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Mayoral views on housing production: do planning goals match reality?

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Mayoral Views on Housing Production: Do Planning Goals Match Reality?

**A POLICY BRIEF FROM THE
2018 MENINO SURVEY OF MAYORS**

America is facing a nation-wide housing crisis. While local housing markets vary and each faces its own challenges, economists and policymakers widely agree that many cities are not building enough housing — both market-rate and affordable (Quigley and Rosenthal 2005; Glaeser, Gyourko, and Saks 2005; Gyourko, Saiz, and Summers 2008; Glaeser and Ward 2009; Glaeser 2011; Gyourko and Molloy 2014; Goodman and Pendall 2016). The housing crisis encompasses many problems, including shortages of affordable housing, senior housing, middle class housing, starter homes, and high-density housing (especially near transit). Solving this crisis is complex, and will require a multi-pronged approach across all levels of government. One critical first step — and one that local governments can implement — is to build more homes, especially higher density housing in high-amenity neighborhoods.

Indeed, the construction of multifamily housing not only mitigates rising housing costs — it also helps cities grow sustainably (Glaeser 2011). As a recent New York Times op-ed put it, “Housing Policy is Climate Policy.” High-density, multifamily housing is central to the urban fight against climate change.¹

Addressing the shortage of housing — and multifamily, density-promoting housing in particular — requires collaboration across multiple levels of government. But, local government control over land use is a critical starting point. Even if the federal government commits massive resources to the construction of new subsidized housing, it cannot be built without local permission and cooperation. In many places, this requires not only changes to state and city-level zoning regulations, but also local political leadership to combat opposition to increased density and neighborhood change.

Mayors across the United States recognize that the costs and supply of housing in their cities pose substantial obstacles to current residents and to those who wish to move to their cities. In our annual survey of US mayors, 51 percent identified housing as one of the top three reasons why current residents leave their cities, ahead of jobs, schools, public safety, and taxes (2017 Menino Survey). Only 13 percent of the mayors surveyed in 2017 thought that their cities’ current housing stock met the needs of their population “extremely well” or “very well” (2017 Menino Survey).

¹ <https://www.nytimes.com/2019/03/25/opinion/california-home-prices-climate.html>

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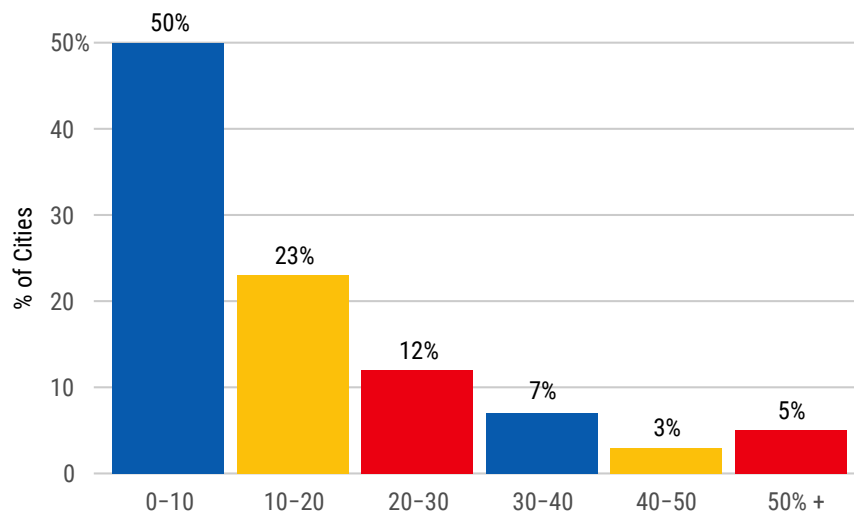


To better understand whether mayors translate these concerns into concrete policy action, we asked them a series of questions in 2018 about the amount and kinds of new housing they would like to see built in their cities over the next ten years. Their answers revealed a critical insight into the challenges of the housing crisis: even the most ambitious plans are likely not enough to meet the demand for housing in cities and address the affordability crisis.²

