

Changing Minds on Restrictive Zoning: How to Unclog America's Home Supply

Jason Sorens

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Introduction

Excessive zoning regulations have choked off the supply of new homes in much of the U.S., causing a severe shortage and skyrocketing prices and rents.[1] Can we solve the problem on the local level, or do we need state and federal intervention?

Most zoning regulation in the U.S. happens at the local level—either the municipality or the county, depending on the state. In the Northeast and the Midwest, municipalities are the primary zoning authorities, while in the South and the West, counties usually take the primary role.[2] State-level regulation can be important, too: the California Environmental Quality Act and Oregon's growth boundary around Portland are examples.[3] Still, for the most part, the more local the level at which zoning authority lies, the more restrictive it tends to be.[4]

One way to solve the problem on the local level is to persuade voters to legalize more homebuilding in their locality. Recently, political scientists have begun to learn what arguments are most compelling to various subsets of voters to persuade them to support more housing.

First, consider what voters actually want when it comes to home-building and housing policy in general.

George Washington University political scientist Michael Hankinson found that homeowners are more likely to oppose new housing developments when they are nearby.[5] In high-rent cities like San Francisco, renters have similarly scale-dependent preferences, although they still support large increases in the housing supply beyond their immediate neighborhood.

Similarly, in a working paper with Saint Anselm College economist Mike Matheis, I found that homeowners in New Hampshire (but not renters) express NIMBY ("Not in My Back Yard")-type preferences over specific hypothetical developments, even while most of them have generally pro-housing policy views.[6]

Finally, University of California–Merced political scientist Jessica Trounstine found that preferences for single-family over multifamily developments are ubiquitous across demographic subgroups in the United States.[7]

These findings, combined with polling data that show that a plurality or majority of Americans with an opinion are willing to relax zoning regulations to allow more housing to be built, suggest

that voters are more willing to support new housing supply when it's framed as a general policy issue rather than a referendum on a specific project.[8]

In other words, public hearings on specific projects are not a useful setting for getting housing built. Instead, zoning ordinances should be revised to allow more housing to be built “by right,” so that public review is more limited in scope. When development is allowed by right, local regulatory bodies have less discretion to reject a development proposal outright, and so NIMBY pressure from nearby homeowners has less influence. A more rules-based process also helps property owners have more certainty about timing and cost of development.

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The Red–Blue Divide

Attitudes toward housing policy do vary by ideology and partisanship, so if developers or politicians are trying to persuade a community to support more housing development, they have to know the best approach.

In general, surveys find that liberals and Democrats express more willingness to reform zoning ordinances to allow for multifamily housing than conservatives and Republicans do. For instance, Stanford and University of California–Santa Barbara political scientists William Marble and Clayton Nall found that liberal voters are more likely to support changing local laws to allow more construction, giving neighborhoods more voice, requiring local governments to allow apartments, and allowing more development of open space.[9] However, liberals are no more likely than conservatives to support relaxing environmental limits on development.

Statewide surveys of New Hampshire voters in 2020 and 2021 yield more insights on housing policy attitudes and how, in general, voters approve of development but sometimes disagree with the policy measures necessary to achieve it.[10]

Even before the pandemic, New Hampshire had one of the tightest housing markets in the country, so the problem is particularly relevant there.[11] The median cost of a two-bedroom apartment statewide in 2021 was \$1,498, and rent increases outpaced inflation every year since 2014, according to New Hampshire Housing survey data.[12] The statewide rental vacancy rate is below 1% and has been below 2% every year since 2016.[13] (A balanced rental market is typically thought to feature a vacancy rate of 4%–5%.)[14] Unsurprisingly, the Wharton Residential Land Use Regulatory Index has New Hampshire as one of the more regulated—or even, depending on the year analyzed, one of the top five most regulated—states for home construction.[15]

Yet New Hampshire voters, in principle, want housing to be more affordable. In both years of the survey, 63% of voters agreed that their community needs more affordable housing, and firm majorities (58.3% in 2020 and 71% in 2021) supported the state government's setting a hard limit on how long local planning and zoning boards can take to review building permits.[16] Pluralities or majorities disagreed that their communities should “prevent development and keep the state the way it is” but were less convinced that towns and cities should relax planning and zoning regulations in order to allow more housing to be built (only 28.7% in 2020 and 39% in 2021 agreed with easing the restrictions).

