1 ANTHONY DOWNS

Introduction

The rapid growth of many American metropolitan areas over the past few decades has created several problems that have aroused widespread citizen dissatisfaction. These problems include rising traffic congestion in both cities and suburbs, the development of a great deal of open space and environmentally sensitive land, increased air pollution, the high cost to taxpayers of providing roads and other infrastructure to accommodate growth, some loss of the sense of community, and serious disinvestment in older inner-city neighborhoods. Citizens unhappy with these results attribute them primarily to the specific form that most U.S. metropolitan growth has taken for the past fifty years: urban sprawl.

Sprawl can be characterized as low-density peripheral growth that includes new subdivisions that leapfrog far beyond existing settled areas onto vacant or agricultural land. Sprawl also relies on the almost exclusive use of private automobiles for transportation; the control of land use by fragmented and relatively small local governments; and the lack of even moderately coordinated land use planning among communities.

Government officials and other citizens have reacted to sprawl by advocating several planning and policy responses. The most prominent strategies have been entitled *growth management*, *growth control*, or *smart growth*; however, all three have focused mainly on the specific growth-related problems mentioned above without strong regard for another major urban problem:

the high cost of housing for millions of American households, especially poor ones. Data from the 2001 American Housing Survey reveal that almost one-fourth of American households—including 85 percent of poor households—spent more than 30 percent of their incomes on housing. Most of these households suffer from what the U.S. Department of Housing and Urban Development (HUD) calls housing affordability problems, meaning that they cannot afford to occupy "decent quality" dwellings without devoting an "excessive" fraction of their income to housing.

Moreover, the highest-cost housing in most regions is in the suburbs, where the newest housing units have been built. Hence many people who work in the suburbs—or who would benefit from access to the new jobs being created there—cannot afford to live there. They are forced to drive long distances from neighborhoods where less costly housing is available, thereby aggravating traffic congestion, or are prevented altogether from gaining access to the jobs they need.

From the standpoint of rational planning, these two basic problems—sprawl and the lack of affordable housing—ought to be considered together and strategies to cope with each should deal with the other. But experience to date indicates that most growth management, growth control, and even smart growth efforts have not paid a lot of attention to providing more affordable housing in the U.S. suburbs where these strategies are being applied. The purpose of this book, which is based on papers presented at the Symposium on Growth Management and Affordable Housing held at the Brookings Institution on May 29, 2003, is to analyze why that is the case and to explore what can be done to change this disjunction. Is there some inherent conflict between trying to manage growth more rationally and providing more affordable housing? If not, why have those pursuing growth management, growth control, and smart growth not done more about making more affordable housing available?

Definitions of Key Terms

In the interest of clarity, all authors were asked to use the same definitions of key terms:

Growth management: specific regulatory policies aimed at influencing future growth so that it occurs in a more rational manner than it would without overall planning. Growth management policies affect density, availability

of land, mix of land uses, and timing of development. It seeks to accommodate growth sensibly, not to limit or prevent it.

Growth control: specific regulatory practices aimed at deliberately slowing or halting growth within a locality or region. It encompasses building moratoriums, building permit caps, population growth caps, and severe downzoning of densities to prevent significant additional growth. It is much more restrictive in intent than growth management.

Smart growth: a set of broad goals and policies designed to counteract sprawl. Goals usually include limiting outward expansion; encouraging higher-density development; encouraging mixed-use zoning instead of fully segregating land uses; reducing travel by private automobiles; revitalizing older areas; and preserving open space. Promoting more affordable housing may or may not be an explicit smart growth goal.

Affordable housing: "decent quality" housing that low-income households (those whose income is below the poverty level or below 50 percent of the median income for their area) can afford to occupy without spending more than 30 percent of their income or that households with slightly higher incomes (50 to 80 percent of the median income) can similarly afford.

Most of the authors held strictly to these definitions, and those that did not usually indicated what other definitions they were using.

Does Growth Management Aid or Thwart the Provision of Affordable Housing?

In chapter 2, Daniel Carlson and Shishir Mathur tackle the subject of whether and to what extent growth management aids or thwarts the provision of affordable housing. They analyzed four fast-growing counties in states that had growth management policies—King County in Washington, Montgomery County in Maryland, and Somerset and Middlesex Counties in New Jersey—to examine the relationship between growth management and housing affordability. They also looked at one similarly fast-growing county—Fairfax County, Virginia—in a non–growth management state for comparison.

