

## Comment on Karen A. Danielsen, Robert E. Lang, and William Fulton's "Retracting Suburbia: Smart Growth and the Future of Housing"

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### *Abstract*

The prescription to end sprawl that Danielsen, Lang, and Fulton propose includes regulatory changes to allow higher densities and requires consumers to choose to live in higher density housing. Most suburbanites are unwilling to swallow that pill. The market continues to demand low-density development. Surveys conducted by a number of institutions show time and time again that consumers are unwilling to relinquish their large lots and single-family homes. Not only do most suburbanites prefer to live in housing built at limited densities, but they want their neighbors to do so as well. This is reflected in land use regulations that mandate even lower densities than market demand would dictate. In addition to social prejudices, desires to limit noise and traffic, and other quality-of-life concerns, there are financial advantages, for both communities and current residents, in maintaining low-density, exclusionary land use regulations.

**Keywords:** Growth management; Land use/zoning; Housing

The urgency of problems caused by sprawl increasingly has become conventional wisdom. This is not the place to comprehensively address the question of whether sprawl is costly or problematic—there has been no shortage of recent analyses of that subject—but it may be useful to consider whether development really has become more sprawling.

Although part of the recent building boom has consisted of development at the urban fringe, the share of total national permits for new homes that were issued for construction in central cities actually grew during the past decade (Carliner 1999). Moreover, there has been a trend over an even longer period toward more economical use of land in residential construction. The median lot size for new single-family homes sold in 1976 was 10,125 square feet. In 1998, it was 8,800 square feet. The median living area in new homes sold increased from 1,620 square feet to 2,000 square feet

over that period. The ratio of median living area to median land area thus grew by 42 percent.<sup>1</sup>

A recent survey conducted by National Family Opinion (NFO) for the National Association of Home Builders (NAHB), cited by Daniels, Lang, and Fulton, confirms that growth controls have substantial public appeal. Forty-eight percent of the survey respondents said they would support laws to establish urban growth boundaries, and an equally large share said they would support laws to prevent farmland from being converted to other uses. But the survey respondents would not support higher density housing, at least not in their neighborhoods. A number of questions in the survey addressed density regulations; depending on how the question was worded, the share supporting higher densities ranged from 12 to 32 percent, with the positive response to most questions at the low end of that range. Respondents who supported growth restrictions were not more likely than those who opposed them to support higher density housing. Opposition to both sprawl and density may suggest an objection to any growth, but when asked, "How would you describe your feelings about growth in your area?" 50 percent checked "positive" or "very positive," while only 37 percent checked "negative" or "very negative." (Ahluwalia 1999)

Development patterns reflect the constraints and disincentives imposed by regulations, as well as the demands of consumers. Zoning and other regulations limit the density of construction in most suburbs. Even where higher densities theoretically are permitted, builders generally find it easier to obtain regulatory approval for low-density projects than for higher density ones, and they generally encounter fewer regulatory costs and delays for construction of any kind at the urban fringe than in cities or close-in suburbs.

Demand for new residential construction is not synonymous with demand for housing. With nearly 120 million housing units already in place, new construction during the course of a year typically contributes less than 2 percent to the housing supply and generally occurs in those locations and consists of those types of structures for which there is more demand than the existing stock can meet.

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<sup>1</sup> These data refer to new single-family homes sold, based on the U.S. Bureau of the Census Survey of Construction as published in the annual series C25 report on characteristics of new housing. Data on lot size are not available from those reports for years prior to 1976. Lot sizes for homes custom built on the customers' land (about 30 percent of single-family housing starts) are not reported, but analysis by the National Association of Home Builders of microdata from both the Survey of Construction and the American Housing Survey indicate that for those homes the median lot size in recent years was about one acre.

Reflecting the greater overall mobility of younger adults, more than 60 percent of new home buyers are under age 45, compared with less than 50 percent of all households and less than 40 percent of all homeowners. Buyers of new homes, however, are generally older than buyers of existing homes. In 1996 and 1997, about 40 percent of the households buying new homes consisted of married couples with children, compared with about 25 percent of all households (Kochera 1999). Regulations that only permit large-lot construction at the urban fringe have the effect of increasing the share of new home buyers who are married couples with children, but even without the supply-side distortions, a disproportionate share of households moving into new single-family homes would be married couples ages 30 to 45, with children and above-average incomes.

Surveys and marketplace experience show that, below some personal threshold, home buyers will only accept a smaller lot as a last resort and will more readily choose a longer commute, fewer amenities, or even less floor space. Danielsen, Lang, and Fulton show the question in the 1999 NFO/NAHB survey (which included a cross section of all households headed by people ages 25 to 64) asking respondents to choose between a conveniently located urban town house and a detached home in an outlying area. Overall, only 17 percent of the survey respondents chose the town house. Among households headed by people under age 45, only 12 percent chose the town house.

In 1996, NAHB conducted a survey of people actively shopping for new homes in nine metropolitan areas. One of the questions was, "What is the minimum lot size you would accept if buying a new home?" Only 25 percent said that they would accept one-eighth of an acre or less. (Ahluwalia, Carliner, and Fulton 1996). Among new homes sold in 1997, only one-third were on lots of less than 7,000 square feet (U.S. Bureau of the Census 1998).

Other surveys have produced similar results. A 1998 survey of recent home buyers in five Sunbelt states found that 75 percent of respondents said they liked the lower densities and larger lots characteristic of "standard suburbs," even if this implied less space for shared community recreation. Only 13 percent disagreed, while the remainder were neutral. Among recent buyers who had purchased newly constructed homes, the results were even more lopsided. When the higher density choice was given in positive terms, 26 percent said they liked a community in which "lots are smaller with houses closer to the street and smaller front yards in the style of small town neighborhoods." But 60 percent said they disliked that concept. The share expressing approval for higher density was lower in the 1998 survey than in a similar survey in 1994 (American LIVES 1999).

Not only do most suburbanites prefer to live in housing built at limited densities, but, more importantly in terms of the formulation of public policy, they want their neighbors to do so as well. Their aversion to living near high-density housing is illustrated by the survey results described above and is reflected in the exclusionary zoning that is widespread in suburban municipalities.

In metropolitan areas where land use control is divided among many separate local governments, individual suburban municipalities have little or no incentive or legal obligation to permit higher densities in order to reduce sprawl or provide housing for moderate-income households (Downs 1994). In addition to social prejudices, desires to limit noise and traffic, and other quality-of-life concerns, there are financial advantages, both for communities and for current residents, in maintaining low-density, exclusionary land use regulations (Voith 1999).

It has been argued (but not universally accepted) that low-density housing is costly and does not pay for itself. Even if that were true for metropolitan areas in the aggregate, it would generally not be true for individual municipalities, unless it is assumed that they will receive the same new residents. High-priced houses on large lots attract residents who pay high taxes and demand relatively few services. Increases in house prices that result from regulatory barriers provoke few complaints from current homeowners.

If urban growth boundaries become the “policy tool of choice,” the nation’s social divisions will only become worse. Simple measures such as creative architecture or location efficient mortgages will not be enough to change suburban political dynamics, ensure housing affordability, or correct imbalances between the locations of jobs and housing. The prescription from Danielsen, Lang, and Fulton includes regulatory changes to allow higher densities and requires consumers to choose to live in higher density housing. Most suburbanites are unwilling to swallow that pill. If they were, there could be more compact development without heavy-handed new regulations such as urban growth boundaries.

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