

Does Permissive State Housing Preemption Reduce Income Segregation?

Evidence from Oregon, California, and Minnesota

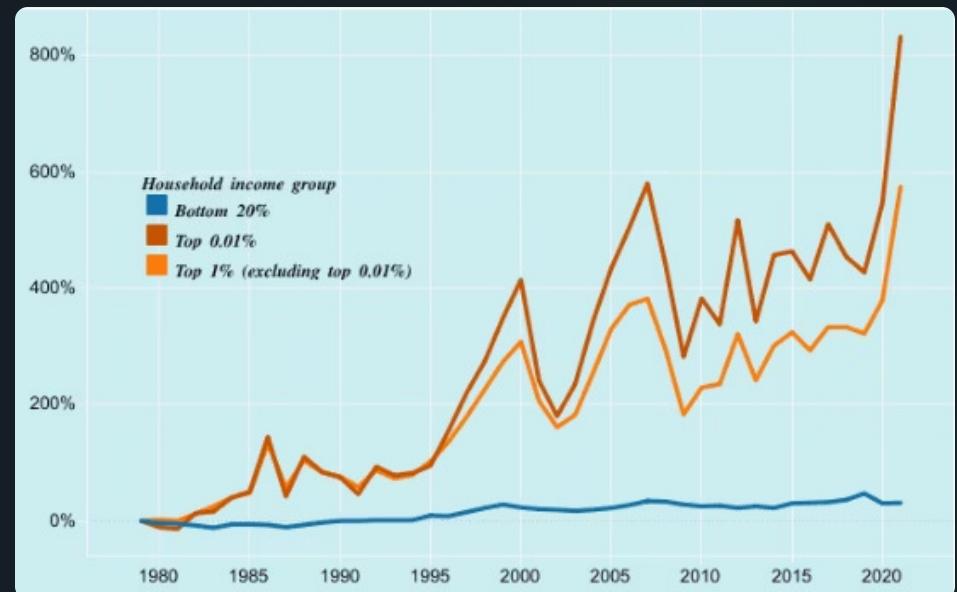
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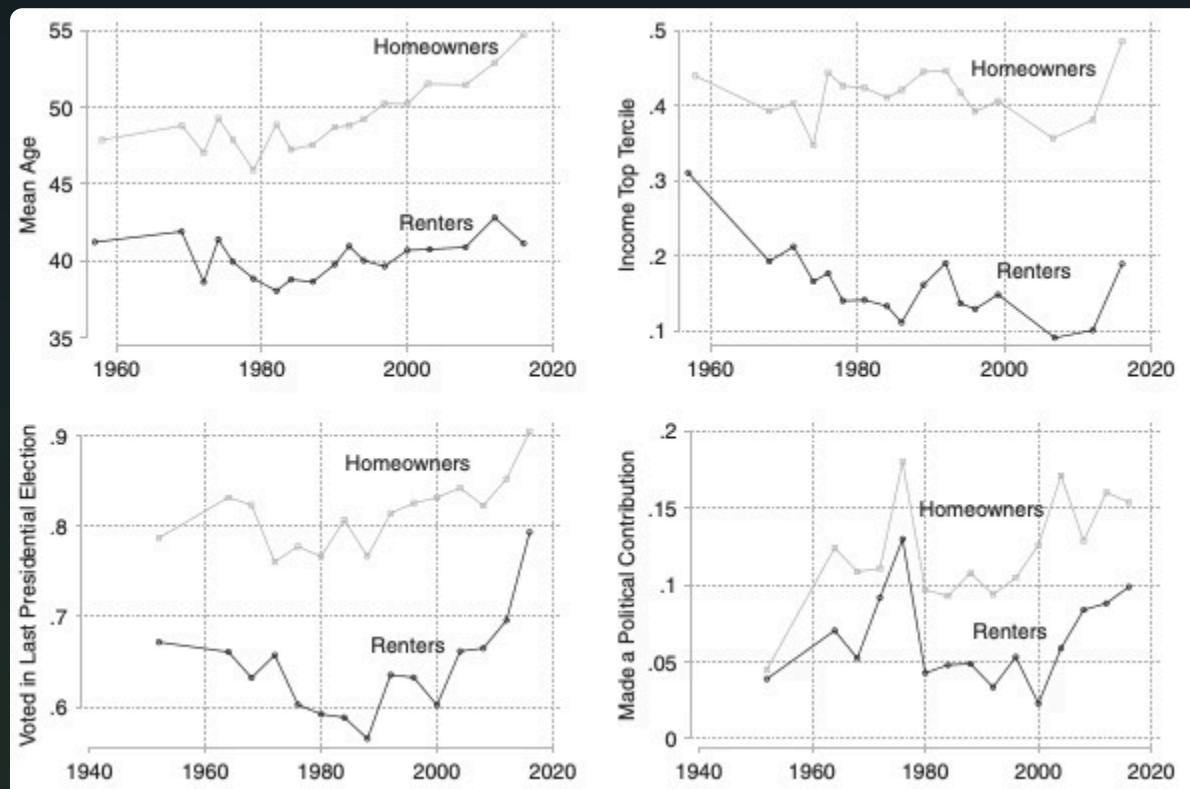
The Problem

