

SUMMARY

Upzoning Maryland: Ideological Choices Rather Than Good Policymaking

A Critique of the Comptroller of Maryland's Housing & the Economy Report and its Support for the Starter and Silver Homes Act

*by Dr. Erika A. Jorgensen & Rohit Khanna¹
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- The Maryland Comptroller's October 2025 report on housing and the economy² serves as the underlying policy analysis in support of the proposed Starter and Silver Homes Act (SB36/HB239) now in front of the Maryland legislature. Unfortunately, pervasive weaknesses in the analysis and data presented in the Comptroller's Report undermine the validity of its policy conclusions.
- A key point is that the report most often compares pre-pandemic years to the pandemic and soon after. The pandemic years are outliers and should not be used to project Maryland's future.

Is Maryland losing large numbers of residents, and is it because of high housing costs?

No, net outmigration is actually modest. During 2017-2019, about 0.4% of Maryland's population left each year, and the United Van Lines Annual Survey for 2025 assesses Maryland to be a 'balanced' state for domestic moves. The pandemic years were anomalies. And the Comptroller's Report itself shows net outmigration falling by half between 2023 and 2024.

People are moving out of Maryland for jobs or to be near family. The Comptroller's Report provides no evidence on why people are leaving Maryland. It speculates that the reason must be housing costs since those departing during 2020-2022 are younger and lower income than in pre-pandemic years. Surprisingly, the Report fails to consider the impact of remote work, which accounted for the bulk of increased interstate migration nationwide during the pandemic years, according to the Federal Reserve Bank of St. Louis. The United Van Lines Annual Survey for 2025, which does record reasons for moving, reports that 30% of Marylanders departing in 2025 left because of a job and that the same share relocated to be closer to family. Less than 3% cited cost as a reason for their move.

Outmigration is not leading to falling state income, a shrinking economy, and a declining state. Conclusions based on pandemic era data should be set aside. And according to the Center on Budget and Policy Priorities, calculations of lost income because of migration using IRS data are deeply flawed, especially because many moves are for retirement.

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² www.marylandcomptroller.gov/content/dam/mdcomp/md/reports/research/housing-economy-print.pdf

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Are housing costs in Maryland too high? Are housing prices rising so fast that something must be done?

Housing prices are barely holding flat in real terms, and a buyers' market is emerging. The State of Maryland's own property tax assessments show dramatically lower residential price increases, plummeting over the last two years (to about 4% annual growth while inflation averaged 3.2 %). The median price of homes sold in Maryland in 2025 rose by 2.6% (less than inflation), and the number of units sold fell by 3.1%, according to the Maryland Association of Realtors, which has reported that a buyers' market is already in early stages.

Does Maryland's housing demand exceed supply, and is there a shortage of housing in Maryland?

Maryland's housing market, like those across the nation, is recovering from the unprecedented impacts of the pandemic era, and Maryland has now been hit with large job losses. Maryland's renter vacancy rates exceeded the national average in 2023 and, as of 2024, stood at about the same as those in New York, Virginia, North Carolina, District of Columbia, and Pennsylvania. Maryland's rental vacancy rates fall within the 5-8% band that define a balanced rental market, according to HUD.³ Homeowner vacancy rates were very similar across the 12 states used for comparison in the Report.⁴ This already weakening demand will be compounded dramatically by recent international immigration restrictions and federal layoffs (with 25,000+ jobs lost in Maryland in 2025).

Are Maryland's building costs leading to too little supply?

Building costs are high in Maryland. Compared to national averages, wages are higher, and land is more expensive because Maryland has the 4th highest median household income and is the 6th most densely populated state. Moreover, Marylanders rightfully expect high quality infrastructure and environmental protections. Yet, somehow, Maryland's median house prices as of July 2025 are 16th in the nation, so housing is actually cheaper in Maryland than might be expected!

It's no surprise that zoning and land use regulations would be stricter in Maryland, a densely populated and very wealthy state, than elsewhere. The point of zoning is not restriction but planning. Density needs to be planned in coordination with physical, social, and environmental infrastructure (including roads and parking, water and stormwater systems, electricity, public schools, and tree cover and greenspace). Once infrastructure is in place, density cannot exceed infrastructure capacity without undermining quality of life. Ramping up density in established single-family neighborhoods will accelerate deterioration and replacement costs of that infrastructure. Loss of tree canopy alone will create heat islands and diminish local air quality.

