

Homes for Young Families: A Pro-family Housing Agenda

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The Institute for Family
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ABSTRACT

American young adults face a housing affordability crisis far more severe than the crisis facing older Americans. Among young adults under age 35, homeownership rates have fallen by almost half since the 1970s, while the rate among older Americans has been comparatively stable. This young adult housing affordability crisis is a major factor suppressing rates of marriage and fertility in the United States, thus imperiling the health, happiness, and long-term demographic outlook for the entire country. Although the current plight of young families has many causes, local, regional, state, and federal housing policies have contributed in damaging ways.

While our survey reveals enormous pent-up demand for spacious, single-family housing in safe neighborhoods despite longer commutes or smaller yards, actual land-use regulations increasingly ban this kind of development. Urban growth boundaries prevent expansion into new greenfield developments, even as pro-development “Yes-In-My-Back-Yard” (YIMBY)-style policies focus almost exclusively on small housing units in large buildings, a housing type Americans almost uniformly dislike for their family in our representative survey. In order to tackle falling fertility and marriage rates, policymakers must tackle restrictive housing policies, particularly those policies that prevent the construction of commercially-developed, efficiently-arranged, reasonably-priced single-family homes. To that end, this IFS report provides policy recommendations for every level of authority ranging from neighborhood HOAs to the federal government, with specific advice on how to ensure that government policies persistently create affordable housing for all Americans—especially young adults hoping to transition into family life.



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Data and Methods

IFS Housing, Neighborhoods, and Family Formation Survey

In August 2024, the Institute for Family Studies, in partnership with Demographic Intelligence, fielded a survey of Americans ages 18 to 54 on the survey platform Alchemer. We aimed to sample 8,000 respondents; ultimately, in order to achieve specified quotas for representativeness by age and marital status, 8,836 completed responses were collected. To get these 8,836 completions, 17,495 respondents were recruited to begin the survey. Of these, 6,022 were disqualified due to age, geography, or failure of basic attentional screeners. An additional 1,899 failed to complete the survey. Finally, 738 completions were disqualified due to failing speedchecks or checks for straightlining of responses. Of the remaining 8,836 responses, 7,241 passed all quality-control benchmarks related to illogical question responses, response timing, and open text responses, per quality-control advice articulated by the Pew Research Center. Respondents were sampled to ensure approximate representativeness for the United States population by age, sex, and marital status. Respondents were then weighted by age, sex, race, marital status, number of children in the home, geographic region, employment status, and education, to ensure a close fit to the April 2024 Annual Social and Economic Supplement to the Current Population Survey.

Young Family Median Multiple (YFMM)

We developed a new indicator we labeled the Young Family Median Multiple (YFMM). It compares the median personal incomes of individuals ages 20-34 to median home values in their local area. Data from the 1970 census reflects economic experiences primarily in 1969. For 1969 data, we made use of published Census estimates of median home value by metro area because microdata for home values is published only as ranges, not exact values. We used median personal incomes calculated from 1% microdata made available through IPUMS. For 2018-2022, we used the 2018-2022 American Community Survey's microdata, calculating median home values as well as median incomes of 20-34 year olds for each metro area.

For 2018-2022, our median home value estimates varied appreciably from published census data. First, microdata-identified metro areas differ slightly from official metro areas. Second, in 2018-2022, home values are sometimes reported as ranges, sometimes as exact values. When home values are reported as ranges, IPUMS recodes them as either the bottom of a range or its midpoint depending on

the type of range. We found that this resulted in likely underestimating of home values of homes with values reported as a range: the ratio of reported monthly mortgage payments and/or annual property insurance payments and/or annual property tax payments was systematically lower for range-reported homes than exactly-reported homes. Furthermore, we found that range-reports of home values were systematically associated with respondent demographics, in particular: respondents with cognitive impairments, respondents who had lived in a home a long time, respondents who owned their home without a mortgage, and respondents with some imputed data all were likelier to report home value as a range than an exact number. As a result, we imputed home values for range-reported home values using Value:Mortgage Payment, Value:Property Insurance, and Value:Property Tax payment ratios observed in non-range-reported homes. The correlation between IPUMS-reported implied home values and our estimates are approximately 98%; our imputation approach does not greatly differ, but in a few cases does shift YFMM values modestly.

Wharton Land Use Regulation Index 2018 (WLURI 2018)

We used data published as the WLURI 2018 in prior publications. This data scores municipalities on a wide range of municipal-level rules about land use and building. Data was collected by contacting municipalities and requesting that they complete a questionnaire on their land-use policies. Higher scores indicate a greater degree of regulation, while lower (or even negative scores) indicate less strict land-use regulation.

Homes For Young Families:

A Pro-family Housing Agenda

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EXECUTIVE SUMMARY

There is considerable concern about housing affordability in the United States. Housing is the most expensive element of the cost of living, which makes it an important issue to both households and governments. Indeed, the high cost of housing relative to income (i.e. the degree of affordability) is an existential threat to the future of the middle-class in some housing markets (metropolitan areas), and even threatens to jeopardize the demographic future of the republic. While the housing situation has not become a crisis everywhere—and for older Americans remains relatively affordable—for young Americans, housing has become crushingly expensive in most of the country, crippling their economic and family futures.

Whereas in 1969, the price of a median home cost about five years of a young adult's income, today it costs nearly nine years. As we show in the main body of this report, since 1970, the share of young adults who own the home they live in declined (from 50% to around 25-30%). Moreover, across metro areas, the share of housing markets we define as "Seriously Unaffordable" or worse (i.e. median homes worth 10 years or more of a young adult's income) rose (from 1% to 37%). By far, these increases were the most severe in large coastal markets, which is why Americans are increasingly migrating away from these markets in pursuit of affordability.

Many factors have conspired to worsen housing affordability for young adults, but two sets of policies in particular have dramatically boosted housing costs without producing economic benefits to offset cost: 1) local land-use rules limiting housing supply, and 2) urban growth boundaries preventing greenfield development. We find that the most unaffordable housing is overwhelmingly likely to have both urban growth boundaries and very strict local land-use rules. As a result, it is no exaggeration to say that the housing affordability crisis facing American young adults has substantially been caused by bad urban and regional planning, and bad local land-use policies.

Since the housing affordability crisis facing young adults is largely policy-induced, we propose a wide range of policy fixes for every level of government, including: extremely local HOAs; municipal zoning related to parking, ADUs, renovations, policing priorities, and lot size; state rules governing municipalities and educational programs; and federal housing programs and housing assistance. Our proposals are focused on ensuring that obstacles to new housing supply are removed, and especially on encouraging policymakers to focus on the regulations that substantively burden the transition into family life.

Neither sprawling exurban lots nor urban high rises encapsulate the American family dream. Unfortunately, the most-desired kind of housing is practically illegal in many American markets.

Key Findings:

1. Americans across all demographic groups and political persuasions prefer single-family housing vs. apartments.
2. Americans overwhelmingly prioritize homes with many bedrooms in neighborhoods with low crime and good schools when seeking housing for their family. Walkability, commuting length, neighborhood cleanliness and aesthetics, and housing type (single family vs. apartment) are also important.
3. Americans do not rate nearby restaurants and amenities, neighborhood diversity or neighborhood culture, public transit access, or yard size as being very important.
4. Houses have become far less affordable for Americans under age 35 in recent decades: median home prices in metro areas rose from 5.1 times young adult incomes in 1969 to 11.4 times their incomes today.
5. Homeownership prevalence for Americans under age 35 has fallen from 50% between 1960 and 1980 to just 30% today.
6. Home price increases have been by far the most severe in metro areas with more intense land-use regulations, including both local area rules and regional or municipal urban growth barriers.
7. Domestic migration patterns increasingly show Americans moving away from low-affordability metro areas into high-affordability metro areas.
8. Local, state, and federal policy changes could improve the affordability of housing for young Americans hoping to start families, and thus boost marriage and fertility.

WHAT KIND OF HOUSING DO AMERICAN FAMILIES WANT?

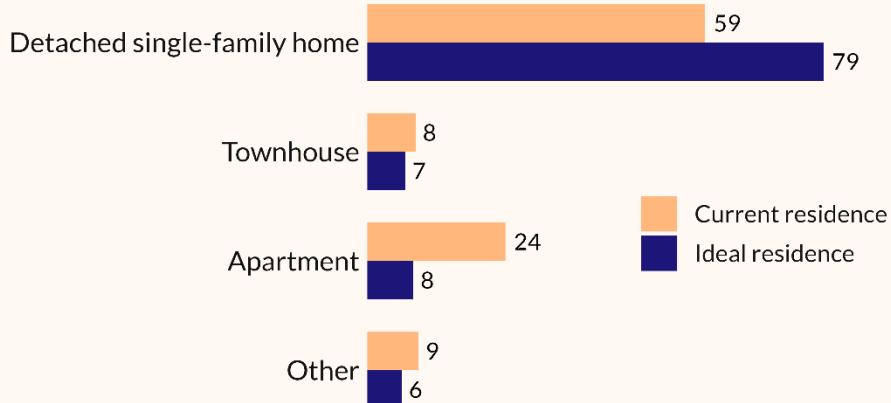
Our exploration of how to provide family housing begins with a surprisingly rarely-considered question: asking families what kinds of houses they actually want. Scholars have spilled plenty of ink arguing about how housing influences family formation, but most have rarely bothered to ask people what kind of housing they envision for starting or growing their family. This report fills that gap with a new survey about housing and family with over 8,800 respondents, which is approximately demographically representative of Americans ages 18 to 54. While many homebuyers are over age 54, this cohort of prime-age adults represents most new family formation and first-time homebuying.

Housing Form

We find that there is still significant demand among Americans for detached single-family homes (SFH). When asked to visualize their ideal home and then report what kind of home it was: 79% of respondents report detached SFH, even though only 59% are currently living in that kind of housing. This demonstrates a clear gap between housing aspirations and reality, revealing substantial unmet demand for detached SFH. Notably, detached SFH are the only housing type where the proportion of respondents identifying this as ideal exceeds the proportion living in these types of homes. Townhouses (also considered SFH in Census Bureau statistics) accommodated 8.4% of households, but are considered ideal by only 6.6% in our sample. Apartments and condos are far less desirable, with only 8% of respondents seeing them as ideal while 24% reside in such housing, suggesting that there are many Americans who want out of their apartment buildings. Of current apartment-dwellers, 61% say detached SFH are their ideal kind of home.

High demand for detached homes alongside many people stuck in apartments

Percent of adults under 55



Source: IFS Housing, Neighborhoods, and Family Formation Survey 2024

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Figure 1: High demand for detached homes alongside many people stuck in apartments

Source: IFS Housing, Neighborhoods, and Family Formation Survey 2024

Age influences housing preferences to a degree: about 77% of those under age 35 identify detached SFH as ideal, vs. 83% of those over age 35. Nevertheless, large majorities across all age groups still prefer detached SFH as their ideal housing type.

Family formation plays a crucial role in shaping housing preferences. Respondents who have or desire to have children show meaningful aversions to apartments in particular. Respondents under age 35 in apartments average just 0.3 children, compared to about 0.6 children for those in other housing. Meanwhile, for respondents ages 35 to 54, apartment-dwellers average 1.3 children, vs. 1.6 for others. There are similar differences for desired family size.