HOUSING GROWTH

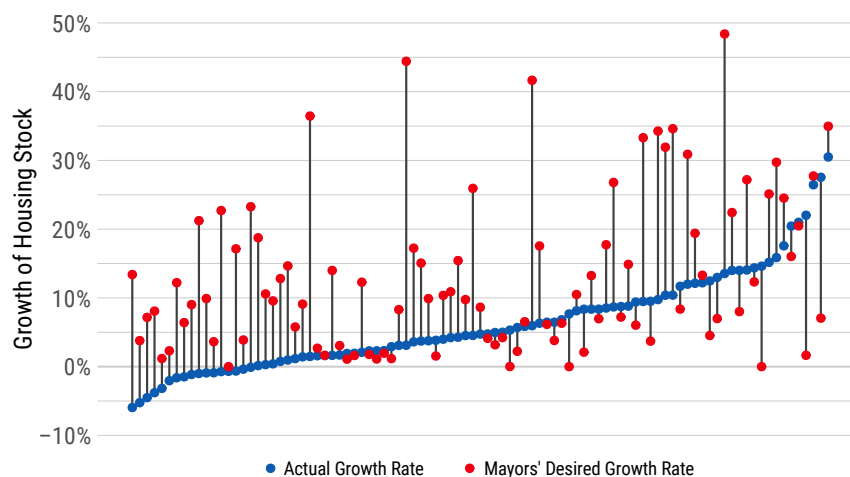
Mayors were asked how many new units of housing they thought their cities needed over the next ten years. While mayors answer with an actual number, to facilitate comparison, we use the percentage growth this represents relative to each cities' existing housing stock. Figure 1 presents the baseline results.

Figure 1: Desired increase in housing units, relative to current housing stock.



Overall, this represents modest desired growth of the housing stock. However, these rates are significantly higher than the actual growth of the housing stock in many of these cities. Figure 2 plots the distribution of growth rates over a ten-year period, showing the actual growth rates in blue (based on the 2012 and 2017 American Community Survey 5-year estimates), and the mayors' desired growth rates in red. While some of the fastest-growing cities would like to see housing growth decline relative to current levels, 70 percent of mayors want to see housing growth accelerate. On average, mayors want to see 9 percentage points higher housing growth than their cities have experienced in recent years.

Figure 2: Comparison of Actual and Desired Housing Growth Rates



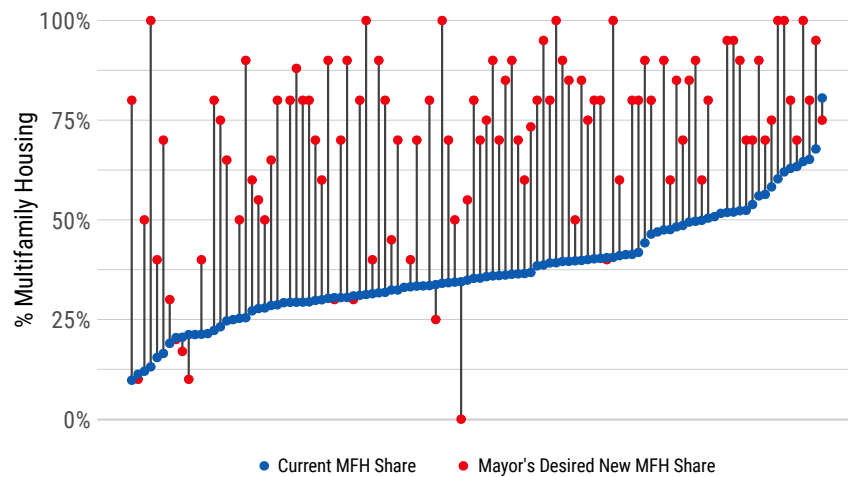
² 110 mayors participated in the 2018 Menino Survey of Mayors.



TYPES OF HOUSING

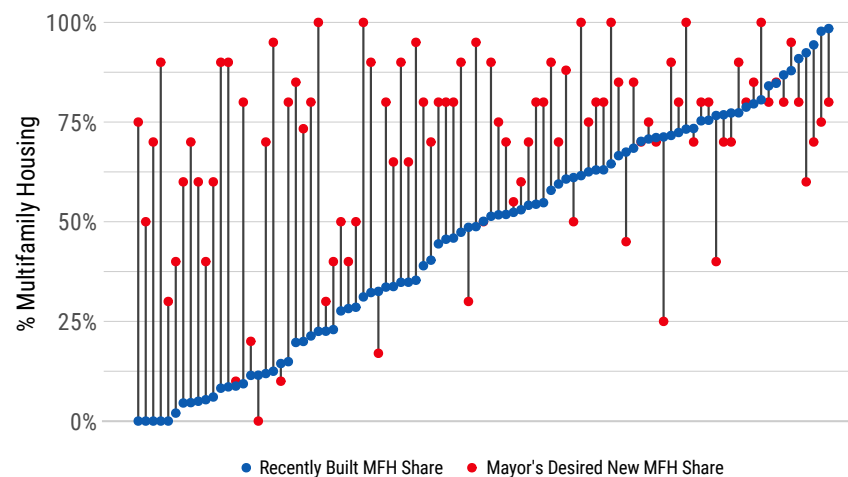
What kinds of housing do mayors want to see built in their cities? We asked mayors how they would like to see new housing allocated across five categories: single family homes, multifamily houses or townhouses, mixed-use buildings, market-rate high-density apartments or condos, and subsidized high-density apartments or condos. Collectively, we refer to the last four categories as multifamily housing.