³ US Department of Housing and Urban Development.

⁴ Much of the Report's analysis focuses on a cohort of 12 states: Maryland, the top eight states where Maryland residents are moving to (Florida, Pennsylvania, North Carolina, Texas, Virginia, South Carolina, West Virginia, and Delaware), and the top three states where new Maryland residents are coming from (District of Columbia, New York, and New Jersey).

Do the Report's conclusions make sense?

Whether you will be persuaded by this Report depends on whether, first, you believe the story about surging outmigration, a shrinking tax base, and imminent economic decline; second, you accept that it is housing regulation that has caused a shortage of affordable homes in Maryland; and third, that somehow pre-empting single-family zoning is the magical costless solution.

Trickle-down benefits from upzoning are too small and too slow. Recent research shows that even under very optimistic assumptions, it will take decades for deregulation-driven supply expansion to generate widespread affordability. Just as importantly, new research confirms supply constraints including zoning are unimportant in explaining housing prices. Instead, the real problems in the housing market must be addressed: oligopoly in the homebuilding sector and income inequality. Upzoning will not create homes in Maryland that are 30 percent less expensive and cannot solve housing affordability as evidenced by experience across the US. In the meantime, local communities will bear the cost of erratic profit-driven building that imposes economic, environmental, and social costs on established neighborhoods.

*Detailed Critique of the Comptroller of Maryland’s Housing & the Economy Report
and its Support for the Starter and Silver Homes Act*

“With fewer homes available and high interest rates locking out new generations of homebuyers, too many young families and seniors are left with few viable options to call Maryland home,” said Maryland Department of Housing and Community Development Secretary Jake Day. “The Starter and Silver Homes Act of 2026 would expand housing choices by enabling homes that are up to 30 percent less expensive than what’s currently available, unlocking homeownership for more Maryland families.” (from [Governor Moore Announces Housing Growth and Affordability Agenda for 2026 Legislative Session](#) , 1/6/2026)

“For cost-burdened households, trickle-down benefits from deregulation will be insufficient and too slow.” (Buchholz, Maximilian, et al. “[Inequality, Not Regulation, Drives America’s Housing Affordability Crisis.](#)”)

“By providing rigorous analysis and data-driven insights, . . . this report aims to support evidence-based solutions that increase affordability and strengthen economic opportunity for all Marylanders.” (from Letter from the Comptroller, in [Comptroller of Maryland, State of the Economy Series: Housing & The Economy](#), October 2025).

The Comptroller of Maryland’s October 2025 report on housing and the economy⁵ serves as the underlying policy analysis in support of the proposed Starter and Silver Homes Act (SB36/HB239) now in front of the Maryland legislature. This bill significantly limits local zoning authority over single-family residential development, with the express goal of increasing housing supply, affordability, and flexibility—particularly for starter homes and “silver” (downsizing/aging-in-place) housing. The bill preempts local zoning controls to allow small lots with minimal setbacks and high lot coverage, and it allows townhouses in all single-family zones.

The proposed legislation represents a major policy change. Any such change should be supported by high quality data, careful analysis, and an assessment of the benefits and costs of such change relative to other options. Unfortunately, pervasive weaknesses in the analysis and data presented in the Comptroller’s Report undermine the validity of its policy conclusions. This note will lay out the most important weaknesses in the Report, following the structure of the report itself.

Is Maryland losing large numbers of residents, and is it because of high housing costs?

The Report claims Maryland has lost large numbers of residents to other states, with the most severe losses post-pandemic, but net outmigration is actually modest. Indeed, Maryland has had net domestic outmigration for many years, but it has been balanced by international in-migration, leaving the net impact on Maryland’s population very small. The Report focuses on domestic movements, which US Census estimates’ average for 2017-2019 show as about 0.4% of the population leaving the state each year pre-pandemic (which some

⁵ www.marylandcomptroller.gov/content/dam/mdcomp/md/reports/research/housing-economy-print.pdf

might not describe as “large”). Moreover, the United Van Lines Annual Survey for 2025 assesses Maryland to be a ‘balanced’ state for domestic moves.⁶

The Report claims outmigration has recently gotten dramatically worse, but the pandemic years are extreme outliers that cannot predict future trends. The Report tries to heighten concerns about migration by comparing 2021-2023 to an earlier period (2011-2019), presenting in bold font that almost half of outmigration occurred in the most recent three years. The pandemic years are outliers in so many ways that it is irresponsible to propose policy conclusions based on those years. Importantly, remote work allowed people to move closer to family or to cheaper housing locations temporarily.⁷ And the report’s own Figure 1 on population change from US Census estimates shows net outmigration falling by half between 2023 and 2024.

