

RESEARCH SUMMARY

Locally Set Zoning Rules: Restoring Power to Residents, Benefiting Others through New Construction

New construction in urban areas often generates significant negative impacts for existing local residents. When they have no say in new development and receive no benefit from it, residents often resist construction of new housing. In “Fixing Urban Planning with Ostrom,” John Myers proposes ways to (a) allow more people to benefit from development, (b) lower housing costs, and (c) end housing shortages in urban population centers.

BUREAUCRATIC ZONING REGULATIONS ARE STIFLING HOMEOWNERS AND RAISING THE COST OF LIVING

Home prices have ballooned since the middle of the 20th century—and so have zoning regulations. Zoning enabling acts are often set at the state level, and specific zoning rules are set by municipalities, so residents have little chance to negotiate with neighbors about how their local area is developed. Such “top-down” restrictions on new development can lead to the following negative outcomes:

- Housing shortages
- Higher housing costs
- “Pricing out” of lower-income residents
- Homeowners missing out on potential increased value to their property

THE BENEFITS OF “BOTTOM-UP” LAND USE REFORMS

More effective use of urban space could put an end to housing shortages in high-productivity cities such as San Francisco and London. Where there is no room to build horizontally, “upzoning” (allowing more homes on a lot) can lower rents and also increase property values.

One way to encourage upzoning is shifting power further down to ultra-local levels so that people can negotiate with each other about new development. This would help restore power to residents and allow more people to benefit from new construction. To accomplish this goal, Myers proposes four examples of potential reforms:

- 1) *Allowing adjoining landowners to waive “setback rules,”* which would let them each build right up to the common boundary of their properties and thus make full use of their land
- 2) *Allowing single-street upzoning* to let residents on a single street collectively agree, through a vote, to new construction

- 3) *Allowing single-block upzoning* through a vote by the residents of a city block, subject to restrictions to reduce the effects on residents of other blocks
- 4) *Allowing local communities to choose to extend beyond urban containment boundaries*, thereby permitting greater use of buffer zones around cities

KEY TAKEAWAY

Many housing campaigners seek to impose fixed amounts of upzoning at the state level. However, ultra-local approaches to upzoning could be more powerful over time and encounter much less political opposition. They can give small groups of local people the power to choose to allow more homes of designs that they like, in ways that benefit them and their community.