RESEARCH REPORT

Tracing the Money

Case Studies in the Budgetary and Zoning Policies of Exclusionary Municipalities

Luisa Godinez-Puig *Gabriella Garriga* *Yonah Freemark*

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HOUSING CRISIS RESEARCH COLLABORATIVE

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The Housing Crisis Research Collaborative aims to address the long-standing inequities in access to safe, stable, and affordable rental housing that have been laid bare by the COVID-19 pandemic. We provide policymakers at all levels of government with the data and analysis they need to design, implement, and evaluate more equitable and effective rental housing and community development responses to the pandemic and the ongoing rental housing affordability crisis. More information is available at https://housingcrisisresearch.org/.

Executive Summary

Local governments have considerable influence on access to adequate and affordable housing through their control over land-use regulations such as zoning. Some localities leverage this control to constrain housing production, often making it difficult to build new homes in neighborhoods that are within reasonable distance of jobs and well-funded public services. The results are fewer dwelling options for families with low incomes and people of color, segregated metropolitan areas, and higher housing prices. In this paper, we show that a cohort of the nation's most exclusionary cities and towns—those that have added the least new housing over the past two decades—have overly restrictive land-use rules that make building anything other than single-family homes difficult. We review their budgets to show that many of these municipalities also rely to a large degree on revenues sourced from higher-level governments. These findings suggest many opportunities to leverage those revenues to orient local policies. The federal government or states could condition intergovernmental grant funds as "carrots" or "sticks" against exclusionary municipalities to promote better land-use policy.

Introduction

The United States suffers from a series of interconnected problems related to the housing market that have collectively reduced housing affordability. First, the cost of housing, especially among the lowest-cost units, has increased rapidly over the past several decades; conditions worsened during the COVID-19 pandemic (Choi, Walsh, and Goodman 2020).[1] Second, while housing construction has recently increased, it remains inadequate to meet the dwelling needs of a growing nation. Such supply shortages have, in turn, encouraged more competition and thus higher housing prices (Joint Center for Housing Studies 2022; Kingsella and MacArthur 2022). Third, federal support for deeply subsidized housing has declined per capita since the 1990s, meaning less assistance for low- and moderate-income households—even as municipalities have increasingly turned to market-reliant affordable housing tools that are severely limited by the small number of developer-produced units being built (Spauster, Lo, and Freemark 2021; Vale and Freemark 2022).

These issues plague the housing market overall. But housing availability also diverges within metropolitan areas, reducing access to residences in communities with high quality of life, well-funded public services, and access to employment. Some jurisdictions have residents and policymakers who are particularly hostile to new housing construction, especially for families with low incomes (Einstein, Glick, and Palmer 2019; Freemark and Steil 2021). Many municipalities enforce this point of view through strict land-use regulations that prevent the construction of multifamily housing. By maintaining communities that are largely composed of only single-family homes, public services funded by local property taxes can be "hoarded," metropolitan areas can be segregated by race and class, and people unable to afford living in these places can be denied access to good schools and jobs (Freemark, Steil, and Thelen 2020; Lens 2022; Rothwell 2012; Rothwell and Massey 2009). Thus, the overall housing market can be constrained by limited opportunities for construction—further increasing housing costs.

Land-use regulations in the United States are largely managed by local governments (such as townships, cities, and counties), which draw zoning maps and write zoning texts. This division of responsibility has allowed many jurisdictions to limit construction. But opportunities abound for states and the federal government to encourage or require more inclusive local housing policy. Federal and state governments have used incentives in other contexts, such as those related to disaster costs, to push local governments to take more responsibility for losses (Pew Charitable Trusts 2020).[2] States, in particular, have the power to use preemption laws to set ceilings for how restrictive zoning regulations can be for local governments because they have ultimate jurisdiction over land use. Some states have

already started to enact these laws. For example, in 2019, Oregon preempted single-family zoning in all cities of more than 10,000 people (Kazis 2020). In California, state policy requires municipalities to show how their zoning will allow for future population growth, and recent laws have effectively eliminated single-family-only zoning by allowing accessory dwelling units and duplexes in most neighborhoods (Monkkonen, Manville, and Friedman 2019).[3] Nationwide efforts are also feasible. In France, national law requires municipalities in urban areas to find the means—zoning or otherwise—to achieve a minimum of 25 percent affordable housing by 2025—or face considerable budgetary fines (Freemark 2021).

Some researchers argue that implementing such budgetary penalties could be an effective mechanism to encourage or compel local governments to develop more accommodating land-use policies. But Schuetz (2018) points out potential limitations with this approach: The US Department of Housing and Urban Development would have a hard time having much influence through its control of the Community Development Block Grant program because many of the most exclusionary communities, which are wealthy and uninterested in housing support, do not rely on such funds. Greene and Ellen (2020), as a result, propose the federal government intervene by requiring states and local governments to show how they are planning for increased housing supply by leveraging the programmatic design of discretionary grants related not only to housing but also to transportation, energy, and other areas.

States have wide discretion over funds distributed to municipalities. State agencies can impose virtually any requirement on local governments if permitted by state statute. Federal discretion, on the other hand, is not as clear-cut; regulators need to demonstrate a direct link between requirements and the distribution of funds. Because outcomes like transportation accessibility are intrinsically linked to land-use patterns, there is a logic to linking transportation grantmaking to allowances for housing, but the legal basis for such policy remains to be established. Nevertheless, Washington has plenty of opportunities to encourage better local land-use policy if federal officials and Congressmembers see it as a valuable goal. Federal agencies could be particularly effective if they influence state action through careful rule design related to federal grants, including those passed through to local governments.

We ask, then, to what degree do exclusionary municipalities with little housing construction use land-use regulations to limit allowed development? Do they rely on intergovernmental revenues sourced from states and the federal government? Could states and the federal government take advantage of their oversight of those funds to produce more equitable land-use rules?

To answer these questions, we examine the zoning policy and funding sources of some of the most exclusionary municipalities in the United States—those that have built the least new housing in recent decades despite the presence of local and regional demand. We identify a cohort of particularly exclusionary municipalities throughout the country, using data compiled by Freemark (2022). Then, we collect zoning and budget information from these municipalities and other municipalities nearby, such as the central city in each relevant metropolitan area. Different types of data were available in each of the jurisdictions we examined, but we developed general conclusions for all communities, with jurisdiction-by-jurisdiction results presented in the appendix.

We make several key findings. First, all the exclusionary municipalities studied allow *only* single-family homes to be built by right (meaning with only administrative review) on more—usually much more—of their land area than the central cities of their respective metropolitan areas, as well as that of most of the other smaller cities we also examine. All but one of the exclusionary cities also provide substantially less room for multifamily housing construction than the central cities provide. Their land-use policies are being disproportionately used to prevent housing construction and limit housing availability across income levels. Second, we find that all but one of the exclusionary municipalities had intergovernmental revenues as the second-highest source of revenue, but the shares vary substantially. More importantly, intergovernmental revenues come primarily from states and not from federal agencies for most cities. Third, most cities we examine do not have dedicated housing funds.

Our research suggests that states and the federal government have an opportunity to intervene on behalf of more equitable land-use regulations. They could develop policies that specifically target the most exclusionary cities, or plan for interventions that impact all municipalities with all sorts of characteristics. States are particularly well placed to influence legislation and budgetary restrictions. Some of the most exclusionary cities are reliant on grants from those higher-level governments that could be used to pressure or require better action. But such policies are limited by variation in local reliance on such external funds. Previous work has shown there is no single best approach for promoting more equitable land-use rules, but rather, a myriad of strategies based on incentives, sanctions, and regulation (Kazis 2020; Orfield and Stancil 2017). As a result, an approach grounded in conditioning grants to support better land-use rules must be one of many to increase housing supply, improve housing affordability, and ensure access to opportunities.

Data and Methods

Case Study Selection

To examine the budgets and zoning data of exclusionary municipalities, we began by developing a list of arguably the most exclusionary cities in the United States. To identify these jurisdictions, we used data collected by Freemark (2022), who catalogued municipal housing-unit growth and permitting from 2000 to 2020 in all incorporated cities in US metropolitan areas (using constant geographies to avoid biases induced by annexation and other problems). Freemark identified the cities that featured the slowest (or negative) housing growth compared to their respective metropolitan areas, that were located in metropolitan areas that were growing, and that had median housing values at least 30 percent higher than the average in their metropolitan areas. He labeled these cities the most exclusionary as they had a housing market arguably ripe for housing development and yet they allowed very limited construction.

