



Center for Smart Growth / January 2026

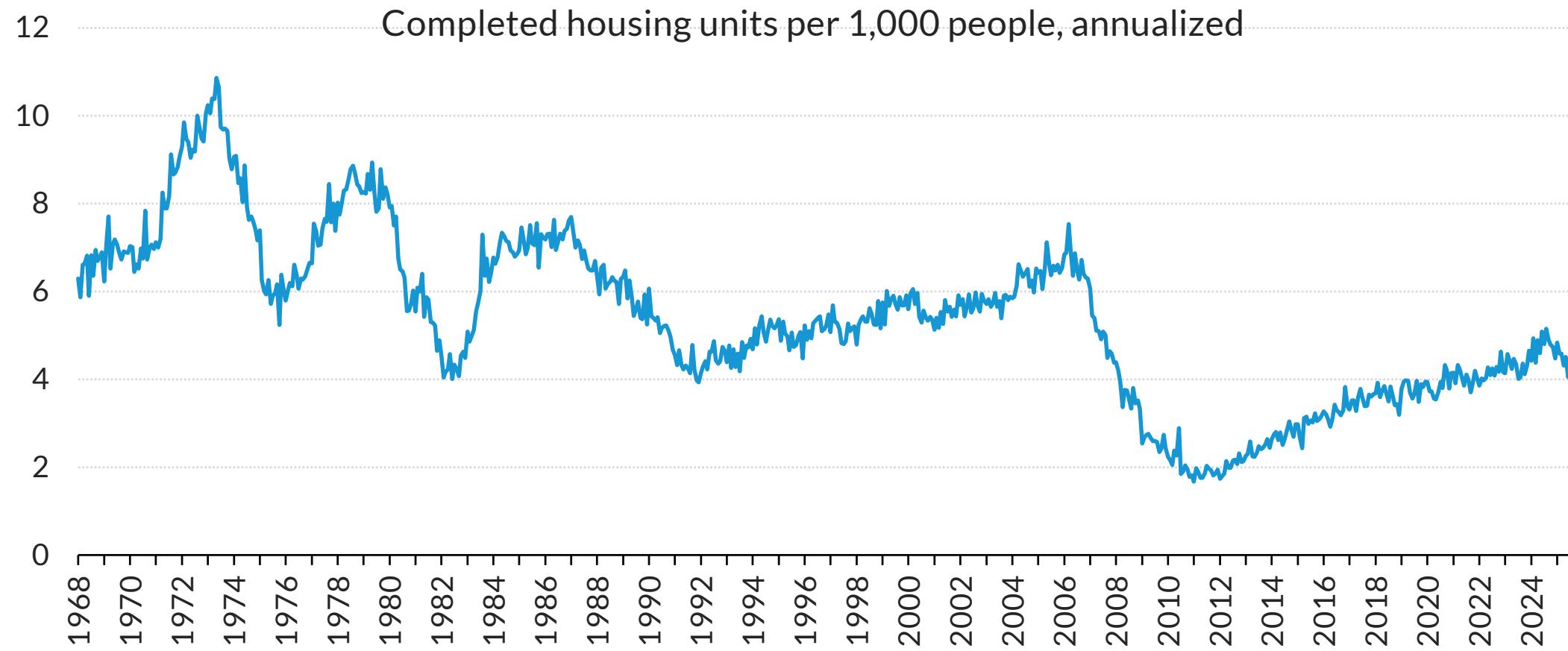
# Generating More Housing: Current Perspectives

