



The effects of housing supply restrictions on partisan geography

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ABSTRACT

Economists have scrutinized the effects of residential building restrictions on the cost of housing, growth, and migration in recent years. More strictly zoned states and metro areas have lost population to less strictly zoned areas in the United States, but have seen per capita incomes rise, because lower-income households are disproportionately likely to seek out locations with affordable housing. By changing the geographic distribution of population, housing supply restrictions should also affect political geography. This paper estimates those effects with a variety of methods and data. There are consistently sized, statistically significant effects at the state, county, and subcounty levels. Jurisdictions with greater housing supply restriction gradually and subsequently become more Democratic; there is no evidence that Democratic-moving areas subsequently become more regulated or costly. U.S. housing supply restrictions select for education. Areas with more costly housing see their college-educated share of the population rise, and the college-educated have become more Democratic than the non-college population.

Introduction

Since the 1980s, richer states have become relatively more Democratic, and poorer states relatively more Republican, even as income correlates positively with conservatism at the individual level (Gelman, Shor, Joseph, & Park, 2007). Today, state-level income per capita correlates negatively with Republican support. Existing explanations of this phenomenon draw on social and racial attitudes (Gelman, 2008; Hersh and Nall, 2016; Holbrook, 2016). What has been ignored is the role of housing supply and cost of living: when state-level cost of living is controlled, per capita income no longer correlates with partisanship.

The primary cause of variation in cost of living from place to place within the U.S. is residential building regulation (Glaeser & Gyourko, 2002; Glaeser, Gyourko, & Saks, 2005b, 2005a; Ihlanfeldt, 2007; Quigley & Raphael, 2005), which makes housing supply less price-elastic (Green, Stephen, & Mayo, 2005; Grimes & Aitken, 2010; Saiz, 2010). In turn, accelerating home price growth in tightly regulated places drives away workers to places where regulations are milder and prices cheaper (Ganong & Shoag, 2017; Glaeser & Kristina, 2007; Glaeser, Gyourko, & Saks, 2006; Saks, 2008).

While the economic consequences of residential building restrictions have come under intense investigation, those economic consequences should also have political sequelae. What is the effect of housing supply constraints on the partisan composition of local electorates? There are several possible causal channels. First, to the extent

that strict zoning under high demand increases home prices, it should drive out relatively more low-income than high-income households, a conjecture confirmed in recent research (Ganong & Shoag, 2017; Hsieh & Moretti, 2015). Land-use regulation in high-amenity areas should also select for households that highly value amenities relative to pecuniary consumption. Third, industries that are more sensitive to labor costs will tend to select out of more regulated, costly areas to avoid the high nominal wages they would have to pay, and their workers may have systematically different partisan leanings. Fourth, women may be less likely to get married and have children in areas with expensive housing, causing them to vote differently. Finally, political ideology may directly affect where some households' tastes for regulation and therefore choice of local jurisdiction. All these factors could affect the partisan composition of local electorates.

States with stricter land-use regulation tend to be more Democratic (Sorens, Muedini, & Ruger, 2008), but it is not clear in which direction the causation runs. At the local level, Republican-leaning suburbs adopted strict regulations before Democratic-leaning central cities, and some scholars of zoning explicitly reject the hypothesis that Democratic partisanship or left ideology causes stricter development controls (Fischel, 2001). What truly requires explanation is why states and localities with higher regulation and cost of living have moved Democratic over the last 20 years compared to those with lower regulation and cost of living. This paper investigates the causal relationship between cost of living and partisan geography at both the state and county levels.

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How cost of living affects politics

U.S. migration and politics

Political scientists have investigated the relationship between area politics and individual migration. Most of the literature has addressed the phenomenon of migration to places dominated by copartisans, leading to geographic polarization (Bishop, 2008; Lang & Pearson-Merkowitz, 2015; Robinson & Noriega, 2010).

There are many ways in which housing supply constraints could affect partisan geography.

First, housing supply restriction raises per capita income in a location, as lower-income households move away to cheaper locations (Ganong & Shoag, 2017). Richer households are more Republican, especially in contexts where poverty is concentrated among racial minorities (Hersh and Nall., 2016).

Second, cost of living could select for education rather than income, and more educated voters are more Democratic, all else equal. Relatedly, Bonica (2014) has found that academics, newspapers and print media, entertainment, online computer services, and lawyers tilt heavily Democratic, while agriculture, building and construction, mining, and oil, gas, and coal tilt heavily Republican. Perhaps the latter group of industries tends to locate in less costly states, while the former group of industries is less sensitive to local cost of living. However, these industries also differ in the sorts of worker skills they demand, and skilled, college-educated workers are more likely than less skilled workers to move to costly metropolitan areas (Moretti, 2012, p. 172).

