Zoning: Issues and Reform

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Zoning, at its core, is a tool used to divide land into different development areas. These areas have different purposes, such as residential, commercial, or industrial development. Zoning was originally developed to protect public health, keeping homes away from hazardous conditions present in industrial areas. The practice has since evolved to protect property rights, excluding certain residents from living in specific neighborhoods. This problem was made worse when exclusionary zoning practices began to propagate in response to the end of federal redlining. Zoning offered a legal loophole to segregate neighborhoods, and the effects are still seen today.

Much exclusionary zoning concerns the permitted level of density for an area. Large portions of land are zoned only for low-density housing, which consists of single-family homes on large plots of land. Closer to city centers, there are high-density housing options, which are multifamily units such as apartment buildings. Middle-density housing, which includes both smaller single-family homes and multifamily duplexes or townhomes, are becoming less common. Termed “the missing middle,” this type of housing is not being built because the units are not as lucrative for developers. Thus, affordable middle-density housing is becoming harder to find, and zoning plays a significant role.

Compounding Effects of Building Codes

Restrictive building codes substantially impede the provision of affordable housing. In residential areas, the codes include strict rules around different aspects of the structure and surrounding areas. These rules can increase the cost of the home, preventing marginalized groups from becoming homeowners. Taking the form of requirements concerning parking spaces or height limits on structures, the rules require more land to build on and raise the cost of development. The code enhancements can be incredibly costly, adding up to an additional 23% of a home’s cost. This prevents many families from buying homes and disincentivizes developers from building modest homes.

Developers building fewer homes has created a strain on the housing supply. In St. Louis, the demand for housing is higher than the current available supply. The mismatch drives up the cost of housing because it is seen as a finite resource. This issue has contributed to residential segregation for marginalized groups of people, who find themselves forced out of certain neighborhoods due to the rising costs created by zoning and building codes. Although the practice of zoning has created a substantial amount of harm to St. Louis County communities, it also offers a solution to its own consequences.

Using Zoning Reform to Aid Accessible Housing Efforts

Upzoning has become an increasingly discussed tool to make progress on problems created by zoning. Upzoning methods can vary but essentially involve adjusting a city’s zoning codes to allow for increased density. This can be done by changing the classification of an area to allow for denser housing, reducing minimum lot-size restrictions, and other policies. The hope is that, by allowing for more dense development, more housing can be built, adding to the supply and reducing costs.

Upzoning in Suburban Areas

There is no one-size-fits-all approach to reforming zoning codes. What works in denser city cores may not transfer to a suburban context. Because many suburban towns are primarily made up of low-density, single-family residential housing, it may not make sense to make a 180-degree pivot to high-density, multifamily housing.

“Missing middle” housing, which is meant to accommodate multiple units of housing at the scale of single-family homes,
can fit seamlessly into suburban areas. The addition of duplexes, fourplexes, cottage courts, and other diverse housing options into a suburban housing stock provides varying housing options at various price points that are more affordable than the traditional single-family home.

Another emerging solution is to reform zoning codes to allow for accessory dwelling units: independent residential units located on the same lots as single-family homes. The units can be attached to the home, such as above a garage or in a basement, or detached from the home as a separate structure. Similar to missing middle housing, accessory dwelling units add density to an area while providing a more affordable option.

Mitigating Unintended Consequences Through Protective Policies

Although a powerful tool, upzoning can come with unintended consequences if not carefully planned. Upzoning can increase the potential housing stock but can also heat up the housing market. Resulting price increases may reduce the affordability of new development and displace current residents. Therefore, adding protective policies and ordinances is a key component when reforming zoning codes.

Protective Policies

Property Tax Relief

New housing development projects can lead to an increase in property values of surrounding homes and properties, raising property taxes and displacing residents from their neighborhoods. Property-tax relief policies offer a solution by exempting or limiting the yearly increase in property tax. For example, the St. Louis Real Estate Tax Assistance Fund, managed by the St. Louis Tax Relief Coalition, leverages philanthropic resources to provide property tax assistance to households in the City of St. Louis. Funds of this sort can be utilized to combat rising property values created by upzoning.

Inclusionary Zoning Ordinances

Inclusionary zoning ordinances are housing policies that aim to make a percentage of new housing units available to low- and moderate-income households. Seen as a market-based strategy to increase the stock of affordable housing and encourage mixed-income communities, the ordinances often grant developers incentives in the form of density bonuses, zoning variances, and/or permits that decrease construction costs. Inclusionary zoning ordinances can be voluntary or mandatory for developers. The ordinances can offer several benefits. For example, they can mitigate displacement of low-income households, increase the supply of affordable housing, and meet fair housing obligations.

Racial Equity Analysis

Racial equity analysis, another protective policy, follows a logic similar to that of environmental impact statements, which are generated when policy requires that development proposals detail significant environmental impacts. These statements are used to promote informed decision-making among lawmakers when they consider proposed development projects. Similarly, racial equity analyses are conducted when policy requires that proposed housing projects and developments determine the potential impacts of proposed development on racial groups. In addition to considering how the costs and benefits of proposed projects are distributed across racial and ethnic groups, the analyses assess the risk of displacement and how the project would relate to current residential-segregation patterns. Overall, racial equity analyses could increase transparency concerning the impacts of proposed projects on marginalized groups and could ultimately inform the decision-making by lawmakers on the approval of those projects.

Suggested Citation