The 2021 survey also looked at attitudes toward two propositions: a proposal that multifamily housing should be built only in cities, while suburbs and rural areas should be mostly single-family housing; and a legislative proposal that would authorize statewide the construction of duplexes, triplexes, and fourplexes on lots served by municipal water and sewer, and where residential development is allowed.[17]

Respondents were opposed nearly 2-to-1 to banning apartments, duplexes, and townhouses from suburbs and rural areas, and they were evenly split on the far-reaching legislative proposal to legalize fourplexes statewide in sewer-served areas. Since most suburban communities ban everything but single-family homes altogether, these results suggest that voters want a more relaxed zoning regime.[18] They may not realize how restrictive the zoning of their own towns really is. At the same time, voters are split on whether state government should directly preempt local single-family zoning requirements.

Looking at demographic and political predictors, we see that women, non-homeowners, lower-income adults, more educated adults, liberals, and Democrats were more likely to favor affordable housing and legalizing fourplexes statewide and to oppose preventing development to “keep the state the way it is.”[19]

But on the question of relaxing planning and zoning regulations, only liberals, Democrats, non-homeowners, and those under 35 were in favor, while all other groups were opposed. Conservatives and Republicans were somewhat more likely to want to set a hard limit on how long permit review could take, but all subgroups were in favor.[20] Unfortunately, we lack representative survey data of this kind for other states, but the available evidence suggests that these correlations probably hold outside New Hampshire, though the precise percentages of support and opposition to development likely vary state to state.

People Are Persuadable

Survey experiments can tell us whether voters’ housing policy views can change. In these experiments, one randomly selected group of respondents is shown certain persuasive messages, and another randomly selected group of respondents is shown a different message or a control message. Then researchers ask both groups questions about housing policies.

The Marble and Nall study found that an economic message stressing that more housing production makes housing more affordable counterproductively *reduces* support for building more housing among left-liberal homeowners, while having no effect on other groups.[21] In other words, a homeowner’s self-interest trumps ideology.

In work with my colleague Mike Matheis on New Hampshire residents, and in a separate working paper for the Manhattan Institute that looks at residents of Connecticut, New Jersey, and New York (“tristate”), I tested whether different persuasive messages can change opinions on four housing policy questions, relative to a control message.[22]

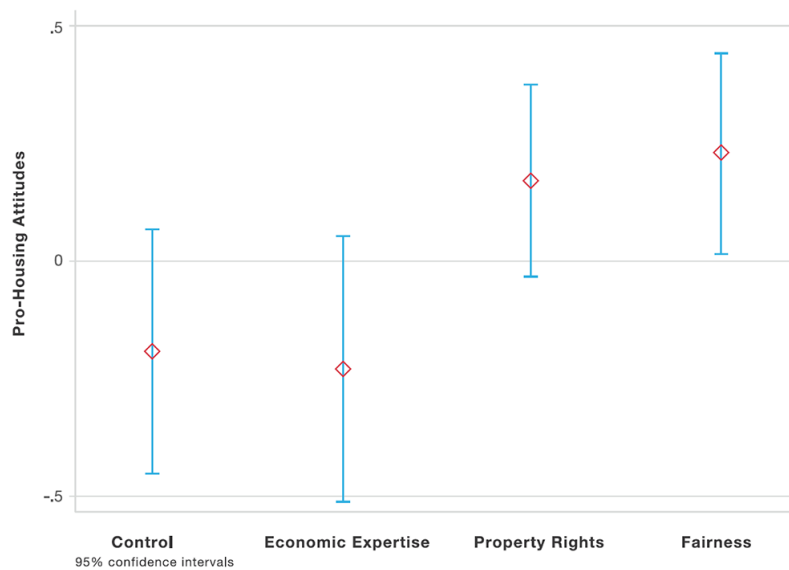
The housing policy attitudes I tested are similar to those for the New Hampshire statewide surveys: one, the level of support for more affordable housing “in my area”; two, whether the state should reduce planning and zoning regulations to allow more housing to be built; three, whether the state should do more to prevent development and “keep the state the way it is”; and four, whether the state should set a hard limit on how long local planning and zoning boards can take to review a permit to build housing.[23]

