

**UCLA**

**UCLA Previously Published Works**

**Title**

The Elephant in the Zoning Code: Single Family Zoning in the Housing Supply Discussion

**Permalink**

<https://escholarship.org/uc/item/2hk5k1k6>

**Journal**

Housing Policy Debate, 29(1)

**ISSN**

1051-1482

**Author**

Monkkonen, Paavo

**Publication Date**

2019-01-02

**DOI**

10.1080/10511482.2018.1506392

Peer reviewed



## The Elephant in the Zoning Code: Single Family Zoning in the Housing Supply Discussion

Paavo Monkkonen

To cite this article: Paavo Monkkonen (2019) The Elephant in the Zoning Code: Single Family Zoning in the Housing Supply Discussion, Housing Policy Debate, 29:1, 41-43, DOI: [10.1080/10511482.2018.1506392](https://doi.org/10.1080/10511482.2018.1506392)

To link to this article: <https://doi.org/10.1080/10511482.2018.1506392>



Published online: 17 Dec 2018.



Submit your article to this journal [↗](#)



Article views: 86



View Crossmark data [↗](#)

COMMENTARY



## The Elephant in the Zoning Code: Single Family Zoning in the Housing Supply Discussion

Paavo Monkkonen

Department of Urban Planning, University of California, Los Angeles, USA

Many regions of the United States face a persistent and increasingly dire housing affordability crisis. Despite the agreement among experts that more housing would ameliorate this crisis, we see opposition to building new housing from many different groups. “Supply Skepticism: Housing Supply and Affordability,” by Vicki Been, Ingrid Gould Ellen, and Katherine O’Regan, is a timely review of the state of knowledge on the relationship between housing supply and housing affordability, framed by common arguments made by *supply skeptics*. The article highlights some clear and important gaps in the research base on the one hand, and the deficiency in the communication of scholarly evidence to the public on the other. It is a call to action for housing and urban scholars to find better evidence on the key points of debate, and to communicate our expertise more effectively.

There is a special urgency in this arena of research because the status quo benefits some and hurts others. Rising housing costs disadvantage the people and neighborhoods that have long been disadvantaged in the United States. Renters lose and owners win in supply-constrained housing markets, and whereas homeowners might not oppose new housing explicitly to see their home values rise, as Fischel hypothesizes (2001), they benefit directly from housing scarcity.

The elephant in the room of our contemporary housing policy debates is single-family zoning. The mythical idea of *stable* neighborhoods composed of single-family houses (McCabe, 2017) separates them from the rest of the city where planners allow and promote change (Gabbe, 2017). Even the language of stability and *preserving neighborhood character* denies what is actually a dramatic change, an ever-increasing house price. The media tends to celebrate a *market recovery* when housing prices go up, and ignore that this means rents are up as well.

The prevalence and mythical sanctity of single-family zoning is an important part of all the “supply-skeptic” arguments that Been, Ellen and O’Regan present in this article. The first of these arguments is that “land is such a unique good that the rules of supply and demand don’t apply.” The central problem with this skeptical argument is that in U.S. cities, land use is tightly controlled through zoning. Even if density were not so strictly controlled, land is one of the core reasons housing is such a complicated economic good.

Land is completely inelastic at every point on Earth. Yet this does not mean, as *supply skeptics* often argue, that land supply in a city is completely inelastic. For most parcels of land, adjacent parcels are very close substitutes. The substitutability of parcels, and of neighborhoods in cities, is an understudied area, as it varies by location. Recent models of endogenous and exogenous neighborhood amenities (Guerreri et al., 2013; Lee & Lin, 2017) provide an important framing model in this regard. Some neighborhoods have exogenously positive attributes and others do not. Kok, Monkkonen, and Quigley (2014) argue that the overlap between regulatory boundaries and exogenous amenities such as coastal access is important. They distinguish the differential local effects of land-use controls between metropolitan areas such as Boston, Massachusetts, and San

Francisco, California, for this reason. More stringent land use regulations are not associated with higher housing prices among the jurisdictions of Boston, *ceteris paribus*, but they are in the San Francisco Bay Area.

The second *supply-skeptic* argument is that “new development is priced at the highest end of the market, so filtering either doesn’t happen or is too slow.” This argument is one that scholars should take seriously, because in many metropolitan areas the predominance of single-family zoning makes it true. In Los Angeles, for example, a majority of the housing units permitted in 2016 were in large buildings, with 50-plus units. Zoning in the City of Los Angeles prohibits multifamily construction on 75% of residential land, which leads to the construction of only the most expensive kind of multifamily—high-rise towers—in the 25% where multifamily construction is possible. Moreover, in our planning process, we have embedded myriad avenues by which locals can block land-use changes in their neighborhood (Monkkonen, 2016). Zoning changes very rarely (Gabbe, 2017).

Smaller multifamily housing, the *missing middle* housing stock, is much less expensive to build. In fact, there are a number of affordable new duplex developments in South Los Angeles, designed as essentially market-rate affordable housing (Bachrach, Monkkonen, & Lens, 2017). Some specifically target households with housing vouchers. These developments show that the great potential for making many cities affordable lies in replacing single-family homes with mid-rise multifamily homes. In a review of the Multiple Listing Service records in the month of August 2017, I found that single-family dwellings were 19% more expensive than multifamily dwellings on average.

Rosenthal (2014) suggests that in metropolitan regions with a significantly constrained housing supply, the expected rate at which older housing filters is very slow or even seems nonexistent. He did not test this hypothesis directly, however, and it deserves more attention from scholars. Work on the variation in rates of filtering would contribute to the public discussion of housing affordability and the role of zoning. More broadly, however, it is important to note that filtering is not a policy response to an affordability crisis. It is a description of what happens when zoning does not impede new housing construction and developers can build to meet household demand.

