

# Appendix: History and Context

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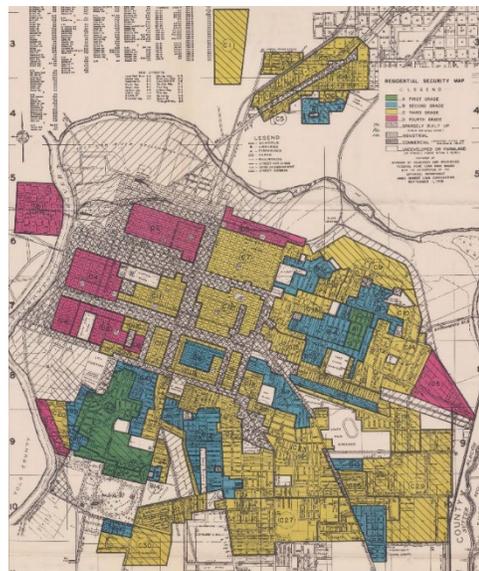
## Zoning

Land use authority, exercised through zoning, is an important role of local government. It shapes the communities we live in by laying out a future development pattern and the regulatory framework for future growth. As communities grow and land use planning evolves at a policy level, zoning changes are often minimized because of how difficult they are to make. Because zoning happens at a parcel level, making real changes to the code can be time consuming and expensive. However, many of the zoning changes outlined in this toolkit are intended to align with policy changes that most communities have adopted. Many of the current zoning standards were put into place a long time ago and haven't been reconsidered or updated since. If adding more housing, specifically more diverse housing in more locations, is a policy goal, then the standard zoning practices should be reconsidered.

### A History of Exclusion

Zoning is not inherently good or bad: it can both further or undermine policy goals depending on its use. Unfortunately, for much its history, it has been used (both intentionally and unintentionally) as a tool of exclusion. The original forms of zoning explicitly excluded communities of color from white communities through restrictive covenants. These covenants, which prohibited non-whites from purchasing or renting a home, appeared in the Sacramento region as early as the 1920s in what is now the Land Park neighborhood, but soon spread throughout other parts of the city. For example, the Elmhurst neighborhood in Sacramento had a covenant that read "No persons of any race other than the white or Caucasian race shall use or occupy any structure or any lot except that this provision shall not prevent occupancy by domestic services of a different race domiciled with an owner or tenant."

These covenants were then further reinforced by mortgage redlining. As a means of stimulating easier access to home loans during the great depression, the federal government created the Home Owners' Loan Corporation (HOLC) to institute a system for providing federally backed home loans to Americans. In each city, HOLC staff assigned color grades to residential neighborhoods that reflected their perceived loan risk, and thus, where loans should be given (see the Sacramento HOLC map to the right). To get a low risk grade of green (A) or blue (B), a neighborhood had to be "racially homogenous" (white), low density, zoned single family, and employ racial covenants. Higher risk grades of yellow (C) and red (D) were given to neighborhoods with multifamily housing, more polluting uses, and existing minority populations. In the Sacramento HOLC maps, red areas like the Washington neighborhood in West Sacramento were described as "racial hazards" where "infiltration of subversive races has occurred." In this way, minority groups were not granted government-backed



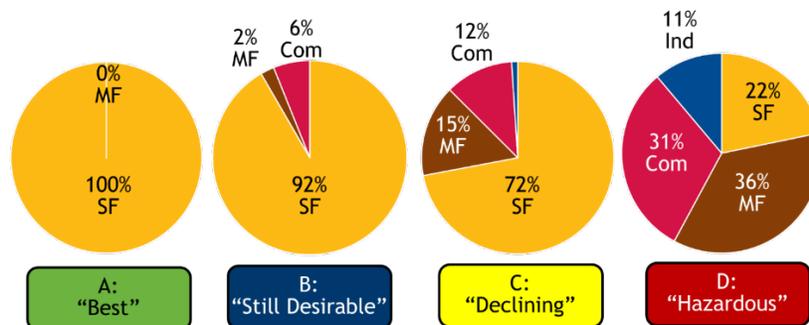
home loans with favorable terms in their own neighborhoods, but were also prohibited from moving to green and blue neighborhoods through covenants. As a result, people of color did not experience the same intergenerational wealth created by appreciating property values in desirable neighborhoods that white families did. The few minorities who *were* able to secure loans for homes in redlined neighborhoods gained 52% less home equity over the last 40 years than outside those areas.<sup>1</sup> This is partly why in 2016, the net worth of a median white household (\$171,000) was 10 times that of a median black household (\$17,150) in America.<sup>2</sup>