The Report speculates about what is driving outmigration, with no actual evidence. First, the Report is over-reliant on American Community Survey (ACS) one-year data on state-to-state moves, which are small samples and increasingly error prone since 2020, and it presents a false precision by failing to report statistical error bars. Second, they have no data on why people left the state. The Report’s Figure 4 shows that during 2010-2023, Marylanders moved to Florida and also to Pennsylvania. The Report jumps to the conclusion that a lower cost of living is motivating moves. Then, using IRS Statistics of Income (SOI) Migration Data, the Report argues that younger and lower income residents are now leaving the state (during 2020-2022 compared to the historical norm of those age 55 and over and higher income departing). Since the share of wealthier individuals (income over \$100,000)⁸ decreased (from 74% to 54% of all outmigration), they just make up out of the air that it must be housing costs driving people out of Maryland (and importantly, during 2020-22). To quote the Report, "This finding suggests that pre-pandemic, taxes and other factors may have been more prominent drivers of migration decisions, while more recently, housing affordability and overall cost of living are having a greater effect." Or maybe many, many other reasons. Crucially, they don't consider the likely impact of remote work, which for most US government jobs continued until spring 2024 (and, according to researchers at the Federal Bank of St. Louis, accounts for much of the rise in interstate migration across the US during 2020-2022). Third, the United Van Lines Annual Survey for 2025, which does record reasons for moving, reports that 30% of Marylanders departing in 2025 left because of a job and the same share to be closer to family. Less than 3% cited cost as a reason for their move.

A final warning from the Report tries to tie outmigration to falling state income, raising the specter of a shrinking economy and a declining state; but, again, this conclusion rests entirely on the pandemic years as well as overstating likely net effects. The Report

⁶ <https://www.unitedvanlines.com/newsroom/2025-national-movers-study>. United Van Lines is the largest moving company in the US. It publishes data each January comparing inbound moves to outbound moves for each state, excluding any states with fewer than 250 moves. This data (166,000 moves in 2025) is only a subset of all moves, since it is only those using large moving trucks, but typically, its findings are matched by government-issued data once it becomes available. <https://taxfoundation.org/data/all/state/state-migration-trends/>

⁷ Much of the rise in interstate migration during 2020-2022 can be attributed to the growing share of workers that are doing their jobs from home, according to Bick, A., Blandin, A., Marks, C., Mertens, K., & Hannah Rubinton. (2024, November 21). Why Do WFH Workers Move? Federal Reserve Bank of St. Louis On the Economy Blog. <https://www.stlouisfed.org/on-the-economy/2024/nov/why-do-wfh-workers-move>

⁸ Measured as Adjusted Gross Income.

notes that Maryland had the 7th highest net AGI loss from 2021 to 2022, according to IRS SOI migration data. First, yet again, conclusions based on pandemic era data should be set aside. Second, the Center on Budget and Policy Priorities has concluded that income migration claims based on IRS data are deeply flawed. The lost income is based on previous year earnings. People leaving a state do not take their income (and their job) with them. Further, many departures are for retirement, so IRS previous-year income is not a good measure of current-year income.⁹

Are housing costs in Maryland too high? Are housing prices rising so fast that something must be done?

The Report focuses on housing costs compared to those in states to which residents are moving, but not only is the Report’s analysis flawed, housing costs are quickly moderating in Maryland. First, it is not clear why the Report (drawing on Department of Housing and Community Development analysis) depends on American Community Survey (ACS) data on Maryland housing prices. As noted above, ACS Survey one-year data are small samples and increasingly error prone since 2020. This data is not high quality for a small state such as Maryland. Instead, what do we see in the state's own property assessments?

