

# Housing policy and today's housing crisis

Feb 4, 2023

# How I became interested in housing

# Housing in the 20th century

Housing changed a lot during the 20th century

- ▶ Introduction of Zoning
- ▶ Government subsidization of home ownership<sup>1</sup>
- ▶ Housing as a form of Capital
- ▶ Housing policy as a tool for Segregation
  - ▶ Redlining, FHA loans, etc
- ▶ Popularization of the Automobile
- ▶ Suburbanization of America
- ▶ ... slow rolling into a housing shortage, and other calamities.

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<sup>1</sup>Restrictions apply.

# Origins of Zoning

Zoning = the general term for land use regulations.

- ▶ Regulates building size (height, # stories, setbacks)
- ▶ Regulates uses (single family house, apartment, supermarket, auto repair, hospital, dentists office, farmland, parks)

Humble beginnings:

- ▶ Separate residential and industrial uses
- ▶ Step-backs on sky scrapers

NYC had one of the first zoning laws in the United States – around 1916.

# Shortly after the origins of zoning

Could we use zoning to segregate a community by race?

- ▶ Yup, we did that. Or at least we tried.

Racially-based zoning was declared unconstitutional in 1917

- ▶ Buchanan v Warley (US Supreme court case)
- ▶ Declared racially-based zoning a violation of the 14th amendment's right to "life, liberty, and property"
- ▶ Impinged upon a white property owner's right to sell property to a black family.

# Single-family zoning

If you can't zone by race, zone by economic status

- ▶ Single-family districts vs apartments.
- ▶ Who would live where?

Upheld by the supreme court. *Ambler v Euclid* (1926)

- ▶ Court found that apartment houses were a nuisance to single-family homes; regulating them was a fair use of police power.
- ▶ Then Secretary of Commerce Herbert Hoover promoted the idea of zoning (and single-family zoning in particular) to communities.

After WWII, single-family zoning became predominant in suburbia.

# Redlining

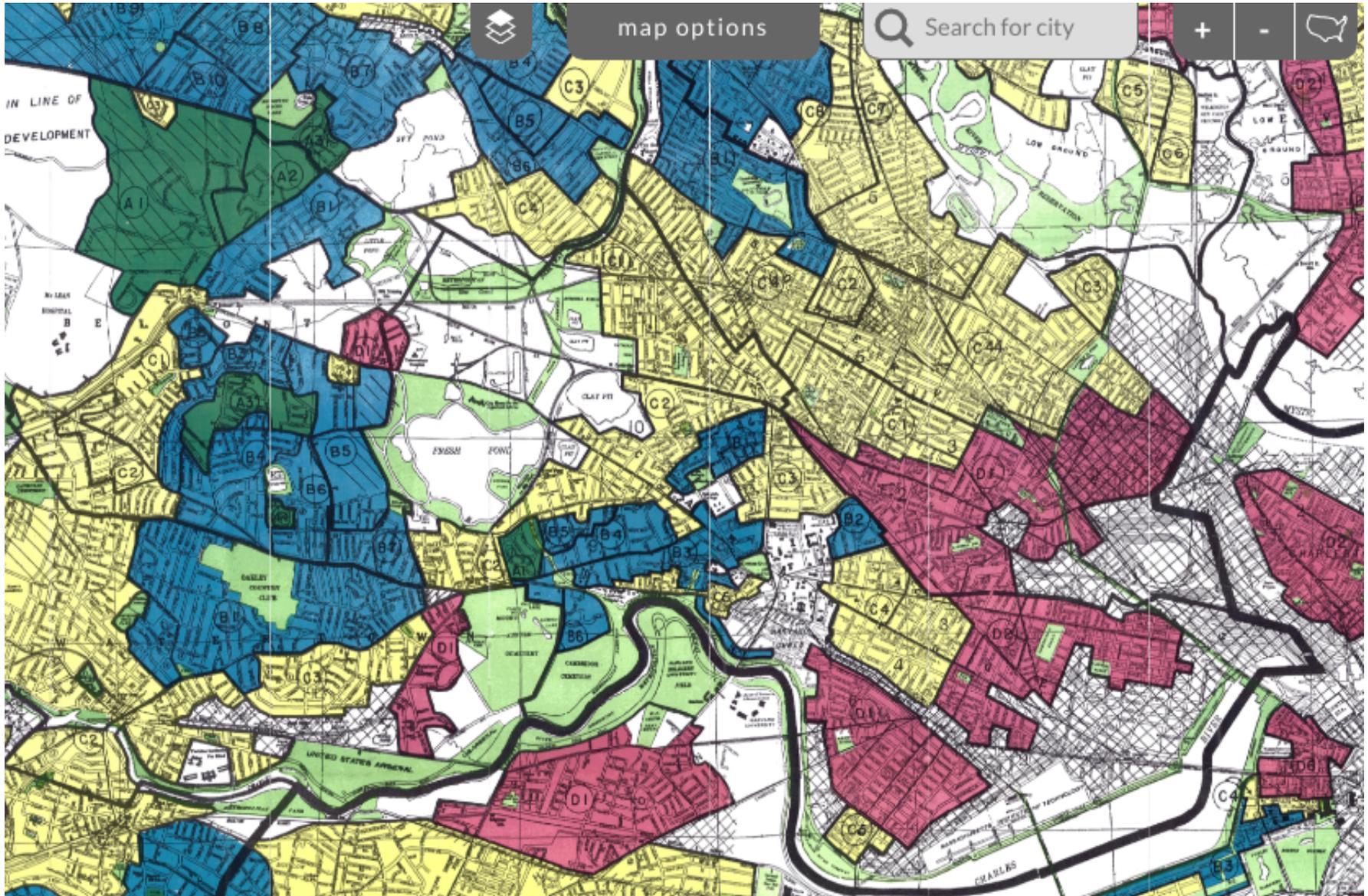
1930's: The Homeowner's Loan Corporation of America draws actuarial maps of cities and towns, to rate the "risk" associated with home loans in different areas

