

Policy & Practice

Innovative solutions to help local policymakers and practitioners address today's housing and community development challenges.



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Pro-Housing Land Use and Zoning Reforms

Communities across the country are struggling to build enough housing to meet the demand, contributing to a shortfall of more than 1.5 million units nationwide.¹ As a result of the housing shortage, families pay more for housing and have less in savings. They struggle to attain homeownership and find it difficult to access jobs. Local land use regulations and zoning rules contribute to the national housing supply crisis by artificially limiting housing construction and increasing costs. This *Policy & Practice* summarizes the impacts of restrictive land use policies and highlights reforms that state and local governments can adopt to increase the supply of housing.

Research Insights

Restrictive land use and zoning laws are major drivers of the national housing shortage. These policies can drive up housing prices, limit economic growth, exacerbate climate change, and maintain residential segregation.

Research finds a strong relationship between restrictive land use and zoning regulations and higher housing prices.² Especially in areas with higher demand, local land use regulations can reduce housing supply elasticity, leading to fewer housing units built and higher prices.³ This in turn contributes to growing housing cost burdens, especially among lower-income renters, and the shortage of affordable starter homes for would-be homebuyers.

Restrictive zoning also makes it difficult for workers to move to regions with job growth and to access

jobs within their own region. Recent research has demonstrated how restrictive zoning limits a worker's ability to move to regions experiencing job growth, which has stunted national economic productivity and growth.⁴ The lack of housing supply also limits a worker's ability to live near employment centers. The spatial mismatch between where jobs are located and where job seekers can afford to live burdens workers with longer commutes and negatively impacts employers' recruitment and retention.⁵

Limiting housing near the urban core encourages sprawl and shifts growth to undeveloped land far from job centers and other valuable community amenities. This forces families to live in car-dependent locations, which increases transportation costs⁶ and carbon emissions.⁷ In addition to the impact zoning has on sprawl and climate change, research shows that low-density zoning increases residential segregation.⁸ Many places use zoning restrictions to limit the types of housing that can be built to keep lower-income, often Black and brown, households from moving in. The impact of neighborhoods on children's long-term outcomes is well documented,⁹ and segregation via land use and zoning codes reduces access to neighborhoods that are associated with improved resident trajectories, negatively impacting regions' household incomes, educational attainment, public safety, and health outcomes.¹⁰ It is well established that, under such circumstances, restrictive zoning can have Fair Housing Act implications.¹¹

Innovative Policies and Practices

In response to increasing housing affordability pressures and the widespread recognition of the role that restrictive zoning has played—and continues to play—in driving up housing costs and perpetuating segregation, cities and counties across the country are taking a hard look at their zoning laws and adopting reforms that can help unleash housing supply.

Since local governments play the most significant role in regulating land use, they are well-positioned to identify and adopt reforms tailored to their local housing market. But state governments are also adopting bold land use reforms to unleash housing supply. Importantly, state governments are more insulated from the “not in my backyard” pressures that often dominate local politics; states typically have broad authority to set the rules by which local governments can regulate land uses, and they can create accountability mechanisms to incentivize local, pro-housing reforms. Regardless of the level of government, land use and zoning reforms to expand housing options should be paired with incentives and subsidies to deepen affordability and tenant protections and affordable housing preservation efforts to mitigate displacement risks, especially in local areas facing rapid rent increases. The rest of this section highlights several zoning and land use reforms that create the enabling conditions to address the chronic undersupply of housing and the nation’s growing housing affordability challenges.

Increase multifamily zoning. Building anything other than single-family homes is illegal in far too many places in the country. According to one estimate, as much as 75 percent of land in major American cities is zoned exclusively for single-family dwellings, and this share is likely much higher outside of large cities.¹² Whether allowing accessory dwelling units (ADUs) or other small multiunit buildings, state and local reforms that eliminate or reduce the dominance of single-family zoning can create more affordable housing in more places, increasing access to neighborhoods and enabling more households to attain homeownership. In 2022,

there were only 16,000 units started in buildings with 2–4 units across the United States, less than 20 percent of the level of construction of these residential buildings in the 1970s.¹³ Single-family zoning restrictions and the lack of financing both contribute to the slow growth of smaller multifamily properties (what many call the “missing middle” of our nation’s housing stock). After legalizing up to four units of housing, Minneapolis, Minnesota, and Portland, Oregon, both saw increases in permits for duplexes, triplexes, and other newly allowed housing types.¹⁴ Portland also allows developers to build up to six units per lot if a portion of those units is reserved for tenants with lower incomes.¹⁵ Maine¹⁶ and California both legalized building two units on lots previously zoned as single-family, the latter of which could enable 700,000 new market-feasible homes.¹⁷ Oregon¹⁸ and California¹⁹ have enabled denser multiunit housing in certain areas of cities, including near transit.