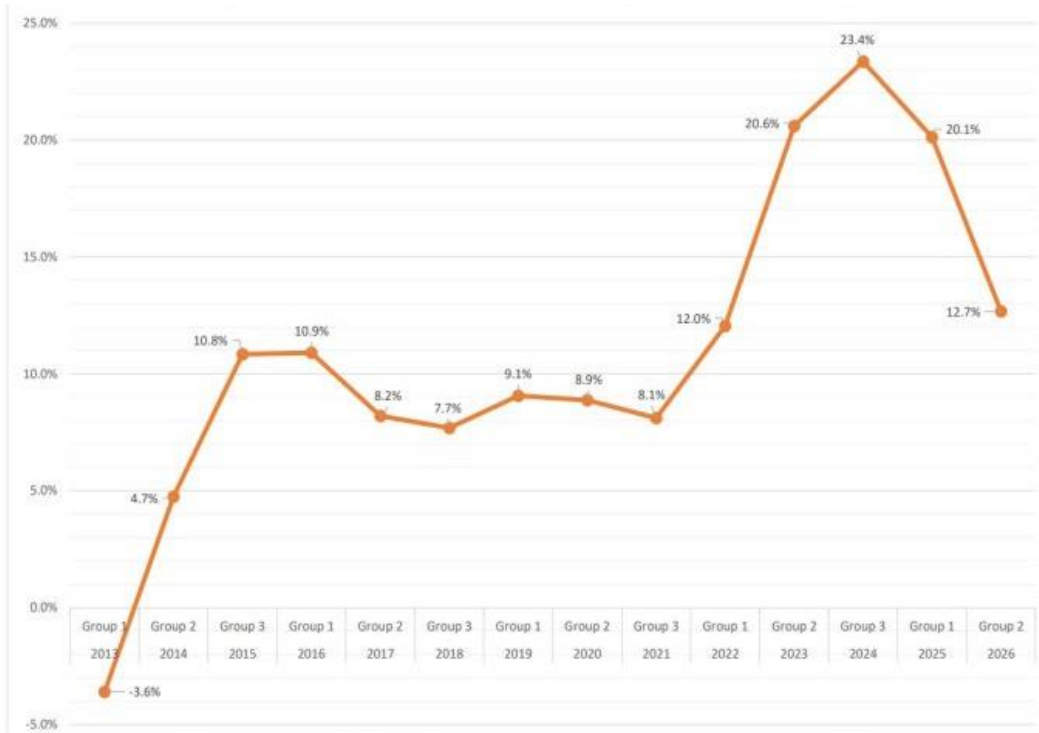
Housing prices are barely holding flat in real terms, and a buyers’ market is emerging. Property tax assessment increases, while still rising in nominal terms, have plummeted over the last two years (to about 4% annual growth while inflation averaged 3.2 % , and this does not consider that deceleration in housing prices implied by the drop in 3-year averages). (See Figure 1). Interestingly, the State Department of Assessments and Taxation (SDAT) does not seem to be on the same page as the Governor. “Property values are still rising, but at a more sustainable pace,” said SDAT Director Bob Yeager. “After the rapid increases seen during the post-COVID recovery, this moderation is an important step toward balancing household wealth growth with housing affordability.”¹⁰ Also, the Maryland Association of Realtors 2025 report shows that the median price of homes sold in Maryland in 2025 rose by 2.6% (less than inflation) and units sold fell by 3.1%. “The story I see in these numbers is that the market is shifting toward the buyer,” said Denise Lewis, 2026 President of Maryland Realtors. “We’re not yet in a true ‘buyer’s market’ as sales are down while prices continue to rise, but the movement in that direction is becoming increasingly clear.”¹¹

⁹ Mazerov, Michael. “State ‘Income Migration’ Claims Are Deeply Flawed.” Center on Budget and Policy Priorities. October 20, 2014. <https://www.cbpp.org/research/state-income-migration-claims-are-deeply-flawed>

¹⁰ <https://thebaynet.com/maryland-property-values-continue-rising-but-at-slower-pace-sdat-says/>.

¹¹ <https://www.mdrealtor.org/news/august-2024-housing-stat>

Figure 1. Change in Maryland Statewide Property Tax Assessments (2013-2026)



Note: Combined residential and commercial assessments. For 2026, residential assessments rose by 13.2% and combined by 12.7%.

Source: Maryland State Department of Assessments and Taxation [data tables](#).

Does Maryland housing demand exceed supply, and is there a shortage of housing in Maryland?

