

Will Up-Zoning Make Housing More Affordable?

BY: [J. Brian Charles](#) | July 2019

Seattle's housing market has been red-hot for almost a decade. Across the Northwest's largest metropolitan area, real estate is not only expensive, upward of a million dollars for homes in some of the nicest enclaves, but often sells in a matter of days.

A complex of forces -- the growth of Amazon, the technological might of Microsoft, the jobs those companies bring and a dearth of available real estate -- has made Seattle one of the costliest housing markets in the country. Only San Francisco and Las Vegas have outpaced Seattle in rising home prices in the last six years, according to the Case-Shiller Home Price Indices report. It's not just home-buying that has been expensive, but also renting. The rental market may have cooled some in the last year, but that's after years of increases that outpaced inflation. From 2015 to 2016 alone, Seattle saw an almost 10 percent jump in rental prices. The tight market is part of the reason for the city's surging homeless population.

Seattle is a small city, wedged between Puget Sound and Lake Washington on 83 square miles of land. It's about the same size as Madison, Wis., but with about three times as many residents -- more than 700,000 by the most recent count. In just the past decade, more than 115,000 people have moved to the area. All that growth is taking place in a city that, like those all over the West, has long relied on single-family homes to meet its housing needs. More than two-thirds of the city is zoned single-family. The result is that Seattle simply is not dense enough to cope with the surging demand. When a multi-unit project is built, it's usually a luxury apartment building. "While there is more supply," says Andrew Lofton, executive director of the Seattle Housing Authority, "it's not coming online for moderate income earners."

In April, Seattle followed the lead of Minneapolis in enacting a zoning reform law. But where Minneapolis approved sweeping changes that eliminated exclusive single-family zoning in many of its neighborhoods, Seattle scaled back its own ambitions. City planners originally wanted to up-zone 50 neighborhoods. That idea was opposed by a coalition of 26 neighborhood groups, and the fight was fierce. One public comment submitted to the city read: "The density Bolsheviks are coming to town, and they're gonna burn your single-family house to the ground."

Seattle settled on what locals call "The Grand Bargain." Twenty-seven neighborhoods will be up-zoned, allowing for greater density and looser height restrictions, but only if developers agree to either build affordable housing on the new site or pay into the city's affordable housing fund. Seattle estimates the plan will bring an additional 4,000 affordable units to the city.

That Seattle decided to use a scalpel to carve out areas for up-zoning instead of taking a hammer to its zoning ordinance, as Minneapolis did, underscores just how intensely residents resist changes. Minneapolis made history in December when it became the first city in the nation to up-zone its entire jurisdiction. It was a highly divisive move. More than 10,000 comments, many in opposition, were lodged during the public comment period. A lawsuit was filed claiming that increased density would be likely to cause "the pollution, impairment, or destruction of the air, water, land or other natural resources." The up-zoning grew out of a long-range vision document called Minneapolis 2040. Its proponents have accused detractors of using environmental arguments -- which have considerable traction in the progressive city -- to maintain residential segregation. Those allegations, in turn, were challenged in the public comments. "Anyone who doesn't get on board with their plan," an opponent wrote, "for any reason at all, is racist."

The housing crisis has forced cities from Minneapolis to Seattle, Philadelphia to Austin, and the entire state of California to walk headlong into a portion of urban policy that has long been a political minefield. It's hard to avoid. According to the Joint Center for Housing Studies at Harvard, more than half the nation's renters are cost-burdened, meaning they spend more than 30 percent of their income on rent. The most obvious answer for many cities is to increase the housing supply by going after single-family zoning, which has been sacrosanct in much of the nation for more than 100 years.

A growing number of cities are looking to up-zone, to allow developers to build higher and denser apartment buildings in what were single-family neighborhoods. More supply, the argument goes, will drive down rents. But up-zoning impacts have been hotly debated. In New York, up-zoning did increase supply, but it did not drive down prices. “It can be a double-edged sword,” says Diana Lind, author of the forthcoming book, **Brave New Home: The Smarter, Cheaper, Happier Future of Housing**. “It doesn’t always create more affordability, but it does fix the capacity issue.”