We identified 17 cities that appeared at least once in the top five of Freemark's tables of the most exclusionary cities; we then selected our case study cities from this group. To ensure we could accurately represent these communities, we used web searching to find the Annual Comprehensive Financial Reports (ACFRs)[4] produced by each municipality and selected the municipalities that (a) reported intergovernmental transfers by disaggregating state and federal sources and/or (b) provided comprehensive details on specific federal and/or state grants. Appendix A provides a comprehensive list of available information for each of the 17 municipalities.[5] This approach allowed us to precisely identify the degree to which municipalities rely on state and federal funding, as well as to analyze which funds are dedicated to housing or related areas.

Ultimately, we identified eight municipalities located in six states that fit all the guidelines and used these as our case study jurisdictions (table 1).[6] Although these eight municipalities are potentially the most egregious in limiting housing availability, they highlight policies that could be effective more broadly across jurisdictions through possible intergovernmental influence. They all control land-use regulations, including through zoning. All eight municipalities had very low rates of housing-unit growth between 2000 and 2020 (six of eight lost housing units during that time), even as their respective metropolitan areas gained housing units overall. The municipalities range in size from less than 10,000 residents to more than 25,000 residents. They also are located in metropolitan areas with varying diversity, from the Los Angeles metropolitan area's 29 percent non-Hispanic white to Akron's 79 percent white. None of the case study cities had more than 100 federally assisted housing units, and the housing stock of all but one (Palm Beach) is disproportionately composed of single-family homes.

TABLE 1

Key Characteristics of Case Study Municipalities

Case study municipality	Nearby central city	Municipal pop.	Municipal housing growth rate 2000–20 (%)	Metro. housing growth rate 2000–20 (%)	Municipal housing, share of single-family homes (%)	Federally assisted housing units	Metro. area, share non-Hispanic white (%)
Calabasas, California	Los Angeles	23,988	–10	+11	74.8	75	29
East Grand Rapids, Michigan	Grand Rapids	11,759	+1	+20	96.4	0	78
Grosse Pointe Park, Michigan	Detroit	11,153	–9	+6	76.7	0	66
Grosse Pointe Woods, Michigan	Detroit	15,498	–6	+6	95.5	77	66
Hudson, Ohio	Akron	22,263	0	+11	90.7	0	79
Palm Beach, Florida	Miami	8,723	–7	+23	28.3	0	30
Scarsdale, New York	New York City	17,837	–1	+13	94.3	0	45
University Park, Texas	Dallas	25,036	–11	+48	83.7	0	45

Sources: Authors' analysis of U.S. Census Bureau American Community Survey data, 2015–19 five-year estimates; National Housing Preservation Database 2022; Freemark (2022).
Note: The Hudson, Ohio, municipal and metropolitan housing growth rates are the number of housing units permitted from 2000 to 2020 as a share of units in 2000; data for all other cities are the percentage change in housing units from 2000 to 2020.

Municipal Budgets

To evaluate the budgets of the case study municipalities, we analyzed their ACFRs. Doing so allowed us to identify local revenue sourced from intergovernmental transfers and, to the degree possible, to understand which level of government, agency, and specific grants or funds was sourcing which funds. ACFRs are compiled yearly by US local governments and audited by an externally certified accounting firm. For each city, we used ACFRs from fiscal year 2017 and 2020 to compare intergovernmental transfers over time and to identify changes in revenue sources related to the pandemic.

Municipalities report on two types of governmental functions in their ACFRs: governmental activities and business-type activities. Governmental activities are generally supported by taxes and intergovernmental revenues, whereas business-type activities are funded in large part through assignment of user-fee charges (such as for trash collection services) to external parties for goods or services. For this study, we focus on governmental activities, where most or all sources of intergovernmental transfers occur.

All cities feature two main types of funds: a general fund and various special revenue funds. The general fund is composed largely of discretionary funds with few to no restrictions on use. Special revenue funds are dedicated for specific purposes. Although intergovernmental transfers can fit in either category, often these transfers have restricted use and fall within special revenue funds. Aside from this basic distinction, cities also divide funds between major revenue funds and nonmajor revenue funds. The latter category is reported in bulk in financial statements and only disaggregated in more detailed statements. In addition, cities often have proprietary funds and capital assets that contribute to their revenue streams, but we do not focus on those because they are not related to intergovernmental transfers. In all cases, we supplement ACFR information with a search on USAspending.gov.

Finally, we compared revenue sources of each case study municipality with those of all other municipalities within their respective metropolitan area for which we could find data. Comparisons allowed us to analyze how fiscal leverage could vary by different types of municipalities within the same region. We used the Fiscally Standardized Cities database created by the Lincoln Institute of Land Policy as a data source.[7] We focused on the most updated revenue data, from 2017, which included the following revenue categories: intergovernmental revenue, taxes and charges, and miscellaneous general revenue. Our report does not include utility revenue, liquor store revenue, or employee retirement trust revenue because municipalities reported these revenues separately. We obtained data that were reported in total revenue, real dollars, and at the city level. To facilitate comparisons between cities, we do not use the fiscally standardized city portion of the dataset (we use actual revenues). Because cities hold various jurisdiction over their local school districts (some cities, like New York, control their schools, and thus include them in their budgets; other cities do not), and because school district budgets often involve intergovernmental transfers, we indicate in each case study whether cities reported school revenues as part of their budgets.

Local Land-Use Regulations

We collected zoning codes from all the case study municipalities, plus all other municipalities included in the Lincoln Institute database from within their respective metropolitan areas. We then downloaded zoning data from those cities that provided that data publicly on their respective websites. For those cities that did not, we contacted municipal officials via email to receive the missing data. We manually drew shapefiles based on publicly provided PDFs for the case study cities of East Grand Rapids, Grosse Pointe Park, Grosse Pointe Woods, Hudson, Palm Beach, and Scarsdale, for which shapefile data were not available. In total, we collected zoning shapefile information on 25 cities, including the

eight case study municipalities.[8] As in our budget analysis, we used data from the other cities as points of comparison.

For each zoning district in the shapefile for each municipality, we used geographic information system (GIS) software to calculate the area contained within that district and calculated that area as a share of the municipality's full land area. For each district, we examined the local zoning code to identify

- whether residential uses are allowed, either by right or through code-enabled conditional uses, special exceptions, or variances;
- the maximum number of units allowed on a parcel by right (meaning with minimal administrative review and no discretionary, project-by-project choices by local decisionmakers); and
- the maximum number of units allowed on a parcel either by right or through conditional uses, special exceptions, or variances (meaning additional steps, such as public hearings and a council vote, to allow development, but nonetheless still allowed in the zoning code).

Using these data, we then calculated two key statistics for each municipality: the share of all municipal land on which three-or-more-unit buildings can be built by right, and the share of land where residential uses are allowed on which only single-family housing units can be built by right.

We excluded planned development or special development areas from our analysis—though some of them allow residential uses—because those areas typically are individualized, prewritten legal agreements between a single landowner and the municipal government rather than an open-ended provision for future development, which is the case for by-right zoning.

Study Limitations

Our study has various limitations. A lack of data availability did not allow us to analyze all exclusionary municipalities and other comparable communities, which may skew our results to the regions we could study. Data available for case study jurisdictions also had great discrepancies. First, the degree to which cities disaggregate intergovernmental sources of revenue varies greatly. Some cities report these transfers in bulk, while others separate state and federal transfers. Few cities provide additional details related to specific intergovernmental grants. Second, not all cities have ACFRs available for all years. To the degree possible, we report the information contained in the previously mentioned fiscal

years. Third, the timelines of fiscal years vary slightly by city. Finally, there may be revenue pass-throughs of funds from the federal government to state governments that are not fully accounted for in our analysis because we were not able to acquire sufficient information to examine them.

As described, each municipality has a different school funding model, each composed of a blend of local, state, and federal transfers (see appendix B for details for each case study). When comparing intergovernmental transfers, it is important to note that these funding schemes differ and that in some cases intergovernmental transfers include money specifically for K–12 education. Perhaps most importantly, we do not analyze the degree to which the funds we examine allow policymaker discretion; in other words, we do not know whether policymakers could actually use their power over these funds to shape local choices—or whether funds are distributed entirely by prewritten formula. Because of these limitations, we can only present a partial view of the sources of intergovernmental transfers in the case study cities. Nevertheless, our analysis does allow us to compare the degree to which cities rely on county, state, and federal sources of revenue, and to consider how these monies are used.

Our review of local land-use regulations is also inherently limited. First, by examining only baseline zoning districts, we do not investigate the numerous other important elements of such rules, such as differences in the provision of variances or the composition of planning commissions; we also provide no insight into nonresidential uses.[9] Second, by limiting our comparison cities to only those listed in the Lincoln Institute database, we are limited in our context-setting and do not provide any information about other communities in each metropolitan area. Finally, by focusing only on the maximum number of dwellings allowed per parcel, we do not provide insight into other elements of the code that may affect outcomes, such as minimum lot area requirements or parking standards for residential construction. But our goal was to provide a sketch-level view of land-use rules, not delve deeply into all relevant aspects of such regulations.

