
PLANETIZEN

O'Toole Blames Planners for Housing Crisis

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In a new report with the Cato Institute, Randal O'Toole takes off the gloves and lays the blame for the housing crisis squarely on urban planners.

O'Toole argues that because the housing crisis happened in places like California and Florida that have growth management policies, and didn't happen in places like Texas and Georgia where they do not, urban planning is the true cause of the housing crisis.

From the report: "Urban-growth boundaries and greenbelts not only drive up the cost of new homes, they make each additional new housing unit more expensive than the last. In other words, they steepen the supply curve.

Once growth boundaries are in place, cities no longer need to fear that developers will simply build somewhere else. This gives the cities carte blanche to pass increasingly restrictive rules on new construction. In places like Houston, such rules would drive developers to unregulated land in the suburbs. In the San Francisco Bay Area, the nearest relatively (with emphasis on 'relatively') unregulated land is in the Central Valley, 60 to 80 miles away."

Full Story: [How Urban Planners Caused the Housing Bubble](#)

Source: *The Cato Institute, September 30, 2009*

Comments

Planners vs Planners

How can he blame "planners" in current sense limiting sprawl any more than he could blame "planners" in the 1960's sense when minimum parking requirements were king. They are very different groups, but they could both be considered to "limit the supply of housing". The only difference is one group makes rules he likes, the other doesn't. However, most of the cities he mentions suffer more from the latter variety.

Not just another citizen

Ricardo, I don't know if you know O'Toole, but he's not just another member of the public. He knows very well what planners do and don't do and he is playing any and all uninformed people who read his drivel in order to demonize planners and planning. This is part of a larger strategy.

He's actually got a point.

Paul Krugman made a similiar point in 2005:

<http://www.pkarchive.org/column/080805.html>

Now, did planners cause the housing bubble... No. The Federal Reserve caused an asset bubble. It just manifested itself through housing prices, which are highly intertwined with zoning and other regulations (as well as the availability of debt and local economic circumstances - i.e. jobs). Now, planners don't = zoning policy/other regulations, but the public associates the two.

If we had that kind of power

This irks me so much, I need to add a comment.

First, planners don't have that kind of authority. Councils and supervisors, aldermen, selectmen, etc. make the decisions.

Second, if we did have that kind of authority, it's HIGHLY unlikely we'd have allowed the overbuilding of sprawl demanded by the building industry and so much loved by O'Toole and his cronies.

Third, if O'Toole's allegations contained even a vestige of truth, then places like California's Central Valley--which is extremely conservative, business-friendly, and regulation-phobic--wouldn't be at the very bottom of the deepest pit of the foreclosure debacle.

BASTA!

The guy's a crank! He cleverly structures his arguments--he must be intelligent--but the content is garbage.

The bubble was due to systemic problems, many of which planners identified four years ago, such as spurious financial instruments.

O'Toole should be sent packing and the Cato Institute and places like it should have their questionable academic credentials revoked! The U.S. isn't that hard up for institutes of higher learning that places like Cato should have the color of authority that attends.

Stop taking him seriously

O'Toole has been so widely discredited so many times in so many different ways, I am at a loss as to why we continue to take him seriously. His nonsense ramblings are given undue credence by repeating them as if they were real news, or valid studies.

Same Old Stuff From O'Toole

We have heard this many times before.

O'Toole begins by blaming urban planners and growth limitations for driving up housing prices. That is standard market economics - limiting supply will drive up price - and there is some truth to it.

Then he pretends that smart growth, in the form of urban growth boundaries and greenbelts, is the only form of planning that limits the supply of housing.

He conveniently ignores the facts that low-density suburban zoning is a much more common method of limiting the supply of housing, and that smart growth planners want to allow higher densities and more development around transit nodes. Instead, he assumes without thinking about it that sprawl is the only way of increasing the housing supply.

O'Toole might not care about the environment, but he is certainly very good at recycling his old arguments.

The one relatively new point here, which he has only been recycling for a year or so, is that higher housing prices caused the housing bubble and recession. No mention that inadequate government regulation of the banks also must bear part of the blame.

Even Alan Greenspan, who is an admirer of Ayn Rand, has admitted that he was wrong to believe that the market will regulate lending, and now he says that more regulation is needed. But the Cato Institute seems to have a special spam filter on all its computers that filters out any new ideas that don't agree with their preconceived dogmas.

Charles Siegel

What an Idiot

If this is what passes for logic and objective analysis at the Cato Institute, then I'm not too worried that our Florida growth management laws and policies are going to be wiped out anytime soon. O'Toole is a clown like Glenn Beck, and his findings are easily dismissed. Why exactly does Planetizen link to his articles? Are y'all that hard up for clicks?

yeah, but...

las vegas and phoenix don't have growth boundaries and they're doing just peachy!

also, nice colonel sanders tie.

Nice Colonel Sanders Tie

Isn't that an argumentum ad hominy?...



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So, what can planners do to make best use of the ACS without succumbing to its pitfalls? We need to become more sophisticated communicators of the quality of the data we present, not just its apparent meaning.

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[Read the full article, written by Heather MacDonald.](#)

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