

The Internal Geography of America's Housing Crisis

Álvaro Sánchez Leache[†]

CEMFI

Job Market Paper

[Draft coming soon!]

Abstract

Why are cities in America struggling to supply enough housing at affordable prices? The conventional view is that housing regulations restrict the expansion of big cities which are driving most productivity growth. I document how changes in demand *within* these cities towards costly margins of urban growth—infill and redevelopment, as opposed to sprawl—have played a key role in making them unaffordable since at least 1990. I measure this by combining satellite imagery, digitized building footprints and Census data to track development and redevelopment at 30x30 meter resolution throughout the nation. Big cities increasingly relied on costly infill and redevelopment as commuting speed stagnation and the revival of urban amenities concentrated demand in already-urbanized areas. A quantitative spatial model reveals the importance of this channel: restoring big cities' demand for suburbanization to small-city levels would unlock affordable housing for massive population inflows, but would require unfeasible improvements to transportation speeds and vast increases in their urban footprint.

[†]Contact: alvaro.sanchez@cemfi.edu.es