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# Growth Management, Smart Growth, And Affordable Housing

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My tasks are to create an overall perspective on the relationships between smart growth, growth management, and affordable housing, and to advocate more emphasis upon affordable housing in future smart growth tactics. I will also try to be politically realistic.

Let me begin by stating what I believe is meant by growth management and smart growth. These terms have no standard, universally-accepted definitions. They stand for many different sets of policies espoused by diverse groups under different circumstances.

Growth management means specific regulatory policies aimed at influencing how growth occurs, mainly within a locality. These affect density, availability of land, mixtures of uses, and timing of development. Growth management seeks to accommodate growth rationally, not to prevent or limit it. That is growth control.

Smart growth refers to an overall set of broad goals designed to counteract sprawl. These usually include (1) limiting outward expansion, (2) encouraging higher density development, (3) encouraging mixed-use zoning, (4) reducing travel by private vehicles, (5) revitalizing older areas, and (6) preserving open space. Promoting more affordable housing can be a goal, but usually is not.

Since sprawl is a regional phenomenon, many smart growth goals cannot succeed without region-wide application. For example, to limit outward growth requires both regional growth boundaries and prohibitions against any urban development beyond those boundaries. Only state governments can do that. So smart growth must be applied at different gov't levels by different authorities.

The smart growth elements least likely to be adopted are those needing large public subsidies -- such as revitalizing old areas -- or regional action -- such as building major public transit systems. What can be done locally and cheaply with wide popular support is most likely: preserving open space and limiting outward growth within specific localities.

Actual adoption of a consistent set policies likely to achieve smart growth goals is very rare, because few acceptable mechanisms exist for coordinating all these actions regionally. Thus, smart growth is far more often talked about than achieved.

The third major subject of this symposium is affordable housing. But there are different types of affordable housing, depending upon to whom it is affordable

The people with the greatest housing needs are very low-income households that cannot afford to pay for "decent" quality units. Most of these households are renters, but U.S. government housing policies are mainly designed to encourage ownership. So there is very little housing affordable to the poor, who need housing assistance most.

The basic problem is an "affordability gap" between what poor households can pay for housing at some standard level --say 30 percent of income --and what it costs to occupy a "decent quality home" as defined by middle-class standards.

Most housing built today that is called affordable is too costly for low-income households; but it is affordable to working-class or moderate-income households. The "affordability gap" for these households still exists, but it is smaller and therefore can be bridged in various ways that do not require large public subsidies per unit.

There are only two basic strategies to make housing affordable those who suffer from affordability problems. One is raising their incomes, either directly like the Earned Income Tax Credit, or indirectly through housing subsidies like Section 8. To do this for all very low-income households would be very costly, so we don't attempt it.

The second strategy is reducing the cost of housing to the occupants. There are four tactics for doing this. One is making financing more available or cheaper. That is done through lower-down-payment mortgages, easier credit, and low interest rates. But these arrangements do not help low-income renters, who need help most.

A second such tactic is reducing the costs of producing housing units meeting middle-class quality standards. That involves (1) modifying building codes, (2) speeding up the development process, and (3) raising residential densities.

The third tactic for lowering housing costs is reducing the size and quality standards required for new housing. This can be done by using manufactured housing, allowing creation of accessory apartments, constructing small housing units like homes built after World War II, and building more multi-family units. These arrangements can be carried out with mainly private financing. Yet manufactured housing, accessory apartments, and smaller homes are illegal in most suburbs, and more multi-family units are blocked by limiting land zoned for them. Ironically, these tactics are all quite consistent with smart growth goals.

Almost all the households who have affordability problems live in older existing units, not brand new ones. Few will ever be able to afford brand new units. Unfortunately, making EXISTING housing more affordable has almost no political support in America. In fact, just the opposite is the case. Almost all groups interested in existing housing want its market values to rise, not fall --thus making it less affordable to those who need help.

Existing housing could be made more affordable by reducing its price across the board in relation to incomes. But all the institutions related to housing --builders, mortgage lenders, Fannie and Freddie, bondholders, realtors, insurers, and all homeowners --have invested trillions in existing housing and want their assets to rise in value. That goal is certainly understandable, and there is nothing wrong with it. But it also has an unfortunate impact on prevailing attitudes toward creating new low-cost housing.

