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UP FOR GROWTH® LEGISLATIVE NOTE

H.R. 4351, *Yes in My Backyard (YIMBY) Act*

Rep. Denny Heck (D-WA) and Rep. Trey Hollingsworth (R-IN)

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INTRODUCTORY NOTE

In the following pages, we analyze H.R. 4351, the *Yes in My Backyard (YIMBY) Act*. Our analysis considers the specific provisions laid out in the bill and the potential impact on housing production and equity. This work is done by Up for Growth, a 501(c)(3), and is not intended to serve as an endorsement of any specific legislation.

BACKGROUND

Exclusionary land use policies — including zoning and density restrictions, onerous parking requirements, and other detrimental or outdated housing development regulations — are among the primary drivers of a severe nationwide housing shortage and affordability crisis. According to Up for Growth's *Housing Underproduction in the U.S.* report, from 2000-2015, the United States underproduced housing by 7.3 million homes.¹ The New Democrat Coalition's *Missing Millions of Homes* report shows that the cost of shelter was the single largest increase in household budgets in the last 15 years and that the median U.S. family now spends 42% of its income on housing.²

Housing underproduction increases the cost of living for families and inhibits geographic, economic, and social mobility. Many local land use policies, especially zoning laws that ban multifamily housing, are rooted in racism with the aim of keeping communities of color segregated from white communities. Their continued existence perpetuates housing discrimination, contributes to the housing affordability crisis, and dampens economic growth. By one estimate, from 1964-2009, the constraints on housing production lowered aggregate economic growth by 36 percent.³

The *Yes in My Backyard (YIMBY) Act*, S. 1919 in the Senate, sponsored by Senator Todd Young (R-IN) and Senator Brian Schatz (D-HI), and H.R. 4351 in the House, sponsored by Denny Heck (D-WA) and Trey Hollingsworth (R-IN), encourages localities to eliminate barriers to housing by increasing transparency in land use, zoning, and housing regulations. The *YIMBY Act* achieves these goals by requiring Community Development Block Grant (CDBG) recipients to report the extent to which they are addressing detrimental and discriminatory land use policies.

LEGISLATIVE SUMMARY

The *YIMBY Act* identifies a checklist of 22 policies that address land use and zoning regulations widely known to impact housing development. The bill requires CDBG recipients to report, as part of their Consolidated Plan, the extent to which their jurisdictions are implementing these pro-housing policies. The bill aims to help shed light on housing

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policy decision-making and encourage localities to adopt practices that increase housing availability and affordability and promote equity, while recognizing the importance of local decision-making in housing policy.

The bill's policy checklist includes: zoning for density, streamlining and shortening permitting processes and timelines, better aligning impact fees, allowing new housing typologies to be built in areas where they have historically been restricted, optimizing existing housing typologies to improve density, encouraging transit-oriented development, and coordinating historic preservation activities to include housing development in historic districts.

Provisions in the bill require each recipient of CDBG funds, administered through the U.S. Department of Housing and Urban Development, to submit once every five years through the established Consolidated Plan reporting framework, whether the recipient:

- (A) has already adopted the policy in the jurisdiction served by the recipient.
- (B) the recipient's plan to implement the policy in that jurisdiction; or
- (C) the ways in which adopting the policy will benefit the jurisdiction.

CDBG funding is not contingent on the reporting submission.

LEGISLATIVE ANALYSIS

Enacted in 1974, the Community Development Block Grant program is a successful program with bipartisan support that provides local governments with funding to ensure decent housing, provide quality living environments, and improve economic opportunity for low-and moderate-income earners.

Since its inception, more than 1,000 localities in all 50 states, D.C., and U.S. territories have received block grants to revitalize economically distressed neighborhoods. CDBG's long history and focus on block-level neighborhood revitalization make it an appropriate avenue for reporting neighborhood level data on barriers to housing. Importantly, the *YIMBY Act* does not make CDBG funding contingent on enactment of the bill's policies. CDBG funds provide critical support, particularly for low-income communities, and conditioning funds on enactment of specific policies could have negative impacts on the program's impact. Additionally, policy decisions are ultimately made by local and state governments, outside of the control of CDBG practitioners. This legislation sheds light on important housing considerations, and ideally encourages local policymakers to work together with CDBG stakeholders to have thoughtful discussions around bettering housing policies.

The *YIMBY Act* creates a slight modification to the MA-40 Barriers to Affordable Housing section of existing Consolidated Plan reporting. Once every five years, as part of the normal reporting process, recipients would be required to indicate the extent to which they 1) have already implemented or 2) have plans to implement each applicable policy outlined in the bill. Conversely, if no plans exist, recipients would be required to outline how adoption of a given policy might benefit the jurisdiction. Importantly, over time, the reporting requirement would yield a nationwide dataset cataloging specific ways localities are implementing policies to remove barriers to housing.

The *YIMBY Act's* policy checklist includes a broad range of recommendations widely accepted to impact housing affordability and availability and allows recipients to work with localities to consider the ones applicable to their own planning jurisdiction. Large-scale recommendations include expanding by-right multifamily zoned areas, and allowing duplexes, triplexes and fourplexes in areas where they are currently banned. Smaller, process-related recommendations like streamlining and shortening permitting processes and timelines and recalibrating onerous impact fees aim to lower housing development costs that are often passed along to renters. By including a wide range of policy improvements, the *YIMBY Act's* recommendations are relevant and applicable to most cities, states, and localities that receive CDBG funding.

By requiring CDBG recipients to report the extent to which they are remediating or reversing policies known to hinder growth or perpetuate inequity, the *YIMBY Act* reinforces local control over resource allocation but improves transparency

in land use and housing policy by providing cities, states, and the federal government with a collaborative framework for implementing more inclusive housing policymaking and regulatory practices.

The YIMBY Act is an important step in creating a framework for the federal government to work with states and localities to decrease barriers to smart, inclusive growth and to reducing the cumulative impact of exclusionary housing policies nationwide.

ABOUT UP FOR GROWTH®

Up for Growth® is a national 501(c)(3) organization that forges policies and partnerships to achieve housing equity, eliminate systemic barriers, and create more homes.

¹Up for Growth (2019). *Housing Underproduction in the U.S.* Retrieved from: <https://www.upforgrowth.org/new-report-indicates-housing-shortage-more-severe-once-thought>

²New Democrat Coalition (2018). *Missing Millions of Homes: Preliminary Findings of the New Democrat Coalition Housing Task Force.*

³Hsieh, Chang-Tai & Enrico Moretti (2019). *Housing Constraints and Spatial Misallocation.* American Economic Journal: Macroeconomics 2019, 11(2): 1-39. Retrieved from: <https://faculty.chicagobooth.edu/chang-tai.hsieh/research/growth.pdf>



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