboptimal housing situations, where they're living may be too crowded and in too close quarters, things are run down. And instead of finding a way to make all that housing better, they started outlawing the types of housing that they think are undesirable. And so, you have a problem where it's harder and harder to build really small units. It becomes illegal to have these kinds of boarding houses in a lot of America.

You can't have these units that would once — maybe you have a bathroom, a shared bathroom, and you have multiple different tiny bedrooms that people live in on a hallway. It becomes illegal to build a lot of these things in different parts of the country. And what ends up happening is not that all of a sudden, all that population now lives in giant mansions and wonderful living opportunities. You have a lot of people who become homeless, and a lot of people who have to start over crowding into other scenarios. So you have people living four or five to a house that's meant to serve two people, or an apartment that's meant to serve two people.

And so, there is this sense that you can solve these problems by outlawing the physical structures without recognizing that low-income housing exists because there have to be affordable housing options for people. And solving that, there definitely should be regulations to ensure places are safe, that places are up to code, and make sure that they are actually providing safe shelter for people. But you cannot solve this problem by outlawing these types of housing options.

Ezra Klein

One argument you hear about more housing development is that, if you build more, it will just supercharge gentrification. It's just going to be luxury condos. It's going to push people out of the neighborhood. And it's just something that rich people want. How do you think about that argument?

Jerusalem Demsas

Yeah, so there are two things. One is that the majority of affordable housing in this country is created through this process called filtering. It has just always been the case in the United States, is that you have housing built, and then it becomes older, and becomes less expensive,

and someone sells it to someone else. And over the course of time, it becomes less and less costly to buy that property. And then it becomes a starter home for someone eventually, and they're able to save up and purchase newer homes themselves.

So the process by which we've built affordable housing in this country has not been that we built new affordable housing. We've always had kind of this filtering mechanism exist. And we've seen that be the case. Another thing I think about this is just that, when you tell young urban professionals who are moving into these neighborhoods, that you are not going to build any housing for them, what you're doing is not making them go away. They're not going to leave. They're not going to just say, OK, I guess I won't take my Facebook job, or I won't go work for someone on the Hill after I got this prestigious opportunity. What they're going to do is, they're going to go find whatever housing currently exists and bid up the price of that, because they have to and want to live there for their own personal reasons. And so, I think a lot of times people talk about gentrification, and it becomes kind of this sort of aesthetic debate about these new buildings coming up, or a coffee shop, or whatever. But gentrification, the real problem we care about is displacement. And when is it that people are forced to leave a community? And there's ample research showing that it is about whether or not you are building enough for them to be able to stay.

So, here in D.C., there's really clear examples here, where — I currently live in this row house that's been converted into three apartment units. And the D.C. row house was once an affordable housing option for families. And what we now have, is that the market has responded to the fact that we're not building more homes by converting these once affordable units to service higher- income earners, and have three different groups of people living within the same property. And it's

obviously a problem for the individuals who'd prefer to live in apartment buildings.

But it's also mostly a problem for people who get pushed out of these neighborhoods. And there's this false sense that the fight is between the newcomers and the old comers. But the fight is really between the people who are homeowners in that neighborhood who are refusing to allow for more housing, because they know it might hurt their property values, and existing homeowners who are lower income who will be priced out if you have these kinds of migration trends without changed housing policy.

Ezra Klein

You've a line in a piece that I loved, which is that, quote, "historically Congress hasn't been interested in intervening on the supply side." And you're talking here about housing. "Why? Because demand-side policies are more fun!" So tell me about that.

Jerusalem Demsas

Yeah. So it's nice to give people things. It's nice to give people money. Congress likes to — Democrats particularly — when they want to solve problems, and a lot of problems can be solved this way — they like the idea of giving people money to solve the problem. We're seeing this with the child tax credit, we see that in housing, we see that with voucher programs. And obviously, there's a lot of opposition to these things. It's not that somehow that this is easy to get done.

But the idea is that the solutions that feel most appealing to Democrats and to progressives is this idea of giving people money and helping them be able to solve the problem that way. But it is really hard to solve supply- side problems. And I think this goes back to the earlier point

that I was making about how a lot of the beneficiaries are really diffuse. And the people who view themselves as being harmed are really concentrated. When Congress — if they got themselves together and were like, we need to figure out the supply problem and we need to build more homes, there's not a specific beneficiary of that.

