

POLICY SPOTLIGHT

The Pandemic Has Especially Hurt America's Cities; Land Use Reform Can Help Them Recover

SALIM FURTH AND EMILY HAMILTON | FEBRUARY 2021

America's cities have always been dynamic centers of exchange, innovation, and economic growth. From America's earliest days, cities have provided an environment where people from diverse backgrounds have come together to trade and interact. But in recent years the proliferation of land use regulations has limited development, and it has threatened the income mobility and rising standards of living that come with development. The COVID-19 pandemic has exacerbated housing affordability problems, and regulatory barriers have prevented businesses from better serving their customers, especially in urban areas. While preserving public health and safety, policymakers must consider how public behavior has changed since February 2020, encourage adaptation in response to the pandemic, and make American cities better places to work and to live. With the right land use reforms, America's cities can once again become places of entrepreneurship and opportunity.

FLEXIBILITY FOR COMMERCIAL ZONING

As the pandemic continues to take a toll on the restaurant, office, and retail sectors, cities should amend their zoning codes to permanently expand which business types are permitted in all commercial districts. Doing so would avoid locking in vacant space in commercial zones and instead open it up for other uses. Cities with strong housing demand should also allow residential development in most commercial zones to take advantage of the unused buildings.

QUICK PERMITS FOR POP-UP BUSINESSES

During this time of economic uncertainty, pop-up businesses of all sorts are appearing in cities; many of these businesses operate for no more than a few

months at a time. Speeding up the permitting process promotes this kind of economic adjustment and experimentation. Tying these ventures up in a permitting process of two to four months and requiring thousands of dollars in fees, as some cities do, discourages it.

ACCESSORY DWELLING UNITS FOR HOUSING AFFORDABILITY

Accessory dwelling units (ADUs) are small, secondary dwellings located on the same lot as a single-family home. They can take the form of a backyard cottage, a basement apartment, a garage conversion, or an addition to a house. ADUs are especially affordable because they take advantage of land that the homeowner already owns and sometimes take advantage

of existing structures as well. During the pandemic they are an attractive option for senior citizens and their caregivers seeking alternatives to nursing homes, which are hotbeds of contagion.

For ADUs to be feasible for most homeowners the process of obtaining construction permission must be as simple as possible. Simplifying that process would include the following:

- removing owner-occupancy requirements
- limiting impact fees
- easing parking, setback, and lot-size requirements

Homeowners should also be allowed to use prefabricated homes, such as small home trailers, as ADUs.

MORE OPTIONS FOR HOMELESS INDIVIDUALS

Given the current heightened health risks associated with dormitory-type accommodation, some nonprofits that serve homeless populations are opting for small, individual structures—cabins, trailers, workshops, sheds—often in a “village” configuration. But these nonprofits need city permission to do so. Cities should amend their regulations to allow temporary shelters that do not meet building code standards for permanent residences while still ensuring public health and safety.

PERMITTING REFORM FOR ALL

Permitting matters, whether it’s for starting a new business, increasing housing affordability, or taking care of homeless individuals. Cities that value their entrepreneurs, their homeowners, and their nonprofits should ensure they are processing permit applications as expeditiously as possible. Three ways to do that include clarifying permit requirements that are vague or subjective, listing permit requirements on their website, or instituting a “shot clock” for permit approval.

To help restore America’s cities and make them more resilient to a pandemic, the watchword must be “Provide space and service to constructive ideas of all kinds.”

FURTHER READING

“Communities after Coronavirus,” Mercatus Center at George Mason University, accessed February 11, 2021, <https://www.mercatus.org/policies-help-communities-recover>.

Kevin Erdmann, Salim Furth, and Emily Hamilton, “The Link between Local Zoning Policy and Housing Affordability in America’s Cities” (Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, March 2019).

ABOUT THE AUTHORS

Salim Furth is a senior research fellow at the Mercatus Center at George Mason University. He studies regional, urban, and macroeconomic trends and policies and has testified before the US Senate and House of Representatives. His writing has been featured in *National Affairs*, *American Affairs*, *The City*, and *Public Discourse*, and he wrote regularly for the *Wall Street Journal’s Think Tank* blog. He earned his PhD in economics from the University of Rochester in 2011.

Emily Hamilton is a senior research fellow and director of the Urbanity Project at the Mercatus Center at George Mason University. Her research focuses on urban economics and land use policy. Hamilton has authored numerous academic articles and policy papers. Her writing has appeared in *USA Today*, the *Christian Science Monitor*, *Economic Affairs*, and the *Philadelphia Inquirer*. She contributes to the blog *Market Urbanism*. She earned her PhD in economics from George Mason University in 2020.



WWW.MERCATUS.ORG