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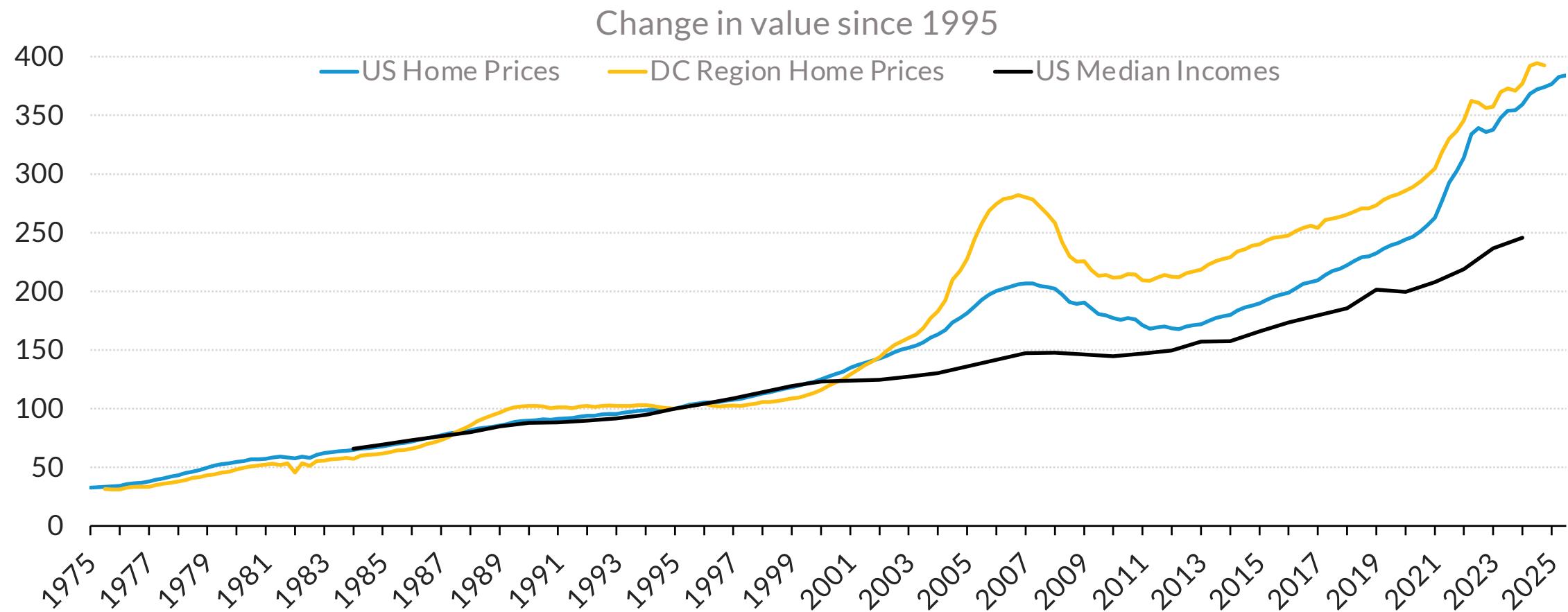
Yonah Freemark

What is the state of the current housing market?