The Report claims that demand exceeds supply, but housing prices have flattened as Maryland’s housing market recovers from the unprecedented impacts of the pandemic era. As the Report admits, population growth and job creation drive demand for housing, but then it goes on to claim that Maryland is also suffering from slower economic growth because higher housing prices drive outmigration (see rebuttal of all these points above). First and most importantly, Maryland’s housing prices are now recovering from the unprecedented impacts of the pandemic era, and a buyers’ market is underway. Second, this dampening of demand will be compounded dramatically by recent international immigration restrictions and federal layoffs (with 25,000+ jobs lost in Maryland in 2025).

The Report claims that low vacancy rates also demonstrate excess demand, but the data show Maryland exceeding the national rate in 2023 and performing about the same as many other states in 2024. Homeowner vacancy rates were very similar across all 12 states,¹² and Maryland’s 2024 vacancy rate of 0.6% is also very close to the national rate of 1.0%.

¹² Much of the Report’s analysis focuses on a cohort of 12 states: Maryland, the top eight states where Maryland residents are moving to (Florida, Pennsylvania, North Carolina, Texas, Virginia, South Carolina, West Virginia, and

The story of rental vacancy rates is more complicated. In 2024, Maryland, New York, Virginia, North Carolina, District of Columbia, and Pennsylvania all had renter vacancy rates of 6-7% and the national rate was 6.8%. But in 2023, the US rate was 6.5% and Maryland stood at 7.3%, above the national average. In any case, it should be noted that the US Department of Housing and Urban Development describes a 5-8% vacancy rate as a balanced rental market, so we were and still are in a balanced rental market.

Are Maryland's building costs leading to too little supply?

Building costs are high in Maryland because wages are higher and land is expensive. Maryland is densely populated (the 6th most densely populated state), making land more expensive. Its residents are wealthy (median household incomes are 4th in the nation), so wages are higher and demand is higher for bigger, fancier houses. But Maryland's median house prices as of July 2025 are 16th in the nation, so housing is actually cheap in Maryland!

Building costs are high in Maryland because Marylanders expect high quality infrastructure and environmental protections. First, have you heard of those new-built towns in Arizona that have to truck in water because they did not coordinate infrastructure with the local town? Have you seen the homes in Pennsylvania where the water was flammable because of unregulated gas fracking? Those homes are much cheaper than homes in Maryland, Second, the Report notes that new infrastructure is expensive. But money cannot be saved by piggy-backing on existing infrastructure if that infrastructure is already at its limit, as it is in many established neighborhoods. Third, the Report seems to criticize the practice of charging developers for the extension or improvement of infrastructure made necessary by their development. Does the Comptroller think it's more fair for the whole community to have to subsidize private developers?

It is no surprise that zoning and land use regulations would be stricter in Maryland, a densely populated and very wealthy state, than elsewhere. First, despite Maryland's more restrictive regulations, ranked 6th according to the Report, median house prices put the state in 16th place. Second, most importantly, the Report seems to deny the whole point of zoning, which is not restriction but planning. Density needs to be planned in coordination with physical, social, and environmental infrastructure (including roads and parking, water and stormwater systems, electricity, public schools, and tree cover and greenspace). Once infrastructure is in place, density cannot exceed infrastructure capacity without undermining quality of life. Ramping up density in established single-family neighborhoods will accelerate deterioration and replacement costs of that infrastructure. Third, the Report's assumptions that building infill will make a lot of money for developers is probably true, but for it to reduce climate pollution, for example, requires pre-existing public transport infrastructure. Does cutting down all the trees in an established neighborhood to jam in more buildings and create a local heat sink help Maryland meet its climate goals?

The Report exhaustively reviews Maryland's many regulations related to housing, but single-family zoning does not appear. First, the Report correctly notes that regulations are worth reviewing and, perhaps, streamlining to reduce their time cost. Second, the Report admits

Delaware), and the top three states where new Maryland residents are coming from (District of Columbia, New York, and New Jersey).

that local governments need the revenue from development fees and taxes to support necessary infrastructure. Third, the Report weaves mention of affordable housing through the text seemingly to cast aspersions on current local regulations and taxes. The problem is that building more units will not reach deep enough to help families who are most cost-burdened, because their incomes are too low to afford any profitable market-rate housing, regardless of land use regulations.

