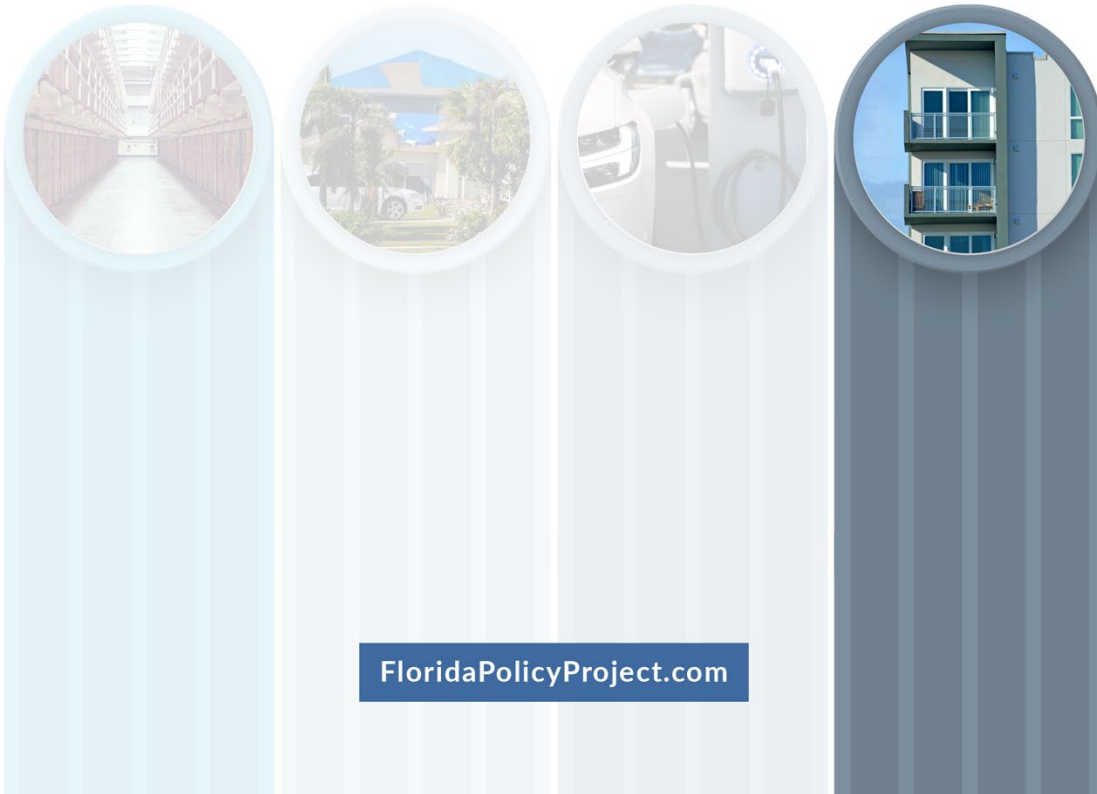


FLORIDA POLICY PROJECT

BEST PRACTICES, BETTER OUTCOMES

HOUSING AFFORDABILITY

Best Practice: Reduce Minimum Lot



FloridaPolicyProject.com

Best Practice: Reduce Minimum Lot Sizes

Policy Objective:

To increase the supply of residential housing by allowing developers to meet housing demand more efficiently.

Policy Mechanism:

Lowering the minimum lot size legally allowed by regulation, thereby allowing more residential parcels to exist per acre.

What is Minimum Lot Size?

Minimum lot size zoning regulation restricts how small a parcel of land can be divided up for any prospective buildings, any applicable accessory structures, and the yard. Though the building matters, the land itself is a key ingredient in housing affordability. Decreasing lot sizes can reduce land costs and allow for more market differentiation for a variety of households and individuals. For example, a single, young adult looking for his or her first starter home may prefer a cheaper and more modest house on a smaller lot. However, a working professional with young children and a dog may be more likely to value a larger home and plenty of yard space. Here is how minimum lot sizes work.

- A 20,000 square foot block that mandates minimum lot sizes of 5,000 square feet would allow only four homes to be built.
- With a minimum lot size of 2,000 square feet, this same area could have up to 10 homes.

Reducing the minimum lot size allows individuals to opt-in based on property size preferences.