Figure 3: Current and Desired Multifamily Housing



Overall, mayors want to see a significant expansion of multifamily housing in their cities. Figure 3 plots the share of multifamily housing in each city in blue, compared to the share of multifamily housing that mayors would like to see built. Ninety percent of the mayors we surveyed want to increase the share of multifamily housing in their cities. On average, mayors wanted the share of new multifamily housing to be 33 percentage points higher than their cities' current multifamily housing share. This represents a substantial reconfiguration of the new housing stock in many cities compared to what is already there. Achieving such a goal would likely require substantial change in many neighborhoods, including the construction of multifamily housing in neighborhoods mostly made up of single-family homes.

Figure 4: Multifamily Housing: Recently Built and Desired





While mayors want to see the share of multifamily housing dramatically increase relative to their current housing stock, building patterns show that single-family construction has dominated in recent years. In Figure 4, we examine building permits issued in each city from 2013 to 2017.³ The blue dots show the percentage of building permits issued for multifamily housing units, and the red dots show the share of multifamily housing units that mayors would like to see constructed. Seventy-seven percent of mayors want to see multifamily housing built at a higher rate than it has been constructed in their cities in recent years. On average, mayors want the rate of multifamily housing construction to increase by 24 percentage points. Only a small number of cities are experiencing multifamily housing construction that meets or exceeds their mayors' goals. This pattern is similar to that shown in Figure 3: not only do mayors want to increase the multifamily housing share of their cities, but doing so would require a dramatic increase in the rate of building multifamily housing compared to recent years.

In short, most mayors want to see their housing stock grow, at least modestly. Their cities' actual housing growth rates, however, fall short of mayors' goals. More problematically, while mayors want more multifamily housing, only a small number of cities are meeting mayors' desired new multifamily housing share — which is itself probably too low to meet demand. A number of barriers — including insufficient state and federal funding, local regulatory barriers and zoning, and neighborhood opposition — all contribute in concert to prevent cities from building densely, even when local leadership stands behind increasing the stock of multifamily housing.

LOCAL, STATE, AND FEDERAL POLICY ACTION

What policy tools should housing-oriented mayors use to help increase their cities' actual multifamily housing share to better match their housing goals? Starting at the local level, mayors should work with their planning staff and city councils to reform local zoning and reduce regulatory barriers to the construction of multifamily housing. A wealth of economics and legal research shows that stringent land use regulations reduce the permitting of new housing (Gyourko, Saiz, and Summers 2008; Glaeser and Ward 2009; Schleicher 2013). Land use regulations were largely designed to empower white homeowners to defend their neighborhood boundaries (Rothstein 2017; Trounstein 2018), and they succeeded in their aims (Einstein, Palmer, and Glick 2019).

Mayors could push to reform their local zoning codes to allow for the construction of more multifamily housing “by right” — that is, without having to go through a lengthy public hearing process to obtain a special permit or a variance from the local government. A majority of mayors agree that their cities should increase in density, at least in “popular, established neighborhoods.”

Some cities have recently reformed their zoning to reflect this preference for density; perhaps most prominently, the city of Minneapolis has abolished its single-family zoning and parking minimums to make it easier to build densely in all neighborhoods. In December 2018, the Minneapolis City Council resoundingly supported a plan that would allow duplexes and triplexes in all residential areas, including those presently zoned for single-family homes. In October 2019, the policy went into effect. This policy has the potential to reshape neighborhoods across the city; at the time of the land use reform, more than half of Minneapolis neighborhoods were zoned for single-family housing.⁴ As Minneapolis chief planner Heather Worthington notes, this plan is an important start, rather than

³ Building Permits Survey, U.S. Census Bureau

⁴ <http://www.startribune.com/in-minneapolis-a-test-case-for-cities-looking-to-solve-affordable-housing-crisis/509165002/>.