The Report's conclusions and policy recommendations

Whether you will be persuaded by this Report depends on whether you believed the story about surging outmigration, a shrinking tax base, and imminent economic decline. First, one must set aside the Report's incorrect claims about outmigration and about high housing prices before considering the costly and irreversible policy changes proposed. Second, as an aside relevant for the whole report, please stop citing the very shoddy and unprofessional analysis coming out of Pew if you want your analysis taken seriously. (See Box 1 on problems with the July 2026 Pew web article). Third, the final section of the Report makes some amazing leaps in logic about what people want and the easy, costless ways to get it.

The Report claims, without much of any evidence, that it is regulation of density that has caused a shortage of affordable homes in Maryland and then lists proposals to expand housing supply. First, building with higher density on empty land near transit, if other necessary infrastructure is in place or planned, makes sense. Second, housing targets, frequently revised in the face of new data, can be useful as long as localities have flexibility in how to meet them. Third, it is good the Report gives credit to Montgomery and Anne Arundel Counties for their ongoing revisions to housing regulations in ways responsive to local conditions. These policies, rather than kneejerk deregulation, are shaped to local communities and constraints.

The Report's final call for the State to pre-empt local zoning for single-family neighborhoods is the wrong recommendation to achieve affordability: trickle-down benefits from upzoning are too small and too slow. First, recent research makes clear that even a dramatic, deregulation-driven supply expansion would take decades to generate widespread affordability. "Even a major positive shock to housing supply – sustained year after year – would take decades to meaningfully ameliorate residents' affordability challenges."¹³ If housing stock were to expand at a very fast rate of 1.5% per year (a rate achieved only by the top 10% of commuting zones during 2000-2020), it would take between 16 (very optimistic) to 106 (more realistic) years to reach affordability¹⁴ through supply expansion for 6 high-cost markets.¹⁵ Second, even leading supply-side scholars such as NYU law professor Vicki Been acknowledge that the market is unlikely to provide housing that is affordable to the poor. And it is odd that those who malign "trickle down" economics seem to accept the "filtering" argument that more

¹³ Sitaraman, Ganesh and Serkin, Christopher, Post-Neoliberal Housing Policy (April 23, 2025). U. Pa. L. Rev. (forthcoming), Vanderbilt Law Research Paper No. 5227899, Available at SSRN: <https://ssrn.com/abstract=5227899> or <http://dx.doi.org/10.2139/ssrn.5227899>

¹⁴ For today's median 1-bedroom unit to become affordable to a worker without college education and affordability defined as 30% of household income.

¹⁵ Buchholz, Maximilian, et al. "Inequality, Not Regulation, Drives America's Housing Affordability Crisis." OSF Preprints. 17 Jan. 2026. doi.org/10.31235/osf.io/95trz_v1.

market-driven supply of housing for higher income groups will eventually benefit lower income earners.

Proposals for upzoning ignore the fundamental structural issues in housing markets that arose in the aftermath of the 2008 financial crisis and drive the housing affordability crisis. As noted by researchers at Vanderbilt Law School, “after the crash, home building dried up, leading to mergers and a new oligopoly in the homebuilding sector The large homebuilders are financiers that borrow cheaper than real developers and use that cheap credit to speculate in land Because they are large and have significant access to capital, they can hold property for long periods of time – waiting to maximize their profits without engaging in construction.”¹⁶ Developers mitigate risks and maximize profits by trying to time the market so that not too much supply comes online at once. At the same time, for individuals without strong credit, tightened mortgage lending standards made purchasing a home more difficult.

None of these problems have to do with zoning but rather with income inequality. First, the variation in prices between housing markets cannot be explained by variations in zoning restrictions but mostly by income. A recent Federal Reserve Bank of San Francisco paper studied the impact of supply constraints including zoning on housing prices and concluded that “housing supply constraints are quantitatively unimportant in explaining rising housing costs across US cities.”¹⁷ The research found that differences in supply constraints among municipalities could not account for increases in housing prices or housing quantity in response to increased demand; what mattered was rising incomes. In other words, much of the variation can be explained by higher wages, especially among highly skilled, high-income earners. Second, rising income inequality has led to an affordability crisis for the bottom 50%. Across the US, including in Maryland, wages for the top 25% are rising faster than housing prices, reducing their housing costs relative to income. Meanwhile, housing costs are increasing for the bottom 50%. New housing supply, often in expensive infill projects, tends to cater to higher income groups, worsening the affordability crisis for lower-income earners.