Findings from Comparative Analysis

The exclusionary case study municipalities feature more restrictive zoning codes—meaning rules that limit the construction of multifamily dwellings—than their respective metropolitan area's central cities and other nearby communities. These local governments likely leverage their control over land-use policy to make it more difficult to build multifamily housing in this way. Many of the exclusionary cities source a large share of their budgets from revenues received through intergovernmental transfers from states and the federal government. This section presents these high-level, comparative results. Additional details for each of the individual municipalities are presented in appendix B.

Zoning Policy

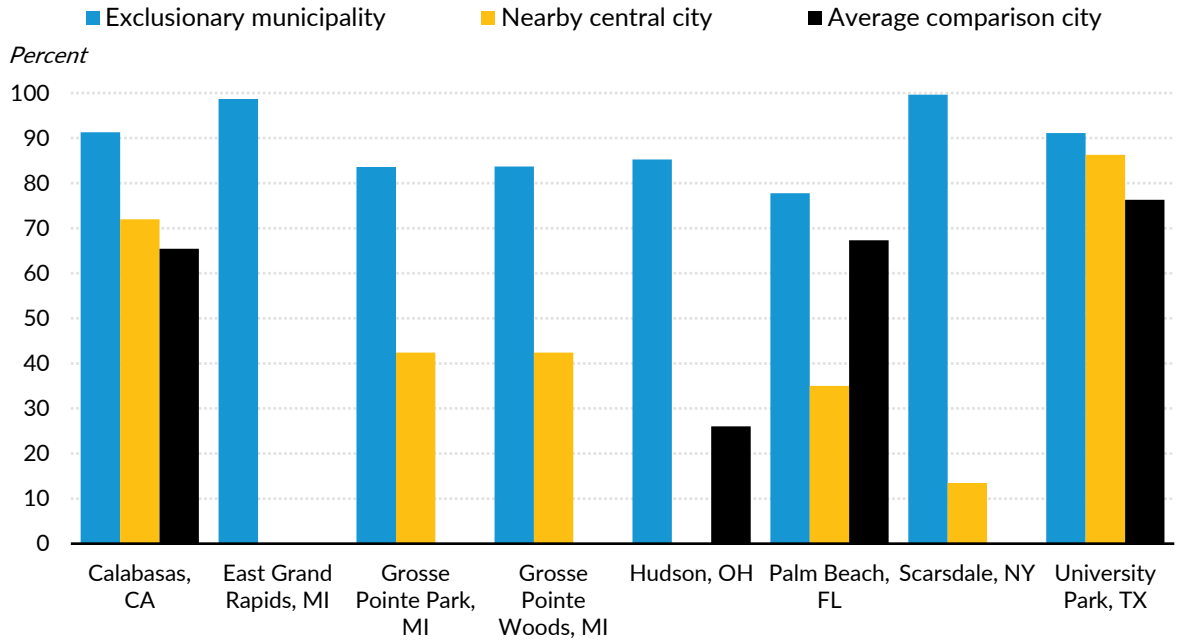
Each of the case study communities uses land-use regulations to determine what type of construction is allowed where. One of the key approaches the case study communities leverage is to limit the number of units that can be constructed on each parcel by right, meaning with only administrative review by local authorities (and not further approval by elected officials or public hearings). In this section, we compare the case study municipalities with the nearby central city of their respective metropolitan area, as well as other nearby municipalities, and show that the exclusionary cities almost universally have more restrictive zoning codes. The strict zoning rules are likely one explanation for these cities' exclusiveness; they are likely a tool the cities use to prevent more inclusive building types.

We first calculated the share of residential land in each municipality that only allows the construction of single-family homes (figure 1). All the case study cities we examined zone for primarily single-family, residential uses, and they devote at least 78 percent of residential land for that purpose; East Grand Rapids and Scarsdale devote almost 100 percent of residential land for that use. Of the eight case study cities we examined, seven dedicate at least 20 percentage points more of their residential land area to single-family homes than their respective central cities. This contrast was particularly dramatic between East Grand Rapids and Grand Rapids, Michigan; Hudson and Akron, Ohio; and Scarsdale and New York City, New York. In both Akron and Grand Rapids, no residential land is restricted to only single-family home construction. University Park, Texas, is the one exception—it had a similar level of such single-family land (91 percent of residential land) as Dallas (86 percent of residential land), which might say more about how Dallas varies from other central cities than what it says about more inclusiveness in University Park.

FIGURE 1

Exclusionary Cities Devote a Higher Share of Land to Single-Family Homes than Nearby Central Cities

Share of residential land allowing only single-family homes by right



Source: Authors' analysis of zoning data collected from each municipality's website.
Note: Nearby central cities are Los Angeles, California; Grand Rapids, Michigan; Detroit, Michigan; Akron, Ohio; Miami, Florida; New York, New York; and Dallas, Texas, respectively. Comparison cities are Anaheim, Huntington Beach, Long Beach, Riverside, and Santa Ana, California; Cleveland, Ohio; Fort Lauderdale, Florida; and Arlington, Fort Worth, and Garland, Texas, respectively. Comparison cities were not available for East Grand Rapids, Grosse Pointe Park, Grosse Pointe Woods, or Scarsdale. Residential land does not include planned development districts but does include commercial and mixed-use districts where housing is allowed by right.

For the cities for which we had data on a subset of comparable other cities in the region (Calabasas, Hudson, Palm Beach, and University Park), we also made comparisons (see figure 1). We found, in every case, that the exclusionary municipality devoted a higher share of its residential land to single-family home use than the average other city in its metropolitan area. Thus, for example, Calabasas devoted a higher share of its residentially zoned land to single-family homes than the city of Los Angeles—as well as the other communities we examined in the Los Angeles region, including Anaheim, Huntington Beach, Long Beach, and Santa Ana.

One key question, though, is whether land is available for residential development in general. (Some cities could devote a disproportionate share of their land area to commercial, industrial, or open space uses, for example.) To examine this question, we calculated the share of *all* land available for

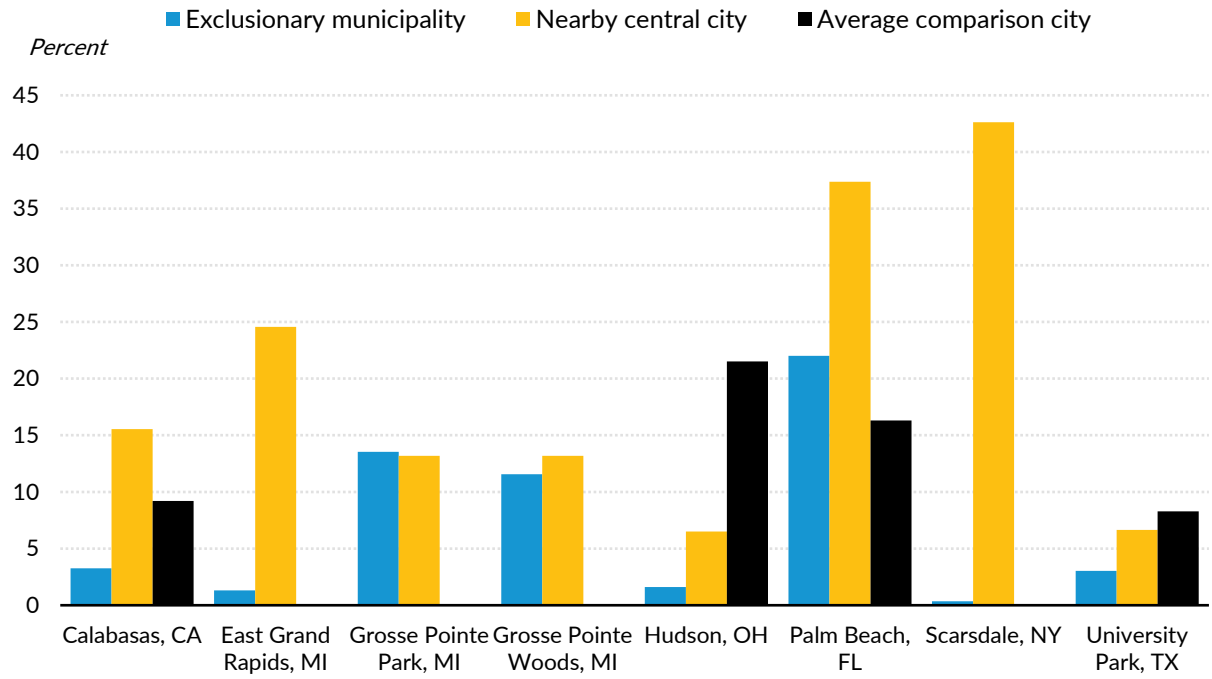
multifamily units with at least three units per parcel (figure 2). We identified a major contrast between case study cities and central cities in Calabasas, East Grand Rapids, Hudson, and Scarsdale: the case study cities allow these types of multifamily units on less than 5 percent of municipal land, whereas their respective central cities allow these units on 15 percent or more of their land.

