

Housing Policies in Practice: A Dive into the Evidence

Housing Policies in Practice

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Overview of the Evidence

We will go over several papers that study the effect of housing policies on affordability

Will will cover the impact of:

1. Exclusionary Zoning
2. Homeowners Associations
3. Redlining
4. Upzoning

Exclusionary Zoning



Definition

Exclusionary zoning refers to the practice of using zoning ordinances to exclude certain types of land uses from a given community

It has been used to exclude low-income families and minorities from living in certain neighborhoods

First laws were passed in 20th century to prevent the construction of affordable apartments

Aaronson Et Al. (2020) & Aaronson Et Al. (2021)



Overview

What is the long-run effects of the 1930s Home Owners' Loan Corporation (HOLC) redlining maps on socioeconomic status and economic mobility?

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What is the long-run effects of the 1930s Home Owners' Loan Corporation (HOLC) redlining maps on socioeconomic status and economic mobility?

Redlining reduced home ownership rates, house values, and rents and increased racial segregation in later decades

People born in 1970s and 1980s were significantly affected by the HOLC maps

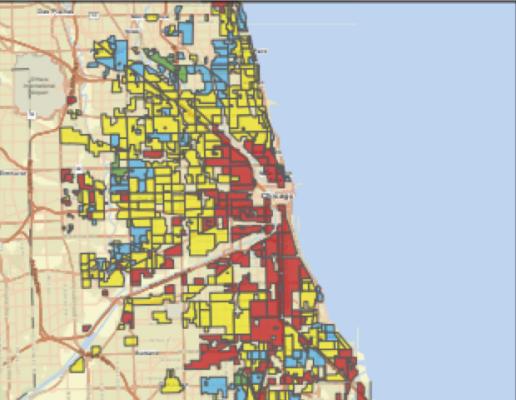
Background: Redlining

Redlining

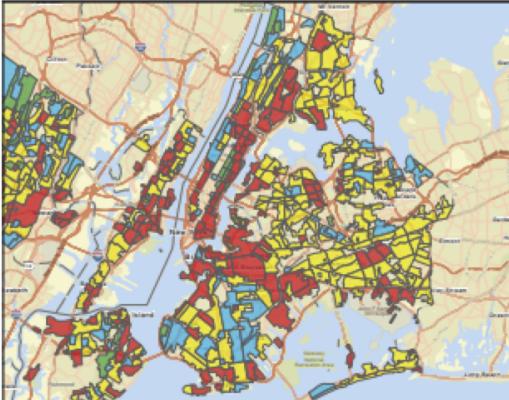
Derived from the red shading that demarcated the lowest-ranked D neighborhoods in which the racial makeup of neighborhoods were explicit factors that were often pivotal in assigning grades.

HOLC Maps

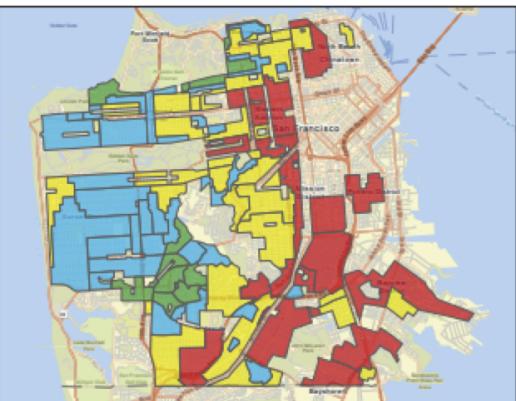
Panel A. Chicago



Panel B. New York



Panel C. San Francisco



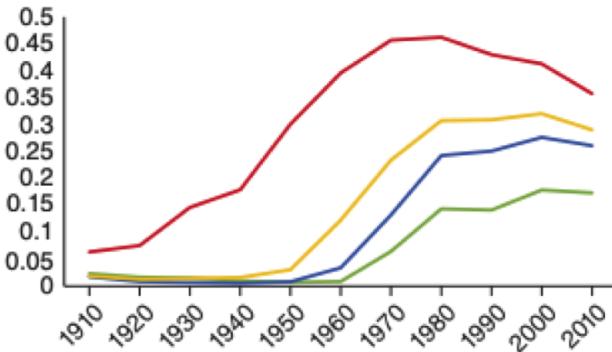
HOLC grades
(in order of riskiness):
A = green (least)
B = blue
C = yellow
D = red (most)
Not colored = unclassified

FIGURE 2. HOLC MAPS FOR CHICAGO, NEW YORK, AND SAN FRANCISCO

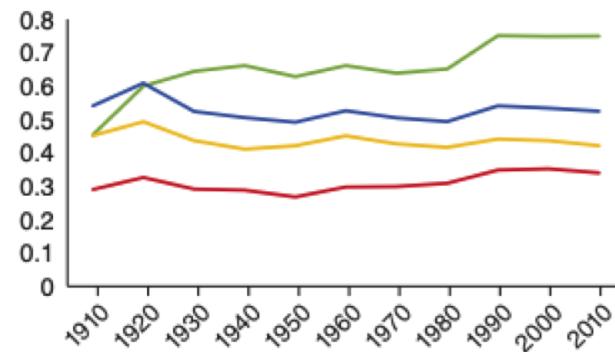
Note: Maps digitized by the Digital Scholarship Lab at the University of Richmond.

