

ZONING REFORM

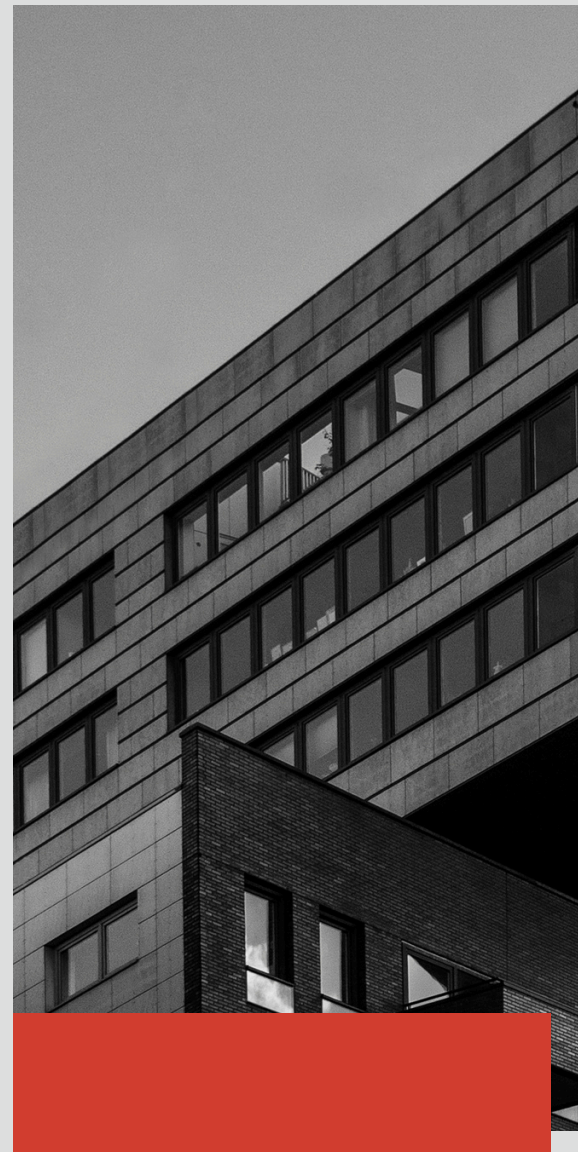


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NOVEMBER
2024

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Abstract

This policy memo examines zoning as a tool for addressing housing affordability and urban development challenges, with a focus on Alamance County, North Carolina. Zoning regulations classify land for residential, commercial, or industrial use, enabling local governments to guide growth and development. The effects of zoning vary significantly based on how it is implemented, influencing property values, housing costs, and patterns of urban expansion. Alamance County, with a high percentage of **single-family homes**, exemplifies broader trends of limited multifamily housing options, contributing to rising costs and reduced availability of affordable homes.

Innovative zoning strategies such as **mixed-use zoning, high-density housing, and accessory dwelling units** (ADUs) offer potential solutions. These approaches can help reduce suburban sprawl, improve access to infrastructure, and expand the range of housing types available. Research highlights that restrictive zoning often increases housing costs by limiting supply, disproportionately affecting low-income households. High-density zoning, while promising, does not always achieve affordability goals.

The challenges associated with zoning require many approaches that account for local conditions. Smart growth principles, which advocate for mixed land use and compact development, provide a framework for addressing housing insecurity. By implementing diverse zoning strategies and promoting sustainable community design, municipalities can create equitable solutions to housing and development issues.

Zoning Defined

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→ What is Zoning?

Zoning is a key tool used by local governments to guide development and growth. Zoning is the act or process of partitioning a city, town, or borough into zones reserved for different purposes and is intended to promote an orderly pattern of development. By categorizing land, zoning can limit, guide, and permit land use and the types of activities that may or may not be conducted on it. Thus, implicating the interests and rights of property owners, businesses, the government, and the public. In North Carolina, zoning authority is granted to counties, municipalities, townships, and villages. In Alamance County, all but the County has implemented some form of zoning with the most common types of zoning addressing residential neighborhoods, business use, industrial areas, and housing types.