We found that Grosse Pointe Park and Grosse Pointe Woods allow such units on a similar amount of land as nearby Detroit does (11 to 14 percent of land). The comparison cities we sampled for Calabasas, Hudson, and University Park each averaged a higher share of land allowing three-or-more-unit buildings—except for Palm Beach. Fort Lauderdale actually zones less of its land for these types of buildings than Palm Beach does.

FIGURE 2

Calabasas, Hudson, and Scarsdale Allow Multifamily Units to be Built By Right on a Very Small Share of Municipal Land

Share of all land allowing three-or-more-unit buildings to be constructed by right



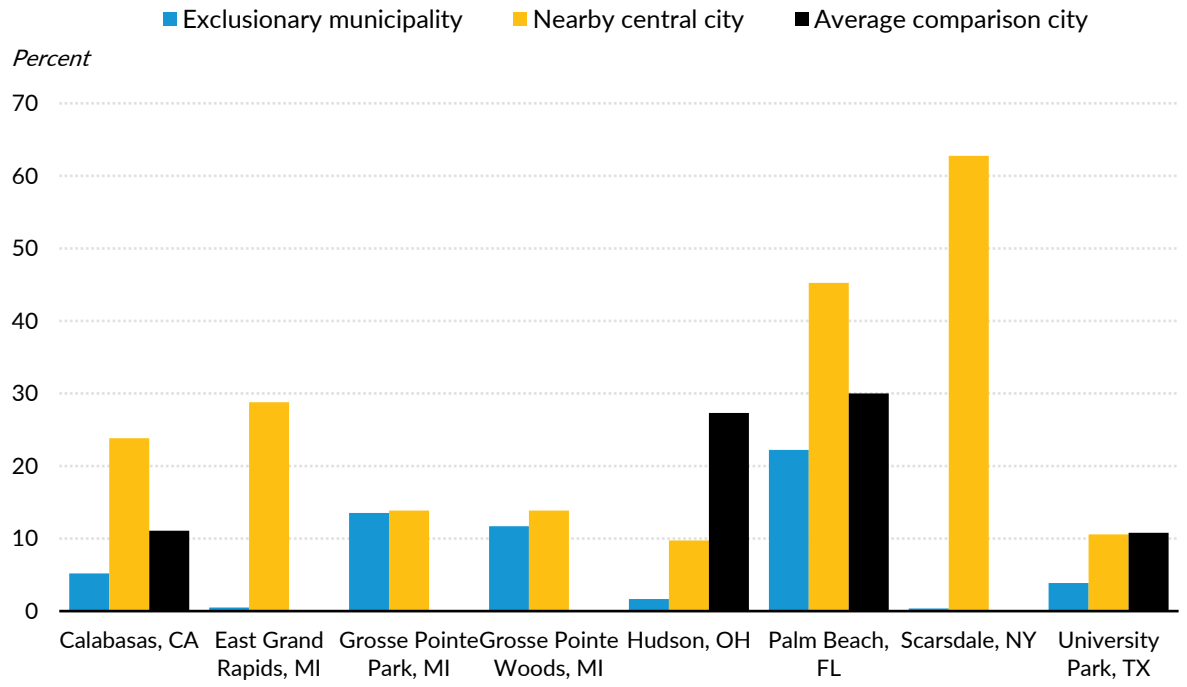
Source: Authors' analysis of zoning data collected from each municipality's website.
Note: Nearby central cities are Los Angeles, California; Grand Rapids, Michigan; Detroit, Michigan; Akron, Ohio; Miami, Florida; New York, New York; and Dallas, Texas, respectively. Comparison cities are Anaheim, Huntington Beach, Long Beach, Riverside, and Santa Ana, California; Cleveland, Ohio; Fort Lauderdale, Florida; and Arlington, Fort Worth, and Garland, Texas, respectively. Comparison cities were not available for East Grand Rapids, Grosse Pointe Park, Grosse Pointe Woods, or Scarsdale.

The contrasts in allowances for multifamily units were magnified when examining allowances for large multifamily buildings (with nine or more units) on land where *residential* uses are allowed (figure 3). Every case study city we examined provided a smaller share of residential land for such units than its corresponding central city and the average of corresponding comparison cities. For example, University Park zones only 3.9 percent of its land for nine-or-more-unit buildings, which is less than central-city Dallas (10.6 percent) and less than suburbs Arlington (6.7 percent) and Garland (17.4 percent).

FIGURE 3

Large Multifamily Housing Is Difficult to Build in Most Parts of Municipalities Studied

Share of residential land allowing nine-or-more-unit buildings to be constructed by right



Source: Authors' analysis of zoning data collected from each municipality's website.
Note: Nearby central cities are Los Angeles, California; Grand Rapids, Michigan; Detroit, Michigan; Akron, Ohio; Miami, Florida; New York, New York; and Dallas, Texas, respectively. Comparison cities are Anaheim, Huntington Beach, Long Beach, Riverside, and Santa Ana, California; Cleveland, Ohio; Fort Lauderdale, Florida; and Arlington, Fort Worth, and Garland, Texas, respectively. Comparison cities were not available for East Grand Rapids, Grosse Pointe Park, Grosse Pointe Woods, or Scarsdale. Residential land does not include planned development districts but it does include commercial and mixed-use districts where housing is allowed by right.

These data make apparent the differences in land-use policy between the exclusionary case study cities and other cities in their respective metropolitan regions. In almost every case, across multiple measures, the center cities and comparison cities are more accommodating to multiunit developments

than their respective case study cities. The limitations in allowances for such structures are likely one explanation for both the limited housing growth and the small or nonexistent availability of federally assisted affordable housing in case study communities (table 1). Though it is quite possible the other cities also provide inadequate allowances for multifamily housing, the current distribution of land-use authority means the other cities take on more of the task of accommodating such units, and housing-unit growth in general, than the exclusionary cities do.

In appendix B, we provide additional details on each city's zoning approach, including information on the ability to use conditional uses, special exceptions, or variances to incorporate more housing on a parcel than otherwise allowed by right. Though these differences have an impact in some cases, the trends they represent are similar to those presented in this section.

Intergovernmental Transfers

In fiscal year 2020, intergovernmental transfers constituted the second-largest source of revenue after property taxes for five of the eight case study cities. However, each city's percentage of intergovernmental transfers fluctuated heavily. Calabasas (22.1 percent) featured the largest share of intergovernmental revenue, followed by Grosse Pointe Woods (18.6 percent) and Grosse Pointe Park (17.5 percent). University Park (0.9 percent) had practically no reliance on intergovernmental transfers, as was the case for Palm Beach (1.7 percent) (table 2).

TABLE 2

Share of Revenues Sourced from Intergovernmental Transfers by City, 2017–18 and 2020–21 Fiscal Years

Municipality	Fiscal year	Federal transfers as source of revenue (%)	State transfers as source of revenue (%)	Intergovernmental transfers as source of revenue (%)
Calabasas, CA	2020	0.43*	9.44*	22.1
	2017	0.09**	34.48**	42.5
Central city: Los Angeles, CA	2017	4.1	2.9	7
Comparison city: Anaheim, CA	2017	12	2.1	14.1
Comparison city: Huntington Beach, CA	2017	1.7	3.7	5.4

Municipality	Fiscal year	Federal transfers as source of revenue (%)	State transfers as source of revenue (%)	Intergovernmental transfers as source of revenue (%)
Comparison city: Long Beach, CA	2017	11.1	4.5	15.7
Comparison city: Riverside, CA	2017	2.2	7.2	9.3
Comparison city: Santa Ana, CA	2017	12.3	5.8	18.1
East Grand Rapids, MI	2020	0	15.2	15.2
	2017	0	14.8	14.8
Central city: Grand Rapids	2017	9.7	11.1	20.8
Grosse Pointe Park, MI	2020	2.1	15.4	17.5
	2017	NA	NA	NA
Central city: Detroit, MI* **	2017	12.4	19.3	31.7
Grosse Pointe Woods, MI	2020	2.3	16.3	18.6
	2017	0.001	15.8	15.8
Central city: Detroit, MI	2017	12.4	19.3	31.7
Hudson, OH	2020	NA	NA	15
	2017	NA	NA	9.6
Central city: Akron, OH* **	2017	3.6	3.2	6.8
Comparison city: Cleveland, OH	2017	3.5	17.4	20.9
Palm Beach, FL	2020	NA	NA	1.7
	2017	NA	NA	1.5
Central city: Miami, FL	2017	7.2	7.3	14.5
Comparison city: Ft. Lauderdale, FL	2017	2.8	5	7.8

