The White House Council of Economic Advisers has been making noise in the past year about how local restrictions on housing across the country has created a national economic drag. But now the council has come out swinging against these “not-in-my-backyard” local policies.

In a new “Housing Development Toolkit” [PDF], the White House summarizes how the rise in local land use restrictions has hurt housing affordability across the country by restricting supply. It cites studies showing “sharp increases in zoning and other land use restrictions” in cities as diverse as Boston, New York City, Los Angeles, and San Francisco. But special attention was placed on Los Angeles:

> Though popular coverage of these challenges has been most focused on the Bay Area, Seattle, and major East Coast cities, Los Angeles provides a clear illustration of the impact of the primary barrier to development – restrictive zoning. In 1960, Los Angeles was zoned to accommodate 10 million people; after decades of population growth and increased demand, the city is today zoned for only 4.3 million people.

And what are the consequences of all these local restrictions? It’s driven up rents and home prices in high-wage cities, which makes being poor in America even tougher:

> In just the last 10 years, the number of very low-income renters paying more than half their income for rent has increased by almost 2.5 million households, to 7.7 million nationwide, in part because barriers to housing development are limiting housing supply.

And even for those who aren’t poor, the housing supply shortage appears to have significantly curtailed economic growth:

> A recent study noted that in theoretical models of mobility, economic research suggests our Gross Domestic Product would have been more than 10 percent higher in 2009 if workers and capital had freely moved so that the relative wage distribution remained at its 1964 level. Most of this loss in wages and productivity is caused by increased constraints to housing supply in high-productivity regions, including zoning regulations and other local rules.

It's hard to avoid the conclusion that those who are fortunate enough to own a home in high-wage metropolitan areas simply don't want to let others have the same opportunity. As council chair Jason Furman pens in an accompanying op-ed in today's San Francisco Chronicle:

> But in other cases, barriers to housing development can allow a small number of individuals to enjoy the benefits of living in a community while excluding many others, limiting diversity and economic mobility.

In short, housing restrictions have become a key tool to maintain economic (and racial) segregation in our society.

Missing from this discussion, of course, is also the severe environmental impacts of this constrained growth. Because if growth isn't happening in our low-emissions urban core, it's going to be pushed out to sprawl areas, resulting in lost open space and more pollution from long driving commutes.

The White House report offers solutions, summarized in this bullet point list and expanded in the text of the report:

- Establishing by-right development
- Taxing vacant land or donate it to non-profit developers
- Streamlining or shortening permitting processes and timelines
- Eliminate off-street parking requirements
- Allowing accessory dwelling units
- Establishing density bonuses
- Enacting high-density and multifamily zoning
- Employing inclusionary zoning
- Establishing development tax or value capture incentives
- Using property tax abatements

All of these ideas are good ones and have been attempted and/or implemented to various degrees by cities and states around the country. But missing in the report is any discussion about a federal role to encourage adoption of these policies. Land use policies are inherently local, and locals won't give up that sovereignty easily.

So what can the federal government do? Given the amount of infrastructure the federal government funds (albeit at a decreasing amount over the past few decades), it could use the power of the purse to motivate better state and local land use decisions. Basically, no more highway and transit dollars for communities that restrict housing growth. The federal government could also convert the federal gas tax to a “vehicle miles traveled” fee, in order to tackle the severe economic and environmental impacts of long commutes.

To be sure, this report is a great start and provides important political momentum to tackle a growing national crisis. Let’s hope the next step will involve actions to motivate better decision-making at the state — and especially local — levels. Because right now the constituencies against change are much more powerful and loud than those advocating for solutions.