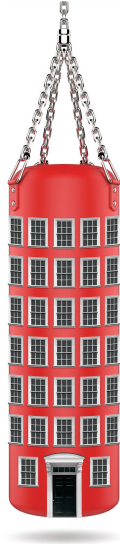


**Build Build Build Build Build Build Build Build Build Build Build Build Build Build Build Build**

By Conor Dougherty -- Published Feb. 13, 2020



Matt Chase

When California's housing crisis slammed into a wealthy suburb, one public servant became a convert to a radically simple doctrine.

The City Council of Lafayette, Calif., met the public two Mondays a month, and Steve Falk liked to sit off by himself, near the fire exit of the auditorium, so that he could observe from the widest possible vantage. Trim, with a graying buzz cut, Mr. Falk was the city manager — basically the chief executive — of Lafayette, a wealthy suburb in the San Francisco Bay Area that is notoriously antagonistic to development.

With a population of just 25,000, Lafayette was wealthy because it was a small town next to a big town, and it maintained its status by keeping the big town out. Locals tended to react to new building projects with suspicion or even hostility, and over a series of Mondays in 2012 and 2013, Mr. Falk took his usual spot by the fire exit to watch several dozen of his fellow Lafayetteers absolutely lose their minds.

A developer had proposed putting 315 apartments on a choice parcel along Deer Hill Road — close to a Bay Area Rapid Transit station, and smack in the view of a bunch of high-dollar properties. This wasn't just big. The project, which the developer called [the Terraces of Lafayette](#), would be the biggest development in the suburb's history. Zoning rules allowed it, but neighbors seemed to feel that if their opposition was vehement enough, it could keep the Terraces unbuilt.

In letters to elected officials, and at the open microphone that Mr. Falk observed at the City Council meetings, residents said things like “too aggressive,” “not respectful,” “embarrassment,” “outraged,” “audacity,” “very urban,” “deeply upset,” “unsightly,” “monstrosity,” “inconceivable,” “simply outrageous,” “vehemently opposed,” “sheer scope,” “very wrong,” “blocking views,” “does not conform,” “property values will be destroyed,” and “will allow more crime to be committed.”

Mr. Falk could see where this was going. There would be years of hearings and design reviews and historical assessments and environmental reports. Voters would protest, the council would deny the project, the developer would sue. Lafayette would get mired in an expensive case that it would likely lose. As Mr. Falk saw it, anything he could do to prevent that fate would serve the public interest. So he called the developer, a man named Dennis O’Brien, and requested a meeting.



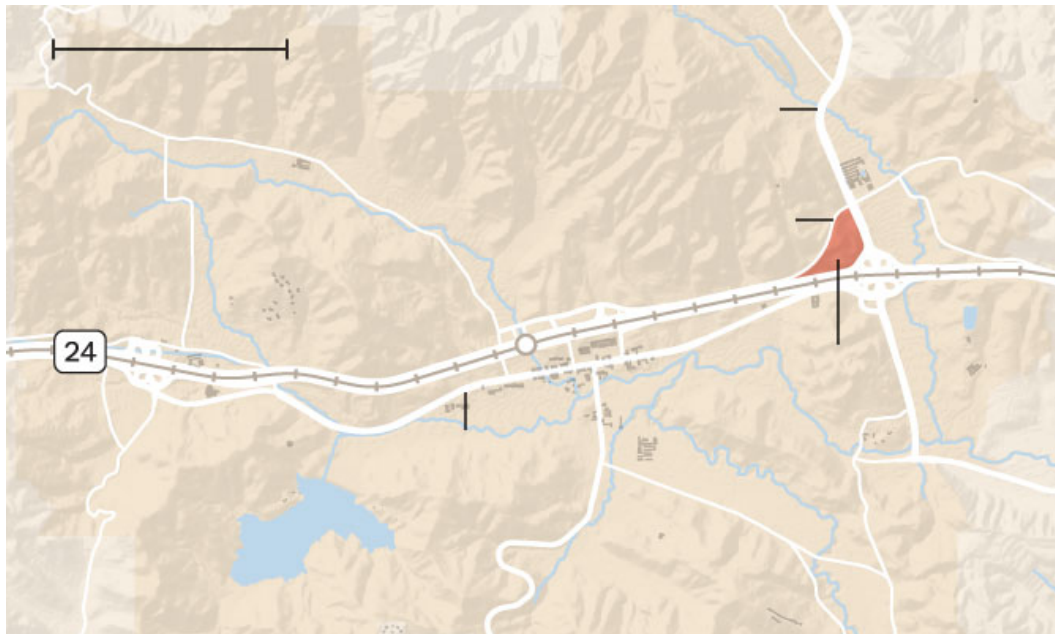
Steve Falk. “A city manager has a choice,” he said. “You can just sit there and be this kind of neutral policy implementer — or you can insert yourself.” Carlos Chavarria for The New York Times

