



# VARIABLE ATTITUDES ON HOUSING MARKET REGULATION

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America is facing a housing crisis in some of its largest cities. In part, economists have attributed high housing prices to the regulatory burden facing new development. Though zoning in America has existed for about a century, cities are only now experiencing the worst effects of a resurgence of housing market regulation that started in the 1970s. Decades ago, researchers who noticed this trend sought to understand how pro-regulation political movements formed and found limited partisan or demographic consistency. This article will provide a contemporary look at geographic variance in regulatory attitudes. At the city level, quantifying the barriers to housing development can be accomplished in a few ways. First, cities often endorse or oppose housing-related legislation, which can provide an important measure of regional attitudes towards housing regulation. In addition, economists have created indices that measure the regulatory burden with regard to housing in numerous cities across the country. Research

shows a positive association between the proportion of white-collar workers in a city and opposition to major bills that relaxed housing development restrictions.

Laws that make residential construction more difficult have significant, observable effects on housing supply and prices. An early portent of the severity of the current housing shortage arrived in the form of a study conducted by John M. Quigley and Steven Raphael from 1990 to 2000 that concluded not only that strict regulation and high housing prices were positively correlated, but also that housing production was higher in areas with less regulation. Their findings were later corroborated by Kristoffer Jackson, who looked at over 400 California cities from 1970 to 1995 and found that additional regulation—especially zoning regulation—caused statistically significant decreases in the number of permits approved for new housing, with more pronounced effects for mul-

tifamily developments. These studies show a significant negative impact of housing market regulation on housing construction and affordability.

The recent surge in political discourse and action regarding housing market regulation is not unprecedented. Zoning has been a political issue since its inception. In the early 20th century, local officials tried to use zoning as a way to enforce segregation based on race or socioeconomic status. Post-war residential development was defined significantly by suburban, single-family zoning, but decades later support for restrictive zoning began to spread into urban areas. This trend was exemplified in Los Angeles during Mayor Tom Bradley's tenure. He led a so-called "growth machine" coalition of business interests from 1975 to 1985, after which pro-development politics began to lose ground to homeowners associations and other anti-growth elements. To explain this shift in political power, both in Los Angeles and statewide, researchers began to study the composition of anti-growth coalitions from the late 1970s to the early 1990s.

To better understand the political factors behind these coalitions, M. Gottdiener and Max Neiman surveyed a sample of Riverside voters in 1979 about their socioeconomic status and political philosophy. They found that those who generally favored government intervention in a number of areas, such as environmental protection and public services, were more likely to favor a measure that prevented the development of several thousand acres of farmland. The authors also determined that level of schooling and financial security did not predict voter preference. Mark Baldassare and William Protash similarly surveyed a sample of Northern California city planning agencies about development restrictions and assigned each city a score based on its level of regulation, where a higher score corresponded to a greater amount of regulation. The authors then compared each city's regulation score to a number of factors including income relative to the county, city density, proportion of white-collar residents, and proportion of homeowners. They found that only the latter two factors had a statistically significant relationship with regulation score; in each case

the relationship was positive. Ten years later, Todd Donovan and Max Neiman constructed a regulatory index based on Southern California city planning department survey responses and compared the results with income, partisan affiliation, poverty, and occupation data. They found that the only statistically significant demographic factor with regard to the regulatory index was the proportion of professionals who resided in a city. In aggregate, these studies pointed to an anti-growth coalition comprised of professionals and homeowners who generally favored a larger role for government. Most notably, researchers repeatedly found no significant correlation between anti-growth tendencies and income or partisan affiliation.

Decades later, Vicki Been, Josiah Madar, and Simon Thomas McDonnell studied the same issue in New York. Looking at New York City lot rezonings from 2002 to 2009, they compared the proportion of lots that were upzoned (made eligible for additional residential development) and downzoned (further restricted in their capacity for residential development) with the demographics of the neighborhood in which the lot was located. The authors found that homeownership and voter turnout were positively associated with relatively lower probabilities of upzoning. They also observed a connection between race and zoning changes: neighborhoods that were more than 80 percent white, black, or Hispanic had relatively higher probabilities of lot downzoning. The researchers posited that this relationship could be explained by white zoning officials wanting their own neighborhoods to minimize new development, but also for neighborhoods presumed to attract minorities—those with high concentrations of black or Hispanic residents—to have limited opportunities for expansion. This more recent finding is partly consistent with studies from earlier decades that also described a relationship between homeownership and opposition to new development, but also provides support for potential hypotheses regarding the association between race and housing market regulation.