A third explanation has to do with amenities such as good weather, low crime, mountains, and public services. U.S. residents have increasingly moved to places with warm winters and cool, dry summers, and this “weather-related movement appears to be driven by an increased valuation of nice weather as a consumption amenity” (Rappaport, 2007, p. 375). Chen & Rosenthal, 2008 find that households at or near retirement age are especially likely to move for “household-demanded amenities,” driving wages down and house prices up in high-amenity locations, while young, highly educated households move to places with higher-quality business environments. Robinson & Noriega, 2010 find Democratic migration from the Pacific Coast has changed the partisan mix in high-amenity Rocky Mountain counties. Experimental evidence on neighborhood desirability by partisanship finds that Democrats are much less likely than Republicans to want to live in far-from-central-city locations with moderate to low household incomes and large lots (Gimpel and Hui, 2015). Survey evidence shows that Democrats are also less likely than Republicans to prefer lower-density neighborhoods with larger homes (Pew Research Center, 2014). Scala, Johnson, & Rogers, 2015 find that recreational rural counties have become more Democratic, while agricultural rural counties have not.

Everyone likes amenities, but when living in a high-amenities location is particularly costly, a household has to trade off amenities against material consumption. Residential building restrictions make amenities costly, by increasing the cost of new housing construction. As the cost of amenities rises, only those households that value amenities the most will seek them out. Strongly amenity-preferring households will be more likely to stay in or migrate to costly high-amenity locations than other households, while all households may tend to move to places with lots of amenities but few restrictions on building.

Fourth, women delay marriage and child-bearing in expensive housing markets, though their overall completed fertility rates are no lower there (Clark, 2012). Hawley (2011) finds that in the 2000 presidential election, more affordable counties gave more votes to Bush, and part of this relationship may have been mediated by young women's marriage rates. Unlike the other proposed mechanisms by which housing supply restriction may change partisanship, this one works through persuasion rather than migration.

Finally, since the 1990s conservatives have adopted property rights

views that may directly affect their tastes for living in jurisdictions with strict land-use regulations. Perhaps conservatives have recently started to move to less-regulated jurisdictions because of their ideological beliefs.

The literature has not yet investigated the role of cost of living or land-use regulation in driving migration that can change partisan geography. The following three sections briefly explain the economics of residential building restrictions, particularly in relation to migration. Migration motivated by the search for affordable housing is not, by definition, motivated by politics, but there are good reasons to expect political consequences nonetheless.

Why housing costs vary from place to place

Imagine a national housing market with varying levels of demand for housing in different locations, depending on the desirability of those locations. A location could be more desirable because it increases workers' productivity and wages, for instance through access to international trade, abundant natural resources, or the agglomeration economies associated with large metropolitan areas, or because it offers more amenities (Chen & Rosenthal, 2008; Roback, 1982). Tiebout (1956) predicted that people will move to their most desired jurisdictions, but a key assumption of his model is perfectly elastic housing supply. With inelastic housing supply, more desirable locations will have higher housing prices, deterring some potential buyers. If national population is growing, then between two equally desirable (on average) locations, the one with the less elastic housing supply will have higher prices and slower growth.

Why would people not move from the expensive location to the cheaper one, forcing prices to equalize between the two? In fact, people do move from more to less expensive locations, all else equal (Ganong & Shoag, 2017; Glaeser & Kristina, 2007; Greenwood, Hunt, Rickman, & Treyz, 1991). Still, house prices will not equalize between the more elastic and less elastic locations because preferences over locations are heterogeneous, and at least some people will be willing to pay the higher cost to live in the latter location. In equilibrium less elastic locations will feature smaller populations and higher prices than locations where housing supply is more elastic.

What causes some locations to have either less or more elastic housing supply? A general rule of elasticities is that they are greater in the long run than the short run. Nevertheless, even in the long run a location might have not-perfectly-elastic housing supply due to a combination of geographic obstacles to building and regulations on building homes (Saiz, 2010). The latter seem more important in the long run, because even steep slopes and water bodies do not prevent builders from building up; Glaeser et al., 2005b find that even in Manhattan, the technical cost of building new residential space is modest: housing is expensive there because of regulation, not geographic obstacles.

Why building restrictions vary from place to place

Why do some locations limit new residential building? Broadly, there are three theories of the motivations for zoning. The first motivation is to control negative externalities through a lower-transaction-cost tool than private covenants. This motivation could only explain what Fischel (2015) calls “good housekeeping” zoning, separating commercial, industrial, and residential uses without directly restraining the supply of housing. The second motivation is fiscal. Hamilton (1975) shows that localities can use zoning to ensure that new home-buyers pay a property tax equivalent to their benefit from locally provided goods, rendering the local property tax an efficient user charge. Fiscal zoning might fit highly decentralized, restrictive states like those of New England well, but it cannot explain the restrictiveness of a highly centralized state like California with its strict local property tax cap.

Finally, the rent-seeking theory of zoning holds that restricting new

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