In Chicago, up-zoning hasn’t delivered very well on its promise to draw investment. Yonah Freemark, an urban scholar at the Massachusetts Institute of Technology, has studied the impact of up-zoning adopted by Chicago in 2013 and expanded in 2015. Increasing density and lifting height restrictions weren’t enough to lure developers to the lowest-income neighborhoods. “Zoning is all based on a market reaction. If developers don’t want to respond to your zoning change, then nothing will get built,” Freemark says. “We have seen low-income and underdeveloped communities rezone, and investors still don’t want to build in those communities.” Up-zoning alone, according to Freemark, won’t unleash the market to provide enough housing to bring down costs. Cities will have to do much more.

Given the limited success zoning changes have demonstrated in promoting affordable housing, and given the political backlash they spark, why are cities looking at them as a solution? The answer lies in how zoning has historically shaped our cities, and how it continues to do so. Without some sort of zoning changes, even critics agree cities won’t be able to meet their housing demands. “All these cities,” Lind says, “have outdated zoning laws that prohibit people from living the way they want to live.” Still, the path forward on zoning will be a tricky one to navigate.

In 1916, the New York City Board of Estimate released the first zoning map in the nation’s history. Neighborhoods were labeled either “residential,” “commercial” or “industrial.” The zoning ordinance also set standards for the latest innovation in construction -- the skyscraper. Setback requirements made sure the skyscrapers sprouting up like weeds in Manhattan didn’t completely blot out the sun. Other cities followed, but intentions weren’t always pure. In 1917, the Supreme Court banned cities from drafting ordinances that mandated where black families could and couldn’t live. Cities got around this by drafting zoning codes that separated apartment buildings (the ones with most of the minority and poorer tenants) from single-family homes. This was especially true in the industrial cities where black families from the South and immigrants from eastern and southern Europe were arriving in droves.

Single-family zoning was the first of many obstacles erected to segregate communities. Redlining, which cut off needed investment in the form of federally backed mortgages, and covenant restrictions, which kept minorities and some ethnic white residents corralled in poorer neighborhoods, helped institutionalize the racial wealth gap. Those practices made it harder for poor black families to move to the more desirable white communities. Currently, 40 percent of black households own their homes, compared with 70 percent of white households.

Restrictive covenants were ruled unconstitutional by the Supreme Court in 1948, and the 1968 Fair Housing Act ended redlining for good. Zoning regulations were the last major legal barrier to integrating neighborhoods. Homeowners have used them for decades to block the construction of apartment complexes and protect their single-family neighborhoods.

In this century, as affluent white professionals moved back to the urban core, rising rents came with them. This was also partly a result of zoning codes, and in no place was it more apparent than in New York City. Michael Bloomberg became mayor of New York in 2002, and in less than six years his zoning reform campaign rezoned 6,000 city blocks. The process was uneven. Low-income neighborhoods such as Long Island City in Queens and black and Latino neighborhoods in Brooklyn were up-zoned to allow greater density. Developers didn’t drive this process -- policy did. The intention, Lind says, “was to incentivize demand.” Meanwhile, affluent neighborhoods like Park Slope in Brooklyn and Richmond Hill in Queens were down-zoned. The net result: High-rise luxury apartments went up in Long Island City; market-rate condominiums replaced older single-family homes in overwhelmingly black Bedford-Stuyvesant; and affluent Park Slope and Richmond Hill remained virtually untouched.

In those first six Bloomberg years, 180,000 new apartment units were built in New York City, but few of them were in the affordable category. Minorities and the poor felt the squeeze. “When you are building 40-story buildings, and each unit sells for \$10 million and you have a private swimming pool, you

weren't doing up-zoning to make housing more affordable," says Randy Shaw, executive director of the Tenderloin Housing Clinic, which advocates for affordable housing. "The way up-zoning has been done in New York has promoted gentrification."