Four grades:

- ▶ Green ("best"). White, affluent, and professional.
- ▶ Blue ("Still desirable").
- ▶ Yellow ("Definitely Declining"). Foreigners, Jews, "relief families".
- ▶ Red ("Hazardous"). Areas with black populations, or a heavy industrial presence.

These maps were used as the basis for underwriting home mortgages. Red areas were not eligible for mortgage loans.

# Cambridge's 'redline' map



# Long-term effects of redlining

- ▶ Racial segregation
- ▶ Lack of investment
- ▶ More likely to have heat islands
- ▶ Tendency for apartments and public housing to be located in yellow zones.
- ▶ Detroit's Birwood wall.

# Recap

20<sup>th</sup> century housing policy was a multi-layered system that promoted segregation

- ▶ Primarily oriented towards race-based segregation
- ▶ Gradually shifted to class-based segregation (class being a proxy for race)

Residential zoning, in particular, is an effective form of class-based segregation.

Low-density zoning has also stifled housing production, contributing to today's shortage.

# Housing as Capital

- ▶ Woodrow Wilson's "Own your own home" campaign from 1917: a direct response to the Bolshevik Revolution.
  - ▶ A patriotic campaign, without much policy/funding
  - ▶ Later US policies encouraged home ownership (for some)
- ▶ Housing as a source of equity; building generational wealth.
- ▶ Commercial investment in housing
- ▶ Production of housing is highly regulated. Sale/rental costs are almost entirely unregulated.

Private ownership of land (and housing) is a fundamental part of capitalism in the United States.

## Housing as a Long Term Investment

Recent Price	Prev Sale	Prev Sale Price	Adj Inflation
\$725,000	1972	\$33,000	\$238,304
\$885,000	1973	\$32,000	\$222,954
\$1,510,000	1976	\$72,000	\$384,000
\$1,045,000	1977	\$48,000	\$230,685
\$750,000	1980	\$71,600	\$274,262
\$925,000	1981	\$95,000	\$309,000
\$900,000	1983	\$105,000	\$318,647
\$1,255,000	1986	\$200,000	\$508,782
\$1,327,000	1992	\$240,000	\$458,521
\$1,450,000	1995	\$337,500	\$666,460
\$885,000	1998	\$262,000	\$452,000

Housing cost more than it used to. It's also been a very lucrative investment.