Single-family zoning also shapes a third supply-skeptical argument presented by Been, Ellen, and O’Regan, that “new housing leads to gentrification and displacement.” This is a hypothesis in need of testing, in a variety of metropolitan areas and with a better formal model. Regardless of findings, it is true that most cities’ zoning ensures a spatially unequal distribution of new development. Densification is blocked from *stable* neighborhoods with land-use controls established in most cases explicitly as tools of racial segregation (Rothstein, 2017). These tools continue to be effective methods of preventing low-income households and people of color from living in many neighborhoods. Moreover, as Tom Davidoff argues, low-density zoning laws subsidize a more expensive housing stock by restricting the use of land to single-family housing. Low-density zoning is, in his words, “socialism for the rich” (quoted in Meuse, 2016).

The final supply-skeptical argument that Been et al. presents is that “building more housing will not solve an affordability crisis because it will induce more demand for housing.” This idea raises an important point, as it reflects the complexity of housing demand within a system of cities. People move within and between metropolitan regions, and housing costs are one of the factors that influence this movement. The population of a given metropolitan area is not fixed, obviously, which is part of the problem with many cities’ approaches to this issue. In a standard urban model, housing costs primarily reflect metropolitan area incomes, which in turn reflect levels of economic productivity. Who moves out of and into a metropolitan area with a constrained housing supply, however, depends on individual incomes, not averages.

Therefore, one way to understand the responsiveness of a metropolitan region’s housing supply to increases in the number of productive jobs is in terms of what becomes of the gains from this high economic productivity. Are they channeled into more opportunities for people to live and work in the metropolitan area, or into higher profits for landowners that stem from restrictions on housing supply? It is especially important to consider this question from a social equity perspective, as a disproportionate share

of lower income households leave productive metropolitan areas when high-wage jobs multiply and those who work in them outbid less well-off families for scarce housing. Highly skilled workers are not moving to expensive housing markets because of the expensive housing, and the idea of induced demand in housing is not equivalent to roads and congestion in this regard.

Myriad laws and regulations create and structure housing markets. Planning regulations that limit new supply are only recently receiving the scholarly attention they deserve, as in many regions they are more important than any financing or subsidy policies. Public debates over local housing policy need input from more focused research. Our understanding of housing markets at the metropolitan scale is much firmer than at the neighborhood scale, yet the latter is the most visible to the public. In the conclusion to their article, Been, Ellen, and O'Regan articulate the important point that supply-oriented policies are a "necessary but insufficient" approach to the housing affordability crisis in the United States. Even without restrictions on supply such as low-density zoning, we need strong subsidies for housing and other protections for vulnerable groups in the housing market to ensure all families have a decent home. Yet in places where supply is highly constrained for aesthetic, exclusionary, and other reasons, it is clearly a core element of reform.

## Disclosure Statement

No potential conflict of interest was reported by the author.

## Notes on Contributor

**Paavo Monkkonen** is Associate Professor of Urban Planning and Public Policy at the UCLA Luskin School of Public Affairs. He has published widely on how policies and markets shape urban development and social segregation in cities around the world. Recent research has focused on opposition to new housing in California, changes in planning laws and urbanization in Mexico, and a comparative study of segregation in a dozen countries. He has a PhD in City and Regional Planning at the University of California, Berkeley and a Master's in Public Policy from UCLA.

## References

- Bachrach, E., Monkkonen, P., & Lens, M. (2017). Is Los Angeles destroying its affordable housing stock to build luxury apartments? Lewis Center for Regional Policy Analysis. Retrieved from <https://www.lewis.ucla.edu/los-angeles-destroying-affordable-housing-stock-build-luxury-apartments/>
- Been, V., Ellen, I. G., & O'Regan, K. (2019). Supply skepticism: Housing supply and affordability. *Housing Policy Debate*, 29(1), 25–40.
- Fischel, W. A. (2001). *The homevoter hypothesis: How home values influence local government taxation, school finance, and land-use policies*. Cambridge, MA: Harvard University Press.
- Gabbe, C. J. (2017). Why are regulations changed? A parcel analysis of upzoning in Los Angeles. *Journal of Planning Education and Research*, 38(3), 289–300.
- Guerrieri, V., Hartley, D., & Hurst, E. (2013). Endogenous gentrification and housing price dynamics. *Journal of Public Economics*, 100, 45–60.
- Kok, N., Monkkonen, P., & Quigley, J. M. (2014). Land use regulations and the value of land and housing: An intrametropolitan analysis. *Journal of Urban Economics*, 81(3), 136–148.
- Lee, S., & Lin, J. (2017). *Natural amenities, neighborhood dynamics, and persistence in the spatial distribution of income*. (Federal Reserve Bank of Philadelphia working paper No. 17-03).
- McCabe, B. J. (2017). *No place like home: Wealth, community and the politics of homeownership*. Oxford, UK: Oxford University Press.
- Meuse, M. (2016, June 17). Single family homes: 'Socialism for the rich,' says UBC economist. CBC News. Retrieved from <https://www.cbc.ca/news/canada/british-columbia/tax-zoning-reform-tom-davidoff-1.3640181>
- Monkkonen, P. (2016). *Understanding and challenging opposition to housing construction in California's urban areas*. (UCCS white paper, University of California Center Sacramento).
- Rosenthal, S. S. (2014). Are private markets and filtering a viable source of low-income housing? Estimates from a 'Repeat Income' model. *American Economic Review*, 104(2), 687–706.
- Rothstein, R. (2017). *The color of law: A forgotten history of how our government segregated America*. New York, NY: Liveright.