Homeownership is strongly tied to family ambitions. Among respondents who are not currently homeowners, over 90% of those who want more children report a desire to own homes, compared to lower rates of ownership desire among people who say they are finished having children, and much lower rates among those who are childless by choice (70%).

Neighborhood Traits

We also asked respondents to rate the importance of various neighborhood traits. A home is not only a building: it is a place, situated in a neighborhood, and a large share of home value comes not from the building itself but from the location. As a result, we wanted to know which kinds of neighborhoods are most favored for family life.

Across every demographic subgroup we analyzed, safety/low crime is by far the single most important neighborhood trait, and this is especially true for families with children or with plans to have more. Good schools rank second for people with children, followed by walkability, which ranks third (walkability ranked second for people *without* children).

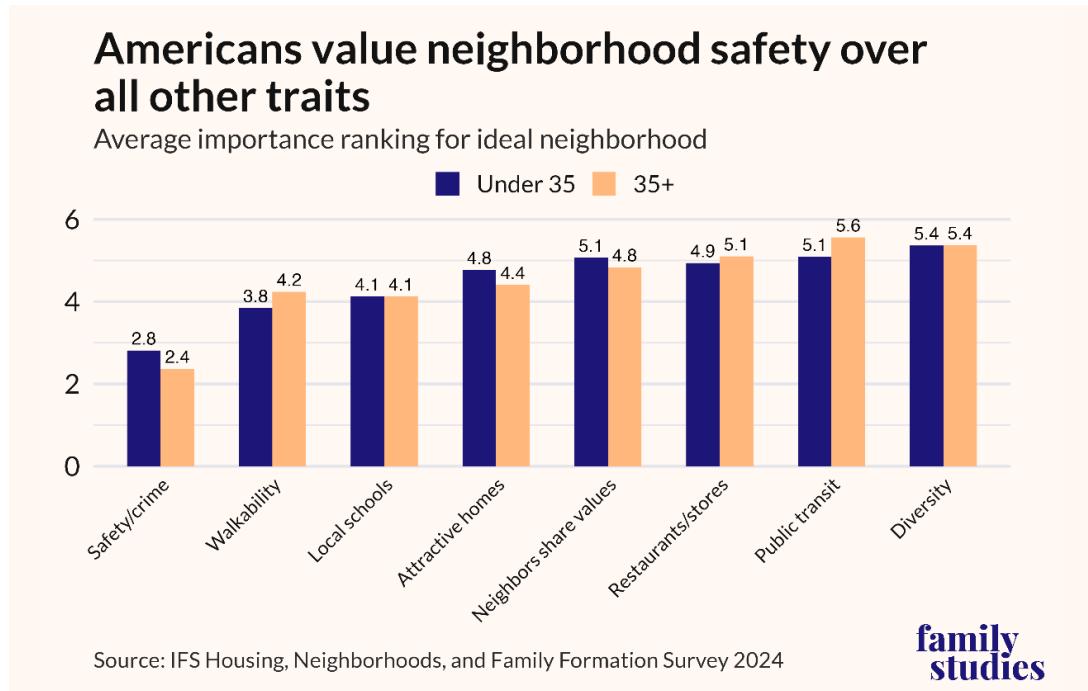


Figure 2: Americans value neighborhood safety over all other traits

Source: IFS Housing, Neighborhoods, and Family Formation Survey 2024

Neighborhood diversity, however, consistently ranks as the least important trait, while factors like shared political or religious values with neighbors and public transit availability are also not ranked as very important. These findings suggest that when choosing neighborhoods, families prioritize basic public services like safety and education over broader urban amenities, and over social diversity or social solidarity. Respondents who are childless by choice also rank local stores and restaurants as being fairly important, but other respondents do not.

In sum, the core neighborhood traits families value are safety, schools, and to some extent walkability. Nothing about these rankings is shocking, and yet “family policy” usually isn’t interpreted to mean “limit crime and public disorder, ensure trustworthy schools, and make it easy for kids to walk or bike to a local park or library.” Thus, while our findings are not surprising, they also suggest avenues for family policy outside the usual menu of policy options.

Unaffordable Housing as a Barrier to Family Formation

Housing costs are a significant barrier to family formation, a theme we will return to later in this report. Among respondents under age 35, housing costs are the second most frequently-cited economic factor influencing family decisions, and the third most common factor overall. Those unable to afford their ideal housing type are more likely to report housing cost concerns. For instance, only 16% of respondents living in their ideal housing type report housing cost issues, compared to 27% of those living in housing types they do not prefer. In other words, one of the main barriers between people and the housing they think would be most suitable for their family is simply that it costs too much. Housing affordability directly impinges on family formation.

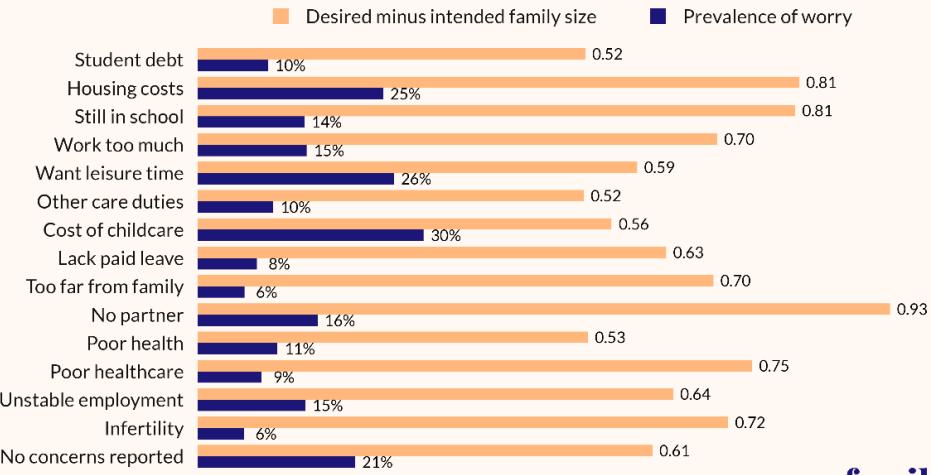
Young respondents living with roommates or parents report even higher levels of concern about housing costs, and more than a third of respondents under age 35 who do not own a home but want to report housing costs as a family planning issue, vs. just 11% of respondents in the same age group who do own a home. Put simply, concerns about housing costs show up time and again among people falling behind in life, suggesting housing costs are a real barrier to entry into marriage and childbearing.

The housing affordability crisis facing American young adults has been caused by bad urban and regional planning, and bad local land-use policies.

The data also show that housing costs are associated with a significant gap between desired and intended family sizes. Women under age 35 who report housing cost concerns have a gap of 0.6 children between their desired and intended family size, while men report a gap of one child. These gaps are larger than those reported for almost any other cited issue besides biological infertility, lacking a partner, or still being enrolled in school. In short, excessive housing costs are as strongly associated with young people giving up their family dreams as literal infertility or undesired singleness. Housing cost concerns are more influential on young adults' plans than child care costs, work schedules, job stability, student debt, healthcare access, paid leave, desire for leisure time, personal health, or other care obligations. But because housing costs are also exceptionally common concerns (whereas infertility is quite rare among younger women), it turns out that housing costs explain more total foreshortening of family goals across our whole sample than any other factor we surveyed. Nothing—not singleness, preference for leisure, schooling, child care costs, or student debt—accounts for as many expected “missing children” vs. Americans’ desires than housing costs.

Housing costs are a common worry and discourage childbearing

Concerns about having children among adults under 35 years old



Source: IFS Housing, Neighborhoods, and Family Formation Survey 2024

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Figure 3: Housing costs are a common worry and discourage childbearing

Source: IFS Housing, Neighborhoods, and Family Formation Survey 2024

What Tradeoffs Will Americans Make?

These findings highlight the profound impact of housing affordability on family planning and population growth. But to better understand these preferences, we also conducted conjoint analyses, which force respondents to make tradeoffs between various housing traits. This method gives greater confidence in the validity of responses, because respondents must actually reveal how much they would be willing to pay for something, or how they weigh different housing traits against each other. By far the strongest results are related to crime, schooling, and the number of bedrooms. When considering housing for their family, Americans value the difference between low- and high-crime places (or areas with good- and bad-quality schools) nearly twice as much as they value an extra hour of commuting time, about four times as much as one extra bedroom, about six times as much as a big yard, and about three times as much as having a detached SFH vs. an apartment.

On a simple willingness to pay basis, most respondents say they would be willing to trade off hundreds or thousands of dollars in monthly housing costs to get a safer neighborhood with a better school.

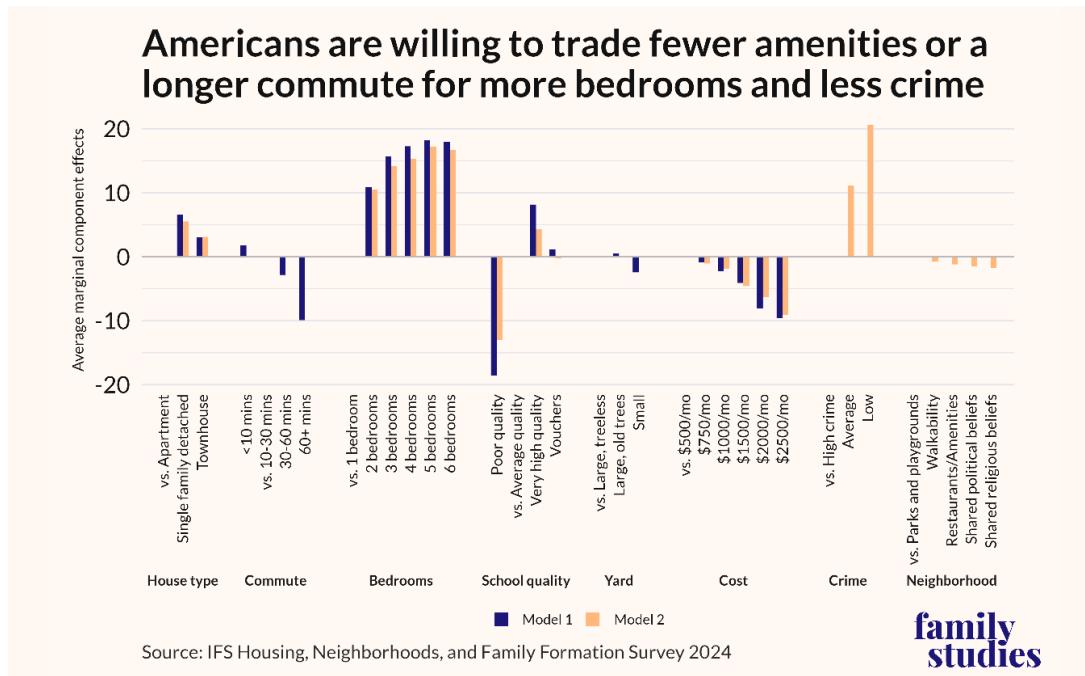


Figure 4: Americans are willing to trade fewer amenities or a longer commute for more bedrooms and less crime

Source: IFS Housing, Neighborhoods, and Family Formation Survey 2024¹

These findings do not mean that respondents simply do not care about other factors associated with housing. When choosing the best home for their family, respondents overwhelmingly prefer to have at least three bedrooms. Conditional on the number of bedrooms, they still prefer detached SFH over apartments (with townhouses in between). We do not find not a preference for bigger yards over smaller yards. Parks, playgrounds, and walkability are modestly more valuable than restaurants, stores, or shared beliefs with neighbors. But the overwhelming influence of crime, schools, and bedrooms stands

¹ Note: Model 1 included randomly varied commute distances and yard sizes; model 2 included randomly varied crime rates and neighborhood amenities. Both models included randomized house type, bedroom count, school quality, and costs.

out in our findings. First and foremost, the ideal family-friendly housing environment involves housing units with three or more bedrooms in orderly and safe neighborhoods with good schools (or—while somewhat less preferred but still valued—school vouchers). All else being equal, families would also like SFH over apartments and bigger yards, but absolutely nothing can substitute for safety, schools, and more bedrooms.