Municipality	Fiscal year	Federal transfers as source of revenue (%)	State transfers as source of revenue (%)	Intergovernmental transfers as source of revenue (%)
Scarsdale, NY	2020	0.13	5	5.13
	2017	0.06	5	5.06
Central city: New York City, NY* **	2017	5.9	28.9	34.8
Comparison city: Yonkers, NY* **	2017	0.5	51.6	52.1
University Park, TX	2020	0.9	0	0.9
	2017	0	0	0
Central city: Dallas, TX	2017	1.5	2.8	4.3
Comparison city: Arlington, TX	2017	3.3	1.3	4.6
Comparison city: Garland, TX	2017	6	0.5	6.4

Source: For the case study cities, we used our analysis of cities' ACFRs. For the central and comparison cities, we used city-level data from the Fiscally Standardized Cities database created by the Lincoln Institute of Land Policy.
Notes: NA = not available. *This breakdown only reflects transfers from nonmajor governmental funds (when this information could be found) and is based on the researchers' own coding, which is why the total of intergovernmental transfers is higher. The state category includes state- and county-level transfers.
** This breakdown reflects only transfers from two major funds and nonmajor governmental funds (when this information could be found) and is based on the researchers' own coding, which is why the total of intergovernmental transfers is higher. The state category includes state- and county-level transfers.
*** These cities include school funding in their financial statements so it is likely that intergovernmental transfers include funds dedicated to school districts.

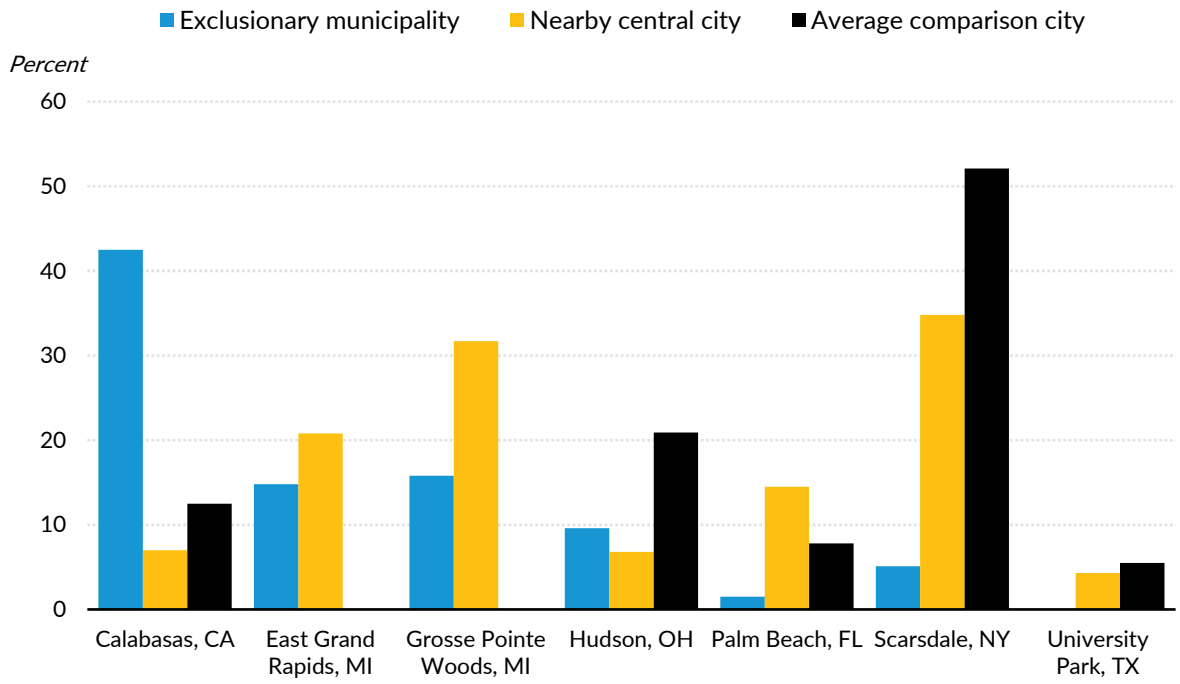
During the 2017 fiscal year, except for Calabasas, municipalities overall received less intergovernmental transfers compared with during the 2020 fiscal year. Shares fluctuated between 42.5 percent (Calabasas) and 0 percent (University Park) of total revenue. These comparative outcomes were likely due to municipalities receiving financial assistance in 2020 because of the COVID-19 pandemic, including receiving Coronavirus Aid, Relief, and Economic Security (CARES) Act money and other COVID-19 relief funds (table 2). Table 2 shows that most case study cities (except University Park) received more revenue from their respective states than from the federal government in both fiscal years.

A comparison between case study cities, their respective central cities, and comparison municipalities in their respective metropolitan areas indicates that case study cities received, on average, lower amounts of intergovernmental transfers than other nearby cities (apart from Calabasas, compared with all cities examined in its metropolitan area). For example, Detroit (31.7 percent) received practically double the share of transfers as Grosse Pointe Park (17.5 percent) or Grosse Pointe Woods (18.6 percent). All case study cities relied more on state-level transfers than on federal transfers; in comparison, only 7 of the 18 other cities relied more on state-level transfers. These comparisons are illustrated for 2017 in figure 4.

FIGURE 4

Intergovernmental Support Represents a Major Share of General Fund Revenues in Some Exclusionary Municipalities

Share of total revenues sourced from intergovernmental transfers from county, state, or federal sources, 2017



Source: Authors' analysis of budgetary data.

Note: Nearby central cities are Los Angeles, California; Grand Rapids, Michigan; Detroit, Michigan; Akron, Ohio; Miami, Florida; New York, New York; and Dallas, Texas, respectively. Comparison cities are Anaheim, Huntington Beach, Long Beach, Riverside, and Santa Ana, California; Cleveland, Ohio; Fort Lauderdale, Florida; Yonkers, New York; and Arlington and Garland, Texas, respectively. Comparison cities were not available for East Grand Rapids or Grosse Pointe Woods. Grosse Pointe Park is not included because data were unavailable for 2017. University Park had no intergovernmental transfers in 2017.

Where Does State and Federal Revenue Come From?

Municipalities receive a combination of tax-formula revenue and grant awards from county and state governments and the federal government (formula revenues are distributed with little discretion from policymakers and are often voter-approved measures; grants may involve choices by appointed or elected agency heads and are often based on eligibility criteria). Among the ACFRs we examined, these funds supported nine types of projects: affordable housing, environmental protections, transportation (including road maintenance, highways, and transit), water (including stormwater and sewage), police/fire, public defense, COVID-19 pandemic relief, capital improvement projects, and health projects.

Among these areas, transportation and police/fire were most prevalent, although a large portion of the transportation projects came from Calabasas. Not all these funds are directly related to housing, but some may be indirectly connected in ways in which states and the federal government could exercise leverage, including funds for transportation, capital improvements, or responding to the COVID-19 pandemic. Moreover, it is likely that many municipalities will receive transfers from the 2021 Infrastructure Investment and Jobs Act or the 2022 Inflation Reduction Act. Although we were unable to identify the percentage of revenue each community received from pass-throughs, we did identify the existence of pass-throughs in five areas: affordable housing, transportation, police/fire, public defense, and health (table 3).

In addition, federal grants were awarded for eight types of funds: affordable housing, environmental protections, transportation, water, police/fire, public defense, COVID-19, and health (table 3).