The persuasive messages focused on how local zoning regulations hurt job growth and gross domestic product (*Economic Expertise*), how local zoning regulations violate landowners’ property rights (*Property Rights*), how local zoning regulations prevent working-class families from getting their kids into good schools (*Fairness*), and, in the study of the tristate area, how local zoning regulations “lock in racially segregated neighborhoods” (*Racial Justice*).[24]

Figure 1 shows the average (mean) score on an index of pro-housing attitudes for respondents who received the control message and each of the experimental messages. Compared with the control message, *Property Rights* and *Fairness* had strong, positive persuasive effects on New Hampshire adults, whereas *Economic Expertise* had no effect (*Racial Justice* was not tested in New Hampshire).[25] The effect of *Property Rights* seemed to be strongest for moderates and independents, while the effect of *Fairness* seemed to be strongest for left-liberals and Democrats.[26] The effects were strongest on the question of whether planning and zoning regulations should be reduced to allow more housing to be built—unsurprisingly, since the messages focused on the deleterious effects of regulation.

Figure 1

Mean Pro-Housing Attitudes by Experimental Message in New Hampshire



Tristate residents were harder to move. The only statistically significant effects were found for attitudes toward reducing regulations. On that question, *Economic Expertise* and *Fairness* were both substantively and statistically significant in changing attitudes, while *Property Rights* was not, and *Racial Justice* was substantively but not statistically significant.[27]

There are several reasons that tristate residents might have been harder to convince than New Hampshire residents. First, our data showed that tristate residents were more pro-housing to begin with, probably because they were younger, far more left-leaning, and far less homeowner-dominated than the New Hampshire sample.[28]

Second, it is appropriate that the experimental treatments should work differently on different subgroups. Since the tristate sample was more liberal and consisted equally of renters and homeowners, it’s not surprising that the *Property Rights* argument didn’t change very many

minds. Meanwhile, economic growth is not seen as a bad thing in an area that's already heavily urbanized, while rural New Hampshire residents tend to recoil from the idea of "too much" economic growth, even at the expense of their material interests.[29]

Third, in both samples, many respondents had trouble making connections across the different policy questions. For instance, a sizable fraction of respondents in both surveys agreed with supporting more affordable housing in their community *and* with doing more to prevent development![30]

The final reason we might expect a difference in results is that partisan polarization on housing and zoning issues has been growing since the New Hampshire study was conducted in early 2020, perhaps because President Donald Trump made Democrats out to be a "threat to the suburbs" because of the Obama administration's conditioning of some federal funds on local housing deregulation.[31] The New Hampshire surveys conducted in 2020 and 2021 showed a widening gap between Republican and Democratic attitudes toward most housing issues.[32] Voters may simply be less persuadable now.

Survey experiments also have inherent limitations. They can have small sample sizes that make it difficult to draw conclusions about subgroups. Many respondents are simply trying to complete the survey as quickly as possible, and a research design that forces respondents to carefully consider and think about what they are reading works better than one that allows respondents to breeze through. To date, we have not had a strong, large-sample, national study of how to affect housing policy attitudes.

