

The Antiplanner

Dedicated to the Sunset of Government Planning

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America's Two Housing Markets

Imagine that, on top of all our other problems, the United States had a shortage of pickup trucks. While many pickups are purchased for recreational purposes, they also play vital roles in construction, farming, forestry, and other industries. The impacts of a shortage could reverberate throughout the economy.

A California politician says he has a solution to the pickup shortage: Simply buy old pickups, scrap them, and use the materials to build subcompact cars such as the [Chevrolet Spark](#) or [Mitsubishi Mirage](#). Full-sized pickups typically weigh twice as much as subcompacts, so this program could flood the market with two or more vehicles for every one that is scrapped. That would have to reduce the price of pickups, wouldn't it?



The Chevrolet Spark is one of the least-expensive cars in America, but with less cargo room than the cab of most pickups, it can hardly be mistaken for a light truck. Photo by General Motors.

Of course not. Subcompact cars have their place, but they are not going to provide an adequate substitute for trucks capable of carrying bales of hay, cords of firewood, or tools and materials for building a house. The markets for the two kinds of vehicles do not overlap, so having more of one won't influence the price of the other, but scrapping pickups would only make the remaining ones more expensive.

Single- vs. Multifamily Housing Markets

No one would confuse subcompact cars for pickup trucks. Why, then, do people think that tearing down 2,200-square-foot single-family homes to make room for 1,100-

square-foot apartments will make single-family homes more affordable? This is, in essence, what the movement to ban single-family zoning calls for. Clearly, many people supporting this movement fail to realize that, just as the market for subcompacts is completely different from the market for pickups, the market for multifamily housing is different from the market for single-family homes.

There are several reasons why people prefer single-family homes. Such homes provide greater privacy and residents are less bothered by noise, cooking odors, and other impacts from their neighbors. Yards offer places for people to garden and play areas for children and pets. Low-density neighborhoods have less auto traffic and congestion.

People also sense that neighborhoods of single-family homes have [less crime](#) than higher-density neighborhoods. This is not because people who live in multifamily housing are more likely to be criminals but because multifamily housing is more likely to be attractive to crime.

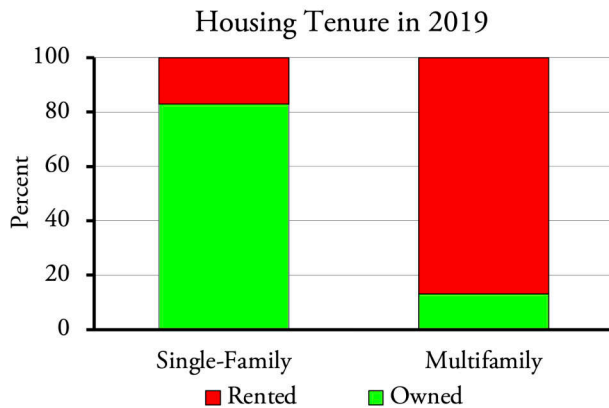
[Groundbreaking research](#) by architect Oscar Newman in the 1970s showed that public spaces, such as common hallways or greenspaces around developments, were a key factor in crime because there is no easy way to detect whether someone belongs in those spaces or was contemplating a break in. Single-family neighborhoods are mostly private and a stranger walking in people's backyards is easily detected and treated with suspicion. In Newman's terminology, single-family neighborhoods are [defensible space](#) while multifamily housing generally is not.

Revealing the Single-Family Housing Preference

The first indication that Americans prefer single-family homes is by where they actually live. The [2019 American Community Survey](#) found that more than two-thirds of American households live in single-family homes. Nearly 77 percent of households in Indiana, Iowa, and Kansas live in single-family homes, and more than 70 percent of households in 23 other states do as well.

Density advocates claim that Americans have been "forced" to live in single-family homes by zoning laws that prohibit the development of multifamily housing. If any-

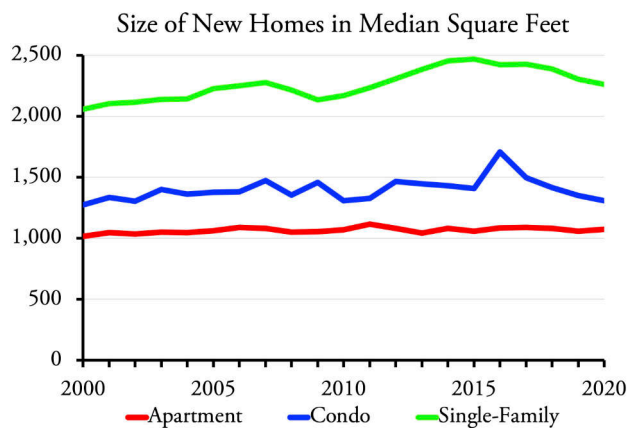
thing, the reverse is true: anti-sprawl zoning of rural areas forces people to live in multifamily housing who would rather live in single-family homes. Only a dozen states have less than the national average of single-family homes, and all of them except Illinois and North Dakota have some form of growth management limiting the development of more single-family housing.



