As governments in California and across the United States wrestle with how to address soaring housing costs, a significant flashpoint has been the issue of local control. Most land-use regulation in the United States is done by local governments: cities, counties, towns, villages. In California, much of the legislation intended to increase housing production has sought to strip away or limit local control over land-use regulation. Those legislative efforts have in turn received a lot of political and legal resistance – including lawsuits alleging that the state does not have the authority to limit local control over land-use, and activist groups challenging state intervention.

So, what should be the appropriate level of government to address land-use decisionmaking: state governments, local governments, or maybe something in between such as regional governance? In a forthcoming article, we (myself, Giulia Gualco-Nelson, Moira O'Neill, and Nicholas Marantz) answer this question by examining how well the level of government (state, local, or regional) matches up with the impacts that housing produces. The simple answer – which I will develop in more detail below – is that the negative impacts of building more housing are local, but the positive impacts of building more housing are regional or state-wide in scale. That means local governments – which will focus on the local, negative impacts of housing production – are less likely to produce housing than a larger-scale government.

Why might local governments generally have less incentive to advance state-wide or even regional goals? A key part of the reason has to do with the fragmentation of local government in much of the United States. In many metropolitan areas there are dozens or hundreds of small local governments that have control over land-use. Indeed, many of these local governments exist at least in part because developers or residents sought to create a government with control over land-use that was separate from the larger central city – whether to facilitate racial exclusion and segregation, keep out lower-income residents, increase property values, or some combination of those factors.

Small-scale local governments are responsive to their constituents. And those constituents will be acutely conscious of the negative impacts of housing development – the dust and noise of construction; increased noise and traffic from more people living in the area; reduced privacy and light and air because of taller buildings; more people using public services like schools and parks.

But housing developments have broader beneficial impacts. At the regional or

statewide level, more housing will reduce the cost of housing. That in turn is beneficial to the regional or statewide economy. More housing also provides opportunities for people who live outside the region to move into the region and find a place live. Thus, more housing can provide an opportunity for socioeconomic mobility, as people can move into metropolitan areas that are increasingly the source of economic growth and prosperity in the United States. Housing that is located in major metropolitan areas, rather than on the exurban fringe, will advance climate change goals that have national or global benefits – infill housing in urban and suburban areas allows for less auto-dependent lifestyles that reduce carbon emissions.

There is also good evidence from a range of academic studies in political science, economics, and planning that individual local decisions about housing combine to affect broader housing markets. For instance, more fragmented local government systems are likely to produce sprawling exurban development, as development leapfrogs from jurisdiction to jurisdiction in response to local government decisions about zoning. There is also ample evidence that local governments respond strategically to zoning decisions by other local governments – further supporting the existence of spillovers from local zoning and housing decisions.

There is also direct evidence that smaller jurisdictions have stricter zoning standards. For instance, some of the strictest zoning in the country is in New England, where local government is extremely fragmented. Recent empirical evidence shows that small cities are less hospitable to multifamily housing than medium or large cities. Even for large cities, when the decision about whether to produce housing is devolved to a neighborhood level, housing production declines.

This evidence provides support for policies that affirmatively limit or shape local control over land-use. Unbridled local control over land-use will result in underproduction of housing – just as we have seen over the past few decades in California. That does not mean that there is no role for local control in land-use regulation and housing, but local governments should be required to ensure they meet regional and statewide needs for housing, and held accountable when they do not do so. Our work strongly supports the efforts in states like California to advance legislation that gives greater state control over land-use and requires local governments to do their share to advance regional and statewide housing goals.