Mr. Falk had once taken a course on negotiation at Harvard, where he learned that people are supposed to be more reasonable when they bargain over food. He went to a deli and bought baguettes, a wheel of Brie and bunches of red grapes. He laid the spread on a conference room table and cut the bread into slices and put down little cheese spreaders and surrounded it with the grapes.

Mr. O'Brien was roughly the color of those grapes when he walked in with some aides, and Mr. Falk accepted that for the next few hours he would be the recipient of the developer's frustrations. But before it got to that, he told everyone, he wanted them to eat.

The room was silent. Mr. Falk explained the whole deal about his negotiation class. The room remained silent. Mr. Falk looked at Mr. O'Brien and said, *Dennis, look, I don't even know you, but you have to eat something, even if it's one grape, before I'll talk to you.* That at least got people laughing, and pretty soon everyone acceded to the bread and cheese and grapes.

It was imperative they cut a deal. Much more was at stake than just one building on one plot of land in one suburb.



**Terraces of Lafayette site**  
*Lafayette Reservoir*



America has a housing crisis. The homeownership rate for young adults is at a [multidecade low](#), and about a [quarter of renters](#) send more than half their income to the landlord. Homelessness is resurgent, [eviction displaces](#) a million households a year, and [about four million people](#) spend at least three hours driving to and from work.

One need only look out an airplane window to see that this has nothing to do with a lack of space. It's the concentration of opportunity and the rising cost of being near it. It says much about today's winner-take-all economy that many of the cities with the most glaring epidemics of homelessness are growing centers of technology and finance. There is, simply put, a dire shortage of housing in places where people and companies want to live — and reactionary local politics that fight every effort to add more homes.

Nearly all of the biggest challenges in America are, at some level, a housing problem. Rising home costs are a major driver of segregation, inequality, and racial and generational wealth gaps. You can't talk about education or the shrinking middle class without talking about how much it costs to live near good schools and high-paying jobs. Transportation accounts for about a third of the nation's carbon dioxide emissions, so there's no serious plan for climate change that doesn't begin with a conversation about how to alter the urban landscape so that people can live closer to work.



Commuters at the Lafayette BART station. Ian C. Bates for The New York Times

Nowhere is this more evident than California. It's true that the state is addressing facets of the mess, with efforts on [rent control](#), subsidized housing and homelessness. But the hardest remedy

to implement, it turns out, is the most obvious: Build more housing.

According to the McKinsey Global Institute, the state needs to create 3.5 million homes by 2025 — more than triple the current pace — to even dent its affordability problems. Hitting that number will require building more *everything*: Subsidized housing. Market-rate housing. Homes, apartments, condos and co-ops. Three hundred and fifteen apartments on prime parcels of towns like Lafayette.