# Housing and Transportation

- ▶ The new American Dream: a house in the suburbs, with a yard, a picket fence, and two cars in the driveway.
- ▶ Monolithic zoning districts (homes here, offices there, shopping over there)
  - ▶ Car-first approach to urban planning
- ▶ “Glide along to your destination on ribbons of concrete and steel, in the modern miracle of transportation – the American Automobile” .
- ▶ Establishment of the US interstate system
  - ▶ Urban Renewal
  - ▶ Highway construction as tool for removal of “blighted” neighborhoods.

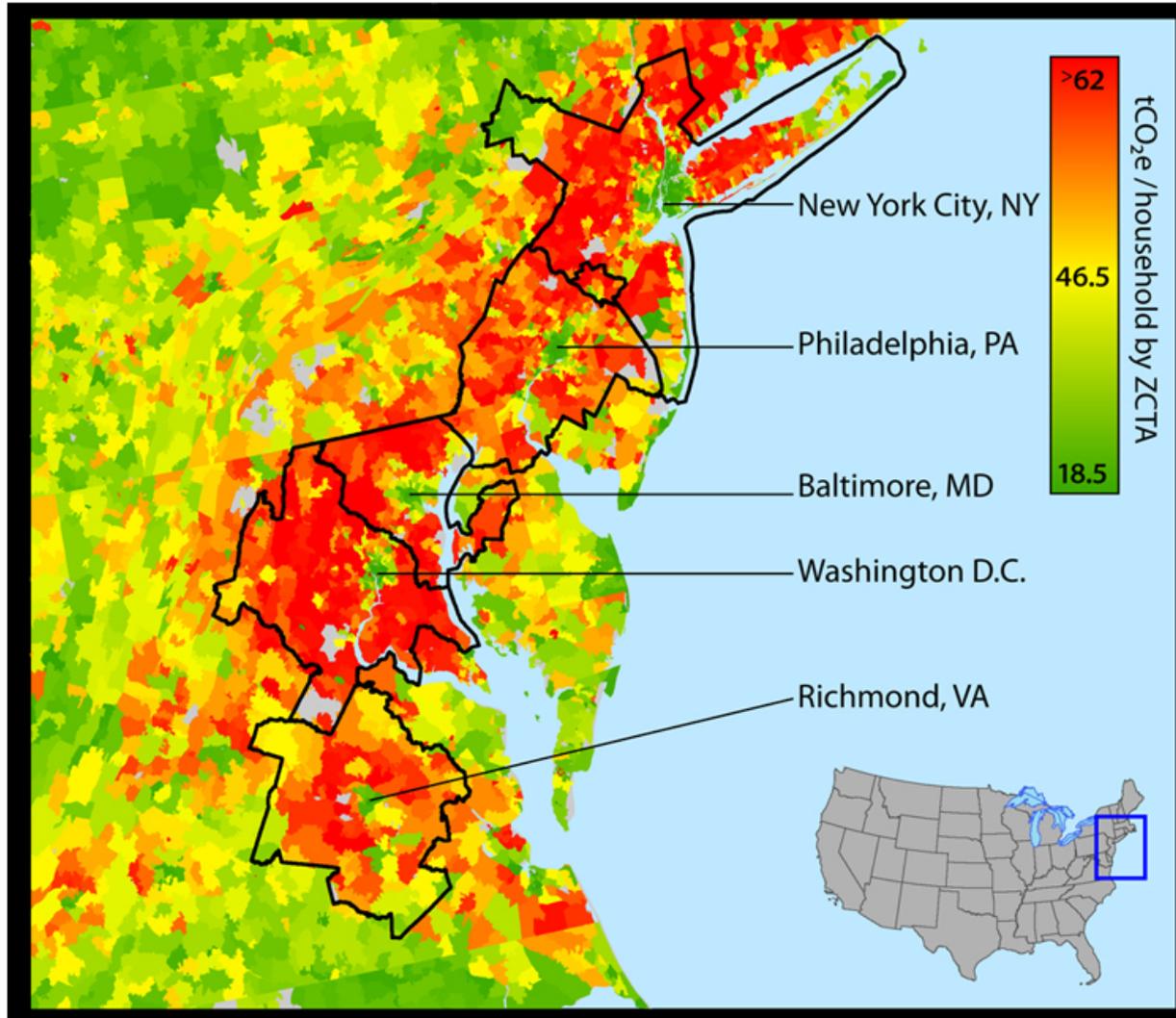
This was the invention of sprawl.