In the suburbs, local governments are politically dominated by homeowners, who comprise a majority of residents and are the most vocal. The major asset of most homeowners is their home. They have strong incentives to want the market values of homes to rise. So they oppose any policies they believe might reduce home values. They think letting more affordable units into their communities would do that and might also lower the quality of local schools and raise property taxes. So very few want to permit new low-cost housing near them, or to accept low-income neighbors.

Hence, a key goal of most suburban governments is to prevent actions that might reduce home values. They pass laws that require high standards of quality for new units, limit multi-family housing, prohibit manufactured housing, etc.

As long as full power over what housing can be built in a community resides with its local government, we are not going to see much additional affordable housing created in the suburbs. Yet that is where most growth of jobs and population is occurring. So that is where society most needs additional affordable units.

Consequently, making housing more affordable to those who need help most is a cause without powerful supporters. Only a few housing-oriented trade associations and non-profits, academics, and builders who use low-income tax credits, care about this cause. True, broader homeownership has a lot of promoters who would gain financially. But that does not help those most in need of more affordable housing.

Breaking this impasse will require shifting some of the decision-making power over where housing is built to other levels besides suburban local governments. Alternative stakeholders include developers, state governments, regional agencies, and possible public-private partnerships created to develop more widespread affordable housing.

Resistance to reducing local autonomy over housing is intense because it involves the social nature of who is going to live near me and who is going to attend school with my children. Most people accept regional approaches to infrastructures, such as sewage and transportation systems. But they reject regionalism regarding social aspects, such as schools and who lives where. Almost all attempts to create suburban affordable housing have been thwarted by such local NIMBYism.

Even in the one state that has adopted a statewide affordable housing policy --New Jersey --resistance to affordability in suburbs has been fierce. And when such units were built there, occupants have been mostly white households already residing in the suburbs. This is also true in Massachusetts. So there has been very little movement of any households out of central cities into suburban affordable housing --one of the basic purposes of locating affordable housing in the suburbs.

Thus, a key reason why many proponents of smart growth have not emphasized creating affordable housing is that doing so would arouse strong opposition from suburban residents. Getting smart growth accepted by itself is hard enough --why take on the even more controversial burden of promoting affordable housing too?

Yet without affordable housing, the other main smart growth policies restrict the supply of land usable for development. That normally places upward pressure on prices of both new and existing units, making housing less affordable than it would otherwise be. If land-restricting policies are adopted only locally, housing prices are very likely to rise. Only if such policies are adopted regionally, along with other policies that raise densities, can smart growth avoid making housing less affordable.

True, New Jersey's approach has caused construction or rehabilitation of quite a few low-cost housing units in older cities, paid for by suburbs "buying out" of their requirement to create affordable housing within their own boundaries. That is a definite benefit to central-city households needing better quality housing.

In most regions, smart growth advocates do not strongly promote affordable housing in localities where they want to pass land-limiting policies. Thus, they are often making housing less affordable to those who need it most.

If smart growth advocates are to avoid this unjust and undesirable outcome, they must make strong efforts to promote actual building of affordable housing in localities and regions where they are pushing smart growth. Their reason for taking on this extra political burden is that doing so is necessary to make smart growth socially just and responsible. Policies that leave out --or actually harm --the interests of low-income households cannot be truly smart and just.

A crucial ingredient in getting more affordable housing built is responsible leadership from state governments --especially governors. Only states have the legal power to modify the current autonomy of local governments over where, and what kind, of housing can be built.

The few state governments that have supported workable affordable housing policies have done so mainly in response to crises. In New Jersey, the crisis was imposed by courts that began to take zoning powers away from local governments. This prompted action by the state legislature. In the few other states that have started to promote more affordable housing, the crisis has been acute shortages of affordable housing also affecting middle-income households with greater political influence.

This is most evident in California. Before the High Tech bubble burst, housing prices were so high that teachers, police, fire fighters and other city workers could not live near where they worked. This hurts employers trying to hire people from other regions and citizens trying to operate schools and governments. So California required every locality to adopt an affordable housing target. But the state did not provide funding or any means of enforcing those targets.

Thousands of poor immigrants entering California are forced to double and triple up in overcrowded, often deteriorated units. Insofar as such slums are temporary way-stations while these households get established, this strategy can perhaps be defended as the only feasible way to shelter very poor newcomers --and the same strategy America has always used to house them since colonial days.