Summary Statistics

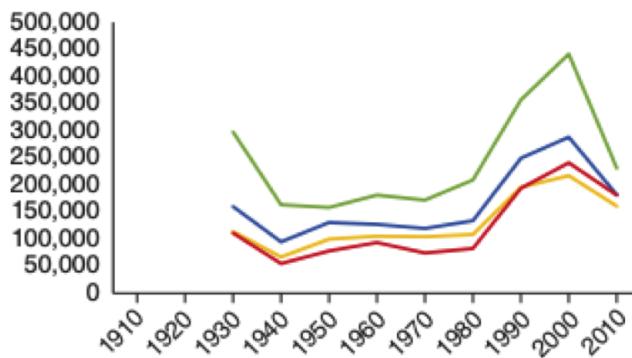
Panel A. Share African American



Panel B. Home ownership



Panel C. House values



Panel D. Rent

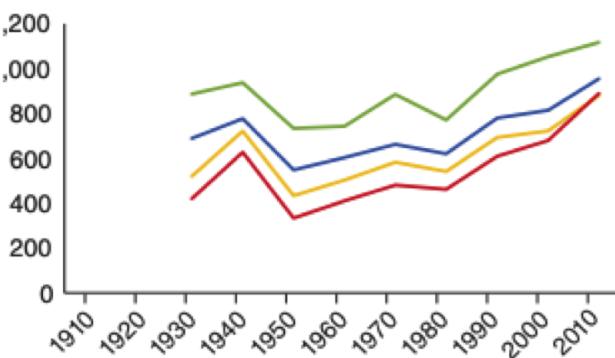


FIGURE 3. MEAN OUTCOMES, BY HOLC NEIGHBORHOOD GRADE AND TIME

Effect of Redlining: D-C Border

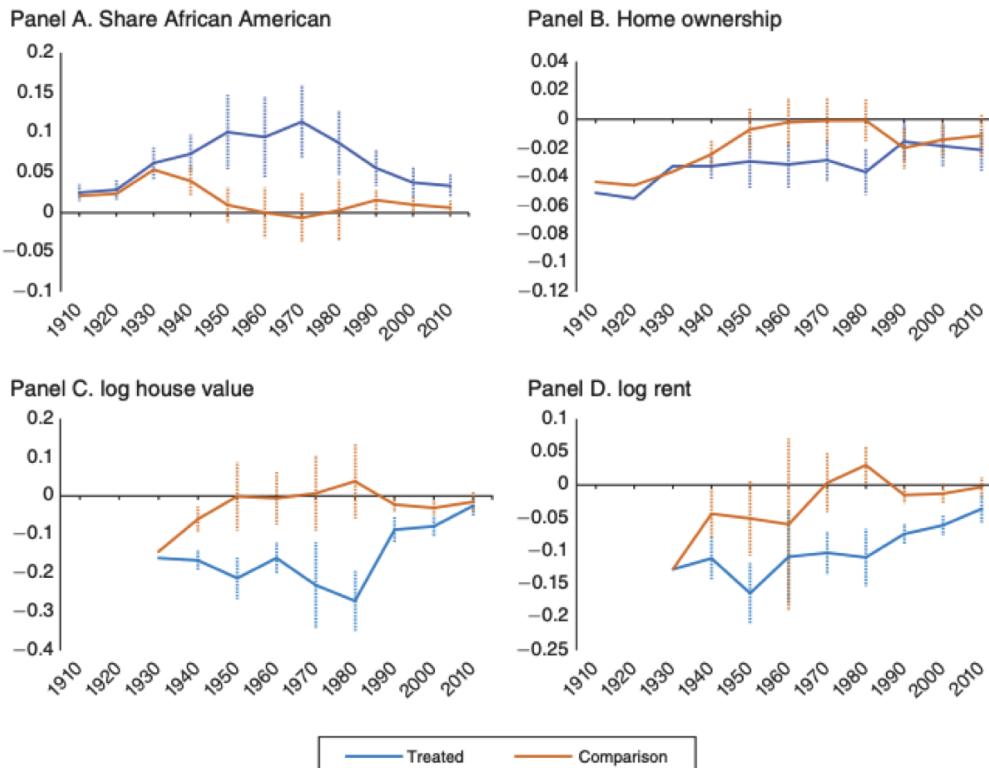


FIGURE 4. MAIN EFFECTS ALONG D-C BOUNDARIES, BY OUTCOME

Notes: The treatment estimates (blue lines) are derived from a quarter-mile buffer zone around the D-C boundaries. The comparison boundaries are based on a quarter-mile buffer zone drawn around grids over each city and weighted by propensity scores to mirror pre-map trends (see text for more detail). Vertical bands denote 95 percent confidence intervals.

