

Responses of Randal O'Toole

Before answering specific questions, I'd like to note that Scott Beyer and I have been continuing this debate. I'm posting on my [AntiPlanner](#) blog and Scott responded on his [Facebook page](#).

What are the specific zoning changes that you would advocate?

I actually oppose zoning, but I continue to think that people who bought homes in single-family neighborhoods with the expectation that those neighborhoods would remain single-family deserve to have their expectations met. Protective covenants were created before the Civil War to give people that security, and by the 1890s they were used by many developers. Zoning was created in the 1900s to offer the same security to existing single-family neighborhoods that were built before protective covenants were popular. By 1960, pretty much every city in the country except Houston and some of its suburbs were zoned.

I would support an end to single-family zoning provided it is replaced with the Houston system whereby 75 percent of a neighborhood can agree to write protective covenants for the entire neighborhood. I support 75 percent rather than 100 percent because if you insist on 100 percent then one or two homeowners can hold out, extorting money or concessions from their neighbors in exchange for agreeing to the covenants.

Remember, almost every neighborhood that is zoned single-family today has been zoned that for at least 60 years, or since the neighborhood was built if it is younger than 60 years, or had covenants when it was built and was later zoned. This means no one would be losing any rights if covenants replaced zoning.

Randal: Have any major jurisdictions lowered the cost of housing by removing urban growth boundaries and letting developers build as many detached homes as they like? Scott Lincicome: Have any major jurisdictions reduced the cost of housing per square foot by allowing greater density?

Yes, Florida passed a growth-management mandate in 1985 and repealed the mandate in 2011. However, communities in Florida still have the option to use growth management. Many still use growth management but those that have stopped using it have seen housing become more affordable. On the other hand, many urban areas including Los Angeles, San Francisco-Oakland, and San Jose, have significantly increased their densities in the last 50 years and as densities have increased they have become less affordable.

Randal O'Toole, please review your position on whether or not low-density housing bankrupts communities through higher infrastructure, service, and transportation costs. I'd like Scott B to respond to your position and am curious where Scott L falls in between. Thanks, God Bless!

For O'Toole: The argument we are getting for not expanding Portland's Urban Growth Boundary is that constructing the public infrastructure for new development (new burbs) on the fringes of the urban area is so steep; making "pack and stack" (infill) the economic preferable way to go. What say you

These two questions are similar. Scott Beyer's presentation referenced a study on the costs of sprawl. This study compared urban service costs in low-density vs. high-density housing projects built on vacant land and found that the low-density housing added \$13,000 per home in urban-service costs.

By comparison, urban-growth boundaries can add hundreds of thousands of dollars to the cost per home. Which would you rather have: \$13,000 in added costs or \$100,000 in added costs? Also note that the urban-service costs of reinstalling infrastructure suitable for higher densities in a neighborhood that has infrastructure designed for low densities can be much more than putting in infrastructure on vacant land.

The basic argument is that low-density development doesn't pay for itself. If so, then who paid for all of the low-density development we have seen in the last 150 years? No community has gone bankrupt because of low-density developments. However, some cities have defaulted on bonds sold to support high-density development because there was no demand for that development.

Why can't local governments spend money on selling vacant homes for \$1? They could offer low interest loans to homebuyers and still make money.

That would be a good strategy for Detroit if Detroit had high housing costs, but it doesn't. The places with high housing costs don't have a large inventory of vacant homes that can be sold for \$1.

@Beyer What do you think about explicitly pro-density measures like upzonings?

This is for Scott, but I'll note that I first got into this issue in 1995 when Portland was upzoning dozens of neighborhoods. Only one of them successfully fought it off (which happened to be the one I was living in). Before the upzoning, Portland was already zoned for far more residents than it had. The upzoning supposedly allowed for 20 years of growth. It did nothing to prevent housing costs from continuing to rise.

Ehren Goossens (Twitter): What can US learn and implement from Japanese land zoning reforms?

I don't know anything about Japanese land zoning reforms. I do know that in the 1980s Japan did not use urban-growth boundaries; people were free to develop in rural areas. However, the government imposed a 150 percent capital gains tax on such developments, which was effectively the same as an urban-growth boundary. I would be interested in knowing what reforms have taken place since then.

Ian Mitchell (YouTube): Don't parking requirements increase the cost of housing?

This is a popular complaint driven by some academics in Los Angeles. Houston has no parking requirements, but if you look at new developments, they all have plenty of parking. Land in the United States is abundant, so parking is cheap; really it's just the cost of asphalt. Developers know that Americans almost all have cars, and if you don't provide parking for retail or residential areas, you won't sell your developments.

Ian Mitchell (YouTube): We're just gonna ignore the explosion of subsidized mortgages inflating home prices?

In my book, *American Nightmare*, I advocated abolishing federal mortgage programs. About half the countries in the world have higher homeownership rates than the United States, and almost none of them have similar mortgage programs. The mortgage subsidies may lead to larger homes, but Australia has no mortgage subsidies and new homes there are larger than in the United States. The problem with attributing unaffordable housing to mortgage subsidies is that those subsidies apply to the entire country yet only some areas are unaffordable.

Randal's story of how zoning started (to protect middle class and upper middle class stability) sounds like a special interest payoff to the better-off, akin to occupational licensing laws to protect established professionals from competition. How is that defensible?

Question for Randal O'Toole: Why should the government facilitate cartels designed to withhold housing supply, that is, restrictive covenants? Are there any other areas of economic policy where "libertarians" take this position? Is OPEC libertarian?

These two questions are similar. Occupational licensing laws and cartels work by limiting supply. If there are no urban-growth boundaries, single-family zoning does not limit supply because there is plenty of vacant land around every urban area in the United States to build more single-family homes. That's how places like Atlanta,

Dallas-Ft. Worth, and Houston can grow by more than 100,000 people a year, 1 million people a decade, year after year, decade after decade, and still maintain housing affordability.

Yury Korzun (YouTube) I don't understand why we can't have different regulations and rules for low and high density parts of this country. People should have choices. Why do we need to impose suburban rules on cities?

On the other hand, why do we need to impose city rules on the suburbs? Don't forget that large parts of our cities consist of single-family neighborhoods too. The problem with zoning is that it can easily end up creating shortages of one land use or another. That won't happen if there is plenty of vacant land available for development at the urban fringe, but urban-growth boundaries and other growth-management policies pretend that land doesn't exist. Only 30 percent of counties surrounding San Francisco (Alameda, Contra Costa, Marin, San Mateo, and Santa Clara) have been developed. If the other 70 percent were opened to development, housing prices would quickly become affordable.

to Scott Beyer: Land use regulation is the product of tens of thousands of local governments and serves, as O'Toole properly mentions, the interests of millions of established homeowners. How do we get to less regulation? Isn't the enemy "us"?

In 2015, the Supreme Court made a [5-4 ruling](#) that land-use regulations that make housing more expensive can harm low-income minorities and therefore violate the Fair Housing Act. Provided the court doesn't change its mind, we can use that precedent to eliminate housing regulations that make housing more expensive. But we first need to agree on what makes housing more expensive. Single-family zoning makes housing more expensive provided there is vacant land available for development at the urban fringe and eliminating single-family zoning won't make housing more affordable.