Desired Family Housing by Political Philosophy

Given the sharp political differences that exist between the liberal/progressive states and more conservative states, it seemed useful to examine state results on these issues. We used the Cook Partisan Voting Index,² which provides “red state-blue state” rankings for each state, based on recent voting results. We compared this to the “ideal house type” question.

Across the entire political spectrum, from deep blue Massachusetts and Vermont, to deep red North Dakota, Oklahoma, West Virginia, and Wyoming, over 2/3 of our surveyed respondents report that their ideal housing would be a detached single-family home. Of the neighborhood traits we surveyed, only one had any partisan tilt: the most liberal states tend to rate public transport at around 5th out of the 10 neighborhood traits they could rank, while the most conservative states tend to rate it about 6th. So more liberal states do appear to value public transit more highly, though it remains a fairly low priority. When it comes to safety, schools, amenities, diversity, etc., there is no meaningful difference. Everybody wants a safe neighborhood, good schools, and well-kept yards, and very few people rate either shared neighborhood values or neighborhood diversity as all that important.

²Cook Partisan Voting Index (2024), as reported by World Population Review.

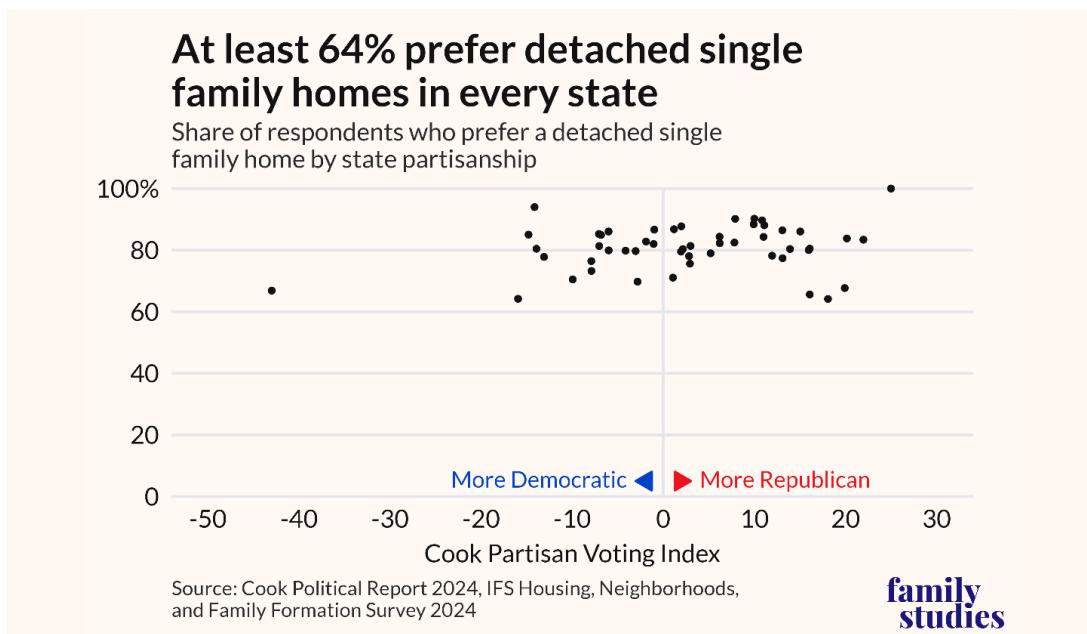


Figure 5: At least 64% prefer detached single-family homes in every state

Source: Cook Partisan Voting Index 2024; IFS Housing, Neighborhoods, and Family Formation Survey 2024.

The Importance of “Safety and Little Crime”

It is not surprising that safety is such a high priority for families, since most parents see protecting their children from harm as one of their first and most important duties. But tellingly, this safety prioritization may also help explain spatial patterns in family residence. The US violent crime rate is higher in higher density areas (urban core) than in suburban and rural areas, according to the Department of Justice *National Crime Victimization Survey (NCVS)*.³

³National Crime Victimization Survey (NCVS), Bureau of Crime Statistics (2023). Note: The urban/rural terminology in this chart differs from that used in this paper, which would classify the data as urban core, suburban, exurban, and rural. Urban includes urban core and suburban.

Now, it could be that factors other than density itself cause the urban crime premium, but as far as families are concerned, causality may not matter. Regardless of whether or not density causes crime or if it's just a correlation, no parents want their children to have to step over strung out addicts on the way to the park. Moreover, the public is acutely aware of these trends, and tends to perceive that higher densities are associated with higher crime rates.⁴

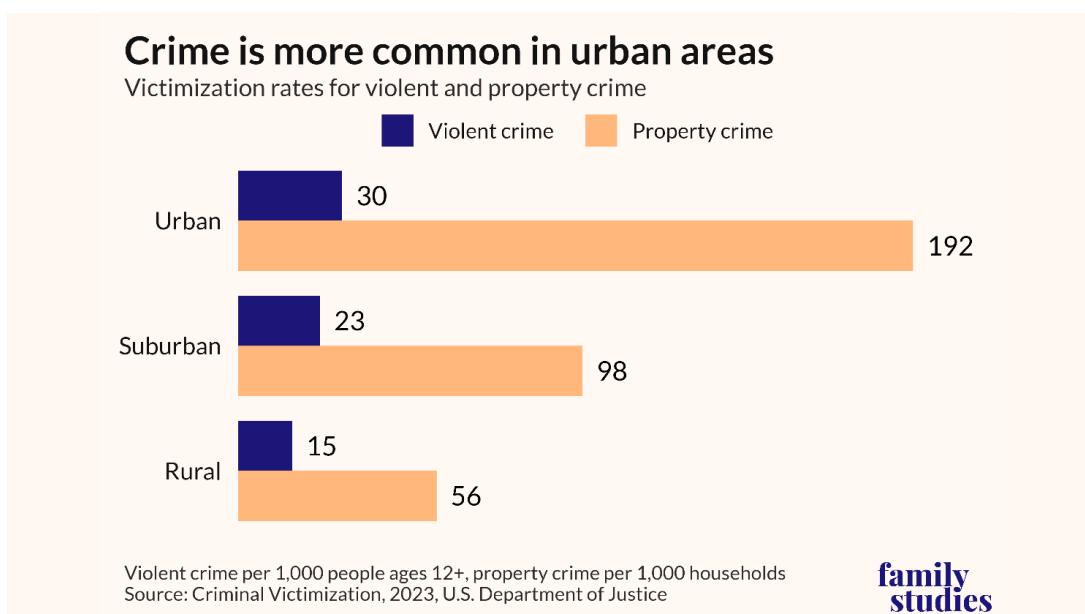


Figure 6: Crime is more common in urban areas

Source: Criminal Victimization 2023, U.S. Department of Justice

It has been observed many times that more dense, urban environments also tend to have lower fertility rates than other places.⁵ This has often been attributed to various specific features of density *per se*, but one very intuitive explanation for this trend might be underlying differences in perceived safety. If denser areas are or are perceived to be less safe, then families will be disproportionately more likely to filter out of them. Thus, for markets aiming to be more family friendly, a first priority must be addressing public safety, public disorder, and public crime, including violent, property, and substance abuse-related crime.

⁴ John Gramlich, "Voters' Perceptions of Crime Continue to Conflict With Reality," The Pew Research Center, 11/16/16.

⁵ Lyman Stone, "More Crowding, Fewer Babies: The Effects of Housing Density on Fertility," The Institute for Family Studies, 6/4/24.

Suburbanization, Exurbanization, and Moving to Rural Areas

In context, these survey findings are largely consistent with the choices families have been making in the US for much of the last century. Since the automobile became affordable to most households, families have been moving out of dense urban core cities and into the suburbs, with larger, detached homes, quieter streets, and fenced yards affording a sense of safety and security. The trend accelerated after World War II, as higher incomes expanded home ownership and builders were able to supply the market demand efficiently and make a commercial profit.⁶ The intensification of migration away from city cores since 2020 likely reflects the pandemic: new work-from-home options enabled more families to move out of unaffordable, unsafe cities, and greater awareness of the precarity and risk of dense, shared urban spaces may have boosted the amenity value of detached homes and yards.

An overwhelming share of US urban population growth over the last century has occurred in suburban areas, rather than in urban core cities⁷ (urban core municipalities).⁸ According to the most recent Census Bureau estimates (2023), only 25% of the population in the major metropolitan areas now resides in the urban core cities.⁹ These cities tend to have the largest urban densities in their respective urban areas.

However, many of these urban core cities have annexed new land since 1950, and much of the resulting development on this new land is more akin to suburban development than urban core development.¹⁰ A substantial portion of the population in urban core cities like Los Angeles, Phoenix, San Diego, Indianapolis, Las Vegas, Austin, San Antonio, Dallas,

⁶ Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (New York/Oxford: Oxford University Press: 1985)

⁷ As used in this report, an urban core city was the largest city in the present metropolitan area in 1950.

⁸ Kevin M. Kruse and Thomas J. Sugrue, Eds., *The New Suburban History* (Chicago, IL: Chicago University Press, 2006).

⁹ U.S. Census Bureau, "County Population Totals and Components of Change: 2020-2023," *Census.gov*.

¹⁰ Vivian Z. Klaff and Glenn V. Fuguitt, "Annexation as a Factor in the Growth of U.S. Cities: 1950-1960 and 1960-1970," *Demography* 15, no. 1 (Feb. 1978): pgs. 1-12.

Houston, Charlotte, and others live in suburban-style, single-family housing built since World War II and depend heavily on cars for transportation.

The American dream of owning good housing at a good price is increasingly unobtainable.

Our major metropolitan area analysis indicates that more than 85% of the population of major metropolitan areas (over 1,000,000 population) live in suburban or exurban settings (some within the urban core cities).¹¹ Contrary to some perceptions, suburbs have long since been merely bedroom communities where workers commute to downtown areas. More than 80% of major metropolitan area jobs are in the suburbs.¹²

Moreover, the idea that suburbs are predominantly White enclaves has been outdated (and outlawed) for some time. Today, the majority of African Americans (76%), Hispanics (83%), Asians (81%), and other minorities (90%) live in the suburbs and exurbs, not in urban core cities.¹³

¹¹ Wendell Cox, "All Major Metropolitan Area Growth Outside Urban Core: Latest Year," *The New Geography*, 4/28/22.