Effect of Redlining: C-B Border

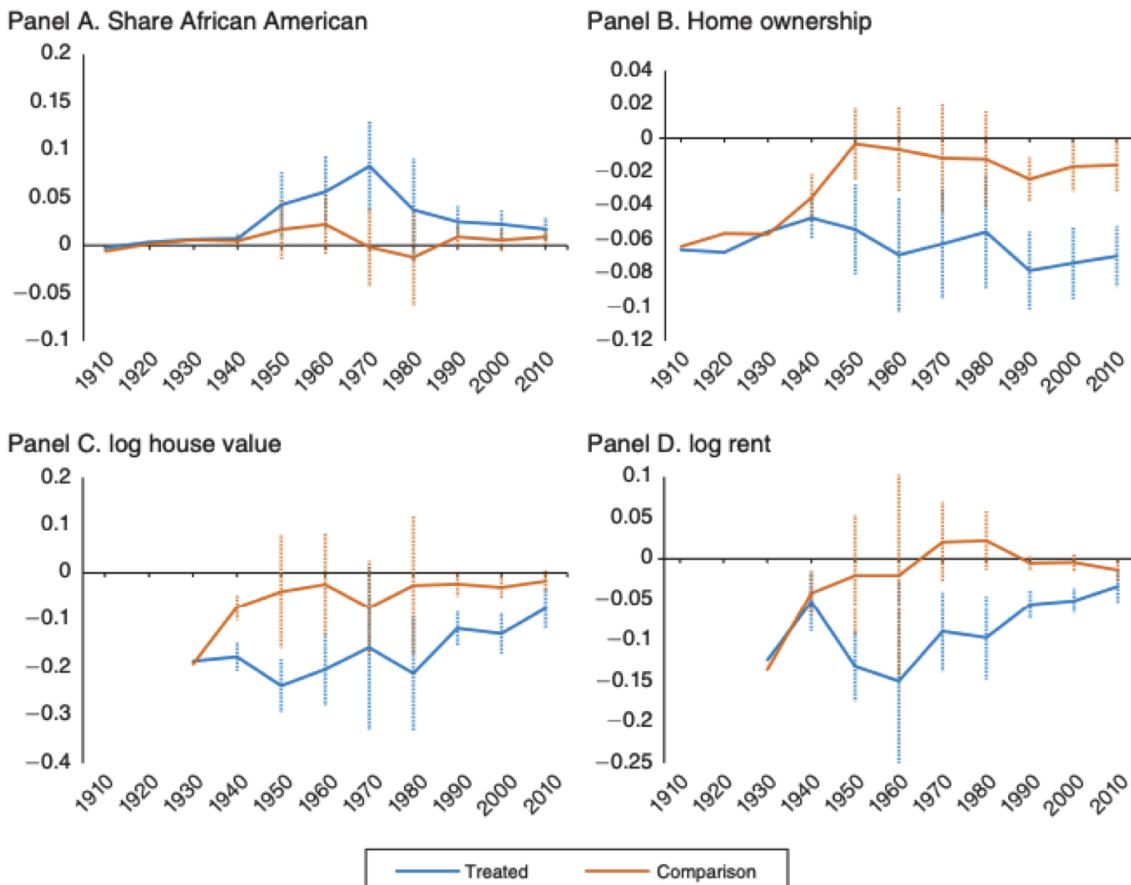
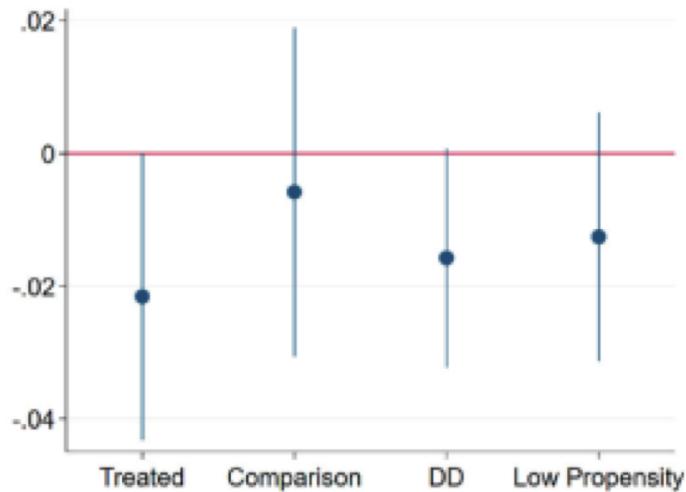