Still, the emerging literature suggests that voters can be persuaded to reduce regulations, especially by fairness-type arguments that point out how zoning limits social mobility. Advocates need to do more to connect excessively strict zoning ordinances to housing shortages and then to cost-of-living problems in the minds of the public. Too many voters think that they can have their cake and eat it, too: no development, but lots of affordable housing.

The American Dream's Rising Price Tag

Why are these voters mistaken? What are the stakes of the housing policy debate?

The prices of newly built, detached, single-family homes in the U.S. have increased more than twice the rate of inflation over the last two decades. In 2000, the median price for a newly built, detached, single-family house in the U.S. was just \$172,000.[33] By 2020, that figure had soared to \$336,900, an increase of nearly 96%.[34] Over the same period, inflation as measured by the personal consumption expenditures (PCE) deflator was just 42%.[35] Rents have also increased faster than inflation, and from February 2021 to February 2022 went up by more than 20% nationally.[36]

Ever-costlier housing in some areas is distorting the labor market, making it difficult for employers to hire in the most productive areas of the country.[37] It's also widening opportunity gaps, as lower-income workers are hit by high prices and are disproportionately driven out of costly metro areas.[38] Socioeconomic achievement gaps also widen wherever neighborhoods with better schools have drastically higher home values because families of modest income cannot afford to buy into them.[39]

Why has the cost of housing increased so much over the last two decades? One immediate-term answer is a decline in mortgage interest rates since the start of the pandemic,[40] but this is only a partial explanation because the greater part of the price increases occurred before the pandemic.[41] Another explanation suggests that buyers want larger homes than ever before, but even in terms of price per square foot, housing has been becoming more costly.[42]

Economists generally agree that legal restrictions on housing supply, such as single-family-only rules, minimum lot sizes, and other forms of density restrictions, are the main reason for the growth in housing costs in much of the U.S., especially the Northeast and the Pacific Coast.[43] Under conditions of rising housing demand, crushing supply through restrictive zoning policies causes higher prices, which results in more class and racial segregation, less educational opportunity for lower-income families, misallocation of labor, and lower GDP, in addition to the loss of property rights and values suffered by landowners who are prevented by regulations from developing their land.[44]

Land-use regulations also have *political* consequences. In conversations with conservative activists, I find a widespread assumption that building multifamily or cheap single-family homes brings in Democratic voters. The reality is precisely the opposite. In a 2018 article published in *Political Geography*, I examined the political consequences of land-use regulation at the state, county, and municipal levels and found that communities with stronger restrictions on housing supply gradually become more Democratic.[45] The impact was consistently sized and statistically significant at the different geographic levels. The main mechanism is college education: stringently regulated and thus more costly places drive away noncollege voters, depressing Republican vote share.

The Politics of Restrictive Zoning

The most obvious reason that local governments would adopt restrictive policies toward homebuilding is to boost the values of existing homes. Perhaps homeowners lobby local landuse boards to deny or delay projects that would add supply and reduce the rate of growth in the value of their homes. In tony Bedford, New Hampshire, a NIMBY group known as the Bedford Residents Association successfully mobilized, largely on social media, to kill a highway-adjacent mixed-use development that over 50% of town residents supported.[46]

While this kind of rent-seeking by homeowners might be part of what is going on, a better explanation includes the fact that homeowners have a large proportion of their wealth locked up in their homes and see nearby change of any kind as a potential threat to that value. In fact, home equity and retirement accounts accounted for 61.7% of American households' wealth in 2017.[47] Restrictive zoning is a way of trying to mitigate risks to home equity.[48]

This explanation fits a few other facts.

First, the people who show up at hearings on proposed development projects are overwhelmingly homeowners who live nearby, and they overwhelmingly oppose these projects.[49] Second, the polling that exists on specific projects suggests that town-wide attitudes toward new housing are often much more positive than those of attendees at hearings.[50] Third, "preventing risks" could explain why so many communities also deny commercial projects, which wouldn't make sense if homeowners were simply trying to maximize home values. In fact, in states where towns rely on

the property tax, it would be downright counterproductive because it would reduce the tax base and shift the burden toward homeowners, reducing local property values.