The authors devised three sets of measures for their analysis. The first looked at changes in housing affordability for low-income households in the metropolitan areas containing these counties during the 1990s. Changes were measured by comparing percent changes in home prices and gross rents during that decade with percent changes in median incomes; computing whether

the ability of low-income households to occupy median-price housing had risen or fallen; and calculating changes in the percentage of such households that spent more than 30 percent of their income for housing. The second set of measures indicated whether each county made use of certain tactics that favor the creation of affordable housing, such as allowing small "cottage" units, allowing accessory apartments, waiving impact fees for affordable units, adopting inclusionary housing programs that grant bonuses to developers who built affordable units, encouraging transit-oriented development, and others. The third set of measures contained data on how many additional affordable housing units had been built in each county during the 1990s, both in absolute numbers and as a share of total housing construction.

Their findings are more suggestive than conclusive, given the complexity of the environments that they analyzed and the questions that they probed. The authors find that the affordability of homeownership for low- and moderate-income households worsened during the 1990s for all four counties with growth management programs, although the affordability of rental units varied among them. Montgomery County, Maryland, had the best record in improving affordability for both low- and moderate-income residents, and it had the second-best record in producing the highest share of affordable units among its additional units. Montgomery County also had the most complete repertoire of tactics to improve affordability. King County, Washington, had a wide range of affordability tactics and the second-best overall record. The authors therefore conclude that employing a full panoply of instruments to encourage affordable housing and exhibiting a strong political desire to do so were the two key factors in aiding the provision of affordable housing under a growth management program.

COMMENT BY GERRIT KNAAP. Knaap expresses considerable skepticism of Carlson and Mathur's analysis. He points out that their list of growth management tactics that might affect affordability did not include growth boundaries, minimum-lot zoning, and agricultural reserve areas, which he thinks are much more significant than the tactics they included. He is surprised at the finding that overall the affordability of owner-occupied housing increased in four counties even though housing prices rose notably. The reason given was that incomes rose even faster, which Knaap argues might have occurred because poor people could not afford to live there. His third criticism was that causality is unclear: perhaps the counties with the most growth management programs had them because their housing was less affordable instead of their housing being less affordable because they had the most programs. In short, he says, the authors do not present enough evidence to

answer the basic question that they pose about whether growth management aids or thwarts affordable housing.

COMMENT BY SAM STALEY. Staley raises two other criticisms of the Carlson and Mathur analysis. First, he notes that they did not take into account the complexities of the private housing market and the fact that most housing for low- and moderate-income households was provided by filtering in the existing inventory. Hence they did not pay enough attention to the market's ability to meet housing needs through different kinds of housing. Second, they ignored the political reality that often a huge difference exists between the stated goals of regulatory policies and the actual motives of the localities that adopt them. Some areas, like Ventura County, California, adopt many tactics seemingly well-suited to achieving smart growth goals, but they apply those tactics in ways that deliberately thwart achievement. That an area has formally adopted certain tactics—which is what Carlson and Mathur measured—does not in itself mean that the area actually uses those tactics effectively in practice. More realistic data about actual practices are needed to test the question they analyzed.

Is There an Inherent Conflict between Smart Growth and Affordable Housing?

Richard Voith and David Crawford explore in chapter 3 the issue of whether adopting smart growth policies makes providing affordable housing more difficult. They start by declaring that they analyze how smart growth *could* affect affordable housing in theory, not how it does, will, or is likely to affect it in practice.

Their fundamental argument has two main points. First, smart growth policies encourage high-density housing and discourage low-density, land-intensive housing. This effect tends to make high-density housing less expensive and low-density housing more expensive than under other land use policies. The net effects on housing affordability are ambiguous. However, since higher-density housing—especially multifamily rental housing—has traditionally been a major source of shelter for low-income households, smart growth policies can improve housing affordability for such households. The restriction of land available for housing called for by smart growth therefore need not always generate higher housing prices for the poor.

The second point is that smart growth policies, at least in theory, encompass many nonhousing aspects that can affect housing affordability. For

example, smart growth policies call for concentrating more people in smaller areas and redeveloping older inner-city areas. If those goals are achieved, such policies can bring more jobs closer to low-income households. The authors did not explore whether such effects actually occur on any significant scale or are likely to occur in the future. However, they cited the "Costs of Sprawl: 2000" by Burchell and others to show that if a significant amount of future sprawl were replaced by more compact settlements, the savings over the next two decades could be significant.