→ The Challenge

The challenge with zoning however is that there is no one-size fits all solution. The effects of zoning on property values, land use, development, and infrastructure in fact vary depending on the area that the zoning applies to. Case studies in different areas provide conflicting results on impact as noted by Knaap, Meck, Moore, and Parker (2007). Although conflicting, the results give insight into how to uniquely approach specific areas and the steps needed to craft a plan for those locations. This understanding sets the tone of this policy memo as an educational tool for understanding the benefits and detriments of zoning not only in general but with regards to specific zoning types and alternatives.

→ Objective Understanding

While zoning can be a valuable tool for urban planning, it's important to recognize its limitations and potential negative impacts. However, many of the ideas associated with zoning are myths and are often perceptions based on misinformation. To objectively understand the challenges of zoning it is important to first debunk a common misconception that may hinder an unbiased analysis, the idea that zoning lowers property value. This is not always true, in fact, in cases with high-density zoning research shows that property values can increase (Haughey, 2005). Although there are many more misunderstandings highlighted by Haughey, the role of property values is arguably the most important to debunk. This is because property value is directly tied to the three categories most compelling in the downsides of zoning. The first is that zoning does not always provide the outcomes intended, often failing at solving the issue at hand. The second is that in many cases zoning can prove detrimental by increasing overall housing prices, promoting high end unaffordable apartments, and even restricting access to supply of affordable housing. The third shortcoming of zoning is that it fails to address the root cause of unaffordable housing, zoning does not consider or address other barriers that affect affordable housing.

Limitations of Zoning

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→ Zoning as a Barrier

In a study that investigated multiple locations and situations, it was found that zoning can provide barriers to multifamily housing and does not always correlate to affordable housing. In the Boston case study, it was found that housing prices and rents were high and rising with increasing barriers to multifamily housing. (Knaap et al., 2007). Naturally zoning is restrictive and limiting to the freedoms of individuals and developers which creates barriers to affordability and creates obstacles for flexibility. In the same study when looking at Miami, Knaap et al. concluded that the area had high housing prices and low income despite the overall high-density areas which proves that high-density areas do not always mean affordable housing. (2007). The takeaway is not that zoning does not work, but that it can be inconsistent, and highly dependent on numerous contributing factors that make it easy to miss the mark.

→ Zoning as a Detriment

In a study of zoning in six US metropolitan areas by Chakrabort et al. (2008) it was found that zoning can reduce and impede development of multi-family homes while also contributing to housing unaffordability. This finding shows that not only can zoning be ineffective at times, it has the potential to be detrimental to the issues it attempts to solve. The problem is that zoning restricts supply which increases general overall housing prices disproportionately affecting low-income members of the community while also restricting access to affordable housing (Chakrabort et al., 2008). It is crucial to understand that although zoning guides development, it does not guide affordability or the surrounding land. This understanding makes clear that in the worst cases zoning will hurt and damage affordable housing and preexisting options for the community.

→ Zoning as a Proximate Solution

These downsides do not even consider the barriers that are not correlated to affordable housing, zoning as a solution only addresses the proximate cause of housing unaffordability and not the root cause of inequity. This means that even with zoning, the cost of housing might not change because of the issues it fails to address. For example In a Washington, D.C. study by Knaap et al. it was found that despite significant amounts of land being high-density zoned with a number of affirmative affordable housing programs, high density housing production remained slow (2007). The conclusion is that even in cases where zoning should theoretically work, and in cases where it is in place, the actuality is that it will not always provide a working solution.

Types of Zoning and Applications

Different types of zoning can help address challenges like suburban sprawl and housing shortages. One example is mixed-use zoning, which combines residential and commercial spaces in the same area. This zoning can help reduce car dependency by providing residents with easier access to work, shops, and services, promoting a more sustainable lifestyle.

Suburban sprawl describes the spread of **low-density development** into rural or undeveloped areas. This often leads to longer commutes, more traffic, and disconnected communities. To manage this, zoning can promote high-density zoning, allowing more homes within a given area. Low-density housing typically refers to areas where there are fewer housing units, such as single-family homes or townhomes; Single family zoning in many places means that only exclusively single family detached housing is allowed to be built. These areas generally have larger yards and more space between homes.

Medium-density housing allows for more homes per acre, such as duplexes, triplexes, or small apartment buildings. This type of zoning can be applied to areas where development is needed but still maintains a balance with the surrounding environment.