There's no one going, OK, Jerusalem, I am building a home in Washington, D.C., for you, and you can thank your government for doing that for you. That's not how any of the supply- side interventions in this space would work. But demand side could be, OK, Jerusalem. You're going to see \$1,000 show up in your bank account, and you can use that on rent. And that feels a lot better for politicians to do. And of course, within election years, if you increase supply of housing, and that could take five, or six, or seven years, and election cycles don't work that way. You need to show that you've done something within two years, or within four years, or within six years. And so, I think there's a lot of structural problems with trying to get supply side interventions done.

[MUSIC PLAYING]

Ezra Klein

I want to talk a bit about the connection between the housing affordability crisis and the homelessness crisis. So for a lot of people, they're split. Housing affordability is a problem for people with jobs, who want to live in an area, they make a little bit less money than they need to be able to comfortably afford a home. And homelessness is this other thing. It's substance abuse and mental health issues. You've argued that they're basically the same, or at least deeply intertwined. Tell me a bit about that.

Jerusalem Demsas

Yeah. So obviously lower income populations and homeless populations suffer disproportionately from health issues almost tautologically. If you're living outside, it's going to be harder for you to stay healthy. It's going to be harder for you to access services that exist in a location that you might [access] if you actually had a place to live. And there are a lot of things that are correct that we need to be providing more than just housing. But there is just a simple fact that we've had mental illness in this country for centuries. We have had substance abuse problems in this country for centuries.

What we have not had is modern homelessness. Modern homelessness as a phenomenon of these kind of tent cities, of these people who are living outside chronically, and having that be a large portion of the housing insecure population is something that we saw during the Great Depression. And then, we didn't see it. And then, we saw it again in the late 20th century and early into now, the aughts and what we're seeing right now as well in several cities across the country. And so, it's hard for me when people say things like, oh no. We need to solve homelessness through mental health intervention, things like that, to understand how their story of this actually works out. Because a lot of us were alive before this became a problem. So housing insecurity — and there's been research on this — if you see housing supply drop precipitously, the likelihood of homelessness rise in your community goes up. And it's also just something that we should just think of logically.

If you do not provide enough homes for people to live in, there will be people who still want to stay in that area, whether it's because of their jobs, or family, or whatever, and they will not have a place to live. And if you make it more and more expensive, people aren't just going to go move to some rural location where there's no jobs, because it's still not

affordable for them there. If there's nowhere for them to make money, they're going to remain concentrated in these urban environments.

Ezra Klein

So there's a national housing affordability problem. But certainly, when I look at it, it seems like it gets worse the bluer you get. That it's really, really bad in blue states. It's really, really, really bad in particularly blue cities. I mean, you're not going to find a much more liberal place than San Francisco. But by God, is it bad here, or in Los Angeles. I mean, if you compare Florida and New York, you're dealing with roughly equal population sizes. It's not like New York is poor and Florida is rich. But Florida has something like 27,500 homeless people and New York has some 91,000. Is this a blue state governance problem? Or is it just an America problem?

Jerusalem Demsas

So what I would say to this is, I mean, earlier I talked a lot about agglomeration economies. And you have this concept of: it becomes more productive over the course of the last few decades for firms to move to these superstar coastal cities. And you see a lot of people more concentrated in these places. We also know there's a ton of research around [how] these areas tend to be more liberal. If you live in more diverse and dense locations, you either are clustering there because you were already a liberal, or there's something about that that makes people more liberal or progressive.

And so, I don't think it's likely that, if Republicans for some reason were the ones that were in charge of these states, that you would see some sort of housing policy or homelessness policy that would be better. I think this is just a governance issue. The problems of the 21st century are collective action problems, from housing insecurity, to immigration,

to health care, to climate change. These types of problems cannot really be solved, in my opinion, just by local level actions.

But that's where all the levers of power are. Because it's not the case that people at the state level are really thinking about and really trying to solve these policies — and especially not at the federal level — it's exceedingly just viewed as a local issue despite the fact that these have national implications. And people complain a lot about, oh, OK. Why do we keep talking about this in terms of just these four or five cities? America's really, really big. But the reason is that what happens in New York City and Boston, in L.A., in these handful of cities, is affecting the entire country.

There's research by Enrico Moretti and Chang-Tai Hsieh that shows that housing supply constraints have essentially lowered aggregate United States growth. The typical American worker would have earned an initial, like, \$3,600 dollars if those were removed, which is coincidentally roughly the size of the Biden child tax credit, which just started hitting bank accounts this week. So I mean, it's hard to say that this is about blue state governance, when it's really just a massive collective action problem, where we've kept the local levers of power in place for a problem that is national, that is regional, that is at the very least statewide.