Smart growth policies are not likely to benefit everyone. There are almost certain to be some gainers and some losers—including some low-income households. But the disparity could be offset if certain now-dominant institutional arrangements are changed to compensate those who would lose from smart growth policies. For example, permitting construction of low-cost housing within a locality may cause property taxes to increase if many new families with school-age children move in. Such an increase would violate local zoning principles aimed at minimizing property taxes, and because of that local governments often resist creating such housing. Their resistance could be mitigated if tax base inequalities among communities within a metropolitan area were reduced by adopting some type of regionwide tax-sharing agreement, as in the Twin Cities area of Minnesota. Or the state government might increase its funding for total public education costs, thereby reducing local property taxes.

In summary, the authors conclude that there is no theoretical reason why adopting smart growth policies should negatively affect housing affordability, even for poor households, if all the appropriate smart growth policies are in fact implemented.

COMMENT BY MICHAEL SCHILL. Schill argues that it is politically unrealistic to expect either suburbs or central cities to encourage affordable housing. Suburbs are unlikely to do so because they are politically dominated by homeowners, most of whom want to protect the value of their homes by excluding lower-value single-family units or multifamily units—in other words, affordable housing. And each suburb's officials are concerned only with the welfare of their own voters, not the region's overall need for affordable housing. As a result, many suburban governments accept those aspects of smart growth that limit the availability of land for housing but not those that encourage the development of affordable housing.

So proponents of more affordable housing have to try to place it mainly in denser communities like central cities. But many city residents also are opposed to increasing the density of their neighborhoods; furthermore, con-

struction costs typically are much higher in central cities. Complex city regulations also add to costs because ensuring compliance with them delays completion of projects. Moreover, putting more low-income households in central cities is not socially desirable in view of the heavy concentration of the poor already there.

Schill therefore fears that adopting smart growth policies in a region would result in successful implementation of land use restrictions that raise housing prices, but not of policies that increase production of units affordable to the poor. He believes that affordable housing is best encouraged by *reducing* existing land use regulations that block it, not by creating more regulations.

COMMENT BY BURCHELL AND MUKHERJI. Burchell and Mukherji essentially ignore the Voith and Crawford analysis except for one aspect: they regard the author's definition of "affordable" housing as highly unrealistic. The chapter states that households can be considered to "need" affordable units if they meet two conditions: they have an income of below 80 percent of the regional median income and they spend more than 30 percent of their income on housing. But this definition encompasses about 24 percent of all the households in a typical American region, according to recent housing survey data. The U.S. housing supply typically has expanded by about 1.5 percent per year, including all new units, affordable or not.[1] If one-tenth of all new units were made affordable through an inclusionary zoning program, then the annual addition to the supply of affordable units would be only 0.15 percent. At that rate, it would take 160 years to create enough new affordable units to provide 24 percent of all *existing* households—as of the first year—with units. Therefore using the definition of affordable housing needs proposed by Voith and Crawford creates insurmountable obstacles to meeting those needs within a reasonable time period, at least through a land use mechanism like inclusionary zoning. Only massive housing subsidies could meet needs defined in this way within a reasonable period.

Burchell and Mukherji therefore propose an alternative definition of the need for affordable housing based on how many poor households occupy deteriorated units. If an inclusionary zoning program were to set aside 20 percent of all new units as affordable housing and if new housing equaled 1.5 percent additional units each year, then the initial need for affordable

1. The actual compound annual growth rate of the U.S. year-round housing inventory from 1970 to 2000 was 1.80 percent. U.S. Department of Housing and Urban Development, *U.S. Housing Market Conditions* (August 2003), p. 81. From 1970 to 2000, the average percentage of new housing starts, including manufactured housing, as a fraction of the prior year's total housing inventory was 2.37 percent.

housing calculated by using their definition could be met within ten years. Burchell and Mukherji believe that this definition is much more realistic than the one proposed by Voith and Crawford, which is the same definition used by the U.S. Department of Housing and Urban Development.

Burchell and Mukherji also describe a method of analyzing how large the density bonus provided to developers under inclusionary zoning programs should be.