The racialized history of zoning practices explains why Minneapolis Mayor Jacob Frey took up the issue. Frey is a Virginia native and a former professional distance runner who fell in love with the city when he competed in a marathon there in 2006. He moved to Minneapolis the day after graduating law school. In 2017, he ran for mayor on a platform of racial equity. "Minneapolis has a long history of redlining and intentional segregation," Frey says. "We literally had maps that described North Minneapolis being for blacks and Jews." The divide still exists for black residents and newly arrived African immigrants. Most of them live on the city's North Side, while the southwest section of town is largely white.

Now, Minneapolis has eliminated exclusive single-family zoning everywhere in the city. In addition, developers won't be allowed to build the exclusive towers in the park that have become the symbol of New York's up-zoning and gentrification. High-rises will be permitted near transit hubs, but triplexes (three-unit buildings) will be allowed all across the city. Developers must make 10 percent of the units in their buildings affordable to those earning less than 60 percent of the average median income in Minneapolis, or \$36,473. The ordinance adds in a sweetener for developers who go beyond the requirement. If they make 20 percent of the units affordable, the city will add in cash assistance for the project. Minneapolis, says Frey, "wanted to make sure the precision of our solution matched the precision of the segregation."

Minneapolis Mayor Jacob Frey (David Kidd)

Philadelphia has been through these things before, and is still fighting over them. In 2011, toward the end of Michael Nutter's first term as mayor, the city embarked on an ambitious plan to revamp its zoning. Like many cities, Philadelphia hadn't updated its zoning maps since the 1950s. Nutter proposed remapping 12,000 acres of land, and clustering high-density development around transit hubs. "Over the years, the areas around elevated train stations became blighted," says Marty Gregorski of Philadelphia's Planning Commission, "because it was hard to develop those areas for single-family homes."

Opponents pushed back. They claimed Philadelphia wasn't New York or Seattle, cities bursting at the seams with recent arrivals. And they were right. The city's current population of 1.5 million is 25 percent lower than at its peak in 1950. Since the plan was unveiled, only 40 percent of the land has been rezoned. Why not more? Blame the process. Rezoning is essentially a prerogative of the city council, which in turn defers to the individual council member from the district in which development is to take place. The effect has been to create zoning fiefdoms across Philadelphia. In many of the places where rezoning has taken place, luxury condominiums have sprouted up. Around Temple University in North Philadelphia, it's not condominiums being built, but new student housing, helped by rezoning. The locals call it "dormification."

Much like the homeowners of the past, battling to preserve their neighborhoods, City Council President Darrell Clarke has been a sharp critic of Philadelphia's rezoning efforts. "There are significant concerns about gentrification, significant concerns with density," Clarke told WHYY public radio in Philadelphia. "We aren't sure that [the rezoning of 2011] accomplished its intended goal. The simple reality is that we need to revisit it." In May, Clarke pushed two bills in the Philadelphia City Council to slow development. The first bill calls for less density and more parking. The second bill gives even more control over zoning to the council.

Philadelphia (David Kidd)

In most of America, zoning and density arguments continue to be fought in city council meetings and zoning board hearings. The one dramatic exception is California, where the statewide housing crisis is perhaps the most acute in the nation. According to the state's own estimates, California needs 1.8 million new housing units by 2025 to meet the demands of its growing population. The dearth of affordable housing has increased rents enormously in traditional middle-class neighborhoods. On the Westside of Los Angeles, for example, it has pushed middle-income renters east in search of cheaper housing. That in turn has displaced lower-income Latinos in neighborhoods like Boyle Heights and Highland Park.

