



From the Desk of Emily Hamilton

March 20, 2025

The Honorable French Hill
United States Representative
Chairman, House Financial Services Committee
Washington, DC 20515

Re: Hearing on March 4, 2025, entitled “Building Our Future: Increasing Housing Supply in America”

Dear Chairman Hill:

After my testimony before the Subcommittee on Housing and Insurance on March 4, 2025, you requested answers to one question submitted by Congresswoman Garcia and two questions submitted by Ranking Member Waters. The questions and answers are below.

Question from Congresswoman De La Cruz

- (1) Dr. Hamilton, what states and localities are playing a positive role in bringing more housing online? How are they doing so?**
- a. How do outdated local zoning regulations impact our housing supply and affordability?**

Many states and localities are playing a positive role in bringing more housing online. I’ll highlight three examples:¹

1. Reducing Minimum-Lot-Size Requirements in Houston

In my testimony on March 4, I mentioned the positive example of Houston’s minimum-lot-size reform. After the city reduced minimum-lot-size requirements from 5,000 square feet down to 1,400 square feet, approximately 80,000 small-lot homes were built at lower prices than comparable houses with larger yards would have commanded.²

¹ These examples are from Emily Hamilton, “Improving Housing Affordability by Reducing Barriers to Housing Construction” (Mercatus Testimony, Mercatus Center at George Mason University, December 2023).

² Emily Hamilton, “Learning from Houston’s Townhouse Reforms” (Mercatus Policy Brief, Mercatus Center at George Mason University, April 2023).

Critics of land-use deregulation sometimes argue that allowing more intensive uses of land in existing residential developments causes the appreciation of existing houses and apartments by increasing their land's option value. While upzoning undeniably increases land's option value, it can also expand housing supply, which puts downward pressure on rents and land prices.

I have done research to measure the total effect of Houston's minimum-lot-size reduction on land values, using a 2013 expansion of the reform to create a control group.³ I found no evidence that the expansion of development rights increased land values in the affected area. Zeroing in on the parcels most likely affected by the policy change, I found that the reform reduced land values, demonstrating that affordability gains from increased housing supply outweighed upward pressure on land values from expanded option value.

2. Allowing Transit-Oriented Development in the Washington, DC, Region

The DC region has plenty of opportunities to reduce barriers to new housing construction; however, relative to most other high-income coastal areas, this region excels at permitting multifamily construction, particularly along its transit corridors.⁴ Beginning in the 1960s, officials in Arlington County, VA, planned for multifamily construction in areas originally developed with low-rise commercial buildings. That set off a 60-year boom in apartment construction, which has allowed the county's population to grow by 37 percent.

In part because of Arlington's experience, Montgomery County, MD, and Fairfax County, VA, have also embraced transit-oriented development in more limited areas. DC has followed suit, allowing new neighborhoods to be built in formerly industrial areas including NoMa and the Navy Yard. Among the country's "Superstar Cities"⁵—Boston, Los Angeles, New York, San Francisco, Seattle, and Washington—Washington has the lowest median house price. This is, in part, because it permits multifamily housing at rates that are double or more than those in Boston, Los Angeles, New York, and San Francisco.

3. Legalizing Accessory Dwelling Units in California

In response to growing housing-supply issues and affordability challenges in the US, state policymakers are beginning to set limits on local authority to curb housing construction. California, where these challenges are the most dire, has led the way. The state has been particularly successful in legalizing accessory dwelling units (ADUs), which are typically small apartments located in single-family houses.

Legislators in California first began efforts to legalize accessory-dwelling-unit construction in 1982, and in 2016 they got serious about addressing the remaining regulatory barriers hindering homeowners from building ADUs.⁶ In some parts of the state, most notably Los Angeles, ADU construction drastically accelerated beginning in 2017. Today, one in four residential units in the city of Los Angeles is an ADU.

³ Emily Hamilton, "The Effects of Minimum-Lot-Size Reform on Houston Land Values," *Cityscape* 26, no. 3 (2024).

⁴ Emily Hamilton, "How DC Densified," *Works in Progress*, May 2023.

⁵ Aaron Renn, "Scaling Up: How Superstar Cities Can Grow to New Heights," Manhattan Institute, January 23, 2020.

⁶ Emily Hamilton and Abigail Houseal, "A Taxonomy of State Accessory Dwelling Unit Laws" (Mercatus Policy Brief, Mercatus Center at George Mason University, March 2023).

In contrast to the examples above, most jurisdictions in the US have not meaningfully reduced barriers to housing construction—barriers that have accumulated over the past century of expanding land use regulations. In fact, some places are still moving to make land use regulations more restrictive. A growing body of research indicates that zoning regulations and complex permit approval processes are constraining housing supply and raising rents and prices relative to what they would be if it were easier for the housing market to respond to increasing demand with new supply.⁷

These rules are contributing to deteriorating affordability, particularly for households that rent. While the share of households that rent has held quite steady since the 1960s, the share of income the median renter spends on housing has increased by more than 25 percent since then.⁸

Questions from Ranking Member Waters

Answers are marked in yellow highlight and underlined.

(2) Which of the following options best describes your race?

- a. White or Caucasian
- b. Black or African American
- c. Hispanic/Latinx
- d. Asian
- e. Middle Eastern/North African
- f. Choose not to answer
- g. Prefer to self-describe (please specify)

(3) Which of the following options best describes your gender identity?

- a. Woman
- b. Man
- c. Non-binary
- d. Transgender Man
- e. Transgender Woman
- f. Choose not to answer
- g. Prefer to self-describe (please specify)

Thank you for the opportunity to testify and for the opportunity to contribute to the hearing's Questions for the Record.

Sincerely,

Emily Hamilton
Senior Research Fellow

⁷ Sanford Ikeda and Emily Hamilton, "How Land-Use Regulation Undermines Affordable Housing" (Mercatus Research Papers, Mercatus Center at George Mason University, November 2015).

⁸ Emily Hamilton, "Zoning Out American Families," *Discourse*, February 23, 2023.