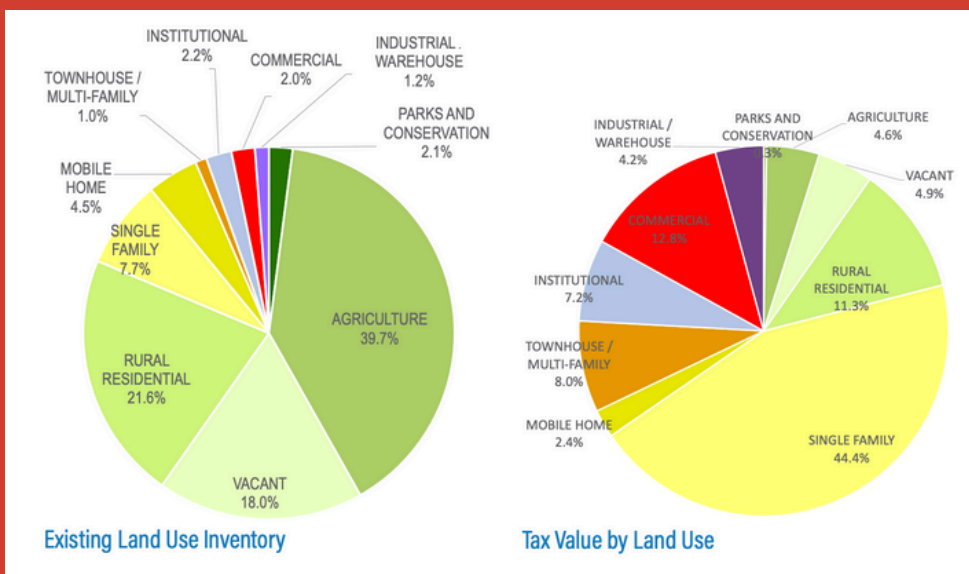
High-density housing is characterized by a large number of housing units built within a small area, such as large apartment complexes or high-rise buildings. High-density zones are often found in city centers, where space is limited, and the demand for housing is high. These different densities can balance urban growth with the preservation of open spaces.

Another zoning approach is allowing accessory dwelling units (**ADUs**), which are smaller homes added to single-family lots. These units provide affordable housing while preserving the neighborhood's character. Missing middle housing, such as duplexes, triplexes, and townhouses, addresses the gap between single-family homes and large apartment buildings. This type of housing offers affordable options for those who need something smaller than an apartment but can't afford a large, detached home.

The effect of zoning changes on property values can vary. In some cases, adding higher-density housing may reduce property values due to concerns about overcrowding. However, in areas with mixed-use zoning, property values can rise due to the convenience of added amenities and reduced commute times. The idea that building more housing raises costs is often inaccurate. When more housing is available, competition tends to lower prices. However, local regulations and construction costs can still keep prices high, even with increased supply. Regarding property taxes, more densely built areas tend to generate higher property tax revenues. More homes or businesses mean more taxes, which can help fund local infrastructure. However, both **suburban sprawl** and dense developments require infrastructure investment. Sprawling neighborhoods need more roads, utilities, and public services, which are costly to maintain. Additionally, longer commute times can make it harder for residents to access jobs, schools, and healthcare. In more compact, centralized developments, residents benefit from reduced commute times and better access to essential services, improving their overall quality of life. Balancing these zoning strategies can help cities grow sustainably and improve residents' living conditions.

In Alamance County

When conceptualizing a solution in Alamance County it is important to acknowledge the dynamic of land use within the county to better understand the historical context of development decisions. In Figure 1 there are two key takeaways that can be applied to zoning and property values in the County. The first is that Single Family Homes are 7.7% of existing land use, but they make off 44.4 percent of the tax value by land use. Compare this to Townhouse and Multi-Family Homes that make up 1% of the existing land use and only 8% of the tax value. This shows that there is an economic incentive to promote single family homes over multi-family/townhouses which might provide a more affordable option.



This translates to a clear lack in reason to approach alternative solutions to affordable housing through zoning because there is no economic incentive in doing so. However, this does not mean that the County is not making attempts to find solutions in housing.

