

# The 5 Immutable Laws of Affordable Housing



Affordable housing under construction in West Sacramento, CA (Photo by [Mark Hogan](#))

Affordable housing has become something of a buzzword (or two words) in urban circles over the last few decades. In fact, a veritable movement has arisen in cities with high housing costs, which seeks to ensure that people of all income levels have access to decent housing. A semantic problem has even arisen wherein [capital A “Affordable Housing”](#) is different from just plain affordable housing.

I don't intend to question the motives of the good people working in the Affordable Housing world--they're doing what they know. But I believe ideas and outcomes are fair game for criticism. To that end, I propose we recognize and understand these rules of affordable housing.

## 5 Immutable Laws of Affordable Housing

## **1. Developers don't pay the costs of construction; tenants and buyers do.**

A developer who doesn't pass costs on will not be in business for very long. For this reason, anything that makes development more costly for developers makes housing more costly for people. And remember, time is money; a convoluted permitting process makes housing more expensive too.

## **2. Housing demand is regional.**

Regulations might stop your neighborhood from growing, but that won't stop people from moving to your city. Every house that doesn't get built in your neighborhood is a house getting built somewhere else, usually at the edge of town. The level of cognitive dissonance in people who, on the one hand vociferously proclaim their love of the environment and slander the destruction of agricultural or environmentally sensitive land at the edge of town, and on the other vehemently oppose development in their neighborhood could be the subject of whole dissertations in social psychology (not to mention the environmental cost of longer commutes from the edge of town).



As Strong Towns member and contributor Johnny Sanphillippo pointed out [in a recent article](#), these tract homes were once symbols of status and modernity.

### **3. If your zoning and building code mandates expensive housing, housing will be expensive.**

Most zoning codes place minimums on the size of dwelling units, the size of lots, and countless other factors that affect the cost of building housing. Unfortunately, these minimums don't generally envision affordable construction types, [even in the most progressive and challenged of housing markets](#).



#### **4. Affordable housing isn't affordable if your transportation costs are too high.**

Leaving the cost of transportation out of the definition of affordable housing favors development where land is cheap but the transportation system is built around the private automobile. Cars are not cheap--[even according to car advocates](#).

#### **5. Today's affordable housing was the last generation's luxury housing.**

Many of the older neighborhoods that provide the lion's share of affordable housing today were once [the shiny new environs](#) of the expanding American middle class, who built massive amounts of new housing in the middle of the last century with amenities like washing machines that were the newest, hottest consumer amenities of their time.

### **3 Strategies for achieving housing affordability**

If cities step back and let the "free market" (whatever that means) drive, could we more effectively provide affordable housing? Probably, but there are legitimate reasons that cities regulate land development. My intent is not that cities should subtract themselves from the equation, rather, that cities should be cognizant of the effects of their actions. If impediments to free, unfettered land development are going to raise costs, shouldn't we weigh their impacts?

So what are some ways a Strong Town can address high housing prices? Here are some strategies that your city should consider:

#### **1. Reduce minimum lot sizes and relax density restrictions in single-family zones.**

The cost of purchasing land is a significant portion of the total cost of a house. This is especially true in low-density residential development where the buildings occupy a much smaller footprint. If your zoning code requires large lots, the houses that are built will be more expensive than if they could be built on smaller lots. That's a mathematical fact that should be intuitive but has escaped scrutiny in most communities with affordability issues.

Restricting development in low-density residential zones also increases the cost of housing by the same logic: if you can only build one housing unit on a lot, the cost of that land must be absorbed by that single unit. Allowing more units spreads the land costs over many households, lowering the total cost of development.

There are several ways to increase the amount of housing in residential areas without altering the overall character of development. [Accessory dwelling units \(ADUs\)](#) have

received more attention of late. Duplexes, three-flats, and even small four-unit buildings can easily be designed to fit in with nearby single-family homes. These kinds of buildings should be allowed by right in low-density residential zones--no strings attached. Unlocking such large areas of land for modest increases in immediately opens up huge development potential without threatening the existing character of neighborhoods.



A mix of single-family homes and duplexes on a Milwaukee street. Can you spot which is which? (Image from [Google Earth](#)) In fact, if you live in an older residential neighborhood, chances are high that there are examples of this kind of development right in your own backyard and you've never noticed. Try counting mailboxes or utility meters on houses near you sometime--you might be surprised what you find.

## **2. Fix your zoning: if by-right development is economically infeasible, you're creating artificial scarcity.**

Only the biggest players have deep enough pockets and the requisite experience to fight for rezoning or variances. The rest will simply look elsewhere for adding units, or not build them at all. What's worse, when big developers fight through the process, they need to scale up their projects to recoup the costs (see Law #1). It's a double whammy: expensive housing that also tends to be [out of scale with the surrounding neighborhood](#).

### 3. Take a more active role in providing affordable housing.

This may be surprising given that the other strategies we've discussed involve government doing less. Think of it as a barbell strategy: enabling private developers to do what they do best (build lots of new housing at the most affordable prices possible) while empowering local governments to directly house those in greatest need, who are least likely to be helped by private activity. We Americans have a predilection for convoluted public policy when direct government action is far more effective. Inclusionary zoning is a case in point: we've conned ourselves into thinking we can have our cake and eat it too by coercing developers into providing Affordable Housing. At best this has [very little effect](#), at worst it [backfires](#) (See Law #1).

One intriguing example of this approach comes from no less than the conservative, small-government bastion of Utah. The state has developed a program to place chronically homeless persons into publicly-owned housing. By most [accounts](#) it is an astonishing success (although the magnitude of the success is cause for some [debate](#)).

### Conclusion

Obviously with limited budgets, state and local governments can only do so much. That's why regulatory solutions like [Inclusionary Zoning](#) are so tantalizing. Focusing scarce funding on the most needy while expanding housing supply attacks the problem from both sides of the squeeze.

As with most urban issues, [there's probably no panacea for housing affordability](#). In the face of complexity, cities would do well to heed Saint Nassim's [Via Negativa](#): first do no harm. By addressing obstacles to building new housing, cities can at least be sure they're not part of the problem.

*(An Affordable Housing development in Seattle, WA. Image from [Joe Wolf](#).)*