This has been especially helpful in developing “missing middle” housing, or housing whose density lies somewhere between a single-family home and a dense apartment building.¹ With large minimum lot sizes, providing middle housing such as townhomes, duplexes, and triplexes becomes economically unfeasible.

One way of determining whether minimum lot sizes in a city are meeting market needs is to see what percentage of residential lots have lot sizes at or below the mandated minimum. If a substantial number of lots are being built at the minimum or with variances or exceptions, clearly developers, residents and administrators alike could save themselves from headaches by simply allowing lots to be smaller.

¹ M. Nolan Gray and Jessica McBirney, "Liberalizing Land Use Regulations: The Case of Houston," Mercatus Center, August 17, 2020, accessed May 12, 2023, <https://www.mercatus.org/research/policy-briefs/liberalizing-land-use-regulations-case-houston>

Examples

New Orleans, Louisiana: New Orleans, like many of America's older cities, has historic land-use elements including small residential plots below contemporary zoning standards. Single family homes and duplexes in its historic residential area, can reach lot sizes under 1,500 square feet.² Walking through the historic Garden District, one quickly realizes that duplexes on these small lots remain intensely popular. Almost no setback from the sidewalk creates a kind of "front porch" culture where residential neighborhoods feel simultaneously dense, walkable and cozy.

Minneapolis, Minnesota: Over 40% of the housing built in the Minneapolis-St. Paul metropolitan area were developed on lots at or below the established minimum sizes, as local communities often granted exceptions to their rules.³ Such varied housing types and densities convey large community benefits, for example reducing racial segregation.⁴

Houston, Texas: In 1998, Houston dramatically lowered its minimum lot size, reducing it from 5,000 square feet to 1,400 square feet.⁵ This change has allowed developers to construct new housing that more effectively meets the needs of households, encouraging more townhomes and duplexes, creating denser, more affordable, and more walkable neighborhoods.

Austin, Texas: The city of Austin, however, provides a stark contrast to its neighbors in Houston. It has retained a 5,750 square foot minimum lot size, and some developers and residents alike feel hindered by it. Were Austin to implement Houston's minimum lot size, developers could build four homes in a space that previously could only support one.⁶

State of Texas: Frustrated with the lack of consistency of local land-use regulation and political discord over reform in cities like Austin, state legislators proposed a 1,400-square-foot minimum lot size state-wide.⁷ The legislation builds on the successful subdivision reforms in Houston, which increased

² See New Orleans Comprehensive Zoning Ordinances. <https://czo.nola.gov/article/#s9>

³ S. Furth, "Rights, Responsibilities, and Preemption in Minnesota," Testimony prepared for the Minnesota Housing Committee on Housing Finance and Policy, March 7, 2023,

<https://www.mercatus.org/research/state-testimonies/rights-responsibilities-and-preemption-minnesota-2>

⁴ S. Furth & M. Webster, 2023. [Single-Family Zoning and Race: Evidence from the Twin Cities](#)," *Housing Policy Debate*, March.

⁵ M. Nolan Gray and Adam Millsap, "Subdividing the Unzoned City: An Analysis of the Causes and Effects of Houston's 1998 Subdivision Reform," *Journal of Planning Education and Research*, forthcoming, accessed May 12, 2023, <https://ssrn.com/abstract=3659870> or <http://dx.doi.org/10.2139/ssrn.3659870>.

⁶ Ben Thompson, "Texas Lawmakers Review Bills to Cut Zoning Limits, Bring More Housing to Large Cities Such as Austin," *Community Impact*, April 7, 2023, last accessed online May 11, 2023, <https://communityimpact.com/austin/central-austin/city-county/2023/04/07/texas-lawmakers-review-bills-to-cut-zoning-limits-bring-more-housing-to-large-cities-such-as-austin/>

⁷ Ibid.

densities and encouraged development of vacant parcels.⁸ The bills to achieve this—SB 1787 in the Senate and its companion bill HB 3921 in the House—have passed through their respective committees and will be voted on during the 2023 legislative session. If successful, price discrepancies between cities such as Austin and Houston would lessen in order for the Lone Star State to expand more widely affordable housing opportunities. Other states including Minnesota’s recent HF 2235 in the State House also intend to loosen minimum lot size restrictions.⁹

⁸ Gray and Millsap, “Subdividing the Unzoned City.”

⁹ Salim Furth, “Rights, Responsibilities, and Preemption in Minnesota.”