

Land-use regulations are obstacles to the California dream

Randal O'Toole

April 3, 2019

George Skelton contends in a recent LA Times piece that for California to “solve its acute housing shortage” it must grow “up” — that is, build denser housing and give up on the idea of a “ranch-house lifestyle” with “ample backyard space.” That’s exactly the wrong prescription for a state whose urban areas are already the densest in the nation. In fact, to make housing affordable, California must grow out, not up.

Here’s a fact that may surprise Skelton: according to the 2010 Census, 95 percent of Californians live on just 5.3 percent of the land in the state. Less than 17 percent of the San Francisco Bay Area is developed. Hundreds of thousands of acres of the Los Angeles area remain undeveloped. Some of this undeveloped land is parks, but most is owned by private parties who would be happy to develop their land if only the government would let them.

Thanks to rural land-use regulation, the average California urban area is already twice as dense as the average of urban areas in the rest of the country. The Los Angeles urban area (which includes Pasadena and much of Orange County) is the densest in the nation – almost a third denser than the New York urban area (which includes northern New Jersey and southwest Connecticut).

Has that density made housing more affordable? Hardly. Denser areas are significantly less affordable due partly to high land costs. Land in California’s major urban areas costs ten times as much as land within the nation’s fastest-growing urban areas, which remain affordable because they have few or no rural land-use restrictions.

To keep California land costs per housing unit affordable, densities have to be ten times greater. But high-density housing costs more to build than single-family homes. Mid-rise housing costs three to four times as much per square foot as single-family homes; high-rise housing costs at least five times as much. Such housing is only affordable if people are willing to substitute tiny apartments for spacious single-family homes.

Skelton seems to think Californians should change their lifestyles, accepting higher-density (and more expensive) housing in order to increase transit ridership. But the densities of California urban areas have dramatically increased in the last few decades without making a dent in transit ridership.

Between 1980 and 2010, the density of the Los Angeles urban area increased by 35 percent. The San Francisco-Oakland area grew 56 percent denser and San Jose 53 percent. Yet per capita transit ridership in these regions has declined by as much as a third.

Nor is density the solution to traffic congestion; in fact, it is the cause of such congestion. As already noted, Los Angeles is the densest urban area in the nation and probably the most

congested. It is also worth noting that Los Angeles has the fewest miles of freeway per million residents of any major urban area in America — about 53 miles per million, compared with a national urban-area average of 122. Los Angeles is congested because too many people are packed in too small of an area with not enough roads for them to drive on.

The arguments in favor of the rural land-use rules that make housing expensive are specious. These rules aren't protecting farm lands; most of the undeveloped lands in the Los Angeles and Bay Areas are submarginal for farms and forests. They aren't reducing urban service costs; they are making them more expensive. They obviously aren't reducing traffic congestion.

Contrary to popular belief, millennials aren't that much different from previous generations. Most of them aspire to own their own homes with backyards just like their parents, but in California they are prevented from doing so by restrictive rural land-use regulation. Instead of asking them to give up their dreams, California should repeal its irrational rural land-use rules.

Randal O'Toole (rot@cato.org) is a senior fellow with the Cato Institute and author of American Nightmare: How Government Undermines the Dream of Homeownership.