Nearly 17 out of 20 occupied single-family homes are owned by their occupants while more than 17 out of 20 multifamily homes are rented.

The second indication of the preference for single-family homes can be found in ownership patterns. The [2019 American Community Survey](#) showed that the homeowners lived in 83 percent of occupied single-family homes while renters lived in 87 percent of multifamily dwellings.

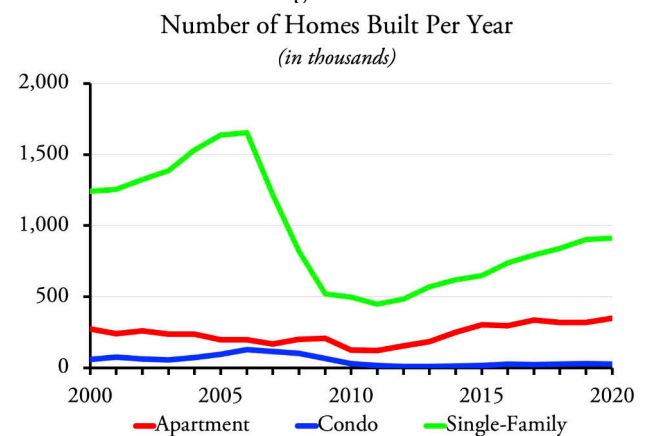
This pattern can't be blamed on zoning rules, which have no say on whether people buy or rent their home. Instead, most Americans appear to regard multifamily housing as temporary housing, a place for people to live who don't expect to remain in a particular area for long or who are trying to save enough money to buy a single-family home.



Americans buy much larger single-family homes than they rent for apartments or buy as condos. The 2016 blip in condo sizes was due to a short-lived boom in the condo market that died when it became clear that the demand for large condos was negligible.

Another indication that people view multifamily housing as temporary housing is in the sizes of housing units. Census data show that the median size of multifamily dwellings built from 2000 to 2020 was [1,100 square feet](#), while the median size of single-family dwellings was [2,350 square feet](#). Only about 5 percent of multifamily dwellings were as large as the median size of single-family homes while less than 10 percent of single-family homes were as small as the median size of multifamily dwellings. Clearly, these are serving two quite different markets.

Even multifamily dwellings built as condos (that is, for owner occupancy) tend to be small. While apartments built for renting averaged 1,065 square feet, condos averaged 1,400 square feet, larger than apartments but still much smaller than single-family homes. Developers could build larger condos, but seldom do, suggesting there isn't a demand for such housing.



American homebuilders construct an average of about 20 single-family homes for every condo unit.

Census data indicate that median condominium sizes leaped to 1,700 square feet in 2016, then quickly fell back to 1,400 square feet. This increase was almost entirely due to a condo construction boom in Miami and one or two other Sunbelt cities, a boom that [went bust](#) in 2017, revealing developers had overestimated the market for large condominiums. The fact that a boom and bust in one or two cities can significantly affect national data reveals just how small the condominium market is: in a typical year, about 20 single-family homes are built for every condo unit.

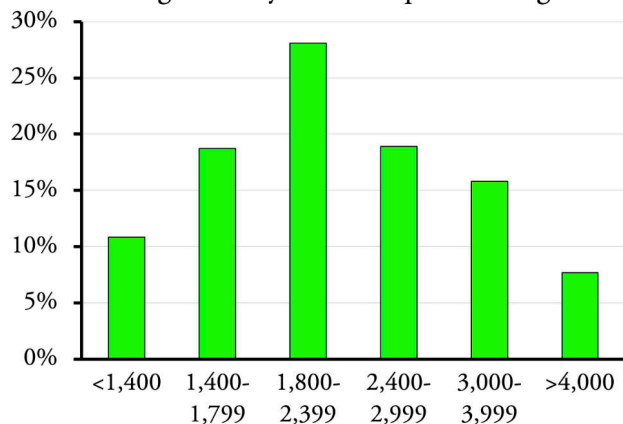
The Affordability Lie

People like single-family homes because of privacy, yards, and other amenities, but these are reinforced by another factor: cost. Density advocates often portray multifamily housing as affordable housing, but it is only affordable because the housing units are so much smaller than single-family housing.