On the other hand, commercial developments typically are substantially less regulated than residential developments, a fact that is more consistent with the idea that homeowners simply don't like new housing being constructed.[51] Moreover, highly rural jurisdictions are more likely than other places to lack zoning altogether, probably because many voters in such towns own developable land and would lose out from restrictive zoning.[52] Highly urban jurisdictions also tend to be less restrictive than inner-ring suburbs (the typically older suburbs surrounding the center of town), possibly because developers and renters have more influence in large cities.[53]

The rent-seeking explanation of restrictive zoning implies that jurisdictions with homeowner majorities cannot be trusted to implement optimal zoning policies wholly on their own. State government needs to step in to preempt some of the most restrictive land-use tools that these jurisdictions use to stop or delay development. Of course, local governments fight these proposals vigorously, and we probably don't want to eliminate all ability of local governments to regulate land use, because they might have some valuable but highly specific knowledge of circumstances that higher-level governments lack.[54] Still, there need to be guardrails.

The preventing-risk explanation of restrictive zoning implies that reforms to local institutions make for better housing policy. If public hearings simply empower anti-change abutters (owners of adjacent properties slated for development) without giving voice to the broader community, then perhaps there should be fewer public hearings. Towns should conduct random surveys of their residents before putting together their master plans, in order to accurately assess the opinion of the whole. By-right development should be expanded. If local elections are also unrepresentative, states can change local election timing or conduct more outreach to renter-heavy areas to encourage broader turnout and more representative views on local bodies.

Solving America's Housing Shortage

Economists have found that the housing shortage is a consequence of government overregulation through the zoning power.[55] This power is mostly exercised by local, rather than state or federal, governments.[56] And political messaging can make the subject more polarizing. This is self-defeating—politically, economically, and, most importantly, ethically. Residential landuse regulations are taking away private property rights without compensation while stifling the U.S. economy.

Despite their costs, excessively strict regulations on home-building persist because local control of housing policy is highly undemocratic in most places. Regulatory boards defer to abutters who show up at hearings to oppose projects that the silent majority may support.[57] Homeowners in general have an incentive to rent-seek by limiting the supply of new homes. They tend to dominate low-turnout local elections.[58] Most states lack regulatory takings compensation statutes beyond the federal government's standard that would force governments to set a value on new regulations and pay a price for them.[59] Zoning ordinances have become so complex that projects of any scale can require multiple variances, each of which triggers a new regulatory review and a new pressure point for NIMBY activists to influence.[60]

The new political science research on land-use regulation is looking at institutional reforms and persuasive messaging that can unblock the clogged local housing regulation system.

Moving away from unrepresentative public hearings, putting local elections on cycle with state elections, preempting the most egregious forms of exclusionary zoning at the state level, and allowing more development by right in zoning ordinances are just a few of the changes to the “rules of the game” that would ultimately help change the political dynamic.

The nascent research on messaging suggests that telling homeowners that new housing will reduce the value of their homes (which is probably incorrect, anyway, even for multifamily developments)[61] is counterproductive, while, depending on the audience, economic growth, property rights, and fairness messages could change minds. Voters also need to be shown the trade-offs involved. You can’t have a no-change environment and affordable housing unless you kill off housing demand—and no one wants that.

*Jason Sorens is director of the Center for Ethics in Society at Saint Anselm College. He holds a PhD in political science from Yale University and a BA in economics and philosophy from Washington and Lee University. Sorens has published more than 20 peer-reviewed journal articles, the book *Secessionism: Identity, Interest, and Strategy* (2012), and a biennially revised book (with William Ruger), *Freedom in the 50 States*, for the Cato Institute.*

Sorens’s research focuses on fiscal federalism, U.S. state politics, and movements for regional autonomy and independence around the world. He has taught at Yale, Dartmouth, and the University at Buffalo. Sorens resides in Amherst, New Hampshire.