Ezra Klein

I take your point that this is a collective problem to solve. But state and local policy can make it worse or make it better. And I mean, it does seem true to me that Texas has had much looser zoning policy than California, that Florida has looser zoning policy than New York. And the point here is not that what I think happened is that blue states or blue

cities put into play a bunch of zoning decisions that said, we're going to make it really hard to build homes.

We have a terrible acute homelessness crisis in our cities. But that there has been a collaboration between the sort of liberal tendency to do a lot through government, and also then some of the progressive tendencies we've talked about to sort of fear government doing too much, just created very restrictive situations in a lot of places that are now seen as very liberal. And one reason I bring it up is, because I think it's a reckoning that liberals need to have with themselves over why this political movement that believes in inequality has managed to create such terrible levels of housing inequality in the places where it has the most control.

Jerusalem Demsas

So I think two things here. One is that it's actually not true that all of these blue states and blue cities actually have the worst zoning laws. There's been a lot more work and liberalization done in some places in California. It's just more of a problem, because there's a massive amount of demand there. No one cares about the zoning laws that are restricting supply in a place where there's not a lot of demand for it. And of course, none of this is to absolve liberals or to absolve progressives who are governing in these places. Clearly, either they are lying to themselves or lying to the public when they say things like, either housing is a human right, or they talk about how housing affordability is top of mind for them, or homelessness as a crisis is something they're trying to solve, if they're not doing anything about supply. And so, that's all true. But I do think that there is potentially, within the pro-housing community, an outsized focus on this hypocrisy and less of a just recognition that all collective action problems like this are not going to be solved at the local level.

Ezra Klein

Well, when you say it's not going to be solved at the local level, what do you actually mean by that? I mean, let's use L.A. — which you've done a fair amount of writing about, and I'm from outside of L.A. — as an example here. They've got a pretty big housing crisis. Is what you're saying there that the federal government should somehow make them build double the housing? Are you saying that this is a state of California problem? When you say this can't be solved locally, I mean, it's local ordinances that have control here. So what's the play then?

Jerusalem Demsas

Yeah, and by locally, I mean using local levers of power. It's definitely the case that we need to change the local laws here. But one thing that people, I think, often don't realize is that the Constitution grants power to federal government, and it grants power to the states. The only power that cities and localities have are the ones that states give them. So everyone keeps talking about this like, oh, this is a local issue. We can't intervene here. We can't do anything about this, because it's a local issue. It's a local issue because states are deciding it's local issue.

So I think we need to have a reframing of this as just, states should be engaging in this process to require changes at the local level, or to just change it themselves. And we're seeing this movement happening in California, where there's a process going by where the state is requiring different localities to figure out exactly how they're going to meet their housing budget. And you look to Connecticut, where we saw recently an effort at the statewide level to legalize accessory dwelling units, which are English basements, converting your garage to a living unit, or creating a mother-in-law suite in your backyard.

This is stuff that would never be done if you went town by town and tried to convince every single town selectman or mayor to fix these problems. You have to have statewide action, regional action, federal action to change these things. And I do wish that the federal government would take more of an enhanced role here. States and localities rely on a bunch of federal money, whether it's community development block grants, or service transportation block grants that are administered by the Federal government, or just any kind of funds that states and localities require. But there is no reason why people should be receiving money as they continue to block economic growth for the entire country. This is causing widespread economic devastation, and continuing to think of it as a local problem is part of why we're not solving it.

Ezra Klein

So I'm worried this is the same problem almost at every level of it that you go to. So let's take the state and local question. And let's keep using L.A. as an example, because it's one I'm more familiar with. So L.A., where Eric Garcetti has been the mayor — although he's now off to be ambassador to India — they did some interesting things. I mean they really have been trying to work on this. They passed a huge measure, which raised a bunch of money, and they were going to build all this shelter. And then, it just kind of didn't. I think it's built less than 10 percent of the shelters that it promised to do, because the local communities keep organizing — sometimes through lawsuits, sometimes just through organizing — to stop them.

Now at some level, like as you're saying — and your constitutional point is well taken — Gavin Newsom, the governor of California, with the assent of the legislature, could take a bunch of power from L.A. and just go over them. But Gavin Newsom can't lose the support of L.A., either, I mean, or he'll lose the recall. And so, one of the issues here to me when I

look at it, and one reason I do focus a little bit more, I think, than some others do on the liberal hypocrisy thing, is that you really do have a political problem where people who otherwise are good liberals down the line fight this stuff when it happens. I mean there's a great piece in the New York Times Magazine about homelessness in Venice. It'll probably a few weeks ago when this comes out.