# Consequence of car-first planning

- ▶ Traffic, noise, pollution, greenhouse gas emissions
- ▶ Seas of pavement, to provide (often free) parking
  - ▶ Cities designed for cars rather than people
- ▶ Less emphasis on more cost effective and efficient means of transportation (walking, bicycles, public transit)
- ▶ The automobile tax
  - ▶ The need to pay for a car, because other transit options aren't viable.
- ▶ Traffic related fatalities: 42,915 in 2021.
  - ▶ However, this represents large improvement in #deaths per distance traveled, as compared to the 20th century.

# Carbon Footprint of the suburbs

Average Household Carbon Footprint - Eastern United States



Source: <https://coolclimate.berkeley.edu/maps>

# Our current housing shortage (regional level)

- ▶ Zoning has been a tool for limiting the amount of housing in an area (e.g., suburbs, particularly ones close to cities)
- ▶ Relatively fixed supply, not much new construction
- ▶ Increasing demand
  - ▶ Cities are job centers
  - ▶ White return flight

Between 2010–2018, Boston + immediate suburbs (“MMC communities”):

- ▶ Added 148,000 new jobs
- ▶ Added 110,000 residents
- ▶ Added (only) 32,500 new homes

There’s more demand for housing than there’s housing to go around. High demand + inadequate supply = higher prices.

# Our current housing shortage (macro level)

- ▶ In the 20th century, we adopted a lifestyle preference for suburbanization/sprawl.
- ▶ Also during the 20th century, we adopted policy preferences for travel by private automobile (and sometimes exclusively by automobile).
- ▶ We've "built out" around cities (inefficiently), and roughly to the extent that's convenient for auto commuting
- ▶ Suburbs have larger per-household carbon footprints, as compared to cities (at least partially due to heavier use of low-occupancy vehicles).

# So Now What?

What (if anything) should be done about this?

Points to consider:

- ▶ Building more housing is necessary, but not sufficient.
  - ▶ 20<sup>th</sup> century housing policies created advantaged and disadvantaged groups. These groups deserve separate considerations.
- ▶ Where we build matters. Existing infrastructure is an advantage (aka “smart growth”)
- ▶ Traffic is our status quo. It will not go away by itself.
- ▶ Housing as a warm-up exercise for addressing climate change.

# We need to build more homes

We need more homes, of all different varieties, price points, for different stages in people's lives.

Building more is *not* the whole solution, but we won't make much progress without doing this.

# MA's new housing choice laws

- ▶ Applies to “MBTA Communities”: cities and towns served by the T or commuter rail, or adjacent to communities that are.
- ▶ Communities are required to provide districts where multi-family housing is allowed by-right.
- ▶ Capacity and size of the multi-family district is community-specific.
- ▶ Law also reduces the voting threshold for allowing more housing, in all communities.

It's (roughly) an effort towards transit-oriented development.

# Smart growth principles

- ▶ Build where infrastructure already exists (water, sewer, roads, transportation)
- ▶ Preserve undeveloped open space that already exists
- ▶ Accommodate a variety of transit modes
- ▶ Mix uses: apartments right next to a grocery store (or on top of it!)
- ▶ Infill development

# Resources

- ▶ Segregated by Design  
<https://www.segregatedbydesign.com/>
- ▶ The House we live in  
[https://www.youtube.com/watch?v=mW764dXEI\\_8](https://www.youtube.com/watch?v=mW764dXEI_8)
- ▶ Mapping Inequality  
<https://dsl.richmond.edu/panorama/redlining/>
- ▶ MBTA Communities  
<https://commonwealthmagazine.org/opinion/what-the-mbta-communities-law-means-for-your-town/>
- ▶ The Color of Law (Richard Rothstein)
- ▶ Neighborhood Defenders (Einstein, Glick, Palmer)
- ▶ Would you fall for it?  
[https://www.youtube.com/watch?v=n94-\\_yE4IeU](https://www.youtube.com/watch?v=n94-_yE4IeU)