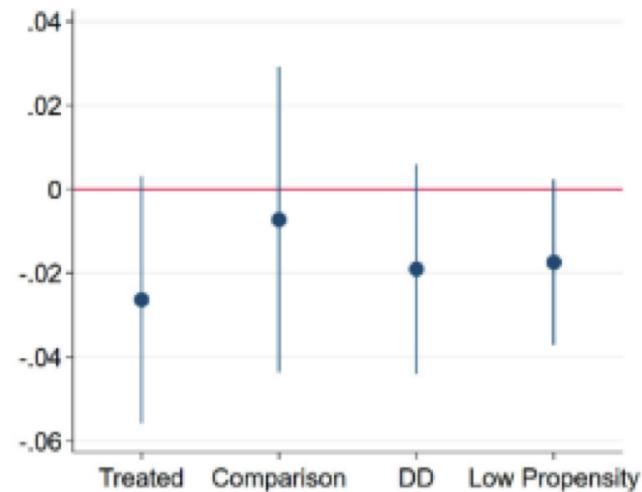
FIGURE 5. MAIN EFFECTS ALONG C-B BOUNDARIES, BY OUTCOME

Effect of Redlining: Income & Upward Mobility

Panel A: Household Income Rank at Age 29

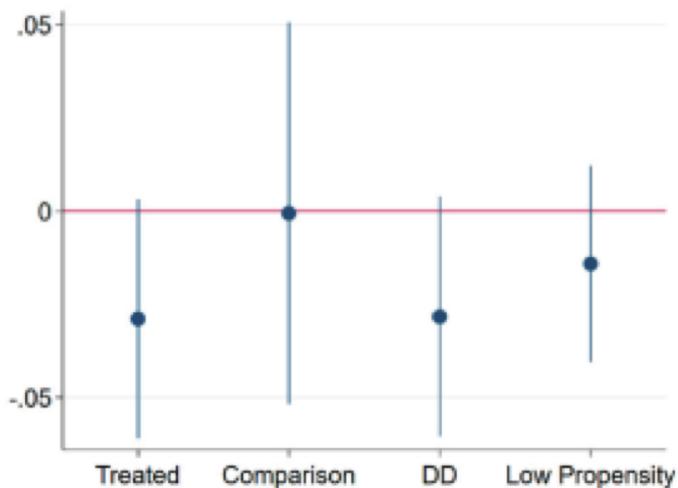


Panel B: Probability of Reaching Top Quintile

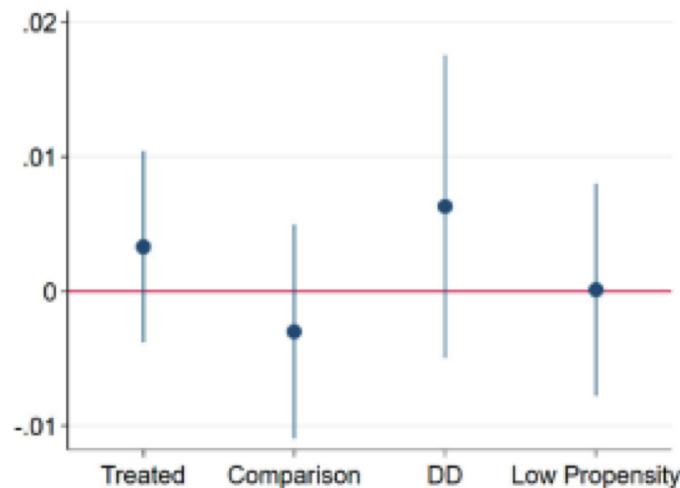


Effect of Redlining: Poverty & Incarceration

Panel C: Fraction Living in a Low Poverty Tract

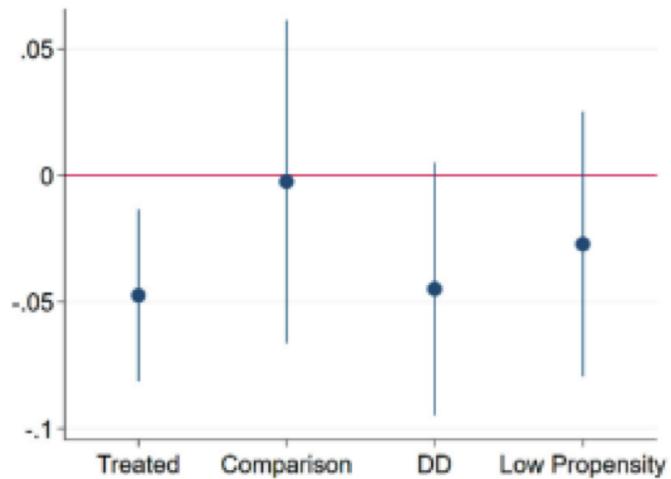


Panel D: Fraction Incarcerated

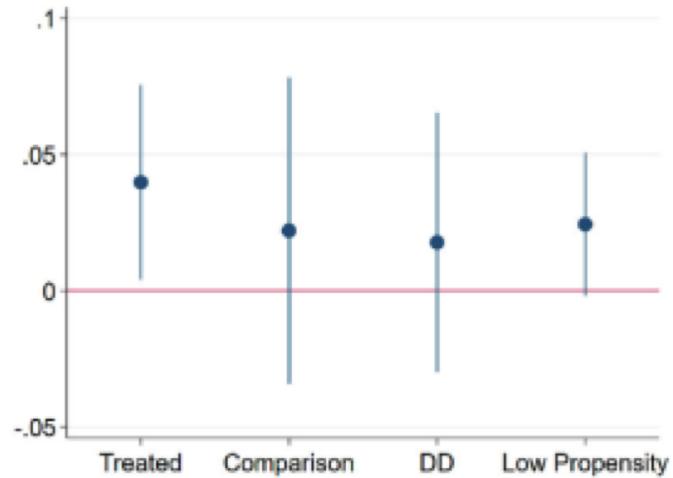


Effect of Redlining: Family Structure

Panel E: Fraction Claimed by Two Adults



Panel F: Fraction of Women with Dependent when Age 13-19



Clarke and Freedman (2019)



What is the relationship between being in a homeowners association and housing prices?

