



How the Spread of America's Housing Crisis Hurts Families

by Richard D. Kahlenberg

America's housing crisis is metastasizing. Overly burdensome and exclusionary zoning and land use policies limit the ability of builders to create the kinds of housing people want, where they want it. These laws create a shortage of housing that artificially increases home prices. Restrictive laws feed economic and racial segregation of neighborhoods and schools, consigning working-class and low-wage-earning Americans, many of whom are people of color, to neighborhoods with

fewer good schools and other amenities. Exclusionary policies that limit housing production make America less equal and life more difficult for millions of people (Kahlenberg, 2023a).

For decades, the quintessential exclusive residential areas, where zoning laws drive up prices, have been located on the east and west coasts of the United States (Schuetz, 2022). However, the rise of remote work for many white-collar

professionals has spread the problems of housing scarcity and unaffordability, with their economic residential segregation, to additional parts of the country, from Montana to Idaho to Colorado.

Migration magnets like Lamar, Georgia, and Teton, Idaho, have seen an influx of knowledge economy workers competing for scarce housing, bidding up prices and sending some long-time residents elsewhere searching for affordable rents.

Many residents understandably blame the newcomers, but that is not the real problem. On the contrary, when new residents bring resources into a community, everyone can benefit if there is enough housing to go around. A recent Federal Reserve Bank of Philadelphia study found that "long-term residents and children who are able to stay in gentrifying neighborhoods benefit as opportunity moves to them and poverty declines" (Brummet & Reed, 2019; Cashin, 2021). An influx of affluent students in the public schools can boost academic achievement. Overall incomes in a community increase as a rising tide lifts all boats (Sharkey, 2013).

The real problem is not gentrification but displacement. Displacement does not have to occur; in many places, it doesn't. Studies often find displacement rates in gentrifying communities at one percent or less (Florida, 2015b; Freeman, 2016). It is only when housing production is constrained (usually by restrictive

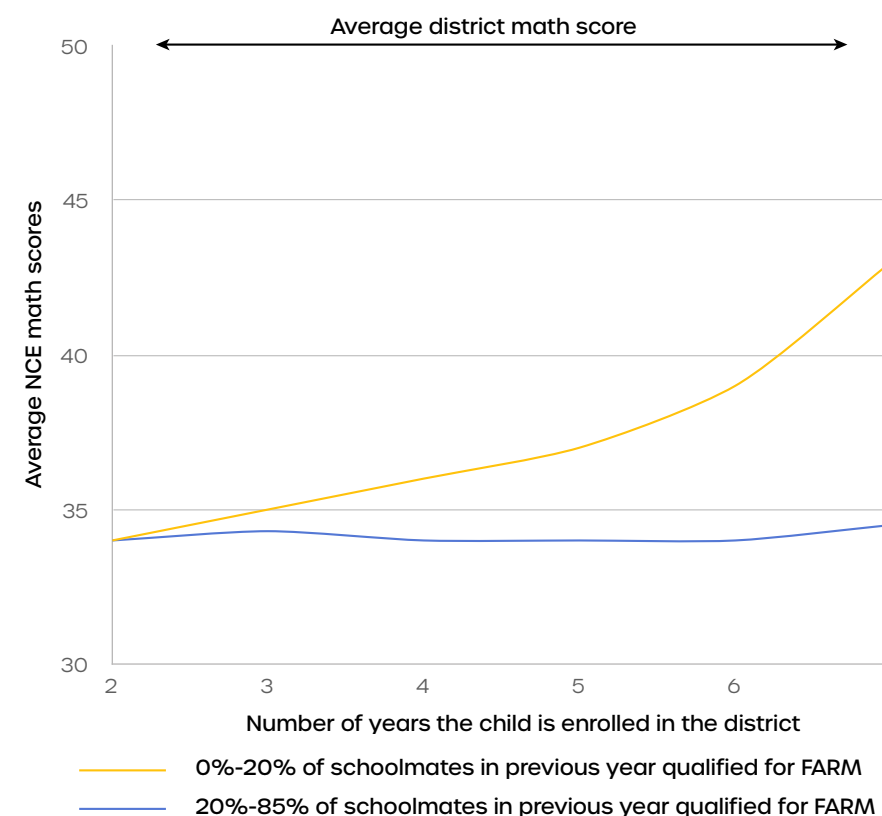
zoning and land use requirements) that gentrification leads to widespread displacement.

When not enough housing is built, long-term residents can be negatively affected in various ways. In my new book, *Excluded: How Snob Zoning, NIMBYism and Class Bias Build the Walls We Don't See*, I examine how state-sponsored bans on multifamily housing, minimum lot size requirements, and other land use constraints harm educational opportunities, burden families, and damage the environment.

