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During the worst days of Covid, when supply chains broke down for automobile production, the cost of used cars skyrocketed in response to the limited supply. Over time, car manufacturing began to rebound, and prices moderated.

But when it comes to housing, there is a perpetual supply malfunction that inflates costs: local government zoning policies that expressly forbid developers from building homes where people want them. Ordinances routinely ban the construction of multifamily housing and require homes to be built on very large lots, artificially boosting the price of shelter—the single biggest expense for most Americans. These policies serve the narrow interests of wealthier incumbent homeowners, and they make life more difficult for young middle-class families starting out and low-income families who must make choices between paying rent and buying food or medicine.

People often think that the free market is what gives communities their dramatically different housing costs and demographic makeups, but that's only part of the story. In a market economy, communities with strong public schools and safe streets will, of course, command higher property values. Homes in those areas could be made much more affordable, however, if localities made it possible to build more units on the available land.

Strict residential zoning laws have a deeply unsavory origin. In the early 20th century, many cities enacted racial zoning policies that forbade Black people from buying in white neighborhoods. Today the primary target of such laws is poor and working-class people of all races. Wealthy white communities sometimes exclude poor white households, and wealthy Black communities sometimes exclude poor Black families. Since passage of the 1968 Fair Housing Act, racial segregation in housing has fallen by 30%, but during this same period, income segregation has doubled, in part because of pervasive class discrimination through zoning.

Areas where highly educated liberals live engage in the worst forms of economically exclusionary housing policy.

Though some might expect areas populated by conservatives to be the most exclusionary, it is areas where highly educated liberals live that engage in the worst forms of economically exclusionary housing policy. Researchers writing in the *Journal of Experimental Social Psychology* in 2018 found that highly educated Americans have comparatively tolerant racial attitudes but hold “negative attitudes toward the less educated.” Americans with different levels of education all have biases, they wrote, but “the targets of prejudice are different.”

Exclusionary housing practices are a linchpin in the architecture of educational inequality in America. Because 73% of American school children attend neighborhood public schools, where you live typically determines the quality of schooling. Most people who are concerned about improving education naturally focus attention on what school boards and state education officials

do, but it's at least as important to focus on what the local and state officials running housing policy are up to.

For sixty years, researchers have found that the economic segregation of students, which is driven by housing policy, shapes educational opportunity even more powerfully than per pupil spending. In Montgomery County Maryland, for example, county officials pursued two strategies for raising the achievement of low-income students. In one program, starting in 2000, the school board spent \$2,000 extra per pupil in high-poverty schools. In another, begun decades earlier, the county council enacted an "inclusionary zoning" law that to this day requires builders to set aside a portion of new developments for low-income families. Over time, as Heather Schwartz of RAND found in a 2010 study, what the housing authority did for students cut the math achievement gap between low-income and middle-class students in half, while the school board's program had much less impact.

Zoning-induced housing costs create a barrier to mobility, damaging economic productivity.

Zoning-induced housing costs also prevent workers from moving to places where they can make the highest wages, which is typically in coastal cities. Research shows that this barrier to mobility gravely damages American economic productivity, to say nothing of the aspirations of individuals and families. A 2018 study by Edward Glaeser and Joseph Gyourko, for example, found that "restrictive residential land-use regulation" had a price tag of "at least 2% of national output," or about \$400 billion. A 2019 study by Chang-Tai Hsieh and Enrico Moretti, found that if three high-productivity cities—New York, San Jose and San Francisco—relaxed restrictions on housing supply, more workers could move to them, and average wages nationally would rise an astounding \$8,775.

When people do move to higher-wage regions, exclusionary zoning laws often force them to live in the far reaches of metropolitan areas. This means longer commutes, which are associated with higher blood pressure and divorce rates, and more miles on the road, which is bad for the environment. Work-from-home policies ameliorate this problem, but for many types of jobs, that's not possible.

By separating Americans by income and education—and therefore, very often, by race, ethnicity and political party—exclusionary zoning is also bad for American democracy. When people of different backgrounds don't come to know one another as neighbors and school classmates, it is far easier to demonize those with whom you disagree.

The good news is that this is a problem with a solution. Though there has long been a research consensus that exclusionary zoning is harmful, there was, until recently, an equally potent political consensus that little that could be done about it. This conventional wisdom began to change in 2018, when Minneapolis became the first major city to eliminate zoning laws that exclude multifamily housing.

Since then, similar zoning changes have prevailed in Oregon, California, Arkansas, Utah, Montana and Vermont and in cities such as Charlotte, N.C., and Portland, Oregon. Reformers aren't calling for high-rise apartment buildings in the middle of quiet residential neighborhoods; they typically aim to legalize "missing middle" housing, such as duplexes, triplexes and

“accessory dwelling units” (ADUs), or granny flats. Once California required cities to make it easier to build ADUs, Los Angeles saw an explosion of backyard and garage units. In 2022, the city issued 7,160 ADU permits, compared with just 1,287 permits for single-family homes.



An accessory dwelling unit or ADU in the backyard of a house in Los Angeles, May 2023. To ease the state’s housing shortage, California made it easier to build ADUs on existing residential lots. PHOTO: ALISHA JUCEVIC/THE WASHINGTON POST/GETTY IMAGES

Politicians are desperate to slow skyrocketing housing prices, and anger over class discrimination cuts across racial and party lines. In California and Oregon, reform would not have passed without Republican support. Scott Wiener, a Democratic state senator in California, observed that “groups that don’t normally work together” championed reform and beat representatives from wealthier districts who “wanted to keep certain people out of their community.” As a matter of raw political math, Democrats who represent constituencies who feel looked down upon because of their race and Republicans who represent groups who feel looked down upon because of their low education levels outnumber those in exclusive suburbs.

At the national level, Congress could enact what I’ve called an Economic Fair Housing Act. The law would give plaintiffs who are hurt by unjustified exclusionary zoning laws the chance to sue municipalities for income discrimination in federal court, the same way that people of color can currently sue for race discrimination by local governments under the Fair Housing Act.

Exclusionary zoning laws thwart opportunity for people trying to pursue the American dream and forbid landowners from doing what they want with their own property. These laws, and the walls they erect, need to come tumbling down.

This essay is adapted from Richard D. Kahlenberg's new book, "Excluded: How Snob Zoning, NIMBYism, and Class Bias Build the Walls We Don't," which will be published by PublicAffairs on July 11.

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