Having an HOA increases housing prices by 4.2% on average

HOAs has a large effect on income and racial segregation

Relationship between HOAs and Diversity

Table 4
Racial diversity of HOA blocks.

	Diversity			
HOA block	0.062*** (0.007)	0.013* (0.007)	-0.011*** (0.004)	-0.018*** (0.003)
Log population		0.063*** (0.004)	0.054*** (0.002)	0.041*** (0.001)
State FEs			✓	
County FEs				✓
Observations	3.6 M	3.6 M	3.6 M	3.6 M

Notes: Unit of observation is a census block. Diversity represents the probability that any two randomly drawn individuals from a census block are of different races (where the races include white, black, Asian, and other). Standard errors (in parentheses) are adjusted for heteroskedasticity and clustered at the county level. Significant at the *10% level, **5% level and ***1% level.

Song (2021)



How do zoning restrictions affect housing prices, construction, and segregation?

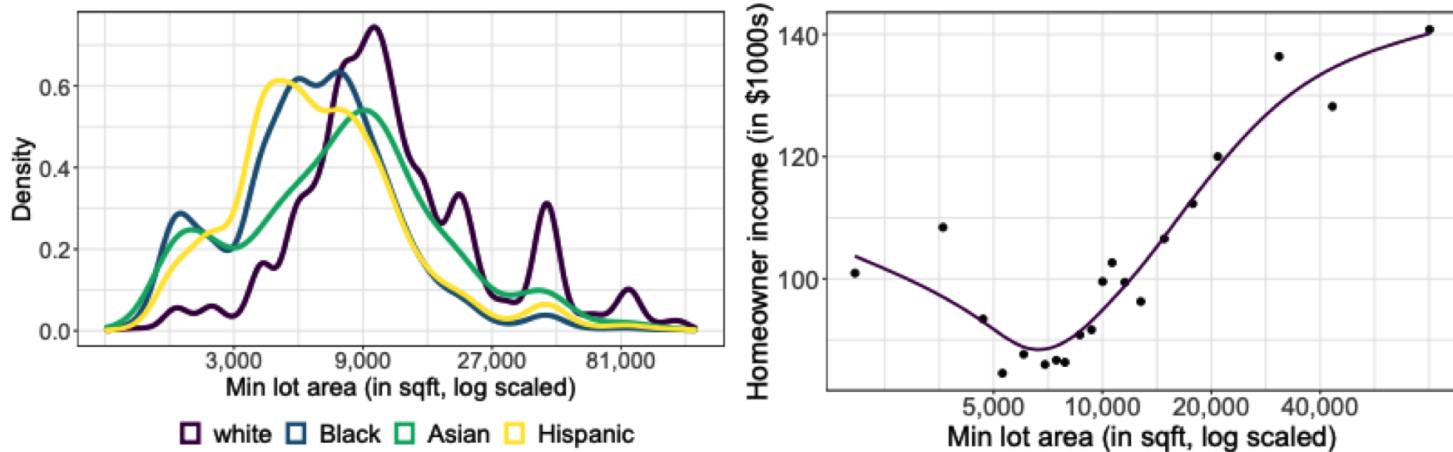
Zoning restrictions increases:

A 100% increase in minimum lot size increases:

1. Housing prices by 14%
2. Rent by 6%
3. Intensity of segregation

Minimum Lot Size and Segregation

Figure 4 — Patterns of Residential Sorting by Zoning Stringency



Minimum Lot Size and Housing Prices and Rent

Table 2—Decomposing the Effects of Minimum Lot Areas on Sales Price and Rent

	Outcome variables									
	log sales price					log rent				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Zoning stringency										
log min lot area	0.184 (0.006)	0.103 (0.007)	0.063 (0.004)	0.108 (0.005)	0.024 (0.003)	0.080 (0.006)	0.040 (0.007)	0.032 (0.004)	0.049 (0.005)	0.015 (0.004)
Building characteristics										
log lot area		0.119 (0.006)	0.055 (0.004)		0.053 (0.004)		0.060 (0.005)	0.028 (0.003)		0.027 (0.003)
log building area			0.613 (0.007)		0.593 (0.007)			0.369 (0.009)		0.360 (0.009)
age (50 years)				-0.151 (0.003)	-0.145 (0.003)			-0.110 (0.005)		-0.109 (0.005)
Neighborhood characteristics										
% white				-0.005 (0.047)	0.178 (0.053)			0.044 (0.066)	0.056 (0.065)	
% Black				-0.281 (0.065)	-0.308 (0.066)			0.003 (0.102)	-0.001 (0.100)	
% Asian				0.266 (0.064)	0.153 (0.068)			0.321 (0.090)	0.417 (0.092)	
log median income				0.942 (0.012)	0.492 (0.011)			0.474 (0.020)	0.442 (0.020)	

Jarvis (2021)



What is the effect of NIMBYism on local planning?

What is NIYMBYism?

- Not In My Backyard (NIMBY) is a term used to describe opposition by residents to a proposal for a new development close to them

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- The author finds strong local opposition to wind projects
- Increased wind power deployment costs by 10-29%

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What is NIYMBYism?