Income segregation deepens across American cities for 40+ years (Reardon & Bischoff 2011; Owens 2019)

- Limits access to quality schools, job networks, public services (Rothstein 2017)
- 75% of developable land zoned exclusively for single-family homes (Glaeser & Gyourko 2018)
- Local zoning reform fails due to homeowner political dominance (Yoder 2020, Fischel 2001)



Source: Inequality.org



Source: (Yoder 2020)

The Solution

Permissive state preemption: States override local zoning authority (Gray, Hanson & Kousser 2017)

Oregon HB 2001 (2019)

Duplexes required in all cities 10k+

California SB 9 & 10
(2020-2021)

Housing diversity mandated

Minnesota HF 4127
(2023)

Alternative housing required

Require cities to allow duplex, triplex, multiplex housing (Infranca 2019)



Research Question & Theory

Question: Does permissive preemption reduce income segregation?

Theory:



Preemption → New Housing → Supply Increase → Filtering → Integration

Research Design

Difference-in-Differences Design:

Treatment:

7 metro areas (Oregon, California, Minnesota)

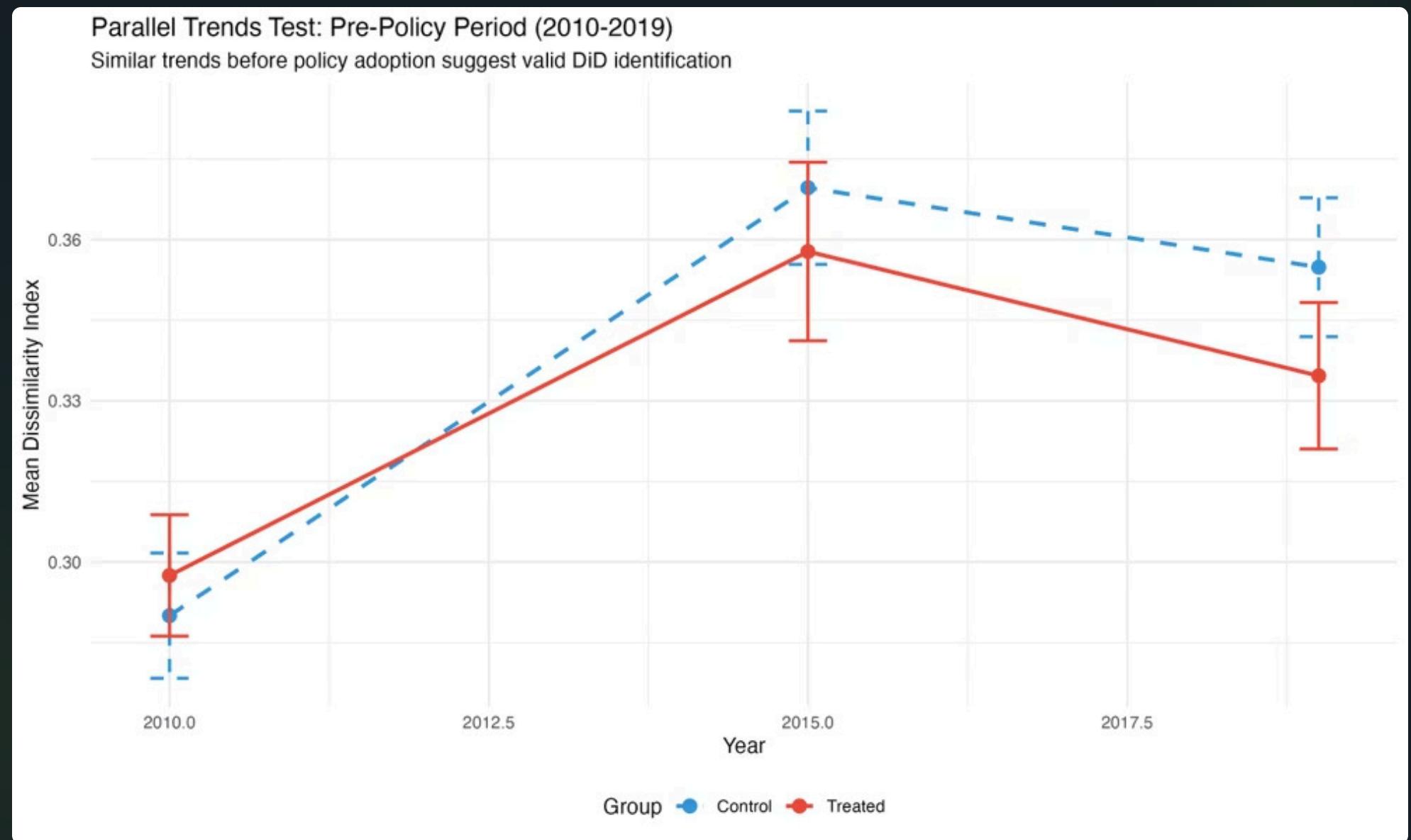
Control:

