

Land Use Restrictions and Affordable Housing

Andrew Aurand, Vice President for Research, NLIHC

Local governments use zoning and land use regulations to control which types of housing are permissible in which locations. Thirty years ago, HUD identified biases in residential zoning for lower density single-family housing and against multifamily housing that were significant barriers to affordable housing ([HUD, 1991](#)). A 2019 analysis published by the *New York Times* found that bias still exists today as up to 75% of residential land across many cities is zoned exclusively for detached single-family homes ([Badger & Bui, 2019](#)). Local zoning reform is necessary, but not sufficient, to address our national shortage of affordable housing and increase housing options for extremely low-income renters.

THE IMPACTS OF LOCAL ZONING

The exclusion of higher-density housing like apartment buildings in favor of single-family homes is not the only local zoning practice that constrains the housing supply. Other restrictions within the zoning code like minimum lot sizes, set-back requirements, and parking requirements can constrain supply and raise prices, because they typically increase the amount of land needed for each home. These zoning practices are widespread. In addition to the *New York Times* investigation, a recent survey by the Urban Institute found that a majority of municipal representatives reported either little change or an increase during the last 10 to 15 years in land dedicated to single-family housing within their jurisdiction ([Badger & Bui, 2019](#); [Urban Institute, 2019](#)). And a survey of suburban land use regulations found minimum lot sizes are used more widely now than 10 years ago and are more severe ([Gyourko, Hartley, & Krimmel, 2019](#)). Between 2006 and 2018, the share of suburban municipalities with minimum lot size

requirements increased from 83% to 96% and minimum sizes of one or more acres became more common.

This exclusionary zoning hurts affordability by limiting the supply of housing. A study of communities in Massachusetts, for example, found that minimum lot size requirements could increase the price of single-family homes by as much as 40% over a ten-year period ([Zabel & Dalton, 2011](#)). Other studies also show relationships between more stringent land use regulation and higher housing prices ([HUD, 2018](#)).

These exclusionary zoning practices further limit housing opportunities for low-income households by prohibiting or curtailing the types of housing that are more likely to be rental housing and affordable, including small and large multifamily developments. More low-density and single-family zoning are associated with less rental housing in local communities, which in turn limits access for people with low incomes and people of color, populations who are disproportionately renters ([Pendall, 2000](#)). Because of this impact, low-density zoning is associated with greater racial segregation and also spatial concentrations of affluent households in wealthy communities where zoning has excluded others ([Rothwell & Massey, 2009](#); [Lens & Monkkonen, 2016](#)).

Developers may produce higher-density housing under restrictive zoning, but they must obtain special permits or zoning variances to do so. This need for approval from public boards, which typically require public input, creates opportunities for vocal opponents to block new development that includes higher-density or affordable housing.

ZONING REFORMS

Some cities and states are beginning to reform zoning restrictions and allow somewhat higher-density housing by-right, meaning no special variance is needed. Minneapolis, for example, eliminated single-family districts in 2018 and now allows up to three units where previously only one was permitted. The state of Oregon enacted land-use policies in 2019 that allow duplexes in neighborhoods previously zoned single-family in cities with at least 10,000 residents and allow even higher densities in cities with more than 25,000 residents. California enacted reform in 2021 that allows owners to build duplexes or fourplexes on parcels previously zoned for single-family structures.

These reforms are too recent for us to fully know their impact. Allowing higher densities does not immediately guarantee an increase in the general housing supply or an increase in rental housing, but it at a minimum allows the opportunity for higher-density housing to be built. Recent research in Chicago found that five years after upzoning, mixed-use and commercial districts saw an increase in property values, but not in the supply of housing (Freemark, 2020). More time may be needed, however, to see the longer-term impact given the long timelines for development.

FEDERAL IMPLICATIONS

Federal legislation could potentially incentivize or require local jurisdictions to enact less restrictive zoning. Legislation introduced in the 117th Congress (2021-2022) includes a bill from Senators Todd Young (R-IN) and Brian Schatz (D-HI) that would require Community Development Block Grant recipients to make efforts to reduce barriers to affordable housing, including zoning reform that enables more multifamily housing and reduces minimum lot size requirements. CDBG funds, however, may be a weak incentive for smaller, affluent jurisdictions to change their zoning. In some states, few cities and towns with land use powers receive CDBG funds directly from HUD (Schuetz, 2018). In addition, CDBG's allocation formula provides more funds to larger and poorer communities than to more

affluent communities where more and less expensive housing is likely needed. Another bill introduced in the 117th Congress by Senators Amy Klobuchar (D-MN), Rob Portman (R-OH), and Tim Kaine (D-VA) provides competitive grants for states, regions, and localities to support their development and implementation of comprehensive plans that reduce barriers, such as zoning restrictions, to new housing. The "Build Back Better Act" passed by the House included similar competitive grants.

Zoning reform in many communities is a necessary step for increasing the housing supply and creating housing options for households with limited incomes. On its own, however, reform will not eliminate the shortage of housing for extremely low-income renters. What many extremely low-income renters can afford to pay in rent is too low for the private market to adequately respond to their housing needs. A family of three with poverty-level income, for example, can afford a monthly rent of approximately \$550, assuming they should not spend more than 30% of their income on housing. Many families cannot even afford to spend 30%. This rent does not typically cover development and operating costs of new housing and often doesn't even cover the expenses of maintaining older housing. Zoning reform provides the opportunity for more housing and higher-density multifamily housing to be built, but we need significant federal investment in housing assistance like Housing Choice Vouchers, the national Housing Trust Fund, and the Low-Income Housing Tax Credit, to enable extremely low-income renters to afford that housing.

FOR MORE INFORMATION

Urban Institute. (2019). Zoning Matters: How Land-Use Policies Shape Our Lives.

U.S. Department of Housing and Urban Development. (Spring, 2018). Regulatory Barriers and Affordable Housing.