¹² Wendell Cox, "Employment by City Sector: Challenges Ahead for Downtowns, *The New Geography*, 6/19/20.

¹³ Wendell Cox, "Large Majority of Minorities Live in Suburbs," *The New Geography*, 4/4/24.

THE HOUSING SITUATION FOR YOUNG ADULTS AND THE AMERICAN DREAM

Since practically the founding of the Republic, ownership, whether of land through homesteading or modern homeownership, has been central to the American Dream. Especially following World War II, developers built vast suburban housing tracts, creating affordable and unprecedented homeownership opportunities for the average American family. This boom in suburban construction made homeownership more attainable for a large portion of the population, leading to a significant rise in homeownership rates.¹⁴ In 1940, just 28% of Americans ages 20 to 60 owned their own home. By 1960, that figure had risen to 53%, and to 57% by 1980. This period also saw massive improvements in housing quality: in 1940, 26% of households had no running water, and 21% lacked any form of electric lighting. But virtually 100% of the new construction after 1945 included both of these. Indeed, in 1940, the average American home was almost 30 years old; age of homes dropped to just 20 years old by 1970. Americans bought surprisingly affordable homes that were also leaps and bounds better equipped than the homes of just a decade or two before.

But these gains are petering out. Today, just 46% of Americans ages 20-60 own their own home based on data from the American Community Survey. In reality, homeownership rates for people ages 45 and older have not declined at all, but homeownership rates for those under 35 are nearly as low as they were before World War II, as the figure below shows. The period after WWII saw an extraordinary boom in homeownership by young adults, which has been waning now for 45 years. Meanwhile, the average American home is now about 42 years old: Americans are living in older and older housing stock as home building has not kept pace. In particular, in many markets, the kind of good housing middle-income Americans took for granted in the post-war period is now almost totally unaffordable at middle-income levels.

¹⁴ Matthew Chambers, et al., "Accounting for Changes in the Homeownership Rate," *International Economic Review* 50, no. 3 (Aug. 2009): pgs. 677-726.

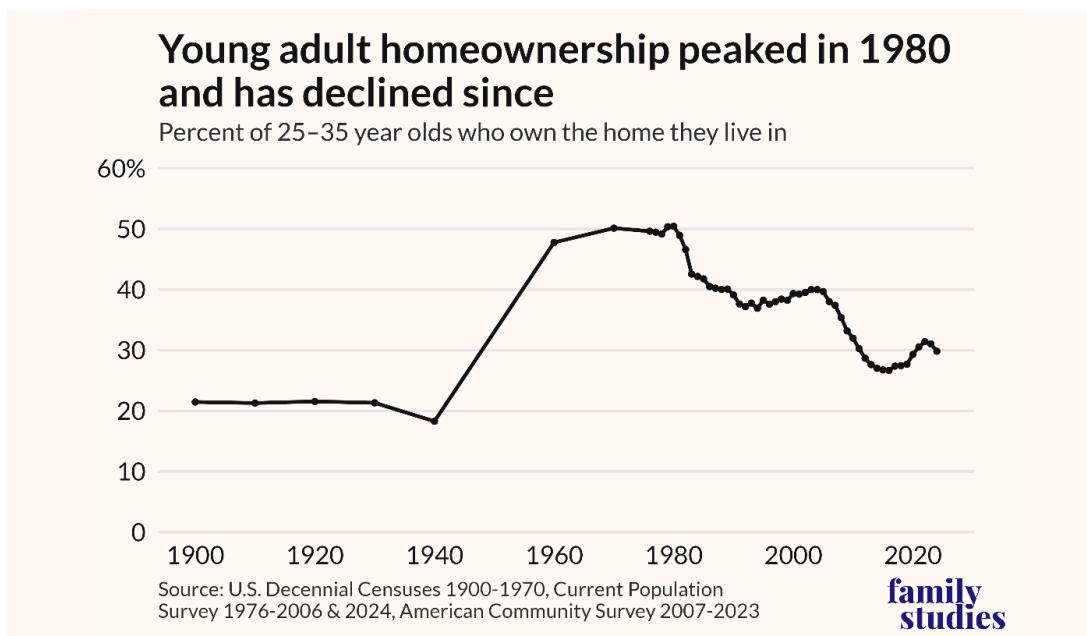


Figure 7: Young adult homeownership peaked in 1980 and has declined since

Source: U.S. Decennial Censuses 1900-1970, Current Population Survey 1976-2006 & 2024, and American Community Survey 2007-2023

By 2019, the last pre-pandemic year, housing prices had already risen significantly in various parts of the country. However, even more dramatic price increases were to follow during the pandemic. The boom in remote work, longer school closures, and more public political unrest in big cities, and other factors induced many to move out of densely-populated urban cores and into more distant suburbs, exurbs, and rural areas. Many of these markets had an insufficient supply of new housing, which fueled sharp price hikes. These price spikes have in turn pushed many would-be buyers out of the market completely: housing starts for private sale per capita in 2008-2017 were lower than at any decade-long period since the Great Depression, and even in 2024, as housing starts have recovered some, housing starts remain 44% below the 1945-2005 average.¹⁵

¹⁵ Author's calculations from *Historical Statistics of the United States: Colonial Times to 1970, Bicentennial edition*, Series N 156-159, as well Census Housing Unit Start data from the New Residential Construction Series.

Housing Affordability

One reason for falling homeownership is the general lack of affordability in the housing market. “Affordability” means more than just housing prices; rather, it means housing prices in relation to families’ ability to pay for housing. Housing affordability cannot be measured or even reasonably discussed without the context of both cost and incomes. Yet, much of the discussion about housing affordability, especially in political circles, focuses on prices alone.

Housing markets, which are virtually synonymous with labor markets, are metropolitan areas¹⁶ defined by commuting (work trip) criteria between counties. Throughout this paper, all housing affordability comparisons will be made based on these housing markets.

One of the most widely-used metrics for assessing housing affordability is price-to-income ratio, which compares house prices to household incomes for middle-income families. This measure is the “median multiple,” which is the ratio of median house price to median household income. The *Demographia International Housing Affordability* report has used the median multiple for rating housing affordability in major markets¹⁷ over its 20 annual editions, since 2005. The median multiple is a highly suitable metric for making broad comparisons over time and across societies about the general affordability of homes for existing families. But for this study, we used a modified metric: the Young Families Median Multiple (YFMM). This metric uses median *personal income* for individuals ages 20-34 as the basis for defining income, rather than median *household income* for all families.

This change is important. First, we focused only on young adults, who may be entering the housing market for the first time or establishing their families. Second, this is the age group that has seen the biggest decline in homeownership. Third, many young adults either live in group quarters where their earnings (or lack thereof) may be excluded from household income data, or they may live in their parents’ households and thus have their

¹⁶ Delineated by the US Office of Management and Budget.

¹⁷ The major markets referred to in this report are the US metropolitan areas that had more than 1,000,000 population in any Census Bureau population estimate report between the 2020 Census (April) and 2023 (July). There are 56 major metropolitan areas by this definition.

parents' incomes counted alongside theirs, which generates misunderstandings about their actual ability to afford homes. By using median personal incomes of all young people, we could more concretely measure how "affordable" the housing market is from the perspective of a young person thinking about getting married and starting a family in the next few years.

Middle-income housing affordability is rated in five categories, ranging from the most affordable ("affordable") to the least affordable (impossibly unaffordable). The "impossibly unaffordable" category was added in the 20th annual report (2024) for markets in which affordability had deteriorated to the point that middle-income households are largely unable to qualify for a mortgage on the median-priced house.¹⁸ The table below shows the YFMM category definitions (essentially, the median years of personal income for a young adult that would be required to buy a house).

Table: Metro areas by affordability, 1969 vs. 2018-2022

Rating	YFMM Range	MSAs in 1969	MSAs in 2018-2022
Affordable	Under 8	116	59
Moderately Unaffordable	8 to under 10	2	77
Seriously Unaffordable	10 to under 12.5	1	68
Severely Unaffordable	12.5 to under 22.5	0	65
Impossibly Unaffordable	22.5 & over	0	13

Source: Median home values from the 1970 Decennial Census and 2018-2022 American Community Survey; Median personal income of individuals 20-34 years old in the 2018-2022 American Community Survey and the 1970 Decennial Census.

¹⁸ Wendell Cox, *Demographia International Housing Affordability: 2024* (Orange, CA: Center for Demographics and Policy at Chapman University, 2024).

There has been a dramatic deterioration of housing affordability for young people over the last 50 years. Whereas in 1969, virtually every metro area met a basic standard of affordability for young people, in 2018-2022, just 21% did, and over half of the nation's metro areas were rated as seriously unaffordable for young families, or worse.

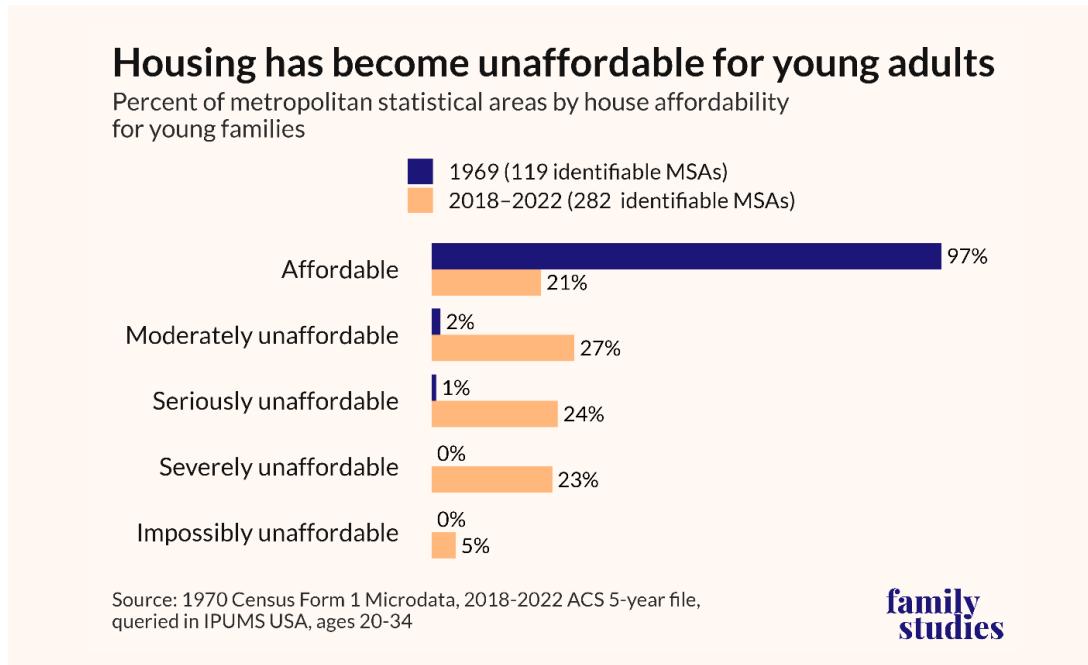


Figure 8: Housing has become unaffordable for young adults

Source: 1970 Census Form 1 Microdata, 2018-2022 ACS 5-year file, queried in IPUMS, USA

Housing Affordability by Metro Area

In 1969 (as reported in the 1970 US Census), the median MSA for which we have data had a Young Family Median Multiple of 5, which is in general quite affordable. Indeed, we rate fully 97% of American metro areas at that time as affordable for young people, which helps explain why homeownership for young people was twice as high in 1970 as it is today. Some cities with poor affordability today did have worse ratios in 1969 as well, though the overall levels are not terrible: Santa Barbara (8.8), Los Angeles (7.4), San Jose (7.4), San Francisco (7.4), and San Diego (7.4), were all showing signs of elevated prices. Likewise, New York (7.4) and Honolulu (8.5) had some of the higher values as well. But that was about it—just 13 MSAs in total exceeded values of 6.5. The vast majority of the country was highly affordable for young people looking to start a family.