The Link between Growth Management and Housing Affordability: The Academic Evidence

In chapter 4, Arthur Nelson and his colleagues carry out a comprehensive review of the academic literature on the relationship of growth management and affordable housing. They seek to evaluate the common assumption that by limiting the supply of developable land, all growth management policies reduce the supply of housing, thereby increasing housing prices and decreasing housing affordability.

While this reasoning may seem logical, the authors conclude that it is far too simplistic. Housing prices are actually determined by many interacting factors, including the price of land, the supply and types of housing, the demand for housing, and the amount of residential choice and mobility in the area. Moreover, growth management policies vary widely by state and region and are unevenly enforced and implemented. The authors arrive at the following main conclusions.

The strength of market demand is the primary determinant of housing prices, not regulatory constraints on land supplies. The effects of growth management policies on housing prices are hard to isolate because of variations in policies and their implementation; the structure of local housing markets; patterns of land ownership; and the stringency of other local regulations. True, research on the effects of urban growth boundaries (UGBs), largely in Portland, Oregon, suggests that UGBs can affect land values. But the effects of UGBs on housing affordability remain in dispute.

Both traditional land use regulations and growth management policies can raise the price of housing, but they do so in different ways. Traditional zoning and other planning and land use controls limit the supply and accessibility of affordable housing, thereby raising home prices; certain growth control and land use policies also reduce a jurisdiction's housing supply. Such policies include requirements for low density or minimum housing size and bans

against attached or cluster homes, and they frequently are intended to make housing more expensive and thereby exclude lower-income families, which often belong to racial and ethnic minorities. This "chain of exclusion" surely limits the affordability of housing in certain jurisdictions.

In contrast, many growth management policies improve the supply and location of affordable housing and accommodate other development needs, thereby increasing the desirability of the communities concerned. This raises the demand for housing in those communities and thus increases housing prices. When crafted properly, growth management programs can break the chain of exclusion by increasing housing densities, mandating a mix of housing types, and promoting regional fair share housing or other inclusionary housing provisions. Studies have found that growth boundaries and adequate public facilities ordinances often were associated with shifts toward multifamily housing. Growth management programs also can make housing more affordable by lowering public infrastructure costs and minimizing regulatory delays. Finally, properly designed growth management programs also plan for all development needs, such as more open space, greater access to public transportation, and more walkable neighborhoods. In communities with such programs, residents are not necessarily worse off if housing prices increase. Instead, higher housing prices may be offset by lower transportation and energy costs and better access to jobs, services, and amenities.

Housing prices may increase because of either restricted land supply (bad) or rising demand stimulated by improved environments (good) or by some combination of both. Therefore the key decision for policymakers is not how to avoid increases in housing prices; it is to determine what type of regulation will best expand the range of housing choices for all income groups. In other words, which type of regulation—traditional land use practices or growth management programs—will best increase the distribution of housing types in a metropolitan area? Traditional land use practices tend either to be laissez-faire in their approach to affordable housing or to deliberately zone for low-density, expensive homes to exclude low-income households. Properly designed growth management programs, on the other hand, aim to overcome exclusionary effects. Portland, for instance, has a growth management policy that draws a growth boundary to protect farmland but that also increases densities inside the boundary. Moreover, Portland's policies mandate the development of a mix of housing types, including affordable housing.

However, even well-intentioned growth management programs can be poorly designed. They can accommodate too much growth and thereby allow sprawl or accommodate too little growth and thereby increase housing

prices. This is arguably what happened in parts of California where growth boundaries were drawn so tightly—without accommodating housing needs—that housing supply fell relative to demand. Housing prices therefore rose dramatically, and poor residents were priced out or forced to live in overcrowded conditions.

Properly designed growth management programs mitigate both the adverse effects of urban growth and the adverse price effects on lower-income households, as noted in the preceding paragraphs.

COMMENT BY ROBERT LANG. Lang disputes the likelihood that many suburban communities would adopt the balanced set of growth management policies, including strong support for affordable housing, that Nelson and his colleagues say are at least theoretically possible. Lang notes that even liberals like himself would probably oppose affordable housing in their own neighborhood because of the fear that when they try to sell their homes, more conservative homebuyers would refuse to buy if low-income households live there. That would reduce the number of potential buyers for their homes, reducing competition and probably sale prices. Even though they had no personal objection to having affordable housing near their homes, homeowners would oppose it because they might suffer serious depreciation of their most valuable asset.