The issue has been forced to statewide attention by State Sen. Scott Wiener, a Democrat from San Francisco. In spring 2018, Wiener proposed S.B. 827, a bill to allow the state to override local zoning ordinances and mandate taller housing units near transit stops. S.B. 827 faced a strong backlash and died in committee.

This year, Wiener tried again with a new bill, S.B. 50. This effort has also drawn criticism. The Los Angeles City Council unanimously passed a resolution opposing it. Council members said the bill, which allows developers to pony up in-lieu payments when they don't reach affordable housing goals for a new development, wouldn't be effective in addressing affordability. But they also echoed sentiments that have deep roots in California's housing culture. Councilman Paul Koretz complained that S.B. 50 would add unwanted crowding to low-slung residential neighborhoods. "In Los Angeles, we already have densified," Koretz insisted to a real estate publication. S.B. 50 was sidetracked in committee in May, and has effectively been taken off the legislative agenda until 2020.

The opponents of S.B. 50 use the term "Manhattanization" to describe the kind of places they do not want their neighborhoods to become. They mention it almost anytime a high-rise project is proposed. But the critiques of S.B. 50 go beyond whether it will transform Los Angeles into a West Coast version of New York City. They are about local control. Randy Shaw of the Tenderloin Housing Clinic says Los Angeles could do something about its housing crisis at the local level, even in the absence of state action, and that it should, because, as he puts it, "Los Angeles can't be a one-story town."

San Francisco is making its own efforts to deal with the problem locally. It launched a pilot program in 2018 that allows developers to construct denser and, in some cases, taller structures in exchange for affordable housing built on-site. If developers can build more dwellings in a building, which can be accomplished by loosening height restrictions, they can offset the revenue that they miss out on by constructing affordable units. With a plan like that, Shaw says, "you aren't gentrifying a neighborhood, you are bringing in lower-income people. That's the opposite of gentrification."

When Seattle settled on its "Grand Bargain" for up-zoning, it may have fallen into the same trap New York City did more than a decade ago. Only 6 percent of the exclusive single-family zones in the city will be up-zoned. Much of the up-zoning will occur along Seattle's Link light rail line and in what have long been low-income neighborhoods. Like New York before it, Seattle's decision could unleash the brute force of the market on its low-income residents, while sparing many of its more affluent residents from the impacts of up-zoning.

Ground zero for this fight is Seattle's Central Area neighborhood. Once a thriving black commercial and cultural hub that nourished the musical talents of Quincy Jones, Jimi Hendrix and Sir Mix-a-Lot, Central Area fell on hard times in the 1970s and '80s. Crime rose and property values plummeted. In recent years, affluent white Seattle residents have moved in and begun to push black residents south to neighborhoods such as Rainier Beach. With up-zoning now passed by the city, that movement could intensify.

The Chateau Apartments is a low-slung 21-unit complex in the Central Area neighborhood. Most of the renters are poor; most use Section 8 vouchers to assist with their rent. In March, the residents of the Chateau received notice from the new owner that the building was being demolished. In its place will stand a 73-unit complex. Seattle's up-zoning requires the developer to set aside only five affordable units in the new building. It's the kind of

bargain up-zoning often offers. “The idea behind up-zoning is that you are supposed to get more units out of it,” Freemark says. “But the problem is you are going to displace people.”

Seattle’s Southside residents fear that what is happening at the Chateau will ripple across their part of town. The Rainier Beach Action Coalition partnered with several other community organizations to send a letter to the city in February, supporting a bill by Councilwoman Lisa Herbold to force developers who tear down affordable housing to replace it one-for-one in their new development. For the Chateau, that would mean 21 of the 73 units would be made affordable. The plan was shelved, and replaced with an executive order calling for more help with evictions, and using nonprofits to locate displaced tenants in housing in their original neighborhood. The order, signed by Mayor Jenny Durkin, did not call for developers to replace low-rate rental units one-for-one or pay any additional money into the city’s housing fund.

This article was printed from: <https://www.governing.com/topics/urban/gov-zoning-density.html>