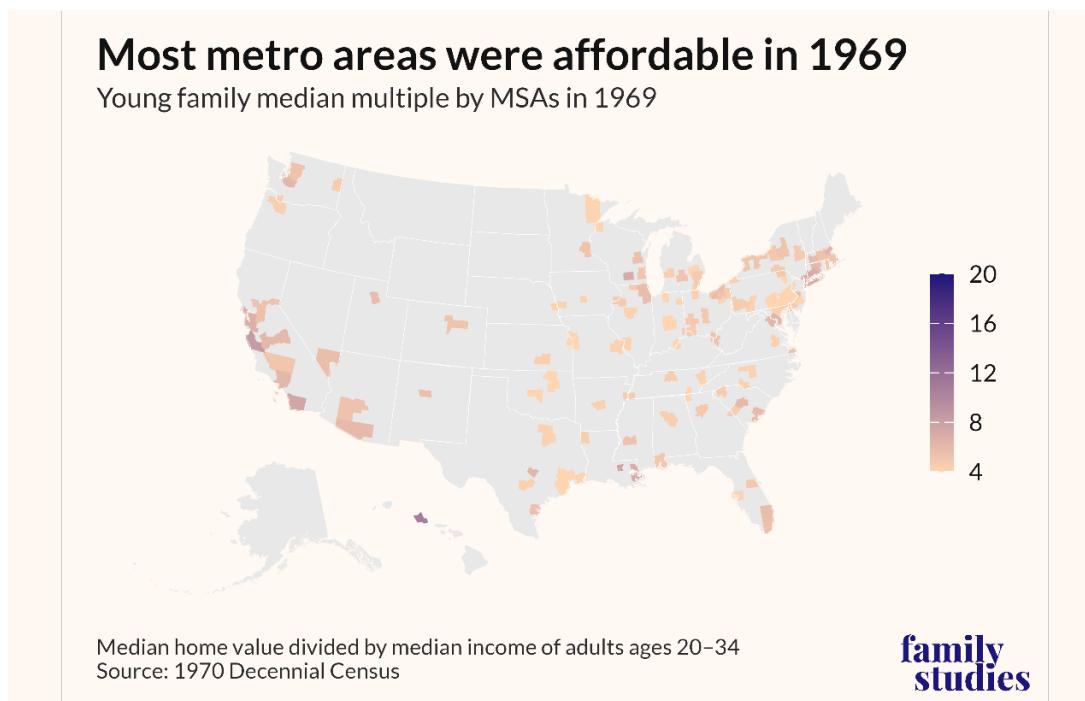


Figure 9: Most metro areas were affordable in 1969

Source: 1970 Decennial Census

Similar housing affordability was reported in the 1950 and 1960 census. The increase in suburbanization that occurred in the Post-War period was made possible in large measure by the development of large suburban housing tracts, which were often constructed on the urban fringe, where land was inexpensive and priced by the competitive market.

But today, cost ratios have changed dramatically. Ten different MSAs have YFMM values over 22.5, which we call “Impossibly Unaffordable.” San Jose has a ratio of 7.4 in 1969—and a ratio of 24 in 2018-2022. The price-to-median-income ratio more than *tripled*, which makes sense: we already noted above that homeownership for young people has fallen by about *half*. Across all MSAs, the average YFMM is 8.7, which we label as Moderately Unaffordable. Whereas in 1969, over 97% of markets were affordable, in 2018-2022 just 41% were, and over a third had major affordability issues.

Affordable single-family homes are the greatest “missing” form of housing.

At the other end of the market, somewhat less-unaffordable markets include Des Moines, Iowa (5.3), Pittsburgh, PA (5.5), Fort Wayne, IN (5.7), or Rochester, NY (5.7). No major market in America is as affordable for young adults as the *median* market was in 1969. Furthermore, our “affordable” designation is based on the assumption that most young people marry or experience a career progression: in every single market we studied, the median-priced house was well beyond the ability of a typical 20-34 year-old to qualify for the average mortgage loan, assuming a monthly payment of 28% of personal income, and a 6% interest rate.¹⁹ The median-income average 20-34 year-old in San Jose can plausibly afford a \$176,000 mortgage, yet the median home in San Jose is valued at \$1.1 million: the typical 20-35 year-old would need an annual income *increase* of \$225,000 just to be able to afford the monthly payments! Suffice it to say this is likely to be impossible for the overwhelming majority of young families, except perhaps the few fortunate enough to

¹⁹ Estimated from National Association of Realtors 2024 data for a 30-year mortgage with a 10% down payment. 2024 median household income estimated from 2023 data, adjusted for inflation to 2024.

inherit costly, unencumbered housing from their parents. Of course, some of this is because many 20-34 year olds have zero income due to being students or dependents, but even among employed young adults, in the vast majority of markets, most young peoples' earnings simply cannot possibly finance a mortgage for a median home.

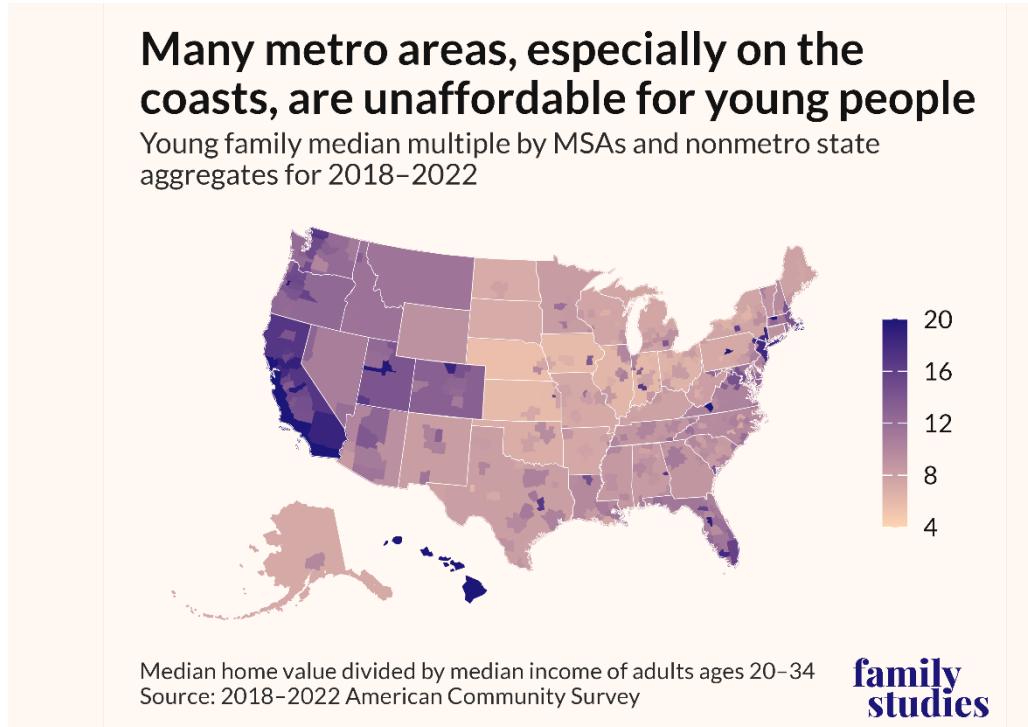


Figure 10: Many metro areas, especially on the coasts, are unaffordable for young people
Source: 2018-2022 American Community Survey

It should be noted that housing remains fairly affordable in the rural Midwest. However, this is largely due to the prevalence of high farm incomes and small populations. Most young adults do not have the option of simply coming into ownership of a large agribusiness, and most rural areas have few job opportunities. As such, while there are many affordable rural counties, those counties cannot reasonably absorb a large number of new household formations, due to a small and industrially-selective economic base.²⁰

²⁰ Tracy Fanning, et al., *Rural American at a Glance: 2024* (Washington DC: US Department of Agriculture, Economic Research Service, Nov. 2024).

Americans Are Migrating Away from Unaffordability

Housing affordability is a serious problem for young people, and, as a result, they are increasingly moving away from unaffordable markets into more affordable ones. Net migration in 2010-2014 was slightly positive in both more and less affordable markets (people moved in from nonmetro areas or metro areas with missing data). But in 2015-2019, migration worsened for the more unaffordable metros while it became more positive for more affordable metros. This trend became even more apparent in 2020-2023, when net migration away from the more unaffordable metro areas totaled 2.6 million people, even as a net 1.9 million people moved into the more affordable areas. Affordability is fundamentally shaping American migration, reallocating people (and especially young families) at an increasing pace.

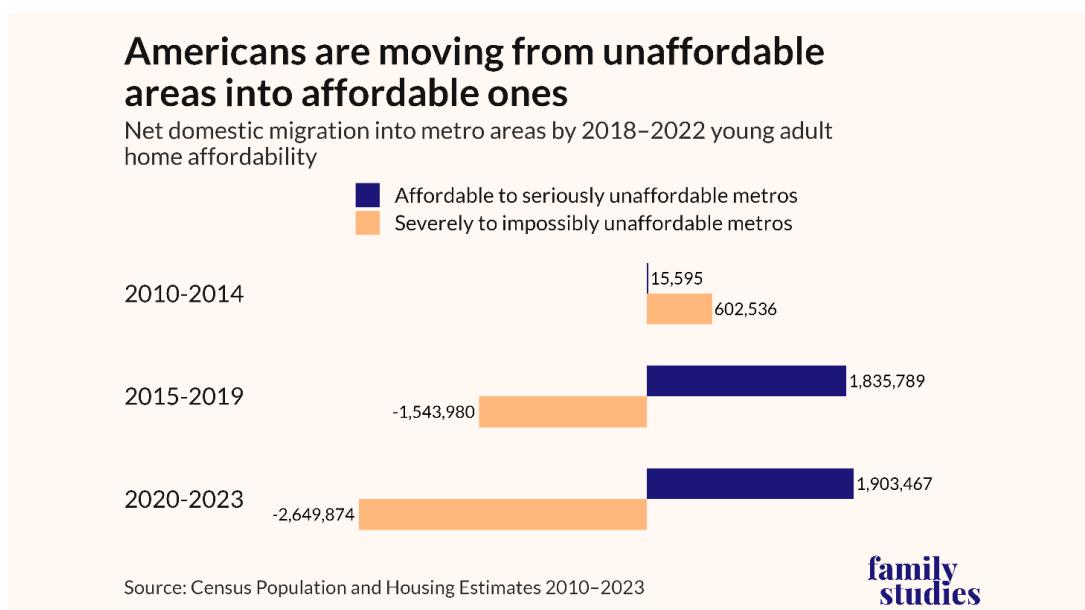


Figure 11: Americans are moving from unaffordable areas into affordable ones

Source: Census Population and Housing Estimates 2010-2023²¹

²¹ Note on Figure 11: YFMM data exists for 282 metropolitan areas. We exclude nonmetro areas and metro areas for which YFMM values cannot be calculated, which explains why net migration figures shown do not sum to zero.