Legislation is important, but history suggests it can do only so much. In the early 1980s, during another housing crisis, California passed a host of bills designed to streamline housing production and punish cities that didn't comply. But the housing gap has persisted, and more recent efforts have also failed. In late January, the Legislature [rejected](#) S.B. 50, a bill that would have pushed cities to accept four- to five-story buildings in amenity-laden areas.



The contested parcel off Deer Hill Road. Just 30 minutes by rail from downtown San Francisco, the lot remains empty. Ian C. Bates for The New York Times

What this suggests is that the real solution will have to be sociological. People have to realize that homelessness is connected to housing prices. They have to accept it's hypocritical to say that you don't like density but are worried about climate change. They have to internalize the lesson that if they want their children to have a stable financial future, they have to make space. They are going to have to change.



Steve Falk changed. When he first heard about Dennis O'Brien's project, he thought it was stupid: a case study, in ugly stucco, of runaway development. He believed the Bay Area needed more housing, but he was also a dyed-in-the-wool localist who thought cities should decide where and how it was built. Then that belief started to unravel. Today, after eight years of struggle, his career with the city is over, the Deer Hill Road site is still just a mass of dirt and shrubs, and Mr. Falk has become an outspoken proponent of taking local control away from cities like the one he used to lead.

### **A universal platform of more**

Although he didn't know it at the time, Mr. Falk's transformation began in 2015, with a phone call from a woman he'd never heard of, with a complaint he had never once fielded in his 25 years working for the city. Her name was [Sonja Trauss](#), and she thought the Deer Hill Road project was too small.



Sonja Trauss. An advocate for more housing of all kinds, she helped found a movement — YIMBY, for Yes in My Back Yard — that has become an international phenomenon. Carlos Chavarria for The New York Times

Ms. Trauss was a lifelong rabble-rouser and former high school teacher, who'd recently become a full-time housing activist. She made her public debut a couple of years earlier, at a planning meeting at San Francisco City Hall. When it was time for public comment, she stepped to the microphone and addressed the commissioners, speaking in favor of a housing development. She returned to praise another one. And another. And another.

In backing every single project in the development pipeline that day, Ms. Trauss laid out a platform that would make her a [celebrity](#) of Bay Area politics: how expensive new housing today would become affordable old housing tomorrow, how San Francisco was blowing its chance to harness the energy of an economic boom to mass-build homes that generations of residents could enjoy. She didn't care if a proposal was for apartments or condos or how much money its future residents had. It was a universal platform of more. Ms. Trauss was for anything and everything, so long as it was built tall and fast and had people living in it.

The data was on her side. From 2010 to 2015, Bay Area cities consistently added many more jobs than housing units — in some cases at a ratio of [eight to one](#), way beyond the rate of one and a half jobs per housing unit that planners consider healthy. In essence, the policy was to enthusiastically encourage people to move there for work while equally enthusiastically discouraging developers from building places for those people to live, stoking a generational battle in which the rising cost of housing enriched people who already owned it and deterred anyone who wasn't well paid or well off from showing up.

Ms. Trauss organized supporters into a group called the San Francisco Bay Area Renters Federation, or SF BARF, which was amateur even by local activist standards. But amateur was the point, part of Ms. Trauss's knack for getting attention. She drove a glittery orange Crown Victoria, showed up to municipal meetings in leggings and white cowboy boots, and spoke in pop philosophical monologues, like declaring that the reason people don't like new buildings is that it reminds them that they're going to die.

Her aims were explicitly revolutionary. She told people that her goal wasn't to enact any particular housing policy, but to alter social mores such that neighbors who fought development ceased being regarded as stewards of good taste and instead came to be viewed as selfish hoarders.

Ms. Trauss started to attract the attention of wealthy donors like Jeremy Stoppelman, the co-founder of Yelp, who had started to worry about housing costs crimping economic growth. And her tactics got more sophisticated. With a friend, Brian Hanlon, who worked a desk job at the United States Forest Service, she co-founded a nonprofit called the California Renters Legal Advocacy and Education Fund, or CARLA. Its mission: "Sue the suburbs." After reading about an obscure 1982 California law called the Housing Accountability Act, Ms. Trauss decided to try to use it to force Lafayette to build Dennis O'Brien's 315 apartments.