While racial zoning was outlawed in the early 20<sup>th</sup> century and government-sponsored redlining was outlawed in 1968, the residential segregation created by these institutions is so structurally engrained in the community that it is still present today. To illustrate this point, the 2010 racial dot density map below shows that many of the A (Green) and B (Blue) neighborhoods highlighted in the HOLC redlining maps remain largely white today, even though the City of Sacramento is one of the most diverse cities in the country.



Part of why these neighborhoods have not changed in their racial composition is due to single family zoning, which bans the construction of apartments and other more affordable rental housing. When explicitly mandating racial segregation became illegal, single family zoning was used to segregate by income as a proxy for race. Looking at how Sacramento’s HOLC map colors are zoned today (below), the vast majority of the desirable A and B HOLC map neighborhoods remain zoned exclusively for single family homes, which prevents lower-income families from moving to these neighborhoods.

*How the SACOG Region’s Original HOLC Categories are Zoned Today:*



<sup>1</sup> Anderson, Dana (Redfin). "Redlining's Legacy of Inequality" (2020).

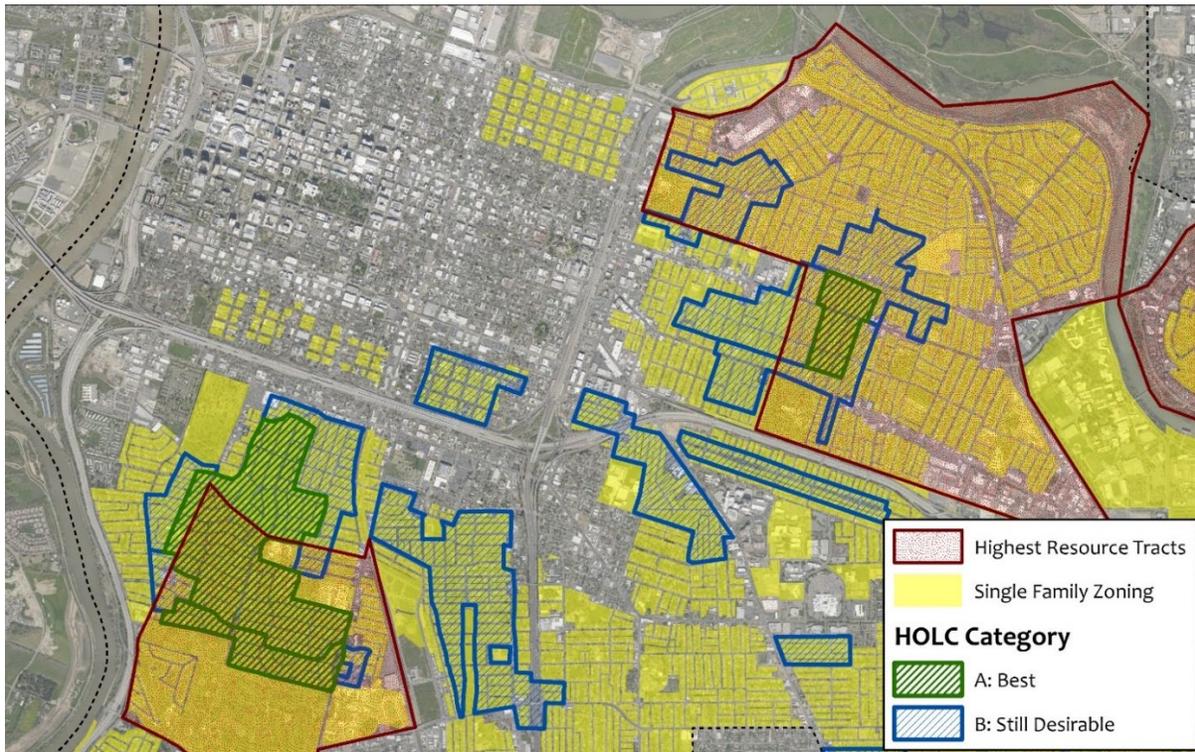
<sup>2</sup> Brookings Institute, "Examining the Black-White Wealth Gap" (2020).