And they write that quote, "Residents have lobbied against every proposed form of low- income housing and shelter. A 140-unit project on the Venice Boulevard median, a 40-unit supportive housing project on Lincoln Boulevard, a 98-unit affordable housing project for low-income senior citizens and families at the city owned thatchery yard, a former maintenance lot." And that the problem often — we were talking about politicians here — but what I see when I look at California at this point, is a lot of politicians who more or less get what the problem is. But they have not figured out a way around the political opposition to solving it.

Jerusalem Demsas

Yeah. I definitely agree that the biggest problem here is the political problem of the power that these upper middle class homeowners often hold. And you just mentioned the Prop HHH, which is the Affordable Housing Measure in Los Angeles. I mean, that passed with 77 percent of voters approving of spending that money on building affordable housing. And as you mentioned, very little of that has actually been built. And you're right that that's true at every single level. And I would say that when we're talking about action being done at the state level and at the federal level, it is not that this is a politically easy problem for them to fix.

It is that the benefits that we're talking about — the economic growth, the labor market implications for all these policy that we're discussing — are more internalized as wins by people who are working in the federal or state government. People don't vote at the local level on whether or not you brought economic growth to their community. They care very specifically about, did you stop this construction? Did you fix this highway median? Did you fix these small local issues? And so, you're never going to be able to win at that level. It still is hard the further you go up. I think that's definitely the case, and it's definitely true.

But it is easier than it is at the very local level, where you will just be voted out immediately, whereas there are other overriding considerations that people make when they're voting for President, when they're voting for Senate, when they're voting for a Congress. And I think one of the things that's really good, is that we're having, at least a reckoning at the federal level amongst Democrats and this White House, the Council of Economic Advisors, the Department of Housing and Urban Development — have been very clear that these types of policies are bad and they are causing a lot of financial harm and economic harm. And that's a really big deal at that level for them to be acknowledging how bad these zoning regulations really are. It's going to take political courage, but I don't really see another option other than the state and federal levels taking more of a role.

Ezra Klein

And I do want to give props. There are places that are at least beginning to make interesting moves here. I mean, something that you'll sometimes hear is that, at least in California, there's a lot of energy trying to change some of this. Berkeley, which was either the first or a very early adopter of single family zoning, has gotten rid of it. That's going to be a process to see how that actually plays out.

But there's some stuff here, and there is some political courage being demonstrated that I think is encouraging. You talked a bit about the federal level. So let's talk there for a minute. Biden has good ideas on housing. But when we talk about these levers, the idea they have to actually change what is happening on the supply side in building in local communities, is this proposed \$5 billion in incentives for states to reform zoning laws. And I always wonder about that.

On the one hand, money is good, and it's helpful, and it gets people to act. And on the other hand, I mean, you've quoted at this point a number of studies, I think, about how much money there would be if you opened up zoning. I mean, it would make places much richer. And that \$5 billion, that's not going to individually compensate homeowners who worry that their property values are going to go down. So do you see that pot of money approach as effective here?

Jerusalem Demsas

It's definitely a small — especially relative to the problem. It's very weird to read a report from the federal government talking about how zoning has led to massive economic harms, and massive racial justice harms, and class implications, then just see that the solution is kind of a \$5 billion pot that they're putting out there. But I definitely don't want to just rag on it. I think that the idea that a race to the top program, which is what the Biden administration is proposing, could help identify what are the best levers with which they can convince local governments or incentivize local governments to change their behavior, it has merit to it.

I think I would like to see several different kinds of experiments here. There could be different things where you say, OK, you get this \$5 billion if you specifically get rid of parking requirements, or this other specific thing that we know should have no benefit to any local

community. Or that the federal government would say, we don't really care how you do it. Until you increase supply to x number, you're not going to get this money anymore. There is some pushback on this idea. Jenny Schuetz, who's at the Brookings Institution, has looked into which places really rely on federal funds the most. And the most exclusive communities, of course, these suburbs that are really wealthy, that can finance a lot of the projects themselves, are not really that dependent on massive grants. But a lot of the big cities that we're talking about — Los Angeles, we're talking about Boston, L.A. — they do take these pots of money from the government. And they do require a lot of funding to complete the things that they think are important. So taking this really seriously would mean focusing on the ways in which local governments are dependent on federal governments, or states are dependent on it.

Because another option, of course, is also to just say, OK, we're not to get involved at the local level. But states, you need to figure out a way to make sure that there's enough housing supply. And we're not going to continue funding inefficient transit projects that don't actually make sure that our climate change goals are being met, and our labor market goals are being met, until you reform what's going on at the local level. Because you control, at the end of the day, what they're doing. So there's a lot more ambitious things that could be proposed right now. I think it is a sad state of affairs that this is probably the most ambitious the federal government has ever gotten on this issue, despite it being a real problem for several administrations now. But we have to start somewhere.