TABLE 3

Intergovernmental Transfers by Fund Type, 2017 and 2020 Fiscal Years

Dedicated purpose for fund	Name of fund/award	Tax formula	Grant award	Level of government	Year	City
Affordable housing	Affordable Housing Special Revenue Fund		x	Federal	2020	Calabasas
	Community Development Block Grant		x	Pass-through from federal to county	2017 and 2020	Calabasas
	Community Development Grant		x	Pass-through from federal to county	2020	Grosse Pointe Park
	Community Development Grant		x	Pass-through from federal to county	2017 and 2020	Grosse Pointe Woods

Dedicated purpose for fund	Name of fund/award	Tax formula	Grant award	Level of government	Year	City
Environmental protections	South Coast Air Quality Management Fund	x		State	2017 and 2020	Calabasas
	Beach Management Funding Assistance Program		x	Federal	2020	Palm Beach
	AB 939		x	State	2017 and 2020	Calabasas
	Used Oil Grant		x	State	2017 and 2020	Calabasas
	Solid Waste Fund	x		State	2017 and 2020	Grosse Pointe Park
Road maintenance/ highway/ transportation	Proposition A	x		County	2017 and 2020	Calabasas
	Highway Users Tax Fund		x	County	2017 and 2020	Calabasas
	Proposition C	x		County	2017 and 2020	Calabasas
	TDA Fund	x		Pass-through from state to county	2017 and 2020	Calabasas
	Measure R	x		County	2020	Calabasas
	Measure M Traffic Improvement	x		County	2020	Calabasas
	Major Street Fund	x		State	2017 and 2020	Grosse Pointe Woods
	2015 Road Bond Debt Service Fund		x	State	2020	Grosse Pointe Woods
	Highway Planning and Construction Cluster	x		Federal	2020	Hudson
	Federal Transportation Grant		x	State	2017	Scarsdale
	Weight taxes	x		State	2017 and 2020	East Grand Rapids
Water, stormwater, sewage	Measure W Safe Clean Water	x		County	2020	Calabasas
Water, stormwater, sewage	WaterSMART award		x	Federal	2017 and 2020	Calabasas
	Solid Waste Fund	x		State	2017 and 2020	Grosse Pointe Park
	Act 302 Training Fund	x		State	2017 and 2020	Grosse Pointe Woods

Dedicated purpose for fund	Name of fund/award	Tax formula	Grant award	Level of government	Year	City
Police/fire	COPS AB 3229		x	Pass-through from state to county and direct	2017 and 2020	Calabasas
	Drug Law Enforcement			NA	2020	Grosse Pointe Park
	Bulletproof Vest Partnership Program		x	Federal	2020	Hudson
	Bulletproof Vest Partnership Program		x	Federal	2020	Palm Beach
	Fire Decontamination Equipment Grant Project		x	Federal	2020	Palm Beach
	Assistance to Firefighters Grant to the Greenville Fire District		x	Federal	2020	Scarsdale
	Assistance to Firefighters grant		x	Federal	2018 and 2020	Hudson
Public defense	Indigent Defense Grant		x	Pass-through from federal to state	2020	Grosse Pointe Park
	MIDC Grant Fund		x	State	2020	Grosse Pointe Woods
COVID-19 and/or CARES Act	Coronavirus Relief Fund		x	Federal	2020	University Park
	COVID-19 - Coronavirus Relief Fund		x	Federal	2020	Hudson
	American Rescue Plan		x	Federal	2020	Grosse Pointe Park
Capital improvement projects	Measure R Capital Improvements Fund	x		LA County	2020	Calabasas
	Various state and county grants		x	State and Westchester County	2020	Scarsdale
	Grosse-Gratiot drain fund		x	State	2017 and 2020	Grosse Pointe Woods
	Power-Load Cot System		x	Pass-through from federal	2020	Palm Beach

Dedicated purpose for fund	Name of fund/award	Tax formula	Grant award	Level of government	Year	City
				to Palm Beach county		
Health	FEMA Recovery (pending)		x	Federal	2020	Grosse Pointe Park
	FEMA Recovery		x	Federal	2020	Palm Beach

Source: Authors' analysis of ACFR data and USAspending.gov data.
Note: CARES Act = Coronavirus Aid, Relief, and Economic Security Act; FEMA = Federal Emergency Management Agency.

Governmental Funds for Housing

Among case study municipalities, only Calabasas recorded a dedicated fund for affordable housing in 2020. This fund, however, was largely financed by fees generated by inclusionary housing and commercial impact revenues. Only a very small part of fund revenues came from intergovernmental transfers. However, Calabasas (2017 and 2020), Grosse Pointe Park (2020), and Grosse Pointe Woods (2017 and 2020) received county-level pass-throughs from Community Development Block Grant awards.

Conclusions

Our research offers new evidence on the land-use and budgetary policies of the United States' most exclusionary cities—those that have added the least new housing despite considerable local and metropolitan demand to do so. We find that such municipalities have considerably stricter zoning policies than their neighbors, making multifamily housing development more difficult. We show that some of these cities rely heavily on intergovernmental transfers—though others receive few funds from state and federal sources. Most of the transfers come from state programs, with some coming as pass-throughs from the federal government. We also show there is considerable variation in whether case study cities' intergovernmental transfer rates are higher or lower than those of nearby central cities and other comparison cities.

The results suggest that the most exclusionary cities do appear to be using land-use policies to prevent housing construction. States and the federal government have a rationale for encouraging or requiring those cities to alter these policies because they are contributing to the national housing shortage. In addition, some of those cities rely to a considerable degree on funds transferred to them from higher-level governments, with some of those funds being directly or indirectly related to housing. Conditioning grants on implementing more equitable land-use regulations could thus be an effective strategy to address inadequate housing production in some communities—though more strategies are necessary to address the full breadth of exclusion in municipalities around the country because some cities (such as University Park), receive almost no pass-through dollars. It is also possible that the *other* cities we analyzed—the central cities and comparison cities—would be more welcoming to land-use regulations improvements; conditioning grants for their benefit could be an option, too.

Because states have more opportunities to preempt their local governments, leverage will be most advantageous for federal agencies transferring funds to municipalities or as pass-throughs to states. The new funds generated by the Infrastructure Investment and Jobs Act and the Inflation Reduction Act may offer major opportunities to condition funds on the basis of local and state land-use policy. More research is necessary to further substantiate our findings. We cannot be sure, for example, whether the case study municipalities we selected for analysis are nationally representative in terms of either their land-use regulations or their budgets. We also need more details about the specific rules governing the use of funds that are distributed through intergovernmental means. It is possible that only a small share of such revenues could be attached to specific rules mandating or encouraging more welcoming rules related to new housing construction, particularly for multifamily units.

Even so, we hope our research can assist state and federal policymakers in identifying the key mechanisms they hold to encourage or require that better land-use policies are implemented by local governments. Here, we focus on the most exclusionary cities, but our policy recommendations are applicable for all cities where more housing is needed. For those who hope to make room for more housing and to ensure this housing is located in communities with well-funded public services, this could be a key opportunity. Higher-level governments can do so first by identifying which localities are producing the least amount of new housing despite the market demand to do so. They can then examine those municipalities' zoning codes to explore whether local land-use laws are contributing to a shortage of housing development. Finally, they can condition the distribution of grants to those municipalities on actions taken by those local governments to loosen requirements and begin the process of housing permitting and construction. In so doing, they could play an important role in helping to address the national housing crisis.

Future research could allow us to further explore the issues we present in this paper. We could, for example, identify whether a community using exclusionary zoning could produce spillover effects on the other municipalities in its respective metropolitan area. This could mean, for example, higher housing costs or more reliance on intergovernmental revenues among nearby jurisdictions. New research that could replicate our analysis at scale, combining data on land-use rules and budgets for municipalities across the nation, could further the findings in this report. Finally, we could benefit from research on the usefulness of state and federal policies to condition grants with the goal of promoting better land use, as such policies come into effect.

Appendix A: City Selection

TABLE A.1

ACFR Information Available for 17 Potential Case Study Municipalities

Municipality (nearby central city)	ACFR availability	ACFR disaggregates the share of revenue by state and federal sources	ACFR disaggregates specific grants/sources of revenue for state and federal funds (even if only through nonmajor governmental funds)	ACFR mentions additional information on federal/state funds	Case selected
Homewood, AL (Birmingham)	2012–2020	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	No	No	No
Palm Beach, FL (Miami)	2013–2021	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	Description of nongovernmental funds but no details on exact sources of funding	Comprehensive information on specific federal and state awards in the expenditure section	Yes
Grosse Pointe Park, MI (Detroit)	2020–2021	Disaggregates by state and federal transfers.	Some details on sources for nonmajor governmental funds	No	Yes
University Park, TX (Dallas)	2017–2021	Reports intergovernmental transfers and specifies sources.	Yes	Yes	Yes
La Grange Park, IL (Chicago)	2006–2021	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	Very little detail on sources for nonmajor governmental funds	Some additional information	No
Grosse Pointe Woods, MI (Detroit)	2009–2021	Disaggregates by state and federal transfers.	Some details on sources for nonmajor governmental funds	Little information available	Yes
Calabasas, CA (Los Angeles)	1996–2021	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.*	Reports comprehensive details on sources for nonmajor governmental funds	No	Yes
Port Neches, TX (Beaumont)	2009–2021	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	Reports details on sources for nonmajor governmental funds	Little information available	No

