

Land Use Restrictions and Affordable Housing

Andrew Aurand, Senior Vice President for Research, NLIHC

Local governments use zoning and land use regulations to control which types of housing are permissible in certain locations. More than thirty years ago, HUD identified biases in residential zoning in favor of 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 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. A more recent paper, however, suggests a more complicated and bifurcated view of zoning changes between 2003 and 2019. While a number of metropolitan municipalities became more restrictive during that time, others became less restrictive (Pendall, Lo, & Wegmann, 2022). Municipal zoning tended to become more accommodating to multifamily housing in strong-market metropolitan areas, while zoning tended to become more exclusionary in weak-market ones.

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 with spatial concentrations of affluent households in communities where zoning has excluded others (Rothwell & Massey, 2009; Lens & Monkkonen, 2016). A Minneapolis based study found that areas zoned for multifamily housing had a larger non-white population than areas

zoned exclusively for single family detached housing by as much as 21% ([Furth & Webster, 2022](#)).

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

A growing number of cities and states have enacted zoning reforms, including allowing 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 for triplexes and fourplexes 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. [Some cities](#) have eliminated parking requirements with an aim to reduce development costs and lower the cost of housing, including [Cambridge, MA](#) and [Culvert City, CA](#), which enacted citywide eliminations in 2022.

Evidence for the impact of loosened zoning regulations and higher-density zoning on the supply of rental housing is mixed, possibly because significant time may be needed to see the long-term impacts of zoning reforms. Also, many [questions are unanswered](#) about how these zoning reforms should be designed. 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. 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](#)). However, research of zoning reforms across municipalities in eight large metropolitan areas found that reforms that loosened zoning restrictions, including allowing for higher density, higher heights, accessory dwelling units (ADUs), smaller minimum setbacks, and mixed-use development were associated with a greater supply of rental units affordable to renters with above-median incomes within three and nine years after implementation, indicating a response by the private market to increase supply of market-rate rents ([Stacey et. al., 2023](#)). The findings also suggested that these reforms may be associated with increases in the supply of housing affordable to low-income renters, but the relationship was not statistically significant. The authors conclude that policies and public investments designed specifically for affordable housing for low-income renters may need to accompany zoning reforms.

FEDERAL IMPLICATIONS

Federal legislation could incentivize or require local jurisdictions to enact less restrictive zoning. Legislation reintroduced in the 118th Congress (2023-2024) included the “[Yes In My Backyard Act](#),” or YIMBY Act, 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. A [companion bill](#) was introduced in the House by Representative Derek Kilmer (D-WA-6). The bills encourage the implementation of 22 anti-discriminatory land-use policies and require CDBG entitlement communities to submit a report every five years addressing which of these land use policies they have adopted and their plan to implement these policies. NLIHC supports the “Yes In My Backyard Act.” 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 affluent communities where more and less expensive rental housing is likely needed.

Case studies of eight of the country’s most exclusionary municipalities -- where the need for housing is critical, housing production is stagnant, and 78 to 100% of land is zoned for single family detached housing – highlight their reliance on federal and state funding as sources of revenue ([Godinez-Puig, Garriga, & Freemark, 2023](#)). The authors suggest that federal and state agencies could incentivize change by making future funding awards contingent on zoning reform and removing other barriers to housing production.

A [bill](#) introduced in the 117th Congress (2022-2023), the “Housing Supply and Affordability Act”, by Senators Amy Klobuchar (D-MN), Rob Portman (R-OH), and Tim Kaine (D-VA) would have provided competitive grants for states, regions, and localities to support the development and implementation of comprehensive plans that reduce barriers, such as zoning restrictions, to new housing. The Biden Administration’s [Housing Plan](#) called for giving a competitive advantage in certain federal transportation and economic development grant programs to jurisdictions that have reformed their land use policies. It also calls for competitive grants to help jurisdictions eliminate barriers to housing production

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 \$620, 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 too often doesn’t 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](#).