By then — 2015 — Mr. Falk had been working on the Deer Hill Road project for years. Through dozens of meetings with Mr. O'Brien, he'd hammered out a deal for a more modest development of 44 single-family homes, as well as an agreement to build the city a soccer field and dog park. Mr. Falk was a frequent user of the analogy about sausage-making, and this was definitely some sausage, but he walked out of his talks with Mr. O'Brien feeling like an A-plus public servant who might have a second career in conflict resolution. When Ms. Trauss phoned him to say the 44-home approach was entirely inadequate, Mr. Falk tried to persuade her otherwise. Of course, he never had a chance.

At a City Council meeting a week later, Mr. Falk noticed a gaggle of BARFers, throbbing with

the conspiratorial energy of teenagers before a prank. The microphone was already going to be crowded. Neighbors had formed a vociferous nonprofit called Save Lafayette, which opposed both the 315-apartment idea and the 44-house compromise on grounds from view-ruination to carcinogenic construction dust. Mr. Falk sat by the fire exit and watched as BARF and Save Lafayette collided at the podium, one side arguing the project was too small, and the other arguing it was too big.

“I’m somewhat disturbed by all these parties from outside my neighborhood telling me that I should accept this degradation to my quality of life,” said one Lafayette resident, Ian Kallen. “No human being is a degradation,” retorted an SF BARF member named Armand Domalewski. “Let’s talk about the economic benefits of adding people instead of simply treating them as costs.”



Dennis O'Brien. At one point in the Lafayette imbroglio, he had argued, and paid for, both sides of the case. Carlos Chavarría for The New York Times

When it was Ms. Trauss’s turn to speak, she argued that the entire notion of public comment on new construction was inherently flawed, because the beneficiaries — the people who would eventually live in the buildings — couldn’t argue their side.

“An ordinary political process like a sales tax — both sides have an opportunity to show up and say whether they’re for or against it,” she said. “But when you have a new project like this, where are the 700-plus people who would initially move in, much less the tens of thousands of



people who would live in it over the lifetime of the project? Those people don't know who they are yet. Some of them are not even born.”

Ms. Trauss sued a few months later. The great irony was that nobody was more unhappy about it than Mr. O'Brien. He had spent years and millions of dollars proposing two completely different projects. Now some activist group he'd never heard of was suing the city, and him, on behalf of his original project — in essence, suing him on behalf of him.

CARLA's lawyer had the impossible job of trying to convince a judge that Lafayette had unfairly forced Mr. O'Brien to build 44 houses instead of 315 apartments, while Mr. O'Brien sat on the other side more or less going, *No they didn't*. CARLA lost the argument, but after it threatened to appeal, Mr. O'Brien ended up agreeing to pay its legal fees. He had now argued, and paid for, both sides of the same case.

Other litigation continued. Members of Save Lafayette sued to force a referendum where residents could rescind the 44-home plan, and eventually, they succeeded. Ms. Trauss and her fellow insurrectionists moved on to other battles, filing more lawsuits for more housing [until they started winning](#). Meanwhile, the movement she helped found — YIMBY, for Yes in My Back Yard — has become an [international phenomenon](#), with supporters in dozens of housing-burdened regions including Seattle; [Boulder, Colo.](#); [Boston](#); [Austin, Texas](#); [London](#) and [Vancouver](#).

### **‘Looking out for people who don't live there yet’**

Development battles are fought hyperlocally, but the issues are resonating everywhere. In late 2018, [Minneapolis became the first major city](#) in America to effectively end single-family zoning. Oregon followed soon after. California and New York have significantly expanded protections for renters. And as more economists give credence to the notion that a housing crisis can materially harm G.D.P., by exacerbating inequality and reducing opportunity, all of the Democratic presidential candidates have put forth [major housing proposals](#).