But people forced to live in sub-standard, overcrowded units now include many households other than poor immigrants in temporary quarters. We are generating a whole new set of slums as de facto affordable housing for the poor and many working-class households. Since it is mainly in older urban areas out of sight of the middle-class majority, it is politically acceptable. Other cost-lowering tactics are regarded as too costly or too upsetting to nearby middle-class households.

Thus, achieving either more affordable housing or smart growth requires strong support from state governments that permits region-wide implementation of policies dominated by local governments. Advocates of both affordable housing and smart growth need to persuade state governments to support regional approaches. Such persuasion will be successful only if state leaders believe crisis conditions now exist.

However, most smart growth advocates, in my view, have up to now not put much stress on improving housing affordability, for reasons I have stated. Their efforts have been more focused on reducing traffic congestion, loss of open space, school overcrowding, and higher taxes, and slowing the spatial expansion of settlements into greenfields.

Some of these targets are in part inescapable results of rapid population growth. But no region can control its own population growth. That is determined by its own basic traits, such as location in the nation, climate, economic strength, demography, past investments, and topography. Insofar as these undesirable conditions are caused by growth itself, they cannot be completely eliminated through regional or any policies. Thus, smart growth probably could not fully overcome the conditions it was created to change, even if widely implemented. Some sprawl will be with us for a long time.

Moreover, implementing smart growth would have two impacts that tend to raise strong citizen opposition, as noted earlier. Many smart growth ideas won't really work unless carried out regionally. So some authority must be shifted to a regional focus, which local gov'ts oppose. Second, raising densities generally means raising them in many suburban neighborhoods too. But almost all suburbanites oppose higher densities in their own areas. Local NIMBYism limits smart growth's acceptability.

Implementing smart growth ideas alone is also likely to raise housing prices for the poor, even if some affordable housing is created for a few working class and moderate-income households. Since most residents of growth areas do not want poor people living near them, they fight against affordable housing measures. Also, many such measures require major public funding, so they are kept small in scale.

As a result, the main tactics advocated by smart growth proponents that have attained widespread public support are those that can be done locally without much new public spending, tax increases, or "social engineering." Those are local growth boundaries or other limits to developable land, mixed-use zoning, and permitting very limited higher densities for a few housing units. These tactics do not make much housing more affordable, and may make a lot of it less affordable.

Where does all this leave us? I suggest the following conclusions.

Smart growth goals would be furthered by much more widespread creation of affordable housing because that would (1) lead to higher densities, since the most affordable housing consists of multi-family or attached units, (2) reduce traffic congestion, since low-wage workers would have to travel less to their jobs, (3) promote more mixed-use development, since multi-family units can more easily be co-located with retail uses, and (4) require a shift of some land-use regulation away from local governments, which is vital to effective smart growth. From this viewpoint, smart growth proponents ought to strongly promote affordable housing in the suburbs.

But trying to create more affordable housing in the suburbs where we need it most is vehemently opposed by a big majority of suburban residents and governments. So making widespread creation of more affordable housing a key goal of smart growth proponents might reduce their chance of getting any of

their goals put into practice.

But several of smart growth's major goals themselves cannot be attained without either region-wide implementation or increased public spending or both. But these two actions are also unpopular. Consequently, in most U.S. regions, attempts to carry out smart growth have ended implementing only local growth management policies. Those policies cannot stop sprawl, and often reduce housing affordability.

Continuing the status quo is not likely to achieve either smart growth or more affordable suburban housing in most metropolitan areas. What is needed is greater receptivity to region-wide tactics. That must in turn be grounded in widespread citizen dissatisfaction with both existing sprawl development and existing shortages of local housing affordable to those workers who are necessary to run suburbs efficiently.

The best way to create such dissatisfaction is for advocates of both smart growth and affordable housing in the suburbs to work together to promote regional tactics aimed at their combined goals. Such coalitions could include churches and non-profits interested in social justice, businesses seeking housing for their workers, and developers who want to build low-cost housing. Both groups could then realize they were working for socially just outcomes for all income groups.

There is no guarantee that such combined forces will prevail soon, if at all. But I can guarantee you that chances of attaining either effective smart growth or more affordable housing without such coalitions are slim to none. Instead regions will wind up with more purely local growth management that pushes growth out farther --thus worsening sprawl --and raises housing prices more than ever.

Smart growth cannot be really socially just and responsible unless it includes a significant element of affordable housing. That would make it truly smart.

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