- Not In My Backyard (NIMBY) is a term used to describe opposition by residents to a proposal for a new development close to them
- The author finds strong local opposition to wind projects
- Increased wind power deployment costs by 10-29%
- Similar opposition could and does apply to local housing projects

Example of NIMBYism

- Tree Murder Song
- Egg Lady
- New apartments mean new housing but what about the poor **Zucchini** in her backyard
- The Falafel Gambit

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So, is local opposition to projects democratic?



Greenaway-McGrevey and Phillips (2023)



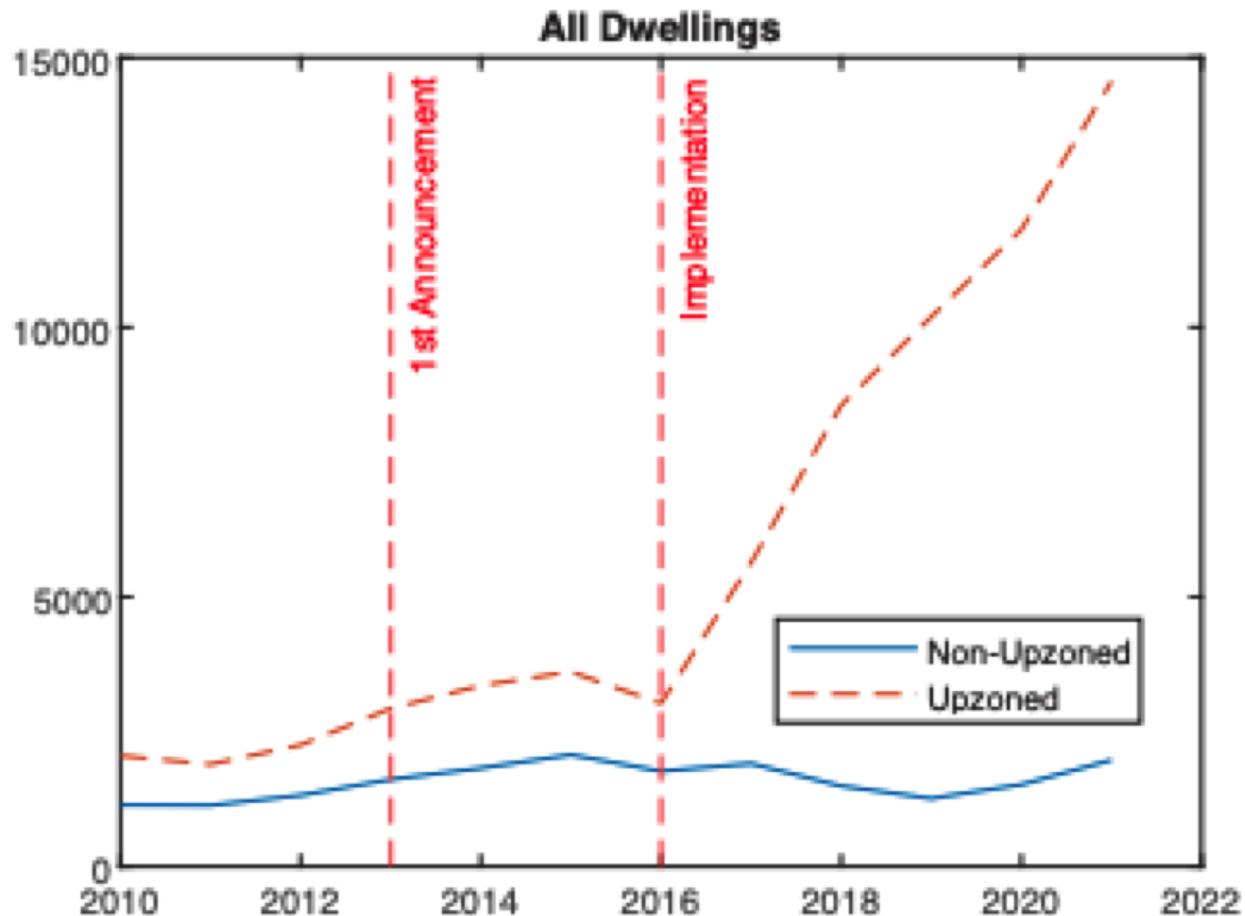
What is the impact of upzoning on construction?