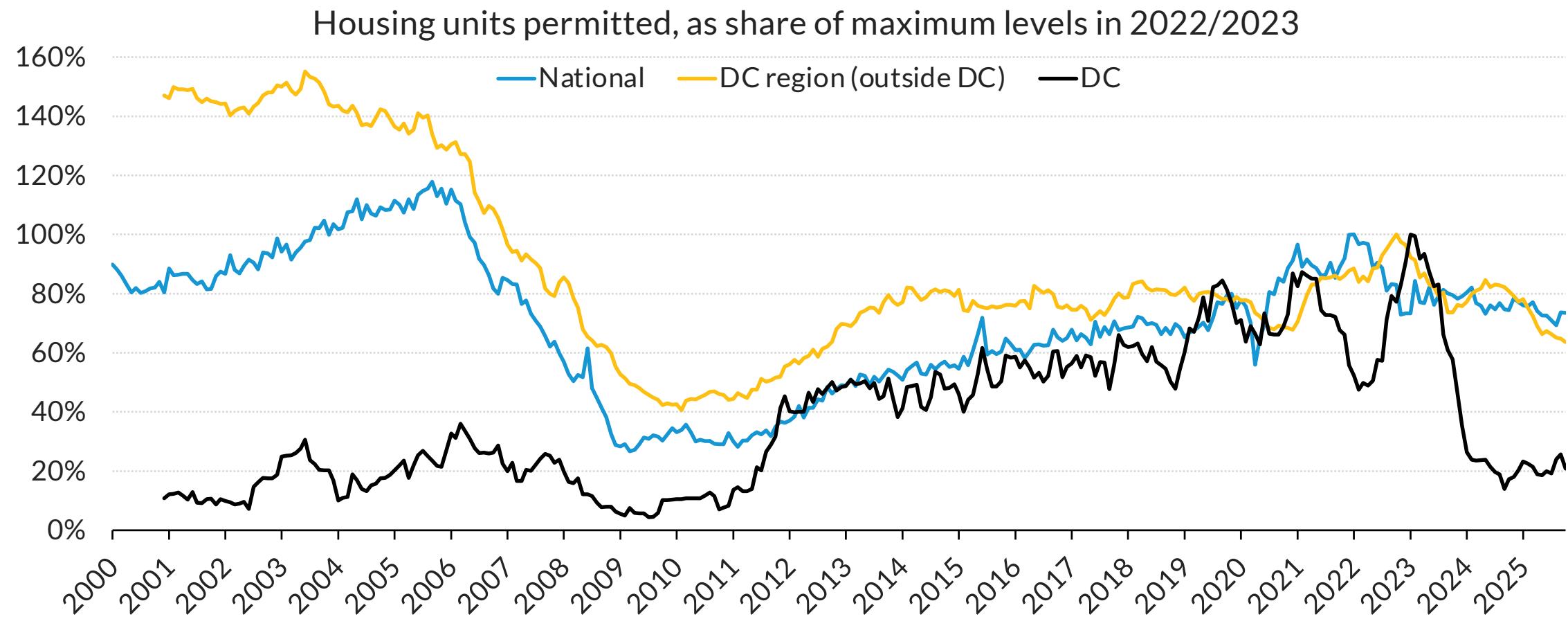
# On a Per-Capita Basis, Housing Construction Has Slowed Dramatically Over the Past Several Decades