Ezra Klein

I think it's clear, listening to this conversation, where my politics are on this. But let me try to take the side of the neighborhood defenders here, as some academics call them. Do they have a point when they say, I just

want my community the way it is. The point of cities is not to become endlessly more powerful engines of economic growth. That if you don't like that there's too much here, well then, the thing the federal government should do is try to diversify the regional pattern of where the jobs are, and give people more incentives to move to places that currently have housing stock for them or want more people to move in.

One thing you'll sometimes hear is that this is an overly economics- and policy- minded way of thinking about what it means to live in a place, and what you should be chasing in living in a place, and that there is value in the feel of what it is now. And so, the people like you and me, who sit around looking at the data on this and saying, this should be better, we're just kind of missing the point. Because cities are for the people who currently live in them. And if they don't want this all to change, it shouldn't change.

Jerusalem Demsas

So I think a few things with this. One, I think, the people who like living in cities, even if they kind of like living in their single family home in Northwest D.C., and then just going downtown to take advantage of the cultural and vibrant diversity that we see in most cities, the policies that they want to defend here are choking off what makes cities attractive to them. Whether it's you like a diversity of food options, or you like art, or culture, all these different kinds of things, the things that make cities dynamic, and great places to live, and attractive to upper class Americans requires there to be this kind of demand to live there. That you want a bunch of different kinds of people trying to get there.

One example of this is, D.C. has a bunch of really great immigrant food. But over the course of my life, I've seen really great immigrant food move further and further out from the city into the suburbs. And that's

because rents have become so unaffordable that they are moving away. And at some point, if you were saying that these cities are just for the people who there, you are undermining the exact thing that makes those cities amazing, vibrant centers of growth and dynamism. But the second thing is that, sometimes you just don't really get everything that you want.

There is this paper by Yale Law Professor David Schleicher, and it's called "Stuck." And the idea here is that, for a long time, this idea of America was that people — young people — could move to new places, and get new jobs, and build a new life for themselves, and take advantage of economic opportunity in different places. And what we've seen, is that if you're a service worker, janitor, or something like that, living in a rural area, moving to New York City, moving to D.C., moving to Los Angeles and San Francisco, had become too expensive, to the point where the benefit that you would get of a higher income does not outweigh the increased living costs, and in particular the housing costs, that come with living in these cities.

And so, you now have a situation where what we're saying is not just, oh, people who live in cities ought to be ashamed of themselves for wanting to have a quiet community. No, what we're saying is, we understand that you like the place that you live in, that you have aesthetic preferences. But we cannot sacrifice the lives, the futures and the dreams of every other American because you don't want to see an apartment building. And I think that's kind of foundational to this entire conversation here is, how much are you willing to sacrifice really as an individual, so that you yourself don't have to see the kinds of people that don't currently live in your neighborhood.

I think that is a good place to come to a close. So, always our final question. What are three books you'd recommend to the audience?

Jerusalem Demsas

So the first book that I would pick is "Golden Gates" by Conor Dougherty, which is a really great look at the housing crisis in California, and for anyone who's really interested in learning more about this, and how it functions, and how the politics of this play out, and who the actors are, I would definitely recommend reading that. And then, for my other books, I'm going to go into sci-fi.

Because I think a lot of times, a) lot of policymakers don't read enough fiction. And no one reads enough science fiction. And I think there's been a lot of failures of imagination recently. And I think that maybe reading more science fiction would help people. So the first one I'm going to recommend is "The Dispossessed" by Ursula Le Guin. And I love this book for a lot of reasons.

But primarily I would say that science fiction and her book in particular here allows you to examine a lot of political debates without feeling so invested in them personally because it's in a made up world. And then finally, "Stories of Your Life" by Ted Chiang. The first one is called "The Tower of Babylon." And it's about infrastructure. So give it a read.

Ezra Klein

"Tower of Babylon," one my favorite stories ever. People should go back and check out the Ted Chiang episode of this very podcast from a couple of months back. Jerusalem Demsas, thank you, this has been great.

Jerusalem Demsas

Thanks. [MUSIC PLAYING]

Ezra Klein

The Ezra Klein Show is a production of New York Times Opinion. It is produced by Jeff Geld, Roge Karma and Annie Galvin. It is fact checked by Michelle Harris, and original music by Isaac Jones, mixing by Jeff Geld.