

Comment on Robert E. Lang, Katrin B. Anacker, and Steven Hornburg’s “The New Politics of Affordable Housing”

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Abstract

This comment offers an alternative explanation of why housing affordability has little political traction and suggests that local zoning and regulations have a significant impact on housing costs. Because the postwar decline of central cities as population centers has made it less imperative for candidates to carry a major city to win a national or state election, few candidates address issues—such as affordability—that are perceived as unique to central-city environments.

Further, Lang, Anacker, and Hornburg fail to discuss an important aspect of affordability. More than two-thirds of U.S. households own at least one house, and homeowners constitute an even larger percentage in most fast-growing suburban communities. The already landed have used their political clout to discourage further development. Land use restrictions, zoning, impact fees, farm preservation, and growth boundaries create scarcity, which in turn raises the value of existing housing and significantly enhances owners’ net worth.

Keywords: Affordability; Federal policy; Housing

Introduction

Lang, Anacker, and Hornburg address an intriguing issue that has baffled the few of us who still maintain some interest in U.S. housing policy: To wit, why has the series of traditional concerns broadly associated with what we commonly refer to as *housing policy* failed to hold the interest of the public at large and elected officials in particular? Although the authors tend to focus on the negative and/or neglectful statements and actions of a number of top Republican politicians, one of the oddest events in this pattern of diminished national interest was the presidential election of 2004, where for

the first time since 1932, neither candidate had a position on housing or on the historically related issue of urban revitalization. George W. Bush did promote his low/no down payment Federal Housing Administration mortgage program, but that was touted more as a component of his broader ownership policies targeting racial minorities than one focused on housing per se.

While Lang, Anacker, and Hornburg suggest that such trends may stem from Reagan-induced federal budget deficits and the (perhaps) related tightening of income eligibility for housing assistance, an alternative view is that the neglect stems more from the diminished role of good old-fashioned class warfare—and its policies promoting income redistribution—because both political parties now chase the more abundant and more politically active middle-class suburban voter. Indeed, as the past few elections have begun to reveal, this policy has led to some success for the Democrats, especially in the northern states where the Republican grip on the wealthier suburbs has faltered. While many Democrats still pay homage to the class warfare rhetoric of yore, today's warfare (such as it is) is more like a modern Civil War battle re-enactment than the robust conflict characterizing U.S. politics from the New Deal to the late 1970s.

And with U.S. housing policy usually linked to urban policy (HOPE VI [Housing Opportunities for People Everywhere]), the post-World War II decline of the central cities as centers of population, commerce, and culture and the shift of all three to the suburbs has struck a blow to both housing policy and urban policy. Not only has the diminished role of the central city reduced representation in Congress, it is now less imperative (with rare exceptions) for any candidate running for national or state office to carry a major city to win the election. Therefore, few candidates of either party or ideological persuasion have much need to address issues—such as affordability—that are perceived as unique to central-city environments.

As Lang, Anacker, and Hornburg also note, there are two (more or less) independent dimensions to the affordability issue. During the past decade or so, the term “affordable housing” has typically been used as a euphemism for government-subsidized housing or housing targeted to those whose incomes are too low to acquire safe and sanitary housing on the open market. While this segment of the issue has been the traditional focus of federal, state, and local housing policies, a second front on the affordability issue—focusing on the difficulty confronting otherwise prosperous middle-class households in their attempt to become homeowners or to comfortably sustain that status once they achieve it—has recently opened.

The role of land use regulations

As is the case with affordability for low-income households, Lang, Anacker, and Hornburg wonder why this middle-class component of the affordability problem has not gained much traction as a policy issue. Actually, it has, but mostly at the local and state levels and certainly not in a way the authors would (I presume) be comfortable with. Indeed, to the extent that state and local policies have addressed the issue, it has been to deliberately make housing less affordable through a growing volume of land use regulations and the substitution of political planning for market forces in the allocation of land.

How has this happened? At present, more than two-thirds of U.S. households own at least one house, and homeowners constitute an even larger share of the electorate in most of the fast-growing communities where growth management and sprawl have become major issues. Exhibiting a diminished respect for basic property rights, the already landed have used their political clout to discourage further development, upgrade the community's demographic profile, and preserve extant rustic charm. Land use restrictions, zoning, proffers, impact fees, farm preservation, growth boundaries, and open space mandates are some of the regulatory tools used to achieve these ends. And in the process, the resulting scarcity of land raises the value of their property, providing owners with significant enhancement to their net worth. It is a wonder, therefore, that property rights' abuses and similar acts of income and class discrimination are not pursued more aggressively by current homeowners. There is also reason to believe that some portion of what is now seen as the subprime crisis will be found to be the market's response to the growing mismatch between incomes and home prices that land regulations have caused.

Given the growing body of academic work on the link between land use regulations and housing prices (Cox and Pavletich 2008; Cox and Utt 2007; Eicher 2008; Glaeser and Gyourko 2002; HUD, Advisory Commission on Regulatory Barriers to Affordable Housing, 1991; HUD, Office of Policy Development and Research, 2005; O'Toole 2007) and the intense political debate under way on how to address the impact of high housing prices on indebtedness, mortgage defaults, and foreclosures, it is surprising to see no specific mention of this price/regulation relationship in the Lang, Anacker, and Hornburg article.

Indeed, in one discussion noting that Dallas (with a median home price of 2.5 times the area median income) was more affordable than Boston (with a median home price of 6.1 times the area median income), the authors attrib-

uted the difference to the fact that the Dallas market was “cooler.” From the perspective of an academic publication, what does it mean to be “cooler”? Depressed? Not hot? Market oriented? Underregulated? Lang, Anacker, and Hornburg do not say, but the simple fact is that there are quite a few prosperous and fast-growing metropolitan areas with relatively open markets in land use (Houston, Atlanta, and Dallas, to name just a few) where housing prices are less than 3 times median income, while many others (Portland, OR; Providence, RI; Bridgeport, CT; Honolulu; New York; and every metropolitan area and village in California, for example) have prices that exceed local median income by a factor of five or more and where land use regulations are more burdensome than in more affordable areas. Specifically, the opinion rankings of the metropolitan areas in table 1 of the article very closely follow the ranking the same areas would have earned had they been listed in descending order of affordability based on median house prices and incomes. This suggests that those polled had a pretty good sense of their community’s relative ranking in the national unaffordability contest.

Conclusion

Lang, Anacker, and Hornburg are certainly not alone in their neglect of land use regulations as a factor in housing affordability. A similar disinterest is fairly common among many of those with a professional interest in the subject. Most members of Congress (and their staff) seem stumped by the phenomenon of house price inflation, as are Bush administration officials, who exhibit an inexplicable disinterest in property rights. Similarly, most members of the media have greeted the escalation in home prices with the same sort of mild interest that one reserves for the daily changes in weather patterns.

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