Breakdown of Alamance County Zoning (Alamance County Land Development) - Figure 1

Figure 2 shows a zoning map in Elon, NC that utilizes a mix of zoning that balances single and multi-family homes. This progressive development is key to finding a solution that works because our findings show that there is never a one-size fits all zoning policy. Limiting zoning to one type creates flexibility and options that have the opportunity to create affordable housing options.



Parc Northwest Multifamily Development in Elon, NC (Alamance County Land Development) - Figure 2

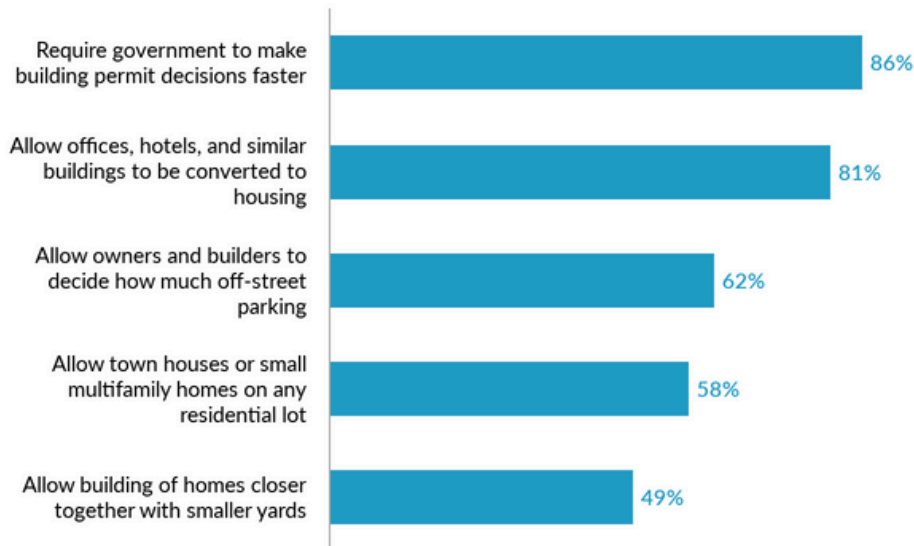
The Findings

Despite the limitations, zoning as a solution to affordable housing should not be ignored. The key takeaway from the challenges of zoning is that there is no one-size-fits-all answer for fixing affordable housing. It is impossible to distinguish whether a jurisdiction should or shouldn't pursue zoning as success is dependent on a multitude of factors. Factors like land potential, preexisting zoning, taxes, property values, political actors, and even incentives all interact to create different environments that may or may not benefit from zoning. To efficiently address housing insecurity with zoning smart growth and planning must be implemented in order to sustain communities. The Environmental Protection Agency (EPA) defines smart growth as "an overall approach of development and conservation strategies that can help protect our health and natural environment and make our communities more attractive, economically stronger, socially diverse, and resilient to climate change." To achieve this the Smart Growth Network suggests a number of principles from mixed land use to compact building design. The emphasis is in recognizing that multiple steps must be taken to reach a solution that is equitable for any given community. The idea is that when communities are zoned to allow diverse mixes of zoning, densities, housing types, and options they inherently become more sustainable and efficient. This multi-pronged approach acknowledges the limitations of zoning while maximizing its potential to address the complex issue of affordable housing.

Figure 2

Majorities Support Policies to Allow More Homes

Diverse policies would add housing in commercial and residential areas



Notes: See accompanying document for full question wording and methodology.

Source: Nationally representative survey done by Ipsos for The Pew Charitable Trusts, fielded among 5,051 adults Sept. 8-17, 2023

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The chart reflects strong national support for policies that allow more apartments in various settings, providing valuable context for the memo's focus on zoning reforms to address housing affordability and urban development challenges. While the memo discusses specific issues in Alamance County, such as the dominance of single-family housing and limited multifamily options, the chart demonstrates broad public approval for changes like permitting apartments near transit hubs, job centers, and commercial areas, as well as accessory dwelling units like basement conversions or backyard apartments. This widespread support suggests that zoning reforms aimed at increasing housing supply and affordability are likely to resonate beyond local contexts, reinforcing their potential effectiveness. Public agreement on these policies also aligns with strategies to encourage sustainable and mixed-use development, offering insights into how such changes might address housing shortages on both local and broader levels.



Works Cited