In addition to finding relationships between characteristics like homeownership and stricter regulatory

Bill Number	Year of Passage	Summary	Number of Cities Opposed
SB 35	2017	Streamlines approval process for some kinds of housing	97
AB 68	2019	Allows for 2 Accessory Dwelling Units (ADUs) on one lot	18
AB 881	2019	Loosens ADU restrictions	13
AB 1763	2019	Allows higher density affordable housing	16
SB 13	2019	Loosens ADU restrictions	10
SB 330	2019	Minimizes local bureaucracy around housing applications	51
AB 2345	2020	Allows local jurisdictions to expand density incentives	13
SB 9	2021	Ends single-family zoning	129
SB 10	2021	Allows upzoning in transit-proximate or infill areas	22

*Figure 1: Housing-related bills used by this article as a measure of community opposition to development.*

environments, recent research has also focused on more granular measures of zoning-related decision making. The significant role of local officials in approving development allows community participation at zoning and planning board meetings to have an outsized impact on housing policy. However, analysis by Katherine Levine Einstein, David M. Glick, and Maxwell Palmer has demonstrated that neighborhood input at these meetings is not reflective of community demographics. They determined that while there was no relation between partisan preference and meeting participation, participants were significantly more likely to be older, male, homeowners, and more frequent voters. In addition, the proportion of comments in opposition to new development was nearly 50 percentage points higher than the proportion of those in favor.

To formulate a qualitative measure of attitudes towards development, Mai T. Nguyen, Victoria Basolo, and Abhishek Tiwari studied the rhetoric employed by opponents of affordable housing construction. By analyzing the arguments used in 146 newspaper articles related to the development of affordable housing from 1996 to 2006 in 38 California newspapers, the authors found that nearly 40 percent of these ar-

ticles associated affordable housing with race or ethnicity. This study lends credence to the theory that there will be a correlation between race and attitudes towards barriers to new development.

Several measures of regulatory burden have been used throughout the existing literature on housing market regulation, often pertaining to only a small region of the United States. However, a 2019 study by Joseph Gyourko, Jonathan Hartley, and Jacob Krimmel constructed an extremely broad index, covering 2,844 communities in the United States—including 171 California cities. They based their index scores on an extensive survey that included questions regarding the number of entities required to approve development, density restrictions, fees, and time lag for new construction, among numerous other factors. A similar statistic can be derived from data published by the Association of Bay Area Governments, which provides city and county level binary responses to questions of specific land-use regulations. These resources, combined with city responses to housing-related bills, allow for the use of multiple regulatory indices to evaluate attitudes towards housing market regulation in cities across California.