Thus, even as policymakers are moving all-too-slowly to address the affordability crisis for young adults, American families are taking matters into their own hands, pursuing affordability. This gumption is admirable but also a symptom of a problem: young people should not be forced by unaffordable housing to move far from preferred careers, family members, or other valuable parts of life.

MEETING THE NEED FOR FAMILY HOUSING

What Americans want and need to make progress on their family goals is spacious, affordable housing in safe neighborhoods with good schools or school vouchers. These will often be single-family detached homes but could also include some other housing forms, such as townhouses (or duplexes), ADUs, and modular units. But what is most needed is *more* housing, and at more affordable prices. Market-produced house prices must be low enough for families to afford. When they aren't, Americans move away in pursuit of affordability in enormous numbers. But as long as more and more of the country is unaffordable, the excess population shed from those metros will migrate to cheaper areas, ultimately causing a runup in prices there as well.

Meeting this need in the growing US requires that sufficient housing be built. For years, housing construction has trailed the increase in households. For example, between 2012 and 2023, 13.4 million new housing units were completed, while new household formations were 17.2 million, for a supply gap of 3.8 million housing units. Only 9.5 million of these new completions were single-family units.²² As indicated above, the competitive market was able to supply sufficient single-family houses at affordable prices for decades following World War II.

²² Hannah Jones, "US Housing Supply Gap Grows in 2023; Growth Outpaces Permits in Fast-Growing Sunbelt Metros," Realtor.com, 2/27/24.

More Restrictive Land-Use Regulations

What happened? Why isn't the market today supplying the housing that families need at competitive prices? The answer is, for the most part, local (or in a few cases, regional) land-use policies.

High demand is often cited as the cause of inordinately rising house prices, as corporate investment in single-family housing and speculation have reduced the supply of housing for sale to families. However, this is not attributable to demand alone, but rather to a shortage of land supply relative to demand, associated with strict land-use regulations. Indeed, in the most unaffordable markets (such as San Jose, Los Angeles, San Francisco, San Diego, and Miami), demand has been *dropping*, as a result of substantial net domestic outmigration.²³

Since the 1970s, many states, regional planning agencies, and cities have adopted far more restrictive housing and land-use regulations. Economic research has shown that these stronger regulations have led to deteriorating housing affordability.²⁴

This is illustrated well in the 2020 *Economic Report of the President*,²⁵ which found “a house price premium resulting from excessive housing regulation” of, for example, 100% in the Los Angeles and San Diego metros and 150% in the San Francisco Bay Area. The report notes the high prices drove rents up as well,²⁶ with the most recent American Community Survey data indicating a strong correlation between local prices and rents.²⁷

²³ “San Francisco Population and Migration,” SF.gov.

²⁴ The White House, *Economic Report of the President Together with the Annual Report of the Council of Economic Advisers*, (Council of Economic Advisers, January 2021). Edward L. Glaeser and Joseph Gyourko, “The Economic Implications of Housing Supply,” *Journal of Economic Perspectives* 32, no.1 (Winter 2018): pgs. 3–30. See also:

William A. Fischel, *Regulatory Takings: Law, Economics, and Politics* (Cambridge, MA: Harvard University Press, 1998); and Wendell Cox, *A Question of Values: Middle-Income Housing Affordability and Urban Containment Policy* (Frontier Centre for Public Policy, Oct. 2015).

²⁵ The White House, “Expanding Affordable Housing,” *Economic Report of the President and Annual Report of the Council of Economic Advisers*, 2020 (Council of Economic Advisers, Jan. 2020).

²⁶ Ibid.

²⁷ Wendell Cox, “Update on the Relationship Between House Values and Rents,” *The New Geography*, 6/6/24.

Of course, all else equal, building more housing leads to lower house prices. However, all else is not equal in many markets, where the cost has been driven up so much by more intense regulation that middle-income housing cannot be produced for a commercial return on investment.

Reflective of this, research by Edward Glaeser of Harvard and Joseph Gyourko found that land values in the highly regulated, five-county San Francisco market were 10 times the industry “rule of thumb.”²⁸ Furthermore, there was comparatively little difference in structure value (the house itself). Land values have constituted most of the increase in housing costs.

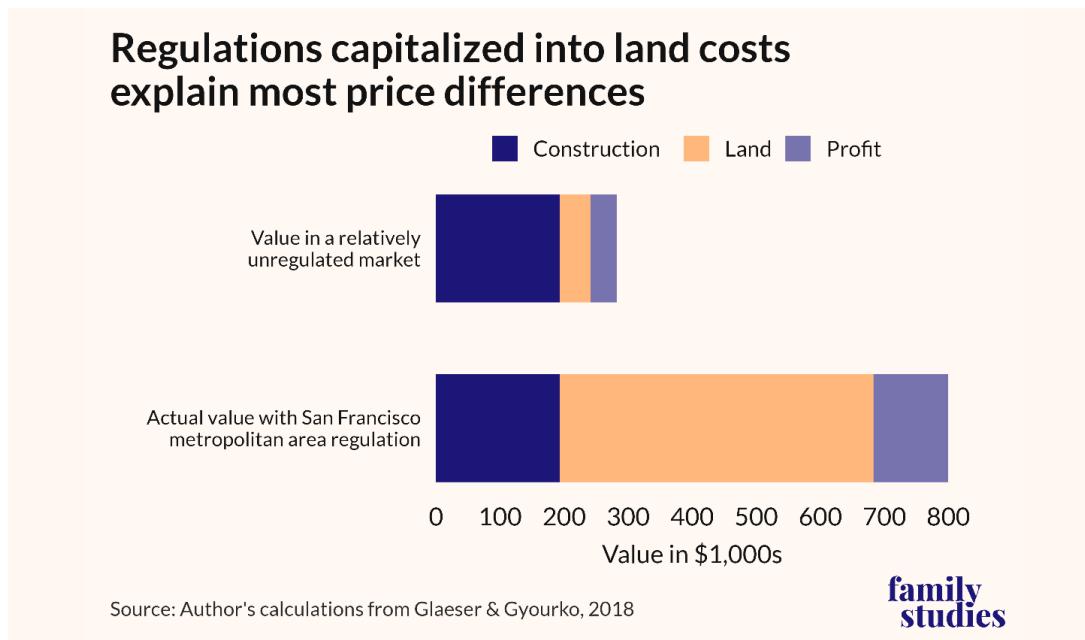


Figure 12: Regulations capitalized into land costs explain most price differences

Source: Author's calculations from Glaeser & Gyourko, 2018

²⁸ Edward L. Glaeser and Joseph Gyourko, “The Economic Implications of Housing Supply,” *Journal of Economic Perspectives* 32, no. 1 (Winter 2018): pgs. 3–30.

Local Zoning

Local zoning codes regulating what kinds of uses can be made for various land parcels are established in most municipalities (cities, towns, villages). This zoning applies only within the boundaries of the local government. The Wharton Residential Land Use Regulatory Index has become the standard for evaluating the strength of municipal zoning, though it is important to understand the difference between municipal zoning and zoning, or other regulations that apply at the housing market level (see Section 4.4), like urban growth boundaries. The Wharton Index includes a summary of regulatory strictness for metropolitan areas, which is limited to local zoning, not the market level zoning discussed below. Here, we show Wharton regulatory estimates for all counties with available data.

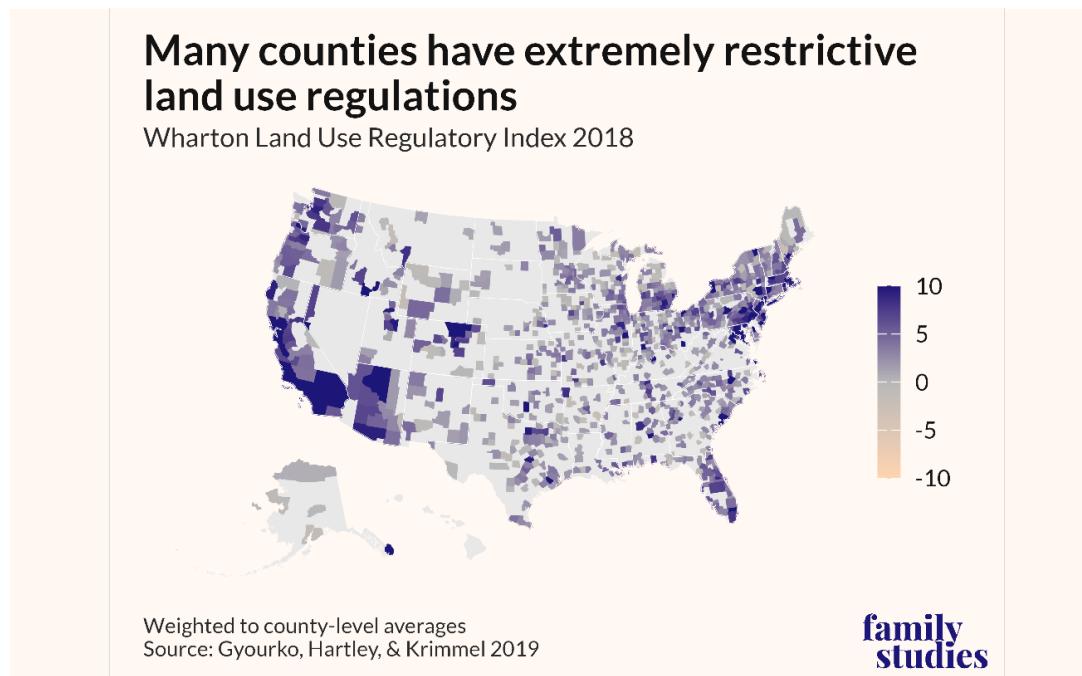


Figure 13: Many counties have extremely restrictive land-use regulations

Source: Gyourko, Hartley, & Krimmel, 2019²⁹

²⁹ Note on Figure 13: WLURI 2018 is an index value; a score of -10 indicates relatively very low levels of adoption of a range of land-use restrictions included in the database; whereas a score of 10 indicates very high levels of adoption of a range of land-use restrictions.

As the map shows, land-use regulations are strictest in many of the most expensive areas, such as the major metro areas on the east and west coasts. Meanwhile, more affordable parts of the Midwest are also clearly less regulated.

Demonstrating this quantitatively, the figure below shows that WLURI scores as of 2018 (the latest data) are strongly correlated with YFMM values. In affordable metros, the average WLURI 2018 score is 4.2—whereas in “Impossibly Unaffordable” metros, the average value is 10. The most unaffordable metro areas are arguably twice as regulated at the municipal level as the most affordable, and this is not even taking into account urban growth boundaries.