9 metro areas (Washington, Nevada, Utah, Arizona, Texas)

Time period: 2010-2023

- Pre-period: 2010-2019 (baseline)
- Post-period: 2020-2023 (policy effect)

Figure 2. Parallel Trends Test, 2010-2019



Key Measurement

Outcome: Dissimilarity Index

Measures income segregation on scale 0-100

Higher = more segregation

Shows what proportion of low-income households need to relocate for even distribution

Calculated from Census tract data, American Community Survey

The core difference-in-differences model is specified as:

$$Segregation_{it} = \beta_0 + \beta_1(Treated_i) + \beta_2(Post_t) + \beta_3(Treated_i \times Post_t) + \alpha_i + \gamma_t + \varepsilon_{it}$$

State preemption
REDUCED income
segregation

2.55

percentage
points

($p < 0.0001$)

95% CI: -3.29 to -1.81

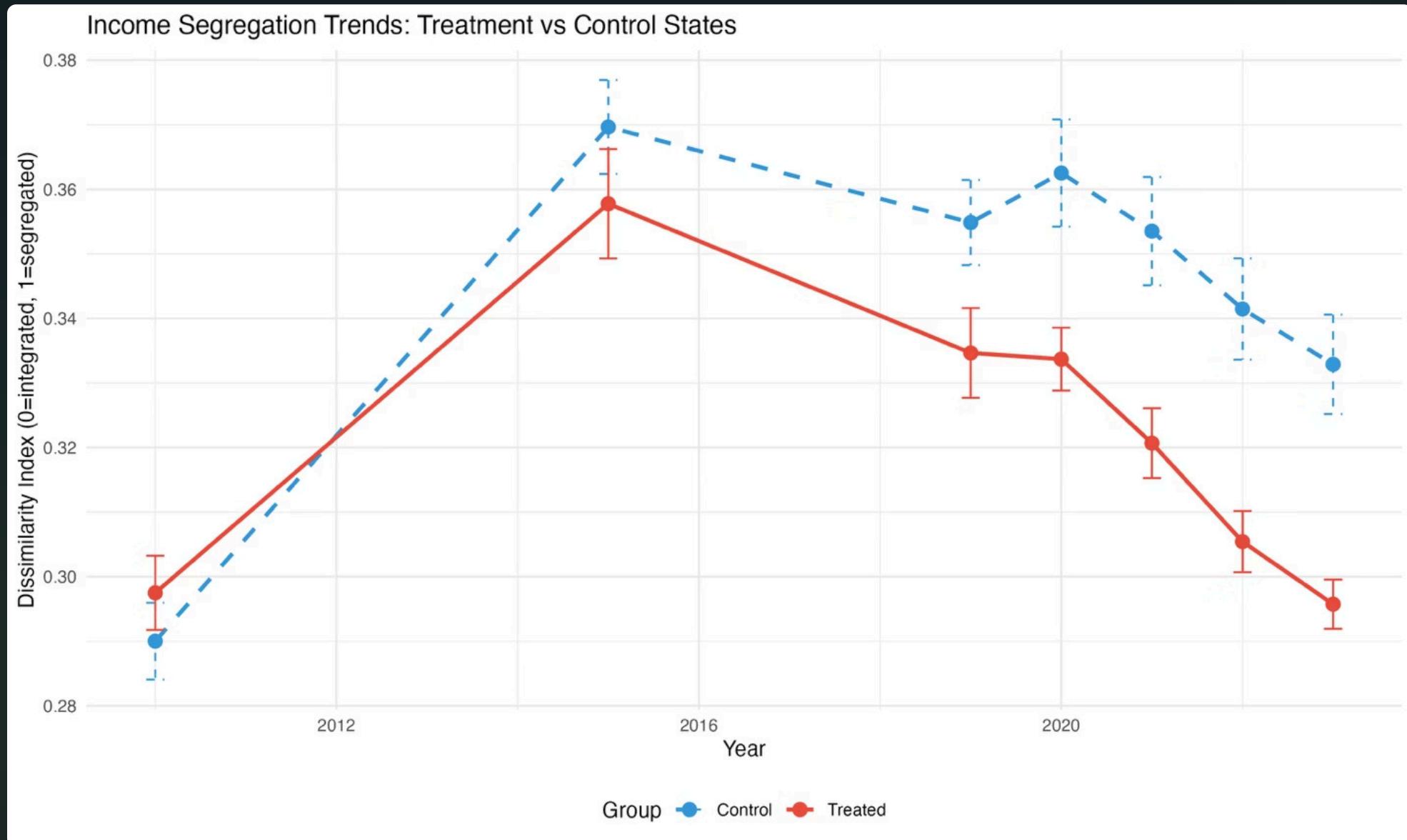
7.65% decline from baseline

Main Finding: Detailed Results

Table I. Difference-in-Differences Estimates of Permissive Preemption on Income Segregation

Model	(1) Basic DiD	(2) Time Trends	(3) Staggered	(4) No 2021
Treatment	-0.0255***	-0.0045	-0.0127***	-0.0258***
Std. Error	(0.0038)	(0.0052)	(0.0037)	(0.0042)
p-value	<0.0001	0.3879	0.0010	<0.0001
R ²	0.9305	0.9311	0.9308	0.9315
N Observations	112	112	112	96

Figure 3: Income Segregation Trends, Treatment vs. Control States, 2010-2023



How It Works

Three Mechanisms:

01

Supply expansion

New duplexes/triplexes increase housing units (Stacy et al. 2023)

02

Filtering

Wealthier households take new units; vacate old ones for moderate-income families (Mast 2023; Zuk & Chapple 2016)

03

Access

Lower/moderate-income households gain neighborhood entry (Lutz & Buechler 2021)