Municipality (nearby central city)	ACFR availability	ACFR disaggregates the share of revenue by state and federal sources	ACFR disaggregates specific grants/sources of revenue for state and federal funds (even if only through nonmajor governmental funds)	ACFR mentions additional information on federal/state funds	Case selected
Shaker Heights, OH (Cleveland)	2016–2021	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	Reports some details on sources for nonmajor governmental funds	Little information available	No
Scarsdale, NY (New York)	2006–2020	Disaggregates by state and federal transfers.	Very little detail on sources for nonmajor governmental funds	No	Yes
Buffalo Grove, IL (Chicago)	2007–2020	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	Reports details on sources for nonmajor governmental funds	Some information on specific grants at the state and federal levels	No
Addison, TX (Dallas)	2005–2021	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	Reports details on sources for nonmajor governmental funds	Some additional information available	No
Hudson, OH (Akron)	2015–2020	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	No details on nonmajor governmental funds	Comprehensive information on specific federal awards in the expenditure section for 2020	Yes
East Grand Rapids, MI (Grand Rapids)	2017–2020	Disaggregates by state and local transfers.	Info on nonmajor revenues not that great	Little information available	Yes
Miami Shores, FL (Miami)	2017–2019	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	Reports details on sources for nonmajor governmental funds	No	No
Whitefish Bay, WI (Milwaukee)	2016–2020	Reports intergovernmental transfers. Not disaggregated by state, county, or federal.	Reports little details on sources for nonmajor governmental funds	Little information available	No
Floral Park, NY (New York)	Not available	NA	NA	NA	No

Note: *Researcher coding allows for a general disaggregation between sources of funding for nonmajor governmental funds.
NA = not available.

Appendix B: Case Studies

Calabasas, California

Calabasas is a suburban community located west of the San Fernando Valley section of the city of Los Angeles. It is in Los Angeles County and has a population of about 23,000 people living on about 14 square miles of land. In our analysis, we compare it with the central city of Los Angeles and the other cities in the southern California region in the Lincoln Institute of Land Policy's Fiscally Standardized Cities database, including Anaheim, Huntington Beach, Long Beach, Riverside, and Santa Ana.

Zoning Analysis

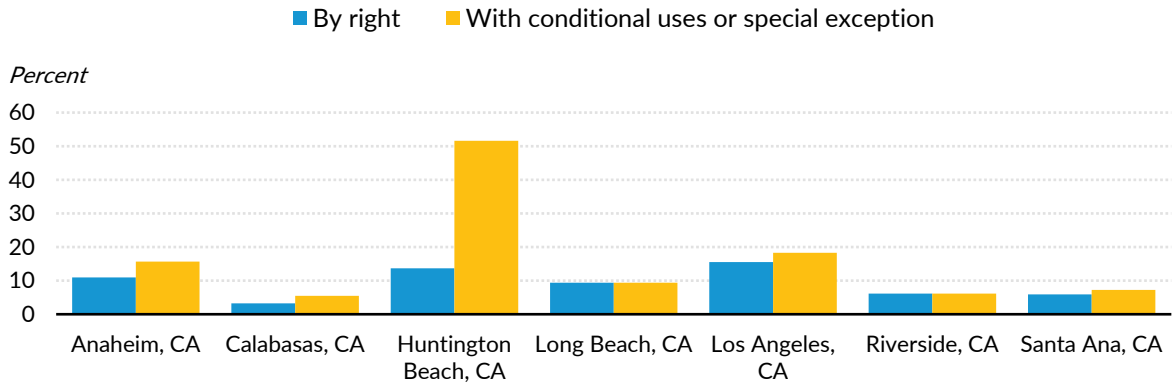
In Calabasas, more than 91 percent of the land that allows residential uses by right allows only single-family homes. California law now allows two-unit housing to be built on land zoned for single-family homes in all municipalities, so the aforementioned figure may not be operative. But only 5 percent of residential land in Calabasas is designated to allow large multifamily units with nine or more units by right. On both these counts, this places Calabasas second-to-most restrictive among the cities we analyzed in the region, after Riverside and Huntington Beach, respectively.

Only 3.3 percent of all land in Calabasas allows multifamily buildings of three or more units to be built by right (figure B.1). This figure increases to 5.5 percent if allowing for zoning-enabled conditional uses, special exceptions, or variances. In both cases, Calabasas is the most restrictive municipality we studied in the region.

FIGURE B.1

Allowance for Multifamily Housing by Right in Calabasas and Nearby Municipalities

Share of all land allowing three-or-more-unit buildings to be constructed by right



Source: Authors' analysis of zoning data collected from each municipality's website.

General Fund Structure and Income Statements

Timeline: June 30, 2017–June 30, 2018 and June 30, 2020–June 30, 2021

Limitations of this case: The city does not disaggregate intergovernmental transfers by state and federal government for major funds but provides more information for nonmajor governmental funds. For the most part, we are unable to identify specific grants/transfers used in the general fund and other major funds.

For the 2017–18 fiscal year, the city reported six major governmental funds, some of which were still operating in 2020–21: (1) the general fund; (2) the landscape district maintenance special revenue fund; (3) the grants special revenue fund; (4) the Measure R, which was used to account for a surcharge on sales tax adopted by Los Angeles County and was used to finance transportation improvement projects; (5) the Measure R capital improvement fund, which was used to account for a surcharge on sales tax adopted by Los Angeles County and was used to pay for capital improvement projects; and (6) the capital improvement fund, which was used to finance other major capital projects. For the 2017–18 fiscal year, taxes (45.7 percent) and intergovernmental transfers (42.5 percent) were the most important sources of revenue for Calabasas, but the share of intergovernmental transfers was much larger (figure B.2). School funding revenues are not included in Calabasas's statements.

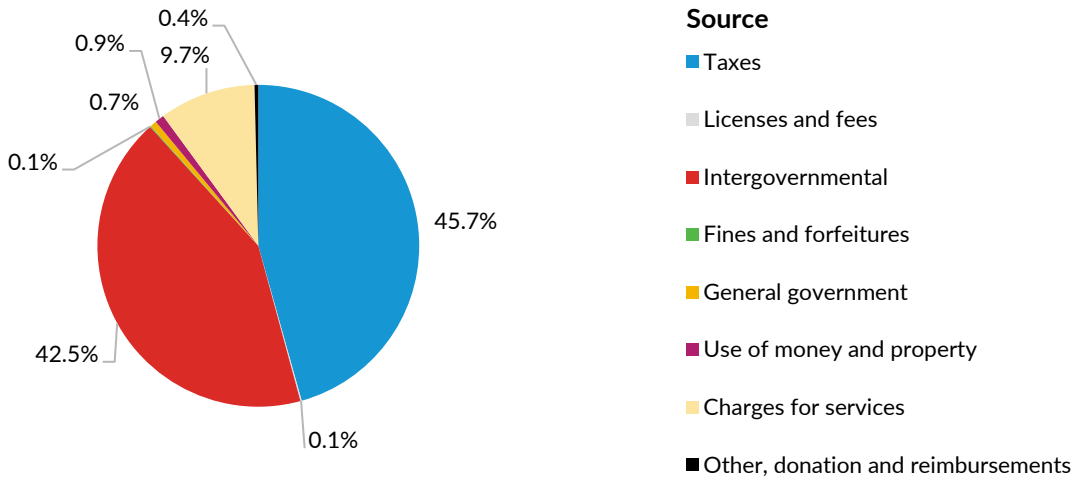
The city reported four major governmental funds for the 2020–21 fiscal year: (1) the general fund, which is the general operating fund of the city; (2) the landscape district maintenance special revenue fund, which is used for landscape maintenance; (3) the grants special revenue fund, which includes

revenues from federal, state, and county agencies; and (4) the affordable housing special revenue fund dedicated to activities related to the city's affordable housing program. The city also receives revenue from a variety of nonmajor funds (table A.1).

The 2020–21 fiscal year income statement for Calabasas shows the city's main source of revenue came from taxes (67.9 percent), followed by intergovernmental transfers (22.1 percent) (figure B.3).

