



Knoxville Tennessee Branch

# NAACP

## Exclusionary Zoning Robs Knoxville of Its Best Qualities Knoxville NAACP Housing Committee

Exclusionary zoning encouraged the 20th Century American exodus to suburbia, where municipalities commonly imposed zoning that only permitted single-family homes on large lots, a thinly veiled means to keep out poor people and people of color. But over the past two decades, as the demographic tide has shifted back toward cities, a similar story of exclusion unfolds. Urban exclusionary zoning leads to the same suburban outcomes. Zoning regulations restrict the production of new housing, capping the number of people who can live in a desirable urban area. The wealthy outbid the poor for homes in hot market neighborhoods, housing prices rise, and economic exclusion ensues.

Research comparing 2000 to 2014 confirms that on average across the United States, newcomers to urban areas fall predominantly on the upper end of the income spectrum.<sup>1</sup> Well-educated, higher-income people move into cities and push out lower income demographic groups. The exclusionary orientation of cities turns them into preserves for the wealthy as housing costs increase beyond what lower-income families can afford to pay.<sup>2</sup>

**The single-family shut-out:** Single-family zoning imposes extreme density limitations relative to their more intensely developed surroundings. The most desirable single-family neighborhoods eventually exclude those who can no longer afford to live there. The equation is simple: when you impose restrictive codes on valuable and desirable urban land, you end up with a neighborhood of expensive single-family houses. The wealthy who live in these homes have the resources to engage in political fights against the relaxation of zoning.

The crisis in affordable housing afflicts cities because they typically reserve an exceedingly large portion of their land for low-density single-family houses. From the 1920s through the 1980s, most cities followed a general trend of ratcheting down housing flexibility in single-family zones, including prohibitions on mother-in-law apartments, duplexes, and corner stores, along with parking requirements.

**The case against exclusionary zoning:** Zoning for single-family housing partly arises from impulses for exclusion by class and race. It severely limits housing construction, which widens the gap between supply and demand. This exclusionary zoning harms in many ways. It radically inflates housing costs, segregates neighborhoods by class, displaces longstanding residents by pricing them out of their rented homes, amplifies economic disparities between rich and poor, eliminates opportunities for working people to improve their lives, reduces society's overall prosperity, and pushes more people into homelessness.<sup>3</sup> We can see this well-documented pattern of harm in the many cities that have gone down the path of urban revitalization without giving up exclusionary zoning. Knoxville can evolve into an equitable and affordable city, or it can continue its historic pattern of exclusionary zoning. It cannot do both.

**Tight regulations radically inflate housing costs:** Studies show that minimum house and lot sizes and the regulation of the density and location of multifamily development contribute substantially to housing-cost inflation.<sup>4</sup> Because land-use regulations limit the availability of housing and drive up the price of housing, the burden of ever rising housing costs falls disproportionately on poor households.<sup>5</sup> Not only home sale prices but also rents appreciate faster in cities with restrictive land use regulations: on average, rents in the nation's least restrictive cities rose 6.1 percent over the past five years, while rents in the most restrictive cities rose 16.7 percent.<sup>6</sup>

**Housing restrictions segregate neighborhoods by class:** If exclusionary zoning drives up housing prices, then it should come as no surprise that it induces segregation by wealth. The segregation of the rich—which has grown rapidly in U.S. metropolitan areas—results in the hoarding of resources, amenities, and disproportionate political power.

**Exclusionary zoning is de facto racial discrimination:** Because of the greater likelihood that racial minorities have lower incomes, class-based discrimination tends to have a disparate impact on African Americans, paralleling the racial discrimination of the past. In other words, the class-based discrimination embodied in today's exclusionary zoning results in de facto racial discrimination.<sup>7</sup>

In revitalizing cities where zoning restrictions choke housing supply, finding housing becomes a twisted game of musical chairs: when the music stops, the person with the emptiest wallet automatically ends up on the floor. In prosperous cities, any regulation that thwarts the creation of more housing causes exclusion of the less privileged.

We do not advocate the end all zoning, but city policymakers do have the obligation to carefully assess restrictions on housing according to who wins and who loses, with special attention given to the people with the fewest resources. If downtown Knoxville residential areas become a museum of architectural wonders abetted by exclusionary zoning, then Knoxville's African American community, workforce, and lower income households will lose their opportunity to live downtown.