According to [Zillow](#), as of March 31, 2022, the typical [single-family home](#) in the United States was worth \$338,000, while the typical [condominium](#) was worth \$332,000. In places that use growth boundaries or similar

policies to restrict development at the urban fringe, the differences are much greater: single-family homes in the San Francisco metro area are 57 percent more expensive than condos, while in Seattle they are 63 percent more expensive.

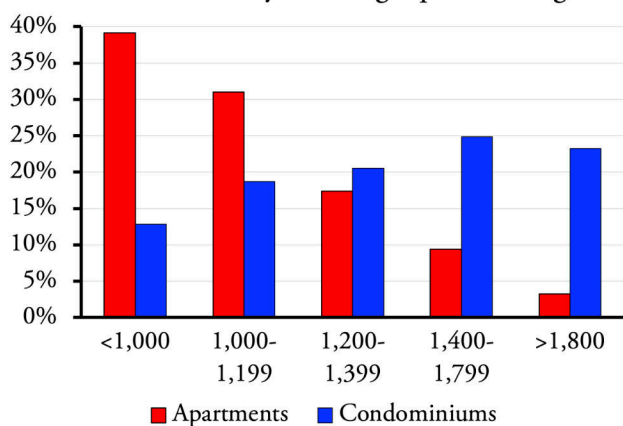
Single-Family Homes Square Footage



There is very little overlap between the sizes of single-family homes built in the U.S. in the last 20 years , , ,

Condos are less expensive only because they are smaller. Zillow once published costs per square foot of single-family homes and condominiums, but no longer does so. However, data I downloaded from 2016 indicate that the average price per square foot of condominiums was 33 percent greater than the average for single-family homes.

Multifamily Housing Square Footage



. . . and the sizes of multifamily homes.

According to California developer Nicholas Arenson, the higher cost is due to [multi-story construction](#), which requires elevators and more concrete and structural steel. Two-story multifamily housing costs about the same, per square foot, as single-family homes. But a third story adds 30 to 50 percent, a fourth story doubles per-square-foot costs, and five or more stories are even more expensive. Since urban planners favor four- to six-story mid-rises, units have to be very small to be priced lower than single-family homes.

Time to End the War on Sprawl

Between 1961 and 1992, opponents of urban sprawl convinced several state legislatures and some regional planning authorities to restrict suburban development using growth boundaries, concurrency requirements, and similar policies. Effectively, they created artificial shortages of land, which in turn made housing expensive.

In response, cities and states have created a number of programs aimed at making housing more affordable, but most are in fact counterproductive. One common policy, called inclusionary zoning, requires developers to rent or sell a portion of the homes they build to low-income households at below-market prices. The developers respond by building fewer homes and charging more for the market-rate homes they do build, thus lifting overall housing prices.

Another policy is to tax new development and use the funds to build subsidized housing. The tax makes new housing more expensive and sellers of existing homes raise their prices to take advantage of those higher prices. Even if it didn't make housing more expensive, subsidized housing is not a solution to general affordability problems.

The latest technique is to demonize single-family zoning as somehow racist and to insist that such zoning be amended to allow more multifamily housing. However, single-family zoning can't make housing more expensive so long as vacant land is available to build more housing.

The goal of abolishing single-family zoning is to replace some single-family homes with multifamily housing. This increases the housing supply but reduces the supply of the single-family homes that most Americans want. Apartments and condominiums are not adequate substitutes for single-family homes, not to mention the fact that they are more expensive to build, so getting rid of single-family zoning only makes housing more expensive.

The truth is that opponents of single-family zoning don't really care about housing affordability. Their goal is to increase urban densities. This is a nonsensical goal in a nation that is still more than 95 percent rural. Every state and every urban area in the country has plenty of land available for new housing if state or local governments would allow developers to use that land.

The war on sprawl has greatly harmed the American economy, increasing wealth inequality, creating hardships for low-income families, and exacerbating the homeless problem. It also played a major role in the 2008 financial crisis. It is time to end this war, including the war on single-family housing, and let people choose the kind of housing they want to live in, not be forced to live in the kind of housing some planners prefer.

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