COMMENT BY WILLIAM FISCHEL. Fischel also expresses strong skepticism about the realism of the authors' arguments. He notes that smart growth advocates were thrilled by the conclusion that smart growth's key policies did not make housing less affordable but says that the conclusion goes far beyond the evidence presented. In fact, most of the studies reviewed in the chapter conclude that growth management policies raised housing prices significantly. Fischel says the authors are politically naïve when they claim that if growth management proponents merely say that they intend to create affordable housing, they actually want to and will do so.

Fischel agrees with the authors that growth management policies at the regional level are more likely to produce affordable housing than those at the local level. However, he points out, some regional policies of this type are "double veto" arrangements in which both the region and the locality can block affordable housing. Fischel then analyzes the case of Portland, Oregon—the poster child of smart growth proponents. Portland has several advantages: it has the longest-established UGB, it has the one with the most "bite," it is run by a regionally elected board chosen at large, and it has the power to alter local land use policies. Yet home prices in Portland have risen just as fast as those in other Western regions, except in some California com-

munities. If growth management does not succeed in making housing more affordable in Portland, with all its unique powers, than it is elsewhere, it is not likely to do so anywhere.

Fischel further points out that two other recent comprehensive studies of housing prices—one in the United States and one in the United Kingdom—conclude that regulatory barriers to affordable housing were the main cause of high housing prices, not strong housing demand. That directly contradicts the conclusion reached by Nelson and others, which Fischel strongly rejects.

Review of the Literature on the Impact of Affordable and Multifamily Housing on the Market Value of Nearby Single-Family Homes

In chapter 5, George Galster reviews the voluminous statistical literature on the impact of affordable and multifamily housing on the prices of nearby single-family homes, categorizing impacts according to building type (single-family or multifamily), tenure (owner- or renter-occupied), clientele (market-rate, low-income, or special needs buyers/renters), and development technique (new construction or rehabilitation). Galster argues that the vast majority of previous studies suffer from serious methodological weaknesses and that many do not plausibly establish that affordable or multifamily housing has any measured effect on the prices of nearby homes. Instead, such types of housing might have been systematically placed in neighborhoods with preexisting price idiosyncrasies—such as low or falling prices—that would attract affordable housing. In those cases, causality would be reversed.

Several recent studies have overcome these weaknesses by employing a "difference in differences" methodology. Home price levels and trends were measured in two neighborhoods, one containing housing very near the affordable or multifamily housing concerned and another neighborhood similar in nature but far enough away that it was unlikely to be affected by the affordable/multifamily units. The studies were conducted in both neighborhoods in two periods—before and after the subject housing was created—to overcome the methodological weaknesses of earlier studies.

These studies reveal that the direction and magnitude of apparent home price impacts were contingent on the concentration, context, and type of new development. In regard to concentration, higher amounts of new construction or rehabilitation in a given area involving either single- or multifamily affordable units seemed to have larger positive price impacts on nearby

homes. However, this effect had a diminishing marginal positive impact. In fact, at least in the case of affordable, multifamily rental complexes, the effect can become negative after concentrations exceed a certain threshold. This potentially negative "overconcentration" effect seems particularly strong with respect to tenant-based subsidy programs. Affordable housing seemed least likely to generate negative impacts when inserted into high-value, low-poverty, stable neighborhoods.

Neighborhood context also affected the magnitude and even direction of concentration effects. There is growing evidence that neighborhoods with modest values, nontrivial poverty rates, and homeowner perceptions of vulnerability experience smaller positive price impacts—and a greater risk of negative ones—at lower concentrations of affordable multifamily housing. That was the case for tenant-based programs, scattered-site public housing developed through rehabilitation, or newly constructed low-income housing tax credit (LIHTC) developments. In depopulated, highly distressed neighborhoods, however, the effects of such new or improved units may be more positive.

Finally, the particular type of affordable or multifamily development influenced its impacts. Owner-occupied affordable developments apparently generated more positive impacts than those occupied by renters. Developments that removed a preexisting source of negative externalities (either through rehabilitation or construction) were likely to generate more positive impacts than those developed on vacant land.

The author shows that developing affordable and multifamily housing in a metropolitan area clearly can be done in ways that enhance nearby property values. But, just as clearly, it can be done in ways that, because of inappropriate concentrations and neighborhood contexts, erode those values.