## How Zoning Restricts Access to Opportunity

There is an increasing body of research that links where you live with your chances of future success. Safe neighborhoods with public amenities and access to health, food, and employment centers can provide a greater chance of upward mobility than their counterparts. These neighborhoods are commonly referred to as “high opportunity.” The State Department of Housing and Community Development (HCD) develops housing opportunity area maps every year, which identify the highest opportunity census tracts based on factors like access to jobs, good schools, amenities, and low pollution burden.

The high opportunity neighborhoods in the SACOG region are almost entirely single family, which does not allow for more affordable housing types to be built. Across the region, 75% of the existing units, 90% of the residential land, and 97% of the residential parcels in high opportunity areas are single family homes. These homes offer households the best chance of upward mobility but are unaffordable to many minority households.

As shown below, the high opportunity areas in Sacramento (red) are almost exclusively zoned for single family (yellow) and are the same exact neighborhoods categorized A or B in the HOLC maps. The exclusionary origins of zoning that segregated cities by race were calcified by zoning that segregates by income. Public policy created a barrier to intergenerational wealth creation for non-white families and single-family zoning in high opportunity neighborhoods reinforces it. This means that the desirable neighborhoods that were predominantly white and wealthy 80 years ago are still white and wealthy today.



Much of the rest of the SACOG region was not yet developed when the HOLC maps were created and, thus, the maps above are oriented around central city Sacramento and its inner ring suburbs. However, the development patterns created across the region by single family zoning have led to the same residential segregation seen in the Sacramento core. The racial disparities built by decades of government sponsored policy exist across the SACOG region and the rest of the country.

The zoning policies in this toolkit seek to increase housing supply and housing choice by expanding single family zoning to allow for more affordable housing types, particularly in high opportunity areas. These policies also offer potential solutions to begin to reverse the ugly history of zoning and its propensity to exacerbate residential segregation. These policies have the following benefits:

- *Increase housing production and curb increases in housing prices.* The clearest consequence of zoning that restricts anything other than detached single family homes on large lots is that it prevents the construction of housing types, like smaller houses or apartments, that are more affordable to middle- and low-income households. This inherently restricts the total amount of housing. When more households are fighting over a smaller amount of larger homes, housing prices go up. Allowing more than a single family home on the majority of residential land will help to combat this.
- *Facilitate equity and inclusion.* Because multifamily and other attached housing types tend to be more affordable than the traditional single family homes, zoning the majority of land for single family means that some high opportunity neighborhoods remain concentrations of affluence, which can perpetuate racial and class inequality. A 2015 UCLA study found that density restrictions, via exclusionary zoning, directly lead to income segregation of the rich, which "results in the hoarding of resources, amenities, and disproportionate political power."<sup>3</sup>
- *Increase access to opportunity.* Some of the highest opportunity areas are often single family neighborhoods that cannot increase the number of homes because the single family zoning does not allow it. This means that low- and middle-income families cannot move to them and reap their benefits, including preventing low-income access to good schools, which further exacerbates segregation and hinders social mobility.
- *Decrease the risk of displacement in other communities.* Precluding attached housing in high opportunity areas forces development pressure to historically lower-income neighborhoods, which can contribute to neighborhood-level displacement. Relaxing zoning to allow for more missing middle housing types across more of the region will relieve some of this pressure by allowing some growth to occur in higher opportunity neighborhoods with less displacement concerns.

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<sup>3</sup> Lens, M. C., & Monkkonen, P. (2016). Do Strict Land Use Regulations Make Metropolitan Areas More Segregated by Income? *Journal of the American Planning Association*.