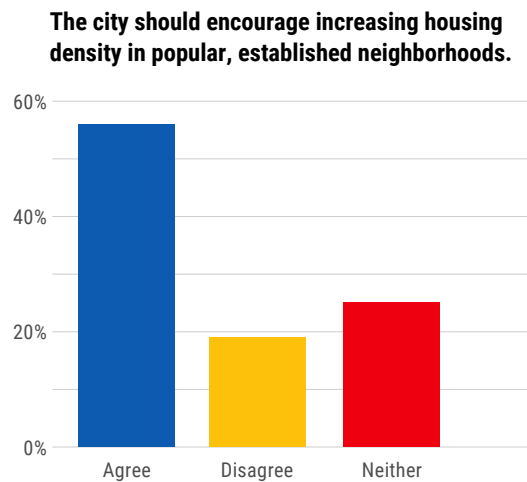


an all-encompassing solution: “[Zoning reform] is not a panacea, but it will result in more opportunities, both for those who are having a difficult time finding housing, and those who already live in these neighborhoods and want options other than a single-family home.”⁵

Passing these local reforms is politically hard and requires mayors to make challenging tradeoffs — often balancing competing preferences. Indeed, while mayors want to build more multifamily housing, they also, in general, prefer that a sizable portion of homes in their cities be single-family homes. When we asked mayors to apportion new units in their city, they opted to allocate 30 percent of new housing to single-family homes; it was the most popular category. Creating greater local housing density would mean losing some of these single-family neighborhoods, which currently comprise sizable portions of cities’ usable land. Indeed, in many cities, overwhelming majorities of the residential land is zoned for detached single-family housing; in Seattle, such zones make up 81 percent of residential land. In Charlotte, NC, that figure is 84 percent; in San Jose, CA — a city facing a crippling affordability crisis — a whopping 94 percent of residential land is zoned for detached single-family housing.⁶ These neighborhoods make up a large and powerful political bloc, often featuring vocal opposition bent on preserving exclusive community land use (Einstein, Glick, and Palmer 2019).

What’s more, mayors may (rightfully) worry that more inclusive local land use policies will disproportionately concentrate development in their cities’ boundaries. Many of the mayors we surveyed are surrounded by suburbs that use highly restrictive land use policies to block new development (Dreier et al. 2005; Rothstein 2017). These

Figure 5: Support for Increasing Density



cities are unlikely to reform their zoning voluntarily. We therefore recommend that, on top of pursuing locally-oriented solutions, mayors support state-level land use policy that would distribute growth more equitably and sustainably. Oregon’s 2019 housing legislation provides a potential model for other locations: with the passage of House Bill 2001 in summer 2019, duplexes, triplexes, fourplexes, and “cottage clusters” are now allowed on land previously restricted to single-family homes in all cities over 25,000 residents. In cities with over 10,000 residents, duplexes are now permitted in previously single-family zones. By allowing development in all communities — rather than just a select few urban cores — this state level policy aims to distribute development more evenly across an array of urban cores. Passing such legislation is difficult. Indeed, in other progressive states, far less ambitious proposals have languished. California’s SB 50 — as of this writing, tabled for the legislative year — would have allowed higher-density housing in job-rich areas

and near transit stations. Massachusetts H. 1281 requires all communities to zone at least some of their land for multifamily housing. Urban cores cannot bear the brunt of new growth alone. State-level policy can ensure that all communities — even the more recalcitrant ones — contribute to sustainable growth.

5 <https://www.minnpost.com/community-voices/2019/07/minneapolis-2040-plan-is-just-part-of-the-solution/>

6 <https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html>



The federal government can also support equitable local land use policy. Several of the 2020 presidential candidates suggest in their housing plans that federal dollars could help incentivize communities to adopt more inclusive land use policies. One candidate’s plan calls for \$16 billion of Transportation and Housing and Urban Development funding to be subject to local governments demonstrating progress toward reducing barriers to affordable housing.⁷ Another candidate’s plan “puts \$10 billion into a new competitive grant program that communities can use to build infrastructure, parks, roads, or schools. To be eligible, local governments must reform land use rules that restrict production of new affordable housing.”⁸ These programs provide powerful incentives to encourage all local governments to adopt inclusive zoning — not just those governed by pro-housing local officials.