COMMENT BY INGRID GOULD ELLEN. Ellen begins by praising Galster's methodological analysis and innovations but argues that he did not pay enough attention to the differences in the types of neighborhood in which he analyzed the impacts of affordable housing. In particular, when new units were placed in older, high-density, distressed neighborhoods, the new units often generated positive price impacts because the developers first removed negative features such as dilapidated structures—something that did not happen in typical suburban single-family areas. Therefore, conclusions derived from older, distressed inner-city areas should not be transferred to newer suburban areas. In fact, Ellen thinks Galster should remove the term "single-family homes" from the chapter title and more clearly differentiate between

the impacts of new affordable units in low-density, stable suburban neighborhoods and those in high-density, distressed inner-city neighborhoods.

Ellen also points out that in practice affordable housing is not often a key part of growth management programs. She believes that Galster's conclusion that such housing *could* have a positive impact on nearby housing if properly included in growth management programs overestimates the probability that it actually will be included.

COMMENT BY JILL KHADDURI. Khadduri also praises Galster's methodological analysis, but she points out that most of the studies Galster considered valid involved subsidized housing. In contrast, the affordable housing most relevant to most growth management programs involves nonsubsidized multifamily and other higher-density units in suburban areas. Two exceptions involve low-income housing tax credit units and Section 8 vouchers, both of which can be used in low-density neighborhoods. These are the two biggest subsidized housing programs, and in neither does low-income housing have to look as if it is occupied by low-income households.

Khadduri argues further that Galster did not place enough emphasis on his finding that both positive and negative impacts of subsidized housing on nearby home prices were quite small. Because even negative impacts were small, neighbors of affordable units need not fear having such units located near them. She believes that this conclusion should be very widely broadcast.

Two other criticisms were that conclusions based on studies made in New York City may not have taken sufficient account of the unique traits of the city's housing policies and that some other studies from which Galster drew conclusions do not consider important variables such as the quality of property management. Khadduri also makes several suggestions concerning additional research that should be done, including studies of the impacts of the Section 8 voucher program, the administration of housing in suburban areas, density around transit stops, different types of LIHTC tenant mixes, and different shapes and styles of subdivisions at the metropolitan periphery.

The Promise and Practice of Inclusionary Zoning

Inclusionary zoning refers to regulatory programs that pressure housing developers to include in their projects a certain percentage of units to be sold or rented at below-market prices to relatively low-income households. These programs can be either voluntary or mandatory. Most are adopted by cities,

counties, or states. In nearly all such programs, the developers are given density bonuses or other incentives to compensate for having to market units at prices that are lower than those the market would bear.

In chapter 6, Douglas Porter presents a remarkably thorough treatment of this subject. He begins with a historical review of how and why this form of regulation came into being, then covers the legal and economic issues involved. He finds the two most important conditions for adoption of inclusionary zoning by a local government to be having a prosperous, relatively affluent local or regional housing market and a strong political will to expand the supply of affordable housing.

In the past two decades, inclusionary zoning and housing programs have been adopted by several major states and dozens of counties and communities. Their specific terms vary considerably on many dimensions, and Porter describes these and other variables in detail. The "big three" states using the device most widely are New Jersey, Massachusetts, and California, although the longest-established program is in Montgomery County, Maryland. In all big-three states, only a minority of localities have actually adopted and implemented inclusionary zoning regulations, even if state law requires them to do so. Porter estimates that

> the total of units known or estimated to have been produced across the nation [through inclusionary programs] reaches a range of 80,000 to 90,000 units—about 65,000 units in states that mandate production of affordable housing and perhaps 15,000 to 25,000 units from individual jurisdictions in other states. Admittedly, without a nationwide survey, this is a rough estimate. . . . The range of affordable units created by inclusionary programs over a thirty-year period amounts to a fraction of units produced under HUD subsidy programs.

Porter believes that as a result the overall effectiveness of inclusionary programs in meeting the nation's need for affordable housing has not been very great:

> To date the contributions of inclusionary zoning have been far less dramatic than originators of the concept had hoped. Except in a few communities, inclusionary programs have produced only a small proportion of needed units. Most programs have served existing community residents rather than increasing housing opportunities for

> poor and/or minority residents from central cities and declining suburbs. . . . Experience with state mandates demonstrates the fallibility of expectations that reluctant local governments can be coaxed or coerced to do the right thing, and few states even try.