Upzoning will not create homes in Maryland that are 30 percent less expensive, as claimed in Governor Moore’s announcement, and cannot solve housing affordability as evidenced by experience across the US. First, new townhouses are unlikely to drive down the price of housing: a preliminary review of new townhouses listed for sale in Montgomery County found the median price to be 40% above the December 2025 median sales price of existing single-family houses. (See Box 2 for examples across the US on the poor track record of upzoning, and Box 3 on why Austin is a bad example.) Second, the root cause of affordability problems is the mismatch between distribution of incomes and the distribution of housing (too many households with low incomes and too few homes priced within their means), not an overall

¹⁶ Sitaraman, Ganesh and Serkin, Christopher, Post-Neoliberal Housing Policy (April 23, 2025). U. Pa. L. Rev. (forthcoming), Vanderbilt Law Research Paper No. 5227899, Available at SSRN: <https://ssrn.com/abstract=5227899> or <http://dx.doi.org/10.2139/ssrn.5227899>

¹⁷ Louie, Schuyler, John Mondragon, and Johannes Wieland. 2025. “Supply Constraints Do Not Explain House Price and Quantity Growth Across U.S. Cities.” Federal Reserve Bank of San Francisco Working Paper 2025-06. <https://doi.org/10.24148/wp2025-06>

shortage of units. In Montgomery County, for example, the Council of Governments (COG)-derived targets required 75% of new housing to be affordable for those making 60% of the area median income. There is no upzoning strategy that can achieve this -- certainly not one that has no affordability mandates.

Box 1. Pew on Gentrification: It only counts as evidence if you show your work

Pew Charitable Trusts published an online article in July 2025 titled “New Housing Slows Rent Growth Most for Older, More Affordable Units.” The article provides ammunition to advocates for upzoning by claiming that new housing of any kind ends up *helping* lower-income families the most, rather than raising the threat of gentrification, which *harms* lower-income families.

But here’s the thing. The figures and tables of econometric results are great at bamboozling the uninitiated. **If Pew was serious or confident about their work, there would be a background paper setting out their methods, data, and results.** Instead, we can only guess, based on the short article and sloppy “Technical Annex.” **What we can conclude is that Pew’s empirical findings are purposely exaggerated and have questionable validity.**

First, the Pew article claims the poor were hurt most by rising rents over the last 7 years and that more housing kept rents lower, based on their analysis of ‘neighborhoods’(zip codes).

- Using data for 2017-2024, **the difference in rent increases between richer and poorer neighborhoods was trivial**, at about 2 percentage points. Given the sloppiness of the technical annex and the lack of a real report, it is impossible to know how this regression was set up, but most probably the dependent variable was % change in average rent from October 2017 to October 2024. The regression finds that lowest quartile (zip code) rents increased by 10% more than the highest quartile rents over 7 years. To illustrate what this might mean, average US rents rose by 51% from 2017 to 2024 according to Zillow. If this were the rate for the richest zip code quartile, then rents in the poorest quartile would have risen by 56% over 7 years, or 8% each year rather than 6%.
- **Other factors show up as far more important for rising rents.** The most powerful driver of rents in Pew’s own regression results was the share of residents working from home in 2017, pushing up rents by 141%! But a higher share working from home in 2023 meant a neighborhood had lower rent growth. **What does this mean? It is probably nonsense but should raise questions about this whole endeavor and its pseudoscientific air.**
- **Cities that added more new units had lower rent increases** (rent increases were cut in half) **but adding more new units in the neighborhood itself** (the zip code) **had almost no impact.** **Why?** Claiming that “housing markets are regional” seems to counter much of their justification in analyzing zip codes as the most relevant housing markets. **Again, their technical analysis falls short.**
- The extraordinary nature of the pandemic years makes this seven years a terrible period from which to draw medium- to long-term conclusions. **The “controls” for COVID are laughable.**
- Although there is no model written down, it is difficult to understand why causal statements are being made without any supply shocks in the regression table, with a mish mash of time periods and geographic units, and data from different sources.

Second, the Pew article claims that building any kind of housing reduces rent the most for poorer families.

- Even if you want to trust Pew’s econometrics, **Class C (lowest quality) buildings had rent increases that were just 4% less than for Class A**, e.g., if Class A rents rose by 6%, then rents in Class C rose by 5.8%! **Another trivial result.**

- Just 7% of the variation in rents is explained by the model. That is, **they have no idea what made rents go down more or less across cities.**
- In the 11 metro areas in the article, **the apartment supply "boom" was not driven by upzoning because the cities did not upzone**, It either was not a strategy adopted or was adopted so late in the study period that it would not have had much impact on supply. The chart is dominated by Austin's falling rents, but Austin did not upzone during this period.