Allow missing middle and larger multifamily development by-right. By-right development enables housing that complies with zoning and development regulations to be built without discretionary approval. By-right development creates a faster, more predictable process.²⁰ In Connecticut, land zoned for single-family housing generally does not require a public hearing before approval, but almost all projects involving more than three units must undergo public hearings.²¹ California approved by-right housing development in areas currently zoned for parking, retail, or office buildings, exempting these projects from environmental reviews and requiring that resulting units be affordable and comply with labor standards.²² This law unlocks large swaths of land for housing development and could lead to the development of approximately 2 million homes.²³ And because this land is currently not occupied by residents, this reform may assuage fears about displacement caused by new development.

Enable adaptive reuse and conversions. Cities and states can also enable housing production or conversion on land previously zoned for other uses. As work-from-home continues to be prevalent,

demand for commercial real estate has plummeted, which could lead to decreased property values and tax receipts. Office-to-residential conversions could help to solve the dual crises of vacant office space and lack of affordable housing, but the number of buildings suitable for conversion is limited due to restrictive zoning and challenges with building footprints (e.g., reconfiguring building systems and the need for windows in every bedroom).²⁴ Los Angeles' Adaptive Reuse Program relaxed zoning and other requirements and streamlined the process for developers, leading to the development of more than 46,000 units since 1999.²⁵

Eliminate parking requirements. Most cities have minimum parking requirements (parking spaces required per residential unit), which often mandate more parking spots than market demand would otherwise bear.²⁶ These requirements can inflate housing costs, prevent the conversion of buildings into housing, and contribute to sprawl. By one estimate, garage parking drives up rents by approximately 17 percent, and other studies have found even larger impacts of minimum parking requirements on rent.²⁷ Buffalo, New York; Hartford, Connecticut; and Seattle, Washington, have eliminated parking requirements either near transit or across the city and have seen reductions in parking and construction costs in new projects²⁸ while avoiding using valuable urban land for parking rather than more productive uses. Washington,²⁹ Oregon,³⁰ and California³¹ have limited parking requirements near transit, while Connecticut³² enacted parking reform that affects all housing regardless of its proximity to transit.

Reduce minimum lot sizes. Minimum lot sizes are omnipresent in local zoning codes and require that each household occupy more land than is otherwise necessary,³³ raising housing prices and contributing to sprawl. Reducing minimum lot sizes enables the construction of more “starter homes” and decreases the per-household cost of providing water and other utilities.³⁴ In 1998, Houston, Texas, reduced minimum lot sizes from 5,000 to 1,400 square feet, which facilitated the development of more than

25,000 new units since then.³⁵ In 2019, Helena, Montana, abolished nearly all minimum lot sizes, and Billings, Montana, moved from minimum lot sizes to a lot width requirement.³⁶ California's SB 9 bill, which allows the subdivision of single-family lots into two lots, is a form of minimum lot size reform, while several states, including Vermont and New Hampshire, have introduced bills to limit minimum lot sizes.³⁷

Support equitable transit-oriented development.

Equitable transit-oriented development seeks to promote affordable housing options near transit and create more people-centered neighborhoods while preventing displacement in historically disinvested communities facing increasing housing costs. Chicago's Connected Communities ordinance expanded city-provided, transit-oriented development incentives to additional corridors, legalized more housing types near transit, and eliminated onsite parking requirements near transit, while also taking measures to promote safe streets and improved walkability.³⁸ As part of the implementation, the City of Chicago provided small technical assistance grants to support community-led equitable development near transit.³⁹ A 2021 Massachusetts law incentivized hundreds of municipalities served by the Massachusetts Bay Transportation Authority to create at least one higher-density multifamily zoning district by-right within walking distance of public transportation.⁴⁰

Streamline permitting processes and timeline.

Permitting adds costs and uncertainty to the development process. Florida⁴¹ sets time limits for how long cities and counties have to review building permit applications and requires localities to post the status of submitted applications over time. California's changes to reduce permitting time and limit utility fees for ADUs contributed to an increase from 1,200 units built in 2016 to 12,300 built in 2019.⁴² San Diego's Expedite program reduces permitting time for affordable, infill, and sustainable development projects by half that of standard projects.⁴³

Connecting to the U.S. Department of Housing and Urban Development's Efforts

Producing and preserving affordable housing is core to the U.S. Department of Housing and Urban Development's (HUD's) mission, and HUD has joined other federal agencies in taking administrative actions to increase housing supply.⁴⁴ The federal government allocates billions of dollars each year, through tax credits and block grants, to support affordable housing. As part of their Consolidated Plan, HUD requires grantees to identify barriers to affordable housing, including regulatory or public policy barriers. And for the first time, HUD will provide communities grants to identify and remove barriers to affordable housing production and preservation.⁴⁵ The American Rescue Plan (ARP) supplemented these annual appropriations with

tens of billions more dollars, via HOME-ARP⁴⁶ and the State and Local Fiscal Recovery Fund,⁴⁷ to boost housing supply. The federal government has issued guidance⁴⁸ on how to use these funds to increase supply,⁴⁹ yet strict land use and zoning restrictions limit the reach and effectiveness of these federal funds. While these funds contribute to addressing the nation's growing supply shortage, when localities suppress the supply of multifamily housing the funds do not go as far or serve as many of the families who face the greatest cost burdens and barriers to quality, affordable housing.

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