Porter concludes with four pieces of advice for potential future users of inclusionary zoning: governments must be sure to combine inclusionary zoning regulations with many other tools and programs in a broader package of policies; inclusionary zoning works best if state laws require every community to attend to the local need for affordable housing; inclusionary zoning does not work in weak housing markets or even in strong markets during periods of general housing market weakness; and inclusionary zoning cannot by itself meet *all* of any region's need for affordable housing—other tools and programs, including government subsidies, also are necessary.

COMMENT BY KAREN DESTOREL BROWN. Brown thinks that Porter provides a very useful summary of inclusionary zoning programs but that he greatly underestimates both their present importance and their potential for helping to create affordable housing. Porter points out that such programs have contributed only a small fraction of total housing production where they were used, but Brown believes that the relevant measure is the proportion of *total affordable housing production* they have been responsible for. By that measure, the best inclusionary zoning programs—such as the one in Montgomery County, Maryland—have done very well, probably better than any other approaches to creating affordable housing.

Brown also thinks that the author did not focus enough on how effectively inclusionary zoning could be used to meet such smart growth goals as creating affordable housing, distributing it throughout a community, raising housing densities, stimulating infill development, and encouraging collaborative efforts between the public and private sectors. She points out that although Porter criticizes the failure of inclusionary zoning to help achieve racial integration of low-income minority households in the suburbs, that was not one of its key goals. The main goal was to create mixed-income communities to ensure that local residents could continue to live throughout their jurisdictions.

Brown also points out that inclusionary zoning programs can be only as successful as their framers design them to be. If the framers exempt many types of new construction projects—as most ordinances do—or otherwise limit the applicability or scope of the programs, the programs will not provide a lot of affordable housing. If the framers maximize the potential

impact of the basic concept of inclusionary zoning, the programs can be very effective.

COMMENT BY MICHAEL PYATOK. Pyatok is a practicing architect who has designed and helped build thousands of affordable housing units, mainly in cooperation with community development organizations in low-income neighborhoods; his comment therefore reflects his unique view of inclusionary zoning. Essentially, he believes that inclusionary zoning is appropriate only in relatively well-off suburban communities where there is an acute shortage of housing affordable to low- and moderate-income households and no local community development organizations exist.

Pyatok argues that in central cities and older suburbs containing neighborhoods where many low- and moderate-income households already live—especially members of minority groups—inclusionary zoning should not be used. Instead, efforts to create affordable housing should focus on operating through indigenous nonprofit community development organizations, which provide more socially beneficial results than the profit-oriented commercial residential developers involved in most inclusionary zoning programs because of the following five factors:

—The term of affordability is usually much longer, since there is no intention to cash out or refinance in the future.

—Unlike market-rate housing, in which all residents are expected to blend in with the majority population even if they have special needs, community development housing often is "service-enriched," providing child care, counseling, and other social services that meet the particular needs of lower-income households.

—The housing is managed by nonprofit corporations or for-profit corporations with special experience in serving the needs of lower-income households.

—The process of designing the housing often is inclusive and participatory and therefore provides a community-organizing opportunity. In contrast, market-rate housing often is designed behind closed doors, restricting community input to the minimum number of public hearings required by environmental impact reviews.

—The housing often is designed to express the culture and pride of the people it is intended to serve, unlike market-rate housing, which often must project a bland homogeneous image to lure the broadest population.

Pyatok describes five housing projects in neighborhoods in which local community development organizations serving ethnic communities designed and built affordable housing appropriate to their needs. The housing was

much better suited to the local residents than it would have been if it had been built by a profit-oriented developer using "normal" inclusionary zoning methods. Pyatok therefore concludes that, wherever possible,

> the financial fuel for self-determination and capacity building in the nonprofit sector, whether from local or state sources, should not be siphoned off to assist the for-profit sector. *If there is to be inclusionary zoning, private developers should pay for such housing primarily from their own profits or pay in-lieu fees to local affordable housing trust funds and at sufficient levels to accomplish the task* [emphasis added]. Such funding pools are an important assistance to the local nonprofit sector, which is far more capable of meeting the needs of lower incomes in a comprehensive way.