In the case of migration magnets, if long-term residents are forced to move to housing that is further away from jobs to find homes that are affordable, their children may have to attend higher-poverty schools. Having to leave a mixed-income school for one with higher poverty rates impedes opportunity, especially for students from families earning lower wages.

Who a student attends school with matters a lot to their academic achievement. In 2010, Heather Schwartz of the RAND Corporation examined two interventions that could help kids from families earning lower incomes in Montgomery County, Maryland. In one, the school board spent \$2,000 extra per pupil in higher-poverty schools for important investments like reduced class sizes in the early grades. The other was the County's long-standing inclusionary zoning policy, under which families with lower earnings have a chance to live in more affluent neighborhoods, with their children attending the local public schools. Schwartz found that what the housing authority did was far more effective in raising achievement than what the school board provided. Over time, the lower-income students attending school in lower-poverty neighborhoods cut the math gap with middle-class students in half and the reading gap by one-third, while the school board's intervention saw no such improvement. In that sense, housing policy is school policy (Schwartz, 2010). (See Figure 1).

FIGURE 1 Effect of Low-Poverty Schools on Public Housing Children's Math Scores



“...when new residents bring resources into a community, everyone can benefit if there is enough housing to go around.”

Adults also suffer when strict zoning forbids housing that is close to their places of work. Long commutes impose a severe hardship on these workers. Long-distance commuters have more headaches and backaches, higher blood pressure, and more sleep disturbances. They also have less time to spend with friends and family or doing hobbies (Schaefer, 2005). All of this increases the likelihood of divorce (Stewart, 2021). Long commutes also produce more greenhouse gasses, damaging the planet for everyone. Scientists estimate that transportation accounts for 29% of greenhouse gas emissions in the United States, the largest single contributor (U.S. Environmental Protection Agency, 2021).

The economic and often racial segregation resulting from exclusionary practices also makes U.S. democracy less cohesive and more polarized. When people of different backgrounds end up living apart, they can more easily demonize one another as political enemies. By contrast, when those with different views have a chance to converse as neighbors—about sports or their kids or pets—they are more likely to see one another’s humanity (Dottle, 2019; Engle, 2021).

A particularly blatant unfairness arises when restrictive zoning that bars multifamily housing means that workers earning lower wages can provide services in a community but can’t afford to live there, a phenomenon that is also spreading. Consider the suburbs of Scarsdale and Port Chester, New York, located just eight miles from one

another. The overwhelming majority of Scarsdale’s land is zoned exclusively for single-family homes, while just 0.2% of its lots have structures classified as two- or three-family homes or apartments. Port Chester, by contrast, allows multifamily housing on about half its land. Port Chester is home to many Hispanic immigrants who earn lower wages taking care of lawns and providing childcare in more affluent communities like Scarsdale. Yet, because the government restricts what can be built in Scarsdale, workers can’t afford to live there or send their children to its high-achieving schools (Kahlenberg, 2023b).

With the spread of migration magnets, this problem is growing in places that have not in the past experienced it. In Idaho Spring, Colorado, for example, as remote workers flood the area, the average home price, \$340,000 in 2019, has spiked 66%. Because not enough housing is being built to accommodate newcomers, workers earning lower wages are being displaced. Statewide, half of Colorado renters allocate more than 30% of their income to housing (Smith, 2023).

The good news is that the spreading housing crisis is also leading, at least in some cases, to the enactment of housing reforms. In 2023, for example, Montana passed important zoning reforms in response to increasing home prices. Republican State Senator Daniel Zolnikov noted, “People are living in campers in Bozeman in negative 20-degree weather. People are trying to squeeze three kids into one bedroom to make their two-bedroom work.” The State’s Governor,

Greg Gianforte, created a bipartisan task force to make recommendations on how to ease price increases. In May 2023, he signed legislation to legalize accessory dwelling units and require all municipalities to devise plans to streamline zoning. “The fear is that in 25 years, we’re going to have a California-style housing crisis,” said Kendall Cotton of the Frontier Institute (Relman, 2023). That is something all American communities need to take steps to avoid.



AUTHOR BIO

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Richard D. Kahlenberg is an education and housing policy consultant, a senior fellow at the Progressive Policy Institute, and a nonresident scholar at Georgetown University’s McCourt School of Public Policy. The author or editor of 18 books, his latest is entitled *Excluded: How Snob Zoning, NIMBYism and Class Bias Build the Walls We Don’t See* (Public Affairs Books, 2023). He has written about housing policy for the New York Times, Wall Street Journal, Atlantic, and Slate and testified before the U.S. Congress on zoning reform. He is a graduate of Harvard College and Harvard Law School.