BEYOND LAND USE POLICY

Solutions that are oriented around land use do little to help with the production of subsidized housing. Increasing the stock of multifamily housing will reduce housing prices and allow cities to grow sustainably. But, building more market-rate housing will not, on its own, create sufficient housing options for those living below the poverty line. For these individuals, we need a separate constellation of local, state, and, especially, federal policy actions. Local leaders should support and promulgate city-level efforts to protect renters and produce subsidized housing. For example, cities might provide legal aid to renters facing eviction. Just as importantly, however, they must work with other local governments to pressure state and federal policymakers to fund the production of more subsidized multifamily housing.

Indeed, mayors recognize the importance of the federal government as a partner in housing policy, especially for affordable housing. Mayors highlighted the diminished availability of state and federal funds as among the top obstacles to providing sufficient housing for low-income individuals (49 percent of mayors) and the elderly and disabled (38 percent of mayors).

While mayors are largely supportive of efforts at equitable land use and housing affordability, they are more mixed on whether stable renting or homeownership support are top policy priorities. When measuring housing affordability in their cities, mayors look equally to renters and homeowners: indeed, roughly equal portions of mayors mentioned a metric linked to the rental or buying markets when asked what metric they found most useful in assessing housing affordability (33 percent to 27 percent, respectively). On balance, though, it appears that mayors may prioritize homeownership. Thirty-six percent of mayors cited increased homeownership as one of their top two desired improvements in their housing stock; only 17 percent highlighted housing stability for renters (2017 survey). Homeownership is often presumed to come with a number of social benefits, including neighborhood stability and better public services — notably schools (Rossi and Weber 1996, Aaronson 2000, Coulson and Li 2013). But, homeowners differ from renters across a variety of characteristics; many of the other purported benefits of homeownership may be a consequence of the characteristics of homeownership, rather than the effects of owning a home (Schlay 2006). Moreover, homeownership comes with sizable financial risks — a point the 2008 housing crisis makes all too clear. Economist Jenny Schuetz writes: “Homeownership should be viewed not as an end goal of public policy, but rather as one possible mechanism to achieve several different policy goals. Instead of focusing on how to move renters into homeownership, we should develop policies that can help both renters and owners achieve the benefits associated with homeownership, while choosing the tenure that best

7 <https://medium.com/@corybooker/corys-plan-to-provide-safe-affordable-housing-for-all-americans-da1d83662baa>

8 <https://www.warren.senate.gov/newsroom/press-releases/warren-and-colleagues-reintroduce-historic-legislation-to-confront-americas-housing-crisis>



fits their financial situation and living preferences.”⁹ Cities are home to renters, with renters making up the majority in a large number of the nation’s biggest cities.¹⁰ As mayors partner with their state and federal governments on housing policy, they should consider how best to promulgate and support policies that focus not just on the financial and political interests of homeowners, but of renters as well. Homeowners are substantially more likely to participate in local politics, making a mayoral emphasis on renters politically risky (Fischel 2001, Hall and Yoder 2018, Einstein, Glick, and Palmer 2019, Yoder 2019).” Nevertheless, mayors will need to address the needs of all their residents if they are to advance the economic and societal well-being of their cities.

CONCLUSION

Mayors strongly agree that cities largely need to produce more housing, and that this housing must serve the diverse needs of their communities. Mayors are deeply concerned about rising housing costs; indeed, in the 2017 Menino Survey of Mayors, they cited it as one of the top reasons their constituents left their cities. The production of new multifamily housing is a necessary, but insufficient in isolation, first step to addressing the nation’s housing crisis. Many local leaders want to address these challenges, but they need support from higher levels of government.

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⁹ <https://newcities.org/the-big-picture-homeownership-shouldnt-be-the-only-pathway-to-financial-security/>

¹⁰ <http://zillow.mediaroom.com/2018-08-08-Share-of-Renters-Rise-in-Each-of-the-50-Largest-U-S-Cities>



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The Initiative on Cities at Boston University seeks to research, promote, and advance the adaptive urban leadership strategies and policies necessary to support cities as dynamic centers of inclusive economic growth and sustainable development in the 21st century. Founded by a proven urban leader, the late Boston Mayor Thomas M. Menino, and a highly regarded academic, Professor Graham Wilson, the Initiative serves as a bridge between world-class academic research and the real-life practice of city governance.

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