Growth Management, Smart Growth, and Affordable Housing

In chapter 7, Anthony Downs focuses first on the "affordability gap" between what poor households can pay for housing and what it costs to occupy a "decent" unit. That gap can be closed only by raising household incomes or reducing occupancy costs. The former requires subsidies; the latter can be done in four basic ways: reducing financing costs; decreasing development and construction costs; changing quality and amenity standards, as by using manufactured homes or accessory apartments; or building so many new units that the overall price of existing housing goes down. Most poor households live in existing units, so cutting the price of those units would be effective. But reducing the price of existing housing threatens the economic interests of all the nation's homeowners, lenders, real estate agents, mortgage bankers, homebuilders, and local governments—a politically insuperable group whose members all benefit from increasing the prices of existing homes or at least from preventing those prices from falling. That path to greater affordability, therefore, is blocked.

In fact, because homeowners want to protect the market value of their homes from any downward movements and because they politically dominate suburban governments, most suburban governments oppose creating affordable housing or accepting low-income residents. As long as control over land use is left solely with local governments, it is unlikely that any significant amount of affordable housing will be created outside of central cities and older suburbs. Other parties that could exercise more authority over where

housing is located within a region include developers, state governments, regional agencies, and public-private partnerships. But persuading state governments to transfer any significant authority over housing location from local governments would be extraordinarily difficult. Even in the one state with a statewide housing policy—New Jersey—more than half of all localities have refused to go along with state policy.

Most smart growth advocates realize that trying to promote affordable housing as well as key smart growth goals arouses hostility in the suburbs; hence not many put creating affordable housing high on their list of priorities. But many aspects of smart growth involve reducing the supply of land available for housing—such as limiting outward growth, emphasizing infill development, and increasing densities. Without specific countervailing actions to promote affordable housing, smart growth policies tend to raise housing prices.

Only strong leadership—especially by state governments—can overcome this impasse. The few states that have done so have been responding to some type of crisis, such as pressure from the state courts in New Jersey. In California, housing prices have become so high that many thousands of households have had to double and triple up in overcrowded units—in short, in slums. In fact, many working-class and even middle-class households cannot afford to live anywhere near their jobs, so they have long commutes that aggravate traffic congestion.

Smart growth goals would be furthered by much more widespread creation of affordable housing. Because the most affordable housing consists of multifamily or attached units, it would lead to higher densities; reduce traffic congestion, since low-wage workers would have to travel less to reach their jobs; promote more mixed-use development; and require a shift of some land use regulations away from local governments. From this standpoint, smart growth proponents should make alliances with promoters of affordable housing in the suburbs so that both groups can increase their net influence on attaining basically unpopular objectives. Such coalitions could include churches and nonprofits interested in social justice, businesses seeking housing for their employees, and developers who want to build low-cost housing.

There is no guarantee that such combined forces will prevail, but the chances of attaining either effective smart growth or more affordable housing without forming coalitions are nil. Regions will wind up instead with more purely local growth management policies that push growth out farther, worsening sprawl and increasing housing prices more than ever.

Conclusion

This summary reveals three major themes. First, even though most growth management programs contain provisions that limit the land available for development and therefore normally place upward pressure on housing prices, it is theoretically possible for growth management to coexist with, and even promote, affordable housing. This can happen in the suburbs as well as in cities. But such a desirable outcome will occur only if the growth management programs involved contain provisions specifically designed to create affordable housing by offsetting those aspects of growth management that inherently limit the land available for development *and* if there is a strong political will in the communities concerned to actually implement those pro-affordability provisions.

Second, deeply entrenched political forces reduce the likelihood that either of those necessary conditions will be met on any broad scale, especially in the suburbs. A great many homeowners believe that their economic interest in their home must be protected by preventing or limiting the construction of lower-cost housing in their community, and homeowners dominate suburban politics. True, several studies showed that existing home values in high-value, low-poverty, stable suburban neighborhoods are not likely to be adversely affected by relatively small numbers of affordable housing units built nearby and that clusters of new or rehabilitated units in lower-value, deteriorated neighborhoods can have a positive impact on the value of nearby homes. If those facts become better known, resistance to placing affordable housing in such neighborhoods can perhaps be overcome.

Third, programs encouraging growth management will in fact promote affordable housing only if advocates of both goals work closely together to overcome entrenched resistance to affordable housing. Various forms of growth management have widespread political support, including the support of suburban residents, but proponents of growth management will have to greatly increase their focus on affordable housing—and their efforts to promote it—to avoid having growth management thwart rather than encourage affordable housing.