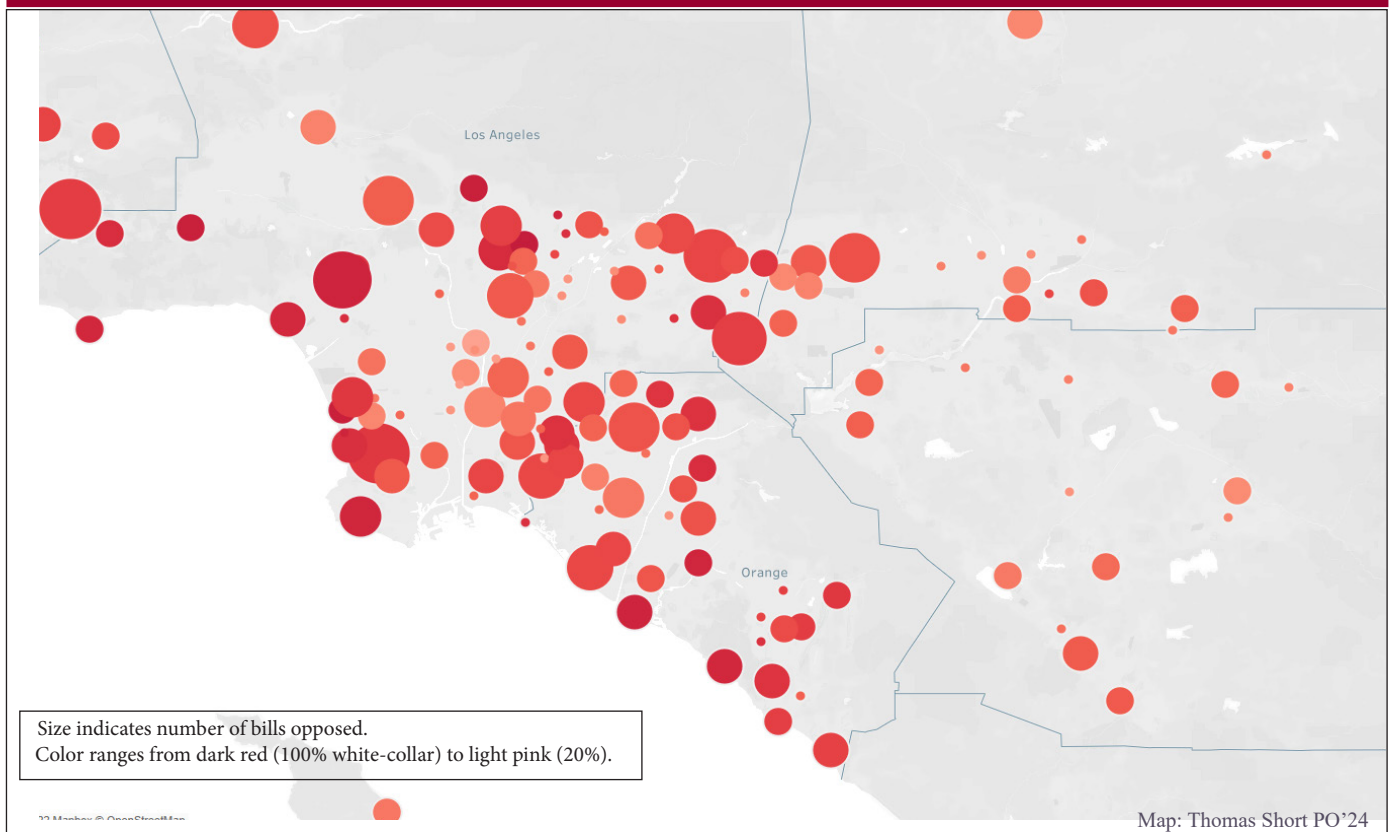
The rise of anti-growth political forces—especially in California—in the 1970s and subsequent decades spawned numerous research projects seeking to explain the upstart political movement with demographic data, partisan preference, income, and a host of additional statistics. They found that homeownership and professional occupations predicted resistance to new development, and more recent research has mostly corroborated earlier findings. In addition, a number of data sources are available for measuring the level of regulation in California cities, from which multiple indices can be derived and compared with a number of explanatory variables such as racial demographics, income, partisanship, and homeownership.

This article presents an analysis that uses four total dependent variables. First, Gyourko, Hartley, and Krimmel’s Wharton Residential Land Use Index, which contains data for 171 California cities and quantifies the regulatory barriers faced by potential development in 2019.

Second, a narrower regulatory index was constructed from data gathered by the Association of Bay Area Governments; it tracked the adoption of 12 housing supply restrictions or incentives across 101 Bay Area cities. The remaining dependent variables were constructed by the author based on an analysis of city opposition to major housing bills. This analysis examined opposition to nine successful bills over the past five years. These bills were selected because they had drawn enough attention to be opposed by at least 10 sampled cities, giving some indication of their importance, and because they sought to loosen housing regulation in some way. Figure 1 describes these bills and notes the number of cities in the sample that opposed each one.

Both an adjusted average, which weighted bills based on their impact (measured by the total number of cities that opposed the bill in question), and a simple count were used.