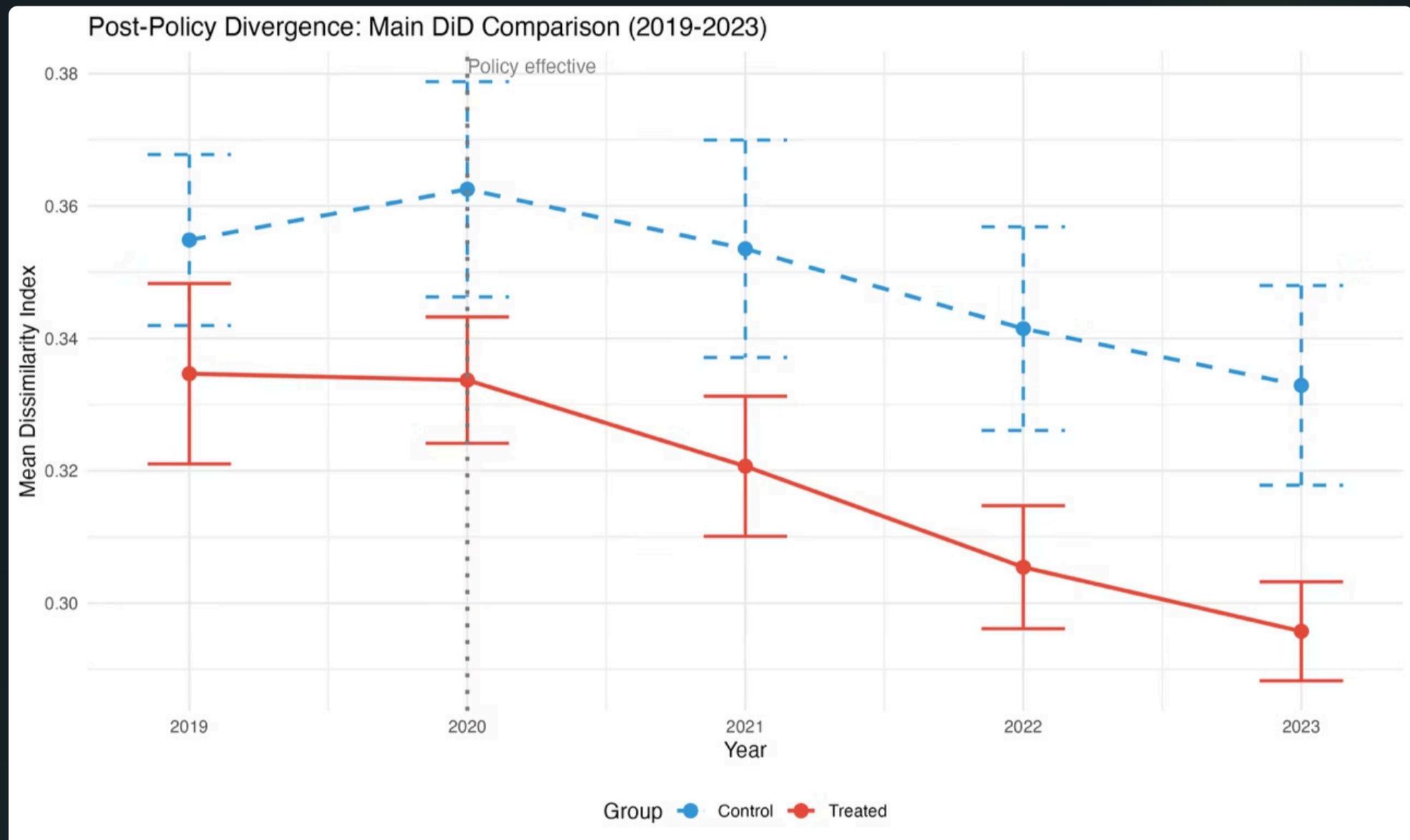
Validity & Limitations

Why believe this finding?

- Pre-2020: Treatment and control areas tracked together (parallel trends)
- Post-2020: They diverge precisely when policies take effect
- Effect emerges gradually, consistent with housing market timelines

Limitations:

- Only 3-4 years of post-policy data (early)
- Cannot distinguish new construction from demographic shifts
- Needs complementary affordability policies (Been, Ellen & O'Regan 2019)



Conclusion & Next Steps

Finding: State preemption reduces income segregation (7.65% decline)

Implication: State intervention can overcome local political barriers

Policy Message:

- Preemption works
- Pair with affordability requirements (Michener 2023)
- Monitor long-term effects (2024-2030)

Future Research: Do effects persist? What's the 10-year impact? Does gentrification reverse gains?

Some References

Been, Vicki, Ingrid Gould Ellen, and Katherine O'Regan. 2019. "Supply Skepticism: Housing Supply and Affordability." *Housing Policy Debate* 29 (1): 25–40. <https://doi.org/10.1080/10511482.2018.1476899>.