Source: www.pew.org/en/research-and-analysis/articles/2025/07/31/new-housing-slows-rent-growth-most-for-older-more-affordable-units

Box 2. Upzoning Does Not Solve Housing Affordability: Examples from across the US

- ✓ A University of Virginia study of Charlottesville found significant underdevelopment of parcels under current zoning despite it being a small, high-demand city experiencing high housing costs. That finding suggests that zoning classification may not be the primary constraint on housing supply. (“Underdevelopment Despite Upzoning - University of Virginia School of Law”)
- ✓ Montgomery County’s analysis of its housing pipeline identified economic factors as the primary barrier to development of permitted units. It explains why, in Montgomery County, White Flint remain undeveloped, despite its prime location near Metro.
- ✓ *The Economist* noted that Los Angeles and Atlanta have practically identical zoning restrictions but quite different prices.
- ✓ Houston, the poster child of unrestricted zoning, ranks second worst amongst 50 metropolitan areas in availability of affordable rental homes for low-income people.
- ✓ Loosely-zoned Nashville, despite a building boom, still cannot produce enough housing and lower prices.
- ✓ Washington DC produced housing at rates on par with North Carolina, South Carolina, and Texas, without upzoning. In fact, it easily topped upzoned cities such as Portland OR, Spokane, and Minneapolis.

Box 3. Stop Talking About Austin: The primary drivers of housing prices in Austin were intense population growth driven by tech sector expansion, pandemic-era remote work demand for larger homes, and low interest rates. Not upzoning!

The Austin, Texas, housing market experienced one of the most dramatic boom-and-bust cycles in the United States over the last 10 years (2016–2026), shifting from a super-charged, rapid-growth environment to a significant, correction-driven buyer's market.

A growing Texas economy during 2011-18, with jobs rising faster than in the rest of the US, supported explosive population growth, generating high demand for housing. On the supply side, building costs were pushed up by a lack of skilled construction workers and secondarily by rising land prices and additional government regulations in Texas’ largest metropolitan areas. Rising building costs undermined profitability of entry-level housing. During 2016–2019, Austin was already a top destination, experiencing consistent population growth, tech expansion (Apple,

Tesla), and steady home value appreciation that outpaced many peer cities. Demand began outstripping supply, leading to a consistent tightening of inventory.

Then, during 2020–mid 2022, the pandemic triggered a "Zoomtown" effect. Remote workers and tech transplants rushed to Austin, driving home prices up over 60% in this short period. Homes were selling within days for well over asking price, often to cash buyers. Median home prices in the Austin metro peaked at over \$550,000 in May 2022.

Then, the combination of record-high prices, significantly rising mortgage rates, and a slowdown in migration caused the market to crash in late 2022 and 2023. Austin recorded the largest home price drop in the country, falling more than 11% from its 2022 peak. By late 2025, median home prices had fallen to roughly \$435,000–\$439,000 (a roughly 18%–23% drop from the 2022 peak). Active listings soared to six-year highs, shifting the power heavily to buyers.

In parallel, there was a massive building boom of apartments, unmatched in the rest of Texas or the rest of the country. Now, with the drop in demand, rents in the Austin area dropped for three consecutive years (2023–2025). However, nearly half of renters remain cost-burdened (more than 30% of income spent on rent and utilities) and almost a quarter are severely cost-burdened (more than 50% of income spent). Why? Because the rental market is segmented, and the building of luxury apartments did not have significant impact on low-end apartment rents.

As of early 2026, the market is continuing a "correction" phase, but with a slower pace of decline, characterized by high inventory and more moderate price adjustments. Zoning reforms enacted in May 2025 to reduce lot sizes but in the face of already falling home prices and elevated inventory levels so impact is uncertain.

Over the last decade, Austin transformed from a high-growth, moderately priced city to one of the most expensive in Texas. It is now undergoing a painful but normalizing correction to improve affordability and restore balance. While housing supply was important, the primary drivers of housing prices in Austin were intense population growth driven by tech sector expansion, pandemic-era remote work demand for larger homes, and low interest rates.

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