They run the gamut from tax breaks for renters, to calls for more affordable housing funds, to plans for bringing federal muscle to bear on zoning reform. These ideas share a central conflict: Can city leaders — who in theory know local conditions best — be trusted to build the housing we need? Or will they continue to pursue policies that pump up property values, perpetuate sprawl, and punish low-income renters?

Mr. Falk began his career on the local control side of that debate. But somewhere along the Deer Hill odyssey, he started to sympathize with his insurrectionist opponents. His son lived in San Francisco and paid a fortune to live with a pile of roommates. His daughter was a dancer in New York, where the housing crunch was just as bad. It was hard to watch his kids struggle with rent and not start to think that maybe Ms. Trauss had a point.

“I'm not sure individual cities, left to their own devices, are going to solve this,” he told me once. “They don't have the incentive to do so, because local voters are always going to protect their own interests instead of looking out for people who don't live there yet.”

So he started to rebel. When California’s governor at the time, Jerry Brown, threatened to override local control with a proposal to allow developers to build urban apartments “as of right” — bypassing most of the public process and hearings — Lafayette citizens were apoplectic. Mr. Falk, against his own interest, wrote a memo in favor of the idea.

“Cannot be trusted,” “ineptitude,” “disingenuously manipulating the City Council,” “should be publicly and explicitly reprimanded” — these were some of the things citizens said in response. His future was untenable. The City Council reprimanded him, and when it came time for his contract negotiation, members of Save Lafayette protested a clause that would guarantee him severance of 18 months of pay if he was ever fired; a few months later he forfeited the amount — close to half a million dollars — and resigned.

“A city manager has a choice: You can just sit there and be this kind of neutral policy implementer, or you can insert yourself,” Mr. Falk said. “Sitting in your office all day long, you have to ask the question, ‘Why am I here, why am I doing this work?’ At some point, I just think it’s natural that you start making recommendations that you think are in the best interest, not just for the community, but society.”



Downtown Lafayette. California is addressing facets of the housing crisis, but the hardest remedy to implement is the most obvious: Build more homes. Ian C. Bates for The New York Times

It’s hard to look at what happened in Lafayette and see a population that acted rationally. After the 44-home plan was derailed, Mr. O’Brien activated an insurance policy that few people knew

about: The terms of his negotiation with Mr. Falk allowed him to return to his original plan for 315 apartments. When residents learned at a City Council meeting that their agitation might have brought them full circle, they got so angry that a sheriff offered to escort one of Mr. O'Brien's employees to her car.

Mr. Falk, on the other hand, seems at peace. At the council meeting marking his departure, he sat, uncharacteristically, up front. The mayor gave him the honor of leading the room in the Pledge of Allegiance. Mr. Falk had a resignation letter in front of him, but told the audience that he was only going to read it in part.

The portion he read was polite. It was about how he loved the city and believed Lafayette was a model of civility and democratic engagement and had a brilliant and professional staff.

Afterward, people said nice things and Mr. Falk nodded thank you. The paragraphs he didn't read became public soon enough — and started making the rounds on Twitter.

“All cities — even small ones — have a responsibility to address the most significant challenges of our time: climate change, income inequality, and housing affordability,” Mr. Falk had written.

“I believe that adding multifamily housing at the BART station is the best way for Lafayette to do its part, and it has therefore become increasingly difficult for me to support, advocate for, or implement policies that would thwart transit density. My conscience won't allow it.”

**This essay was adapted from GOLDEN GATES: Fighting for Housing in America.**

Conor Dougherty is an economics reporter. His work focuses on the West Coast, real estate and wage stagnation among U.S. workers. He previously worked at The Wall Street Journal, the San Diego Union-Tribune and The Los Angeles Business Journal. [@ConorDougherty](#)

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