- Upzoning is when single family zoning restrictions are loosened

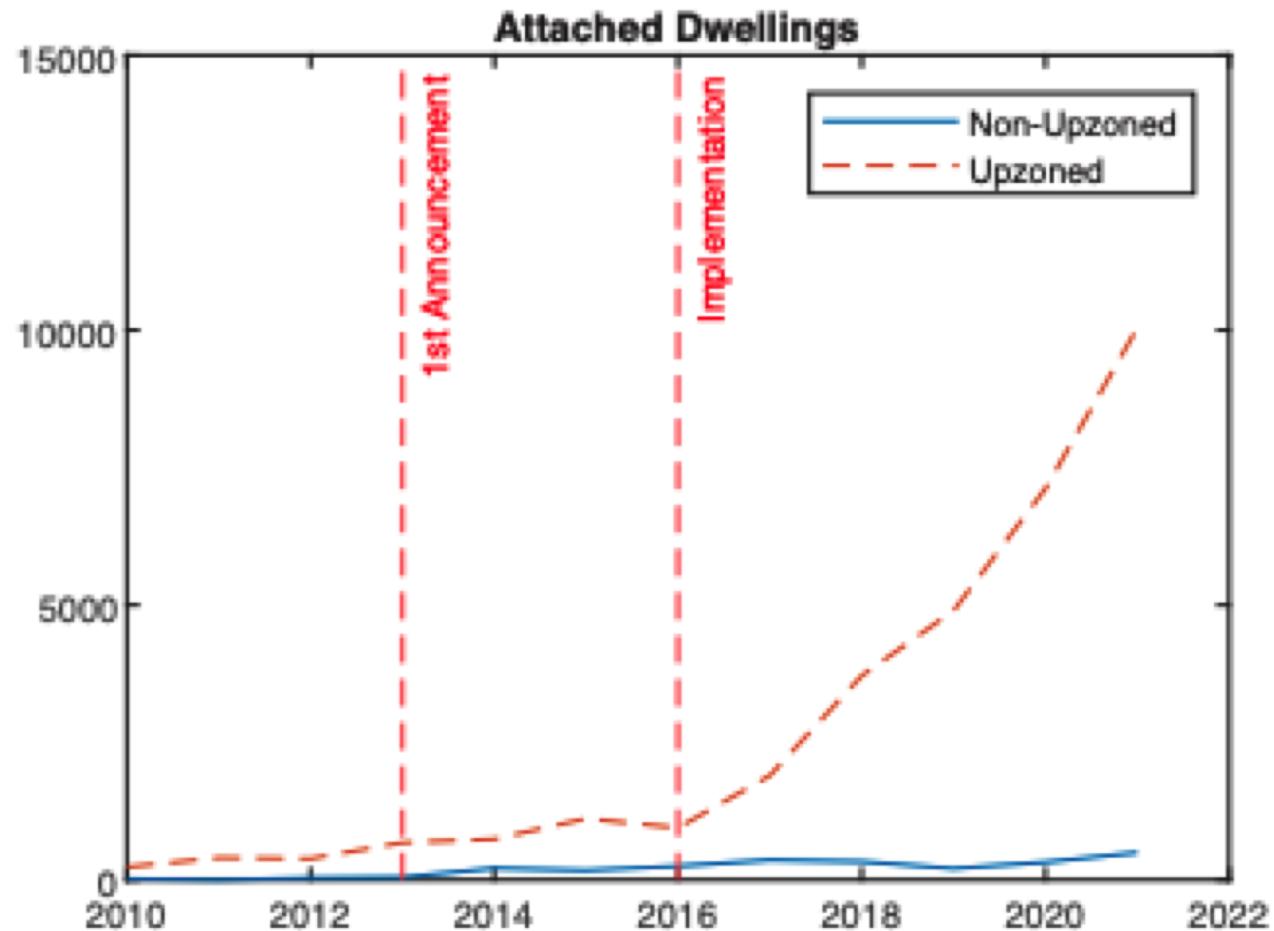
Upzoning stimulated construction

Upzoning can stimulate housing supply

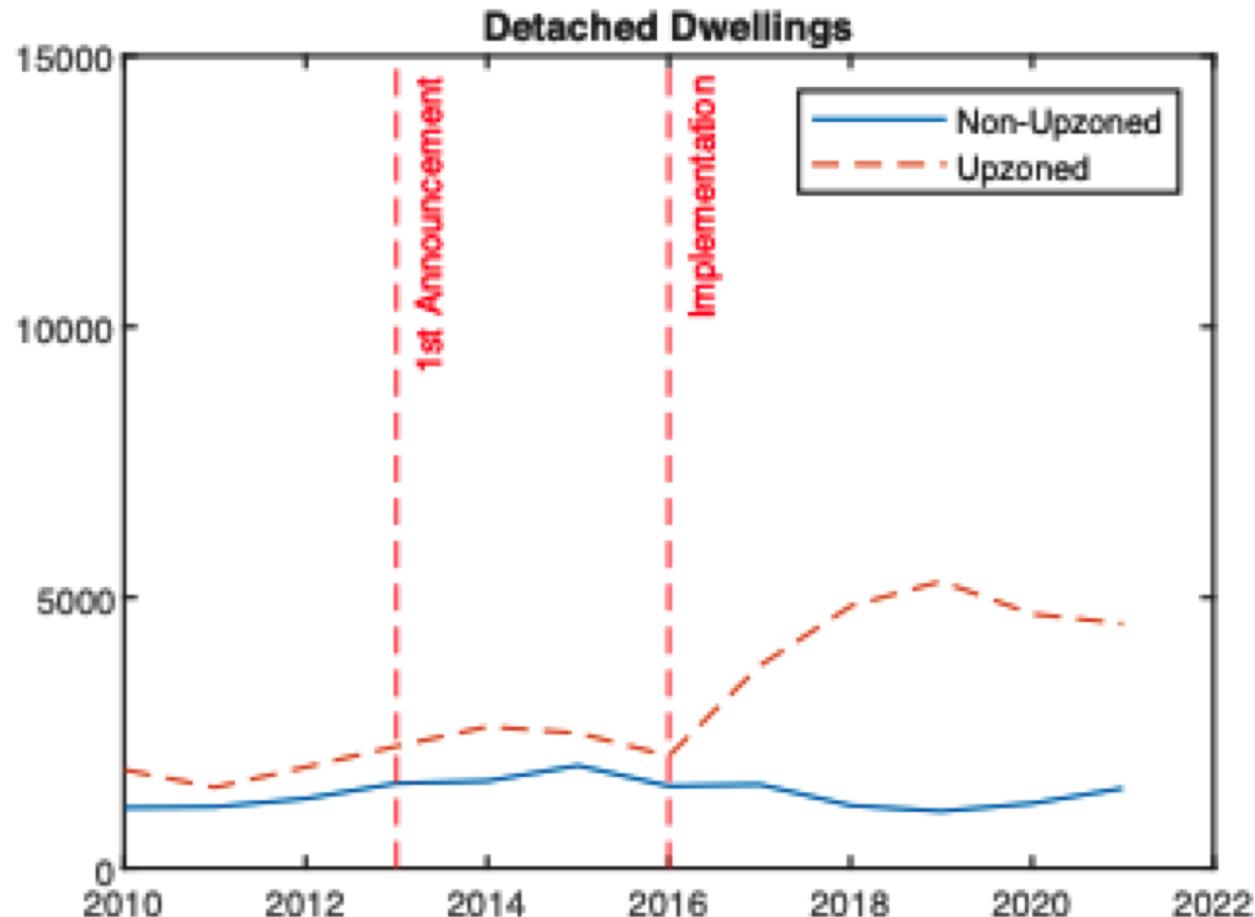
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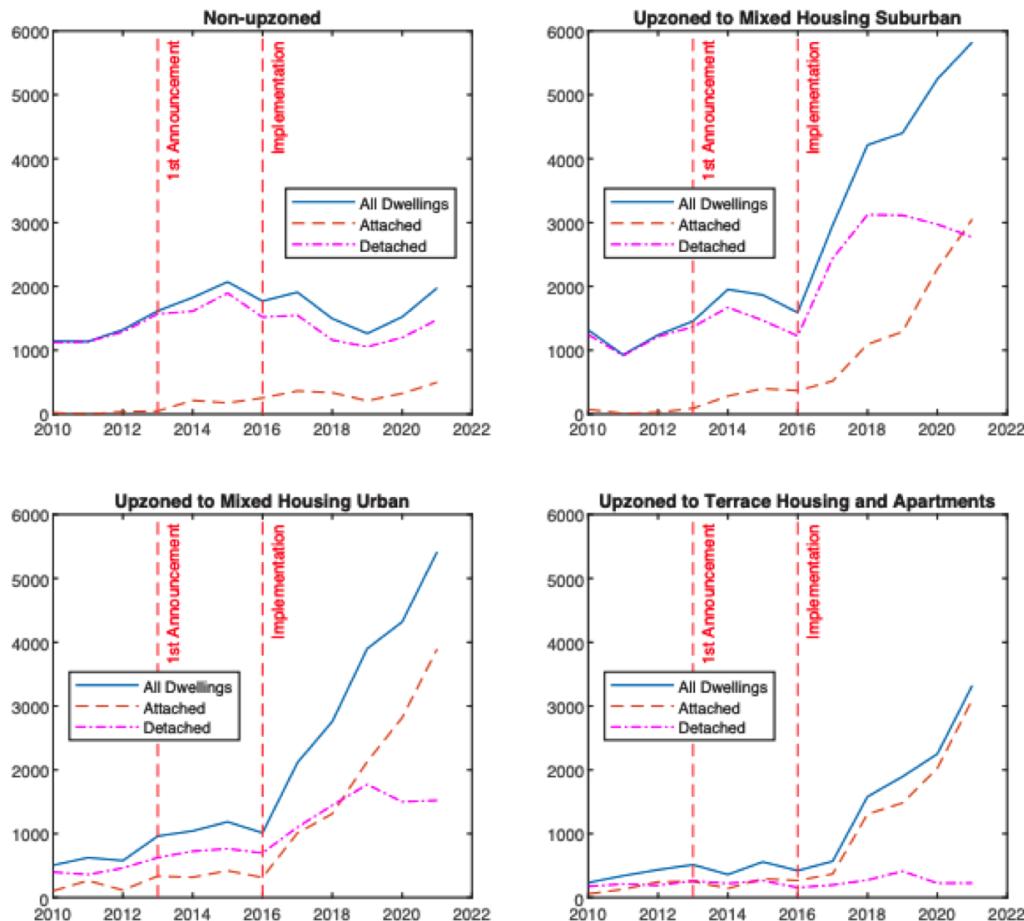


Fig. 5. Dwelling permits by residential zone, 2010–2021. Notes: Dwelling permits issued in non-upzoned and upzoned residential areas.

Tulane and the Murphy Institute are hosting a housing symposium

- Friday and Saturday April 12 and 13



Tulane
University