

# Essay on affordable costly housing

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Microeconomic policies have an objective of improving the level of efficiency in the economy. Economic activities aim at the production of goods and services. The goods and services reach the consumer who is at the lowest end of the chain of production. Consumers use the goods and services to satisfy their unlimited wants (Mandler 1). In this case, the current event focuses on Abington House, which is a luxurious residential building affected by the inclusionary zoning program in New York. It offers residential services to the surrounding population. However, the apartments are expensive such that the rental rate per month may reach a high of nearly 8695 dollars. The inclusionary zoning program in New York has set aside 20 percent of the total number of apartments. The 78 apartments are set aside under the affordable housing initiative of the city. The initiative aims at providing the houses to the average income earners. The city's initiative uses the microeconomic policy on competition to stimulate the supply side of the economy. Offering the houses under the zoning program creates the illusion that there is a subsidized monthly rental rate. As a result, many customers will demand the apartments in that building for accommodation. The increase in the demand for the houses implies that there will be an increase in the price (rent) paid for the houses by the incoming customers. As much as the inclusionary program aims at making a section of the property affordable for lease, the consumers pay high prices for them in the end. The competition micro-economic policy affects the zoning program by making it inclusionary. Inclusionary here means that there are unseen costs incurred in the near future. The rental charges are high in the end although the program aims at making the apartments affordable. The effect of the policy on the program results from the inclusionary impact.

The event has also employed the productivity micro-economic policy. The policy applies through measuring the output derived from every unit of the input made to the housing investment. For instance, there is a political necessity asserting that the tall towers will contain apartments, which are affordable. The statement suggests that the political class may consider having compulsory inclusionary zoning. If every tall building has apartments, the input requires much capital investments. The incentive insists on making added density a possibility in the city. The highest number of tenants possible should occupy the apartments. As a result, a high output from the apartments offsets the input made in setting up the tall buildings. The rent received from each apartment is the output per unit of the building. The mandatory inclusionary zoning creates a platform for attracting tenants. The high number of tenants bases on the productivity policy of the construction. The zoning politics in the city of New York promote higher density in the development of residential areas and buildings. Economically, there is a positive long-term effect from the program. A higher density in development implies that there are more buildings available for the purposes of accommodation in the city. The density affects the supply chain in the residential market by increasing the number of apartments available for occupation. The higher the supply, the lower the rental price for the apartments. In the end, the inclusionary zoning policy lowers the monthly charges. The advantage occurs after a long period although the micro-economic policy of cheap supplies accrues.

## **Works Cited**

Mandler, Michael. Dilemmas in Economic Theory: Persisting Foundational Problems of Microeconomics. Oxford [etc: Oxford University Press, 2001. Print.