MERCATUS CENTER
George Mason University

RESEARCH SUMMARY

The Premium for Walkable Development under Land Use Regulations

Land use regulations, including zoning laws, limit development density by setting minimum lot size requirements and parking requirements and by separating residential and commercial land uses. The regulations cause less dense development than would occur naturally, increase the distance between homes and commercial destinations, and reduce the supply of walkable development relative to what we might see in a freer market. Land use regulations create a mismatch between the amount of housing available in walkable neighborhoods and the number of people who would like to live in these neighborhoods.

In "The Premium for Walkable Development under Land Use Regulations," Emily Hamilton and Eli Dourado find that homes in walkable neighborhoods cost up to 14 percent more than homes in non-walkable neighborhoods. Land use regulations that limit walkable development make consumers worse off by artificially limiting the supply of walkable development and increasing home prices in walkable neighborhoods. Using data from Zillow and Walk Score, the study demonstrates that consumers value walkability.

KEY FINDINGS

- A $200,000 home in a neighborhood with a Walk Score of 0 could be expected to sell for $28,000 more in a neighborhood with a Walk Score of 100.
- A greater quantity of walkable housing would lower the cost to live in walkable neighborhoods and allow more people to live in neighborhoods that match their preferences.
- Consumers would likely be better off with fewer laws restricting the supply of walkable neighborhoods.

CONCLUSION

Some people prefer living in a walkable neighborhood that allows them to live near restaurants, grocery stores, gyms, and other service-oriented businesses rather than living in a neighborhood where it might be easier to drive between destinations. Land use regulations limit the availability of housing in walkable neighborhoods, and consumers who prefer walkable neighborhoods must therefore pay more.

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