FIGURE B.2

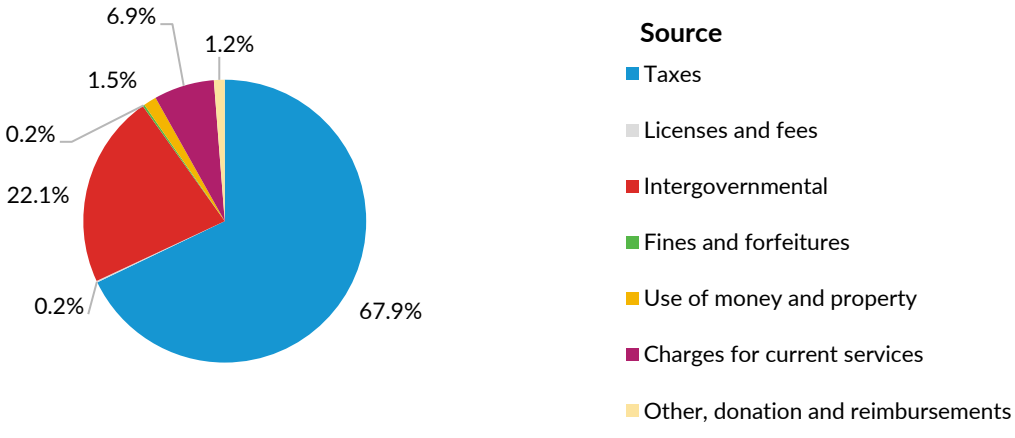
Calabasas Total Government Funds by Source of Revenue, 2017–18 Fiscal Year



Source: 2017–18 Calabasas ACFR.

FIGURE B.3

Calabasas Total Government Funds by Source of Revenue, 2020–21 Fiscal Year



Source: 2020–21 Calabasas ACFR.

Intergovernmental Funds

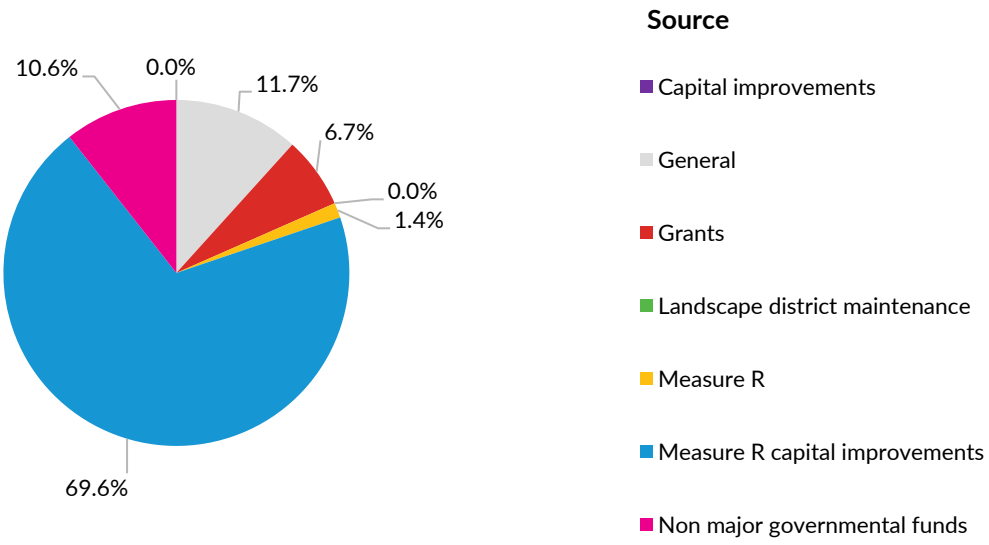
A detailed view of intergovernmental funds in Calabasas is only partially possible due to a lack of disaggregated sources of intergovernmental transfers, except for nonmajor governmental funds.

In 2017–18, four major funds were backed by transfers. Most intergovernmental revenue for 2017–18 belonged to the Measure R capital improvement fund, which accounted for a 30-year, one-half cent surcharge on sales tax adopted by Los Angeles County in July 2009 and was used to pay for capital improvement projects. Because this type of fund is based on a tax formula, its conditions are stricter to amend. Nonmajor governmental funds and general revenue funds followed and were equally funded by intergovernmental transfers with about 10 percent of the share each for that fiscal year (figure B.4).

In 2020–21, two major governmental funds were at least partially funded by transfers. For the 2020–21 fiscal year, most intergovernmental transfers were placed into nonmajor governmental funds (56.1 percent). In addition, a large portion of these transfers was in the general fund (36.4 percent) and a smaller part of these transfers was in the grants fund (7.5 percent) (figure B.5).

FIGURE B.4

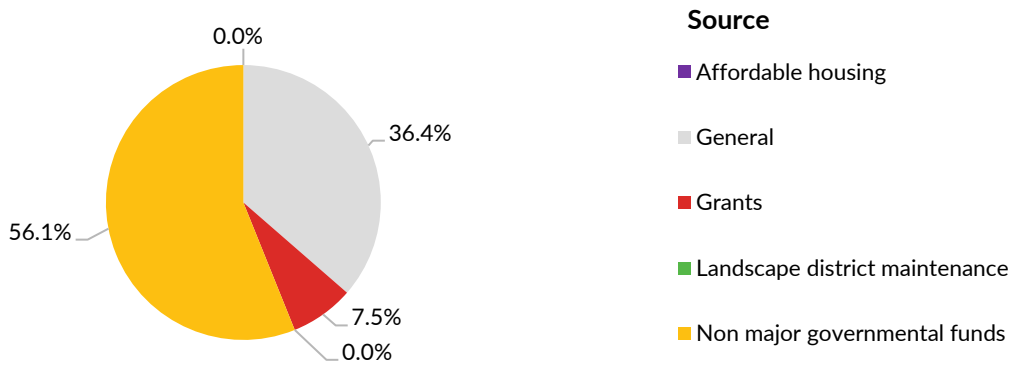
Calabasas's Placement of Intergovernmental Transfers by Type of Fund, Fiscal Year 2017–18



Source: 2017–18 Calabasas ACFR.

FIGURE B.5

Calabasas's Placement of Intergovernmental Transfers by Type of Fund, Fiscal Year 2020–21



Source: 2020–21 Calabasas ACFR.

Affordable Housing Special Revenue

One of Calabasas's major city funds was dedicated to affordable housing because the Southern California Association of Governments' (SCAG) Regional Housing Needs Assessment (RHNA) estimated that the city needed to add 330 new housing units between 2014–21, including 88 very-low-income housing units, 54 low-income housing units, 57 moderate-income housing units, and 131 upper-income housing units. With this funding, the city created a rental assistance program with 50 enrolled residents and three communities providing affordable housing options. Most of the revenue for this fund comes from Inclusionary Housing and Commercial Impact Fee revenues. Very small amounts of money come from intergovernmental transfers (namely, only $272 during fiscal year 2020–21).

Nonmajor Governmental Funds

Table B.1 details the amount of money coming from each nonmajor governmental fund, the level of government these funds come from, and the activities for which the funds can be used for fiscal year 2017–18. As shown in figure B.6, most of these funds came from state sources for that fiscal year.

Table B.2 displays fiscal year 2020–21 nongovernmental funds and shows a similar picture with a few exceptions. In that fiscal year, most intergovernmental transfers came from the state and county levels (figure B.7).

TABLE B.1

Nonmajor Revenue Funds for Calabasas, Fiscal Year 2017–18

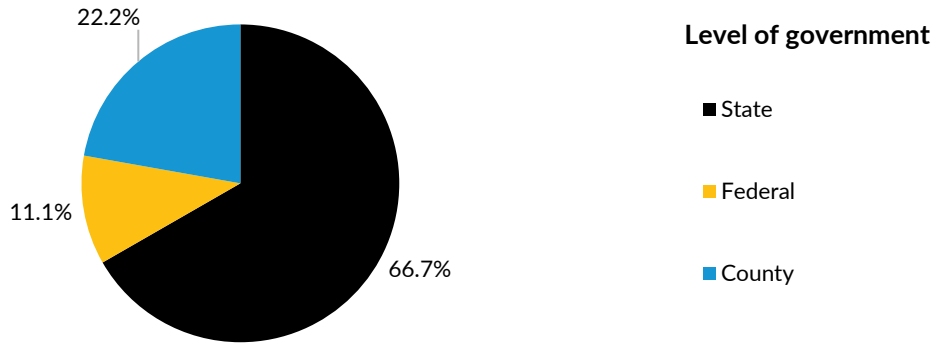
Source	Original source of funds	Pass-through	Amount ($)	Explanation
Proposition A Fund	LA County	Direct	441,805	Used to account for the city's share of an additional 0.5 percent sales tax, which was approved in 1980 and is collected by the county of Los Angeles o finance transportation projects.
Highway Users Tax Fund	State	Direct	463,249	Used to account for the expenditures financed by money apportioned under the Streets and Highways Code of the state of California.
Proposition C Fund	LA County	Direct	363,597	Used to account for the city's share of an additional 0.5 percent sales tax, which was approved in 1990 and is collected by the county of Los Angeles to finance transportation projects.
South