**Figure 2: Opposition to Housing Development Bills - SoCal Cities**

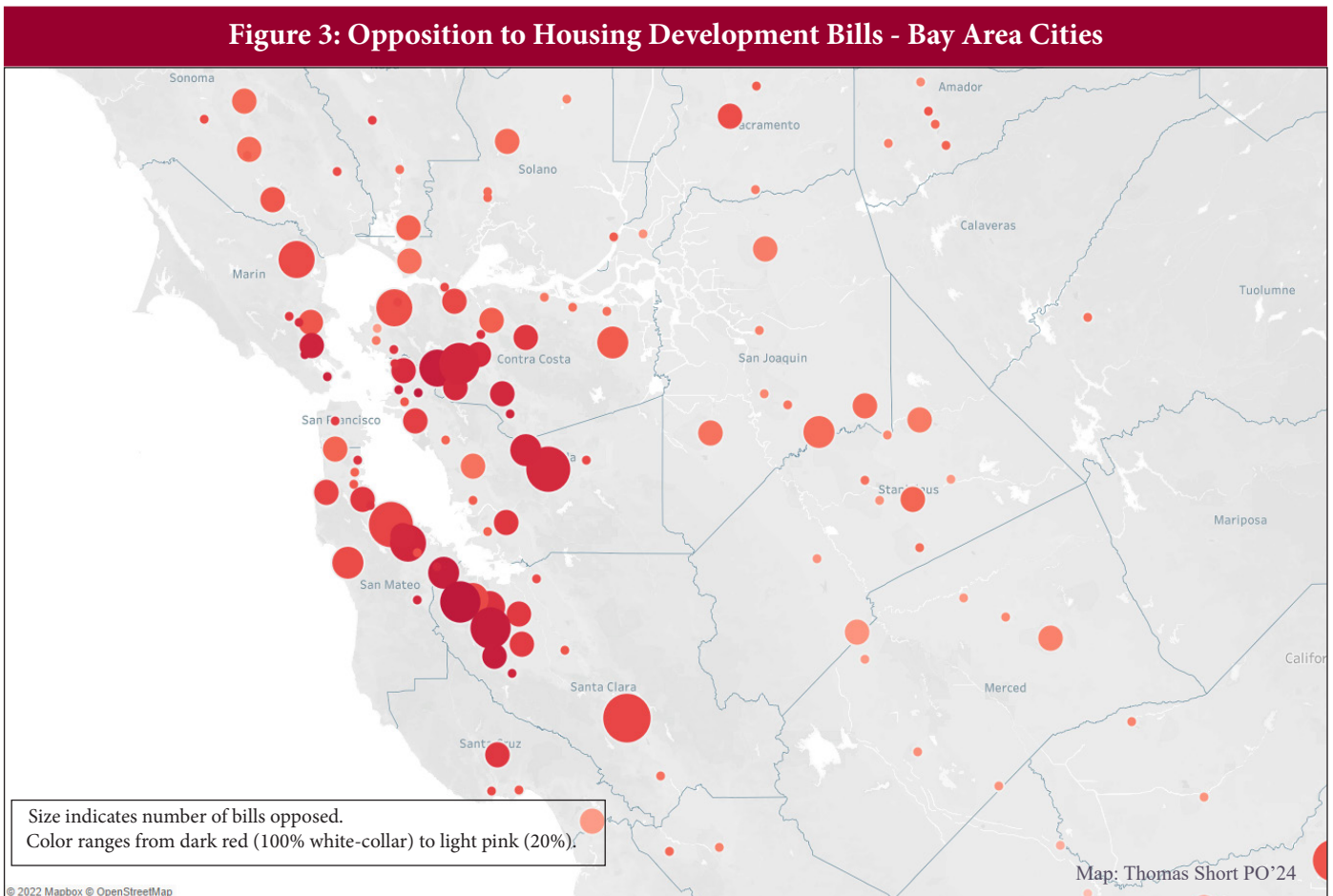


This analysis also used U.S. Census Bureau data for the following demographic variables at the city level to potentially explain regulatory attitudes: race and ethnicity, homeownership rate, median income, and the proportion of white-collar workers (out of all workers), all from 2018. In addition, partisan lean by county was included.

The proportion of white-collar workers turned out to be the only significant explanatory variable in predicting both the weighted and unweighted totals of bills opposed. This finding is consistent with previous literature: higher proportions of white-collar workers are associated with attitudes more favorable to regulation, while other variables such as race and income were not associated with the likelihood that a city opposed major housing bills. Figure 2 is a visual representation of the relevant data across Southern California, and Figure 3 shows the Bay Area. Each circle represents a city, where the width of the circle

indicates the number of bills opposed and the color of the circle indicates the proportion of white-collar workers, with dark red being 100% white-collar and light pink being 20% white-collar.

Housing market regulation has been a significant contributor to California's acute housing shortage. To gain a better understanding of the political impetus behind pro-regulation and anti-growth coalitions, existing research analyzed how regulation, regulatory attitudes, and demographic factors varied, finding that larger cohorts of homeowners and professional workers were associated with higher levels of housing market regulation. This analysis employed two regulatory indices and two measures of regulatory attitudes, and found that the only statistically significant relationship was a positive association between the proportion of white-collar residents and the number of housing bills a city opposed. ♦



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