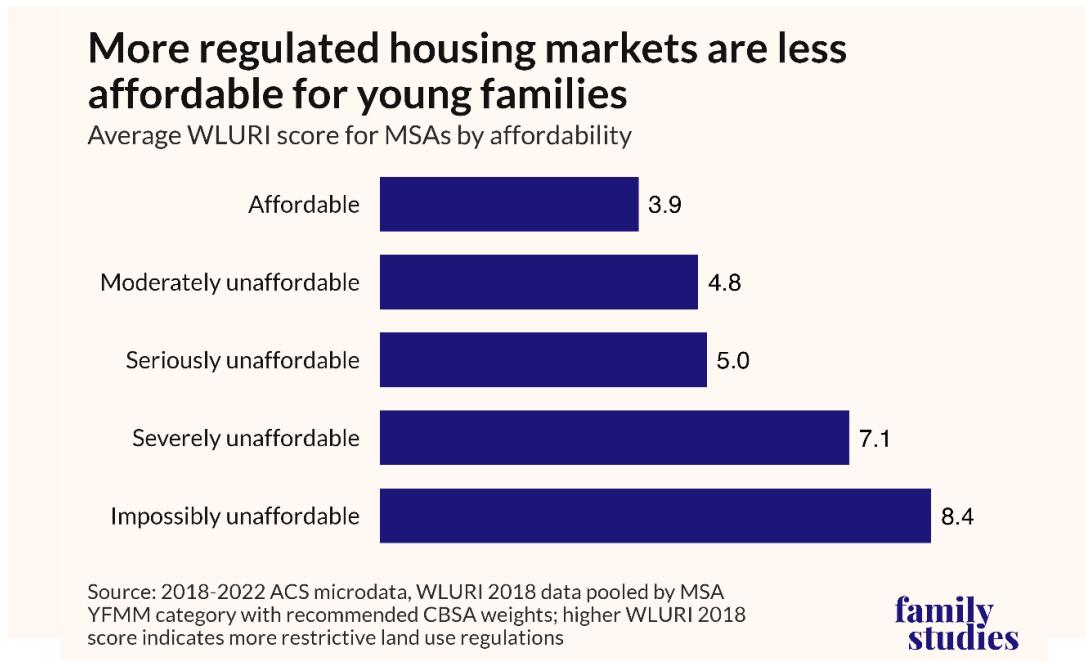


Figure 14: More regulated housing markets are less affordable for young families

Source: 2018-2022 ACS microdata, WLURI 2018 data pooled by MSA YFMM category with recommended CBSA weights; higher WLURI 2018 score indicates more restrictive land-use regulations

Thus, consistent with prior research, we not only find that strict land-use regulation is closely related to affordability in general, but also that stricter regulations in particular are associated with unaffordable housing for young people. Perhaps unsurprisingly, prior research has found that stricter land-use rules also correlate with lower birth rates.³⁰

The Densification Agenda

As the housing affordability crisis has garnered public attention, there have been major efforts to reform municipal zoning to increase housing construction, especially through building more and taller apartment buildings, filling in vacant areas or parking with new structures, and other shifts towards greater population density. For example, some states have required their local jurisdictions to implement reforms, especially limits and prohibitions on single-family zoning. Some municipalities have implemented densification programs that make it possible to add new homes to already developed lots. These local and state initiatives are often described as deregulation. But the deregulation is often limited to brownfield (already developed) sites in markets that maintain strict rules limiting new greenfield developments, which ultimately raises land prices within urban growth boundaries. Moreover, the cost of building multi-story apartment buildings is often more than the cost of building single-family houses and nearly always costs more per square foot of living area. Furthermore, this report already laid out the crucial evidence that “dense apartment buildings” are not the form of housing that young people who are considering starting families desire the most.

As noted above, there have been plenty of calls to “Build!Build!Build.” Unfortunately, these calls are often excessively narrow, and even when “YIMBY” reforms are implemented, building is *still not permitted* in areas where land values are low enough for the commercial market to produce single-family housing without subsidies.

³⁰ Shoag, Daniel. "Land Use Regulations and Fertility Rates." *One Hundred Years of Zoning and the Future of Cities* (Springer, 2018).

As a result, these calls for “deregulation” are all too often really just calls for “densification.” And even then, this does not include all forms of “densification;” rather, it means densification exclusively through building more studio-, 1-, and 2-bedroom apartments often in high-rise apartment buildings that will never serve as suitable homes for growing families.³¹ Often these proposals anticipate demolishing neighborhoods, including family-friendly housing. Reforms which could enable density through single-family houses on reasonable lot sizes are less common.



Proponents of these strategies may assume that increasing housing densities will reduce the land costs per unit, and thus make housing more affordable. However, land costs are significantly influenced by the value of housing that can be constructed: when developers can collect more rent from an acre of land by stacking more apartments on it, land values per unit may rise, not fall. However, some current research generally indicates little improved affordability³² or even degradation, such as in Vancouver.³³

³¹ Op. Cit., Stone, “More Crowding, Fewer Babies.”

³² Yonah Freemark “Zoning Change: Upzonings, Downzonings, and Their Impacts on Residential Construction, Housing Costs, and Neighborhood., *Journal of Planning Literature* 38, no. 4 (2023): pgs. 548-570. TPR and Michael Storper, “Blanket Upzoning—A Blunt Instrument—Won’t Solve the Affordable Housing Crisis,” Interview, *The Planning Report*, 3/15/29. Wendell Cox, “Higher Urban Densities Associated with Worst Housing Affordability,” *The New Geography*, 10/18/21.

³³ Patrick Condon, “Video Teleconference Presentation to Livable California,” YouTube, 2/6/21.

It is important to note that achieving densification by simply building more of the types of housing families do not want may have limited (if any) affordability benefits to begin with and likely will not boost family formation much, if at all. However, in our survey, families are not hostile towards higher densities in attached SFH like townhouses, and only have modest preferences for large yards.

Suburban neighborhoods with detached SFH, garages, and reasonable yards can nonetheless make efficient, dense use of land acreage, and still be packed with homes families desire, especially if they allow ADUs and don't have onerous parking requirements, which force developers to waste valuable land on taxpayer-maintained pavement. Indeed, many of the most expensive and in-demand neighborhoods in America are "dense single-family" neighborhoods: modestly-sized lots in older, tree-covered neighborhoods that are pedestrian-friendly but dominated by detached SFH. Our argument is not that a certain number of people per square mile is bad for family formation, but that densification-oriented reforms are selectively allowing the kind of housing that is least helpful to and least desired by families and by young people who want to start families. Furthermore, these reforms often neglect to address the extensive land-use restrictions preventing the extension of neighborhoods into outlying areas or counties through greenfield development.

Regulations Applying to Entire Housing Markets

Other land-use regulations apply at the overall market level (metropolitan area) rather than at the local government level.³⁴ A principal purpose of regulation at the housing market level has been to control the geographical expansion of urban areas (urban sprawl). Housing expert Shlomo Angel of New York University, noted that “The anti-sprawl agenda...has guided city planners for decades,” with most cities now adopting policies to contain outward expansion.³⁵ This international planning orthodoxy promotes densification by seriously limiting or even banning housing on cheaper land at the urban fringe through measures such as urban growth boundaries and minimum lot sizes that make single-family construction unaffordable (large lot zoning). Apartments, rather than single-family housing, are favored as opposed to the single-family homes preferred by families. Crucially, our survey shows that families are perfectly happy to accept a longer commute if it means a safe, pleasant neighborhood with a spacious house. The general urban planning opposition to expansion into new land is actively hostile to the priorities Americans report for their families.

American families are denied choice in the options they desire in markets with urban containment policies, where governments have implemented policies that discourage or ban urban expansion, thereby driving up land and house prices. This is a tradeoff that makes it virtually impossible to develop housing affordable to young families due to the higher land values. According to American Planning Association research by planning experts Casey J. Dawkins and Arthur C. Nelson, “urban containment draws a line (urban growth boundary, or UGB) around an urban area, forcing development inside and discouraging or preventing development outside.” This is actually intended to increase

³⁴ Rolf Pendall, Robert Puentes and Jonathan Martin, “From Traditional to Reformed: A Review of the Land Use Regulations in the Nation’s 50 largest Metropolitan Areas,” Research Brief, The Brookings Institution (Washington DC: Brookings, 2006).

³⁵ Shlomo Angel, et al., *Atlas of Urban Expansion, The 2016 Edition, Volume I: Areas and Densities* (New York: New York University, Nairobi: UN Habitat, and Cambridge: Lincoln Institute of Land Policy, 2016).

land values, which has the obvious effect of reducing affordability.³⁶ Even so, proponents of UGBs expected that densities would increase enough that affordability would be improved (cost per housing unit) as has been shown above. Unfortunately, this hope has not panned out.

It is not surprising that densification tends to worsen affordability. Economic theory holds that, all else equal, the “highest and best use” of a property is that which “results in the highest value.”³⁷ Thus, all else equal, densification is likely to increase land values. For example, a lot on which two houses can be built will, all else equal, be more valuable than a lot occupied by a single house.

In a competitive land market, land values typically increase gradually from rural areas to urban cores and major activity centers, such as central business districts, downtowns, and shopping centers.³⁸ However, by artificially constraining the housing market on its rural periphery, UGBs disrupt this natural gradient by creating a sharp spike in land values at the boundary, which is reflected across the area on which development is permitted. Research has indicated land value increases of up to 8 to 20 times (800% to 2,000%) and the actual boundary line for urban growth.³⁹

These restrictions on urban fringe development can make it virtually impossible to construct the low-cost single-family housing tracts on inexpensive urban fringe land that are so central to preserving affordability for American families. It may be argued that housing costs can be kept affordable on fixed land by building upwards, but the evidence

³⁶ Casey J. Dawkins and Arthur C. Nelson, “Urban Containment in the United States: History, Models and Techniques for Regional and Metropolitan Growth Management,” *American Planning Association Planning Advisory Service, APA Planning Advisory Service Reports* 520 (2004): pgs. 1-82.

³⁷ *The Appraisal of Real Estate, Fifteenth Edition* (Chicago, IL: The Appraisal Institute, 2020).

³⁸ William Alonso (1964), *Location and Land Use: A General Theory of Land Rent* (Cambridge, MA: Harvard University Press, 1964).

³⁹ Mariano Kulish, Anthony Richards and Christian Gillitzer, “Urban Structure and Housing Prices: Some Evidence from Australian Cities,” *Research Discussion Paper, Reserve Bank of Australia*, September 2011.

Grimes, Arthur and Yun Liang (2008). “Spatial Determinants of Land Prices: Does Auckland’s Metropolitan Urban Limit Have an Effect?” *Applied Spatial Analysis and Policy* 2 (2009): pgs. 23-45. Gerard Mildner, “Public Policy & Portland’s Real Estate Market,” *Quarterly and Urban Development Journal*, Fourth Quarter, 2009. Kate Barker, *Barker Review of Land Use Planning* (UK Stationery Office: December 2006).

for this view is surprisingly weak, as the experience of Vancouver illustrates. Moreover, building upwards creates the kinds of houses that Americans overwhelmingly see as suboptimal, especially for families, and places them in neighborhood environments they do not prefer. It's hard to call this kind of housing "affordable" when what is really going on is that the housing is "undesirable." Neighborhood values can also be kept low by increasing crime or leaving trash outside, but surely nobody would advocate achieving housing affordability by encouraging theft and litter. Likewise, achieving affordability by building housing that we know families do not want for their long-term futures is simply a policy error.

Thus, region-wide regulations preventing greenfield development in outlying rural areas are one of the central barriers to affordable family-friendly housing. As an additional quirk, because greenfield development in outlying areas often requires developers to comply with county or rural codes, there is a proliferation of houses on excessively large lots, resulting in neighborhoods full of 1-, 2-, or even 20-acre lots—not because people actually desire that but because it was illegal for a developer to build a compact, pleasant, walkable neighborhood in the countryside with smaller lots. Paradoxically, urban growth boundaries enforcing faux rurality on the countryside generate *less* efficient use of the land, and force families to choose between a too-small house in an unsafe urban neighborhood, or an excessive "McMansion" with rooms they never use on a lot they cannot easily maintain.

In 2023, the 10 least affordable major markets in the United States based on the general median multiple were all subject to urban containment. These included San Jose, CA, Los Angeles, CA, Honolulu, HI, San Francisco, CA, San Diego, CA, Miami, FL, New York, NY-NJ-PA, Boston, MA-NH, Seattle, WA, Riverside-San Bernardino, CA, and Denver, CO. They ranged from a low median multiple of 6.5 to a high of 11.9. Using our Young Family Median Multiple approach, it is still the case that all of the top 10 most unaffordable markets, as well as 19 of the top 20 most unaffordable markets, have UGBs.

In contrast, the 10 most affordable major markets were Pittsburgh, PA, Rochester, NY, St. Louis, MO-IL, Cleveland, OH, Buffalo, NY, Detroit, MI, Oklahoma City, OK, Cincinnati, OH-KY-IN, Louisville, KY-IN, and Tulsa, OK, ranging from a median multiple of 3.1 to 3.9. None of these markets are subject to urban containment.

A PRO-FAMILY HOUSING AGENDA

The late urban activist Jane Jacobs wrote that “if planning helps people, then they ought to be better off as a result, not worse off.”⁴⁰

It is obvious that in many housing markets, people are not better off as a result of current urban planning and zoning rules. In fact, this report has demonstrated that in many markets, young people and families in particular have a lower standard of living as a result of planning regulations than they would have without those regulations. In many markets, this is because the unaffordability of housing, usually the largest expenditure item, drives the cost of living up beyond what it would be without the regulations.

These dynamics are almost certainly contributing to the ongoing decline in fertility and marriage rates in the United States.

Policymakers may not be able to restore the widespread affordability of the 1950s and 1960s, but they can nonetheless take meaningful actions to improve affordability and empower young people to start families. Since policymakers cannot easily and directly boost young people’s incomes, their focus must be on housing costs. We divide our policy recommendations into policies that can be implemented at various levels of government, starting with neighborhood-level institutions (including both local planning matters as well as private associations backed by governmental force, like HOAs), and working our way up to federal policies.

⁴⁰ Jane Jacobs, *The Last Interview and Other Conversations* (Brooklyn and London: Melville House, 2016): pg. 10.

Neighborhood Policy

In most communities with HOAs, they govern only aesthetic and maintenance standards for communities. But in some, they substantively regulate housing supply on topics related to accessory dwelling units, outdoor cooking spaces, and garage or bedroom extensions. Furthermore, while many HOAs are highly consensual arrangements covering small neighborhoods, in some parts of the country, HOAs cover areas as large or larger than many municipalities, and as such are indistinguishable from governments. For example, some retirement-community HOAs in Florida govern tens of thousands of people. Notably, one of the least affordable markets in America for young families is, in fact, The Villages in Florida, which does not have a UGB but does have an enormous HOA that strictly regulates housing supply.

In areas where HOAs more expansively regulate housing supply factors, or in areas where they deviate from neighborhood-scale into municipality-scale, HOAs should: provide broad latitude to construct single-unit ADUs for long-term rental or family-based usage; ensure limits on outdoor cooking are focused on maintenance and orderliness rather than complete restrictions on kind and scale; and limit regulation of home extensions for garages or dwelling space to aesthetic and maintenance rules. In general, sprawling, invasive HOAs that enforce their rules through police force are indistinguishable from governments, and thus their policies should be viewed through the same lens as government regulations impacting housing supply.

However, since our survey suggests that young families do value neighborhood aesthetics and quality, we would caution against blanket restrictions on HOAs. In fact, we would suggest neighborhood-level rules focused on public order, cleanliness, maintenance, and some aesthetic rules are perfectly consistent with family-friendly housing policy.

Local Government Policy

Local (principally municipal and in some cases county) governments are the primary bodies establishing zoning codes and ordinances around the country, and some of the most consequential actors for housing affordability. As such, there are many areas where local government policies can improve affordability, which we list below. Our suggestions here are motivated by our survey findings identifying specific elements of housing demand for young families, while also keeping in mind the general affordability benefits of local deregulation.

- Adopt a housing affordability objective and report on progress towards that objective at least every four years;
- Considerably reduce minimum lot sizes for single-family homes where minimum lot sizes are very high (such as more than 0.3 acres);
- Reduce excessive parking requirements per housing unit, especially in single-use residential neighborhoods where event-related and commercial parking is not generally required;
- Allow long-term rental or family-use ADUs as-of-right;
- Reduce permitting time and complexity for residential expansions;
- Require sidewalks in all new developments to achieve the common family goal of walkability and suitability for child pedestrians; also consider physical and design choices to regulate car speed in residential neighborhoods;
- Focus “deregulation” and densification reforms on allowing more affordable single-family housing, and on building “up” with apartments, only where there is a clear consumer preference;
- Where apartments are built, ensure that relevant parking requirements are calculated *per unit* rather than *per bedroom*, in order to ensure that family-suitable units do not face discrimination;
- Ensure that police resources and deployment are suitable to ensure not only low rates of serious crime, but also to ensure low rates of nuisance crimes and public disorder;

- Refrain from joining with other jurisdictions to limit development on and beyond the urban fringe and withdraw from any such present agreements;
- Refrain from adopting provisions to increase house prices, such as designation of open space for the purpose of increasing house values;
- Avoid providing extensive property tax breaks that subsidize homeownership by people who are done having children, especially seniors;⁴¹
- Consider split-rate property taxation within city limits, by which land is taxed at a higher rate than structures, giving breaks to families who need a lot of built living space but do not mind modest yards; and
- Avoid providing property tax credits, rebates, or exemptions specifically favoring apartment construction through policies like Tax Increment Financing arrangements.

The ongoing housing affordability crisis for younger Americans is likely suppressing fertility rates through multiple channels: reducing homeownership, creating budget constraints regardless of homeownership, and shifting young people into housing types less suitable for a family.

⁴¹ Lyman Stone, "What Property Taxes Have to Do With Fertility Rates," *The Institute for Family Studies*, March 2025.

Regional Government Policy

Some governmental organizations have planning authority throughout complete housing markets, across municipality or county lines. For these agencies, we suggest:

- Totally repeal urban containment requirements; land-use rules should be set through regular and locally-defined zoning processes;
- Consider establishment of municipal utility districts, such as those currently in the county unincorporated areas of Texas and Colorado, in which developers finance necessary infrastructure in building new communities. This allows urban fringe development without financially burdening municipal taxpayers; and⁴²
- Develop “housing opportunity areas” rather than the existing norm of cluster developments: these opportunity areas would designate greenfield areas for sweeping reductions in zoning ordinances as well as some mixed-use zoning, creating a steady supply of efficiently-used land for new housing development in urban peripheries, so that family-friendly communities can be built.⁴³

State Policy

While most land use and housing policy is set locally, state governments have an important role to play in many areas, especially in establishing the boundaries and minimum standards for local government rules. As such, we recommend that state governments:

- Repeal all laws requiring that localities specify and enforce urban growth boundaries;

⁴² Tory Gattis and Andrew P. Johnson, “Texas Municipal Utility Districts and the Power of Localism,” *Localism in America*, Eds. Joel Kotkin and Ryan Streeter (Washington DC: American Enterprise Institute, Feb. 2019): pgs. 40-46.

⁴³ Wendell Cox and Joel Kotkin, *Housing Report: Blame Ourselves, Not Our Stars* (Orange, CA: Center for Demographics and Policy at Chapman University, June 2023).

- Establish a state review process for any UGBs that localities choose to implement, assessing whether the UGB unfairly discriminates against the rest of the state by limiting the locality's share of future housing supply growth;
- Establish a standing zoning review commission or process whereby all changes to local zoning codes are submitted with an explanation of how that change will improve affordability; allow the commission power to interdict local zoning changes likely to substantially reduce housing affordability in a locality;
- Ensure that families have access to high-quality schools, generally achieved through nongeographic magnet school programs, or a competitive market for publicly-funded schooling, such as by allowing charter schools or through vouchers; and
- Avoid establishing legal or infrastructural barriers to remote work options, since those options facilitate families' pursuit of affordable housing options.

Federal Policy

Most housing policy is set at the local or state level, but federal policies do have a role to play, especially through programs that already subsidize housing of various kinds. In general, federally-funded programs include: Community Development Block Grants related to housing, housing assistance programs for low-income families, and loan underwriting programs. These programs should be retargeted to avoid inadvertently subsidizing localities with local policies that fuel the unaffordability problems that federal housing programs exist to solve. We suggest the following:

- Replace current locally-defined fair market rents for tenant-based rental assistance programs with nationally-defined fair market rents, such that tenant-based rental assistance programs incentivize lower-income households relocating into more affordable communities, rather than using taxpayer money to subsidize unaffordable cities;

- Limit access to Community Development grants, homelessness grants, and other spatially-defined housing programs to counties in metro areas or rural areas in which median home values are less than 15 times the median income of 20-35 year olds. Local housing restrictions are a major factor leading to high rates of homelessness, and so aid for the homeless must be focused on punitive action against localities causing homelessness through artificial supply constraints;⁴⁴
- Ensure that the Office of Community Planning and Development zoning and planning collaborations with state and local governments consistently discourage UGBs and local ordinances which restrain family-friendly housing supply;
- Deny access to federally-underwritten loans, including those guaranteed by Ginnie Mae, to localities with median home values more than 15 times the median income of 20-35 year olds;
- Focus the work of the federal Office of Policy Development and Research on identifying what regulations, ordinances, laws, or policies can be altered or removed in order to increase family-friendly housing supply; and
- Make federal land not otherwise protected on the basis of its exceptional ecological value available for single-family development where such land is located within combined statistical areas (MSA) or core-based statistical areas (metropolitan and micropolitan areas).

⁴⁴ Salim Furth, "Why Housing Shortages Cause Homelessness," *Works in Progress* 17 (December 2024).

CONCLUSION

In the past, America was a nation that built a lot of family-friendly housing, especially efficiently-arranged, suburban, single-family homes. This led to a society where young adults could afford to buy a house and start a family on modest incomes. Today, that society has been nearly driven to extinction by an enormous range of onerous land-use policies operating at many levels of government. As a result, the kinds of homes most young people desire for their family formation are prohibitively expensive, if they exist at all. Policymakers should review land-use policies and reform them in order to facilitate more family formation, so that more young men and women can achieve the American dream of homeownership.

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