**Multifamily housing barriers:** Exclusionary zoning blocks the construction of higher-density multifamily housing in major metropolitan areas throughout the United States.<sup>8</sup> It limits the supply of affordable housing by increasing the average price of units in affluent neighborhoods to the exclusion of lower income people. This arrangement perpetuates and worsens racial and class inequality.

While luxury apartment construction has risen dramatically over the past several years, workforce multifamily housing construction remains hampered from city zoning that makes it illegal across huge swaths of a city. In most central cities, vast tracts of land restrict all forms of housing except for the development of detached single-family homes. Relaxing regulatory constraints to allow for more multifamily homes would create more housing. The city can encourage developers to fill our inner city with row-houses and triple-deckers and other 'missing middle' housing forms.

**Exclusionary zoning increases homelessness:** A National Center on Homelessness Among Veterans study estimates that a \$100 increase in median rent causes a 15 percent increase in homelessness.<sup>9</sup> Restricted markets experience slower growth in housing, produce less higher-quality housing, experience higher housing price appreciation, and cause much larger increases in the budget shares that renters must spend on housing expenditures, especially among lower-income households.<sup>10</sup> The data reveal a striking positive relationship between the degree of homelessness across states and the stringency of local housing market regulation.

## **Protecting ‘neighborhood character’ through exclusionary zoning may not reflect what we value:**

We need to move from defining the character of downtown neighborhoods by their architectural style to understanding the people who currently live within the neighborhoods. A neighborhood attracts others to want to live in it for reasons more than architectural style: affordability, family and friends, services and amenities, church community, culture, work and play, convenience and safety.

People want to live downtown. It has a diverse and stimulating environment that fosters innovation and tolerance. As a city we should embrace anyone who wants to call downtown Knoxville home and not let restrictive zoning impede the production of more housing that will preserve and increase affordable housing.

**Recode Knoxville:** Through Recode Knoxville, Knoxville has the opportunity to lead the nationwide movement to take steps toward eradicating urban exclusionary zoning and empower equitable access to all residents regardless of income. Zoning by and of itself cannot solve the lack of affordable housing. The City will need to enact policies to support the construction of multifamily workforce housing in downtown residential areas. Yet with Recode Knoxville, the city at least can remove the barriers to build workforce housing in downtown residential areas.

Many will resist changing the historic development of Knoxville, development patterns that have their roots in racial discrimination and segregation. The moment has come for Knoxville to decide whether to make it possible for people of any race or class to live in downtown residential areas or whether to transform downtown into an enclave for the wealthy. We have the power to make that choice now.

Many presume single-family zoning are sacrosanct, but people increasingly recognize that exclusionary zoning undermines equity and social justice. Indeed, as the magnetic attraction of successful cities continues to intensify over coming years, dismantling the practices of exclusionary zoning emerges as a pathway to dismantle the culture of inequity and racism.

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<sup>1</sup> *Urban Revival? Not for Most Americans.* www.joekolko.com. 3/30/16

<sup>2</sup> *The New Exclusionary Zoning*, John Mangin, Stanford Law and Policy Review, Jan. 2014.

<sup>3</sup> *Exclusionary zoning robs cities of their best qualities*, Dan Bertolet, Sightline Inst. April 20, 2016.

<sup>4</sup> *Report of the President’s Commission on Housing*, William McKenna, Chair. Washington 1982.

<sup>5</sup> *How land-use regulations undermine affordable housing*, S. Ikeda and E. Hamilton. Mercatus Center of George Mason University, Nov. 4, 2015.

<sup>6</sup> *Less You and Me, More We: How Land-Use Regulation Impacts Inventory, Rents and Roommates*, S. Mikhitarian, Zillow Research (April 11, 2016.)

<sup>7</sup> *Understanding exclusionary zoning and its impact on concentrated poverty*, E. Rigsby, Century Foundation, June 23, 2016.

<sup>8</sup> *Zoning as a barrier to multifamily housing development*, Gerritt Knapp, et. al. American Planning Association. Planning Advisory Service. Report 548.

<sup>9</sup> *New perspectives on community-level determinants of homelessness*, T. Byrne, et. al. Journal of Urban Affairs, Nov. 4, 2012.

<sup>10</sup> *Homelessness and housing market regulation*, S. Raphael, Inst. Of Business and Economic Research, Nov. 2009.