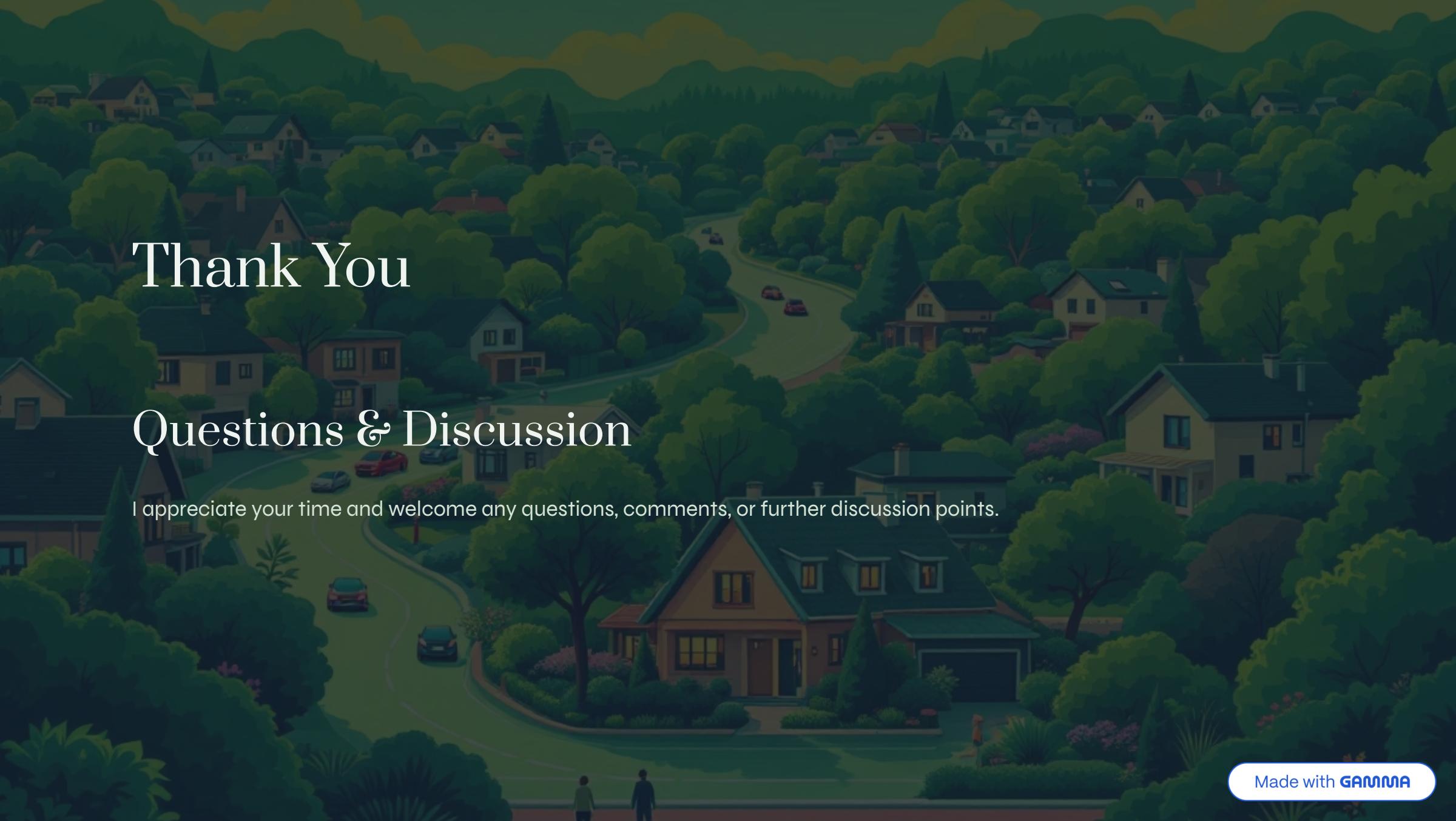
Fischel, W. A. 2001. *The Homevoter Hypothesis: How Home Values Influence Local Government Taxation, School Finance, and Land-Use Policies*. Harvard University Press.

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Glaeser, Edward, and Joseph Gyourko. 2018. "The Economic Implications of Housing Supply." *The Journal of Economic Perspectives: A Journal of the American Economic Association* 32 (1): 3–30. <https://doi.org/10.1257/jep.32.1.3>.

Goodman, Christopher B., and Megan E. Hatch. 2023. "State Preemption and Affordable Housing Policy." *Urban Studies (Edinburgh, Scotland)* 60 (6): 1048–65. <https://doi.org/10.1177/00420980221135410>.

Gray, Virginia, Russell L. Hanson, and Thad Kousser. 2017. *Politics in the American States: A Comparative Analysis*. Washington, D.C., DC: CQ Press.

The background of the slide features a colorful, cartoonish illustration of a suburban landscape. It shows a variety of houses, from single-story bungalows to larger multi-story homes, nestled among lush green trees and bushes. A winding road cuts through the center of the scene, with several cars driving along it. In the foreground, two small figures of people are walking on a path. The sky is filled with soft, rounded clouds in shades of yellow and green.

Thank You

Questions & Discussion

I appreciate your time and welcome any questions, comments, or further discussion points.