# Housing Costs Have Risen Much More Quickly than Incomes, Especially Over Past Five Years

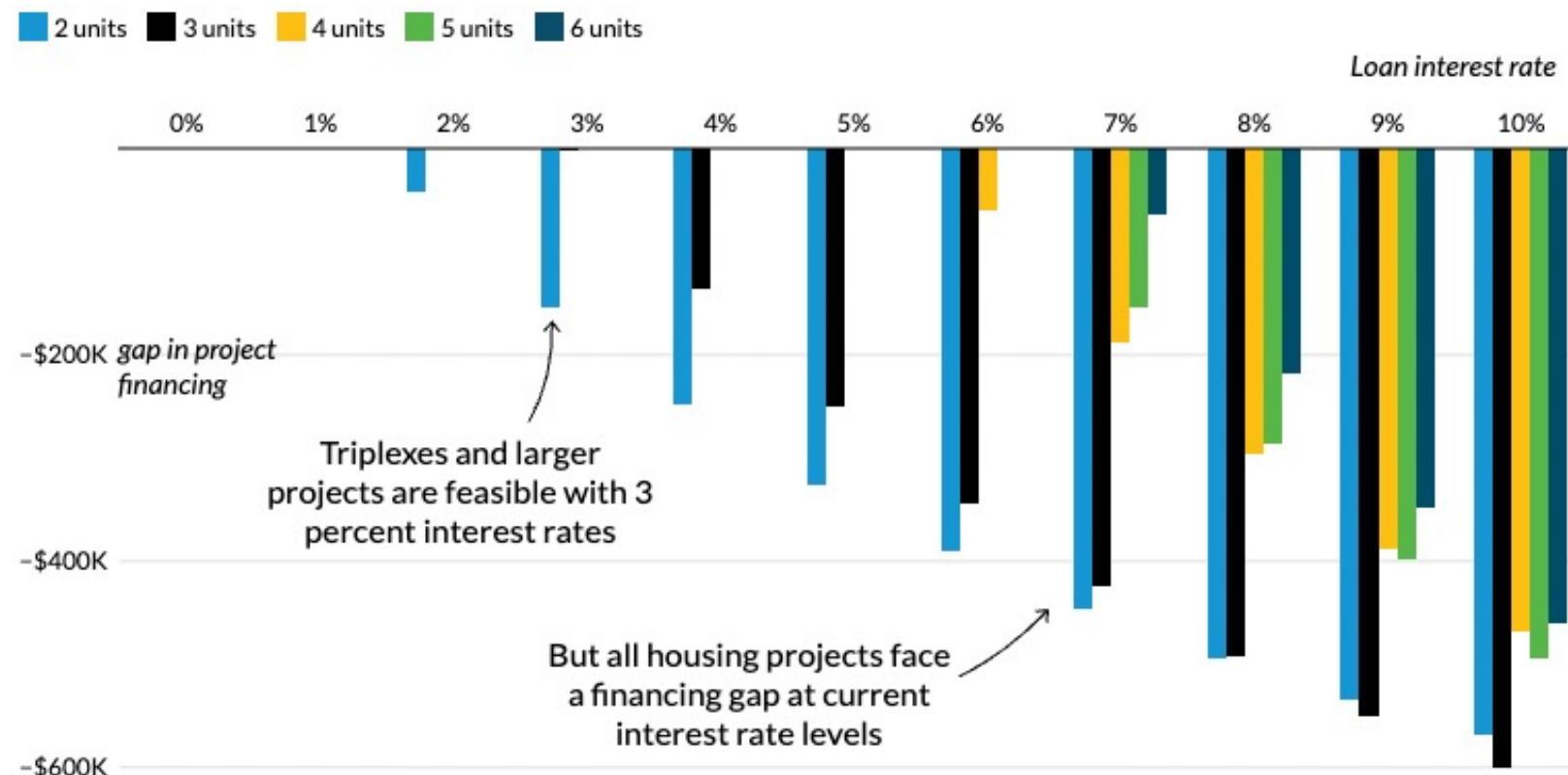


# Since 2022, Housing Permitting Has Declined by 25% Nationwide, by 35% in the Suburbs, and 80% in DC



# High Costs of Debt Make Financing Projects Difficult

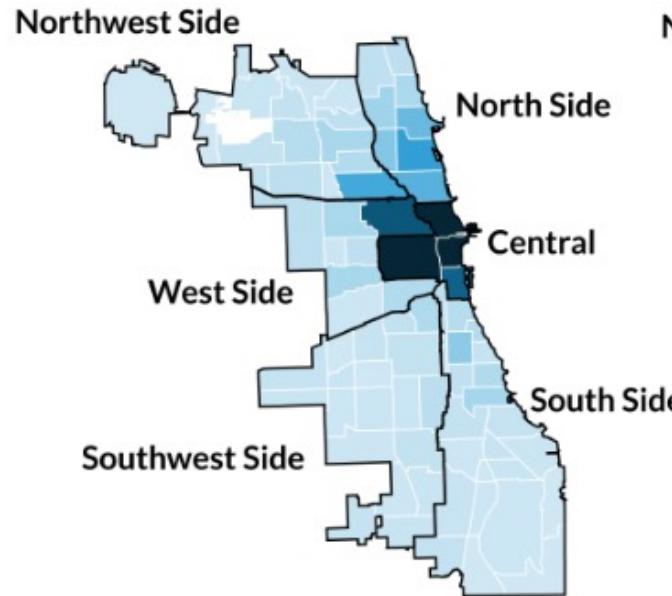
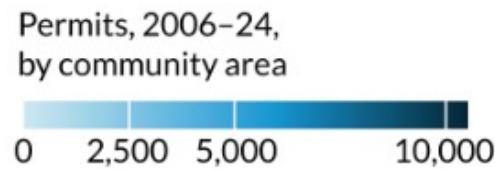
Gap in project financing, by number of project units and loan interest rates, prototypical DC project



Source: <https://www.urban.org/urban-wire/small-apartment-buildings-can-help-address-housing-shortages-high-land-costs-and>. Note: Based on Urban pro-forma model.

# Where is new housing built, and why?

# In Most Cities, Housing Investment Concentrates in Certain Development Zones



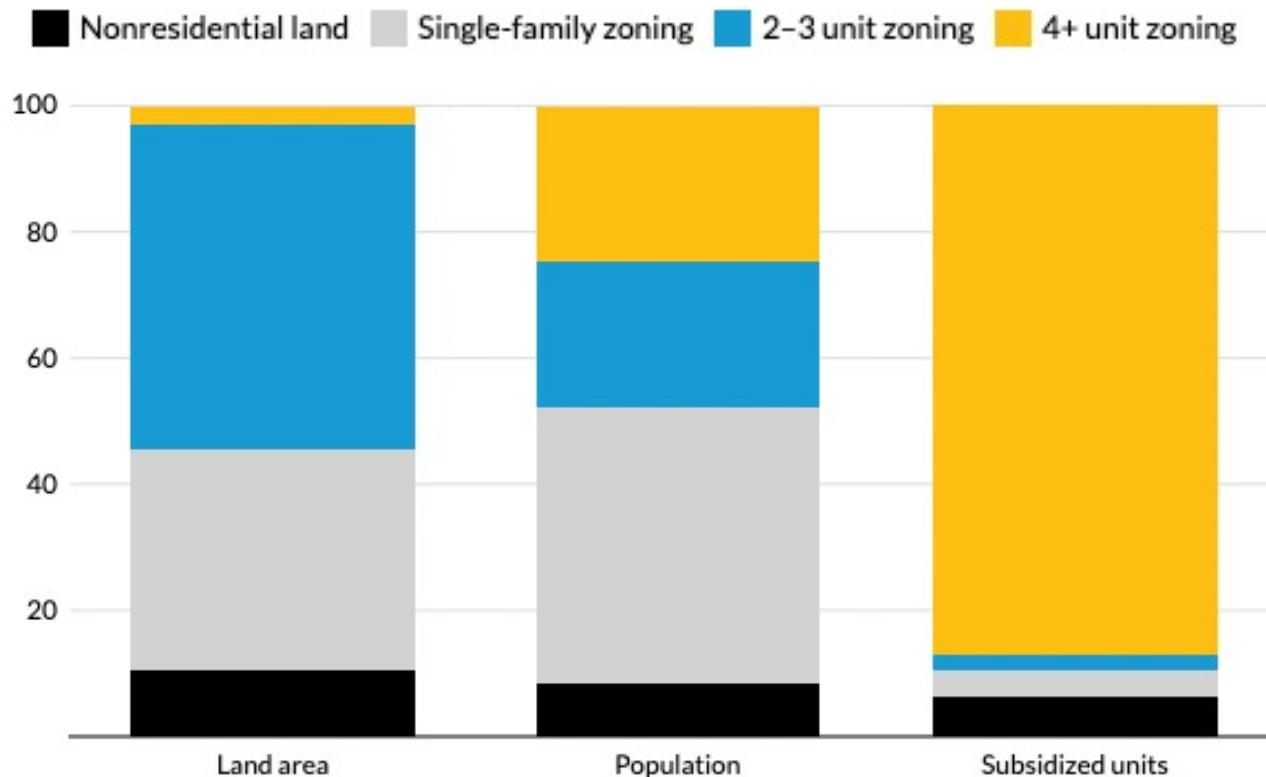
Depending on the city, development tends to be located in areas that:

- Have high incomes
- Have high educational attainment
- Have a moderate share of white population
- Have accommodating zoning

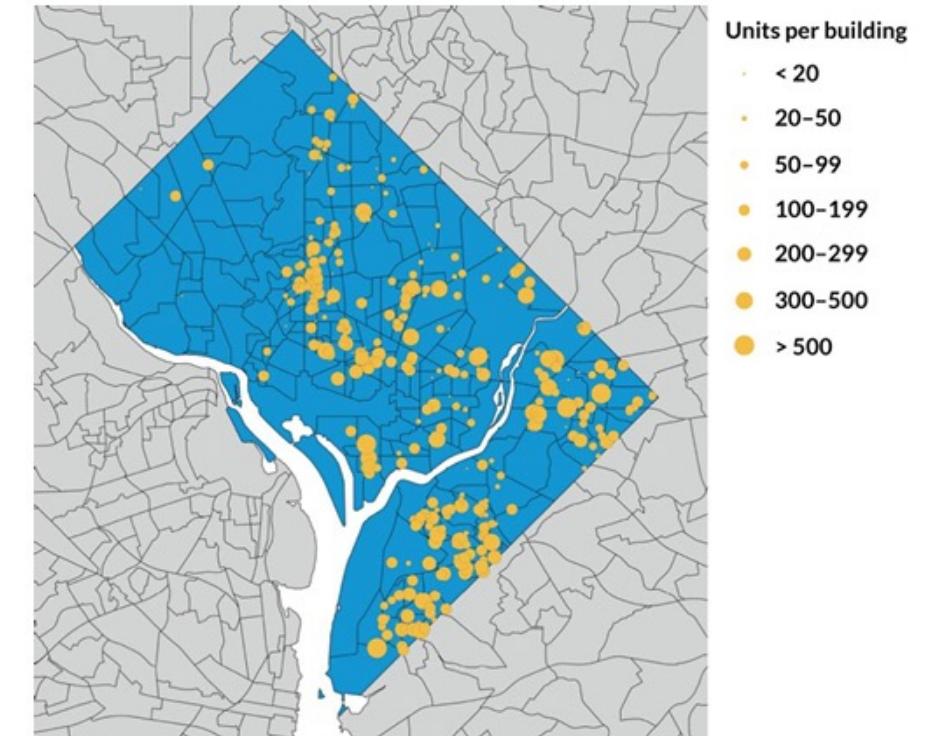
Source: <https://www.urban.org/urban-wire/zoning-restrictions-and-demand-have-divided-chicago-three-cities-limiting-housing>, based on City of Chicago and US Census data. Also see <https://www.urban.org/research/publication/homing-in>.

# But Subsidized Housing is Typically Disproportionately Concentrated in Just a Few Areas

Subsidized housing units in the Puget Sound, in Washington state



Federally subsidized housing units in Washington, DC



Source: <https://www.urban.org/urban-wire/exclusionary-zoning-limits-opportunity-concentrating-subsidized-housing-small-part-puget>; <https://www.urban.org/research/publication/integrating-affordable-housing-market-rate-developments>

# What impacts do land use policies have on housing supply?

# Theorizing Zoning Change

Zoning as it currently exists restricts housing construction and therefore limits housing affordability

Reform could alter zoning to allow more construction

The result would be more building and thus less competition for housing units, meaning more affordability

# What do we know about zoning reform's impact on housing construction?

- Over the **short-term**, upzonings may or may not increase construction
- Over the **long term**, upzoning likely expands construction, but the scale of upzoning matters: The bigger the upzoning, the more likely it will have an impact
- With the right conditions, accessory dwelling units (ADUs) can be built rapidly
- Downzoning reduces construction

# What do we know about zoning reform's impact on housing affordability?

- Over the **short term**, upzoned real estate may increase in value, especially if land is underdeveloped
- Over the **long term**, upzoning may reduce rents thanks to more housing construction, but it is unclear whether costs go down in the neighborhoods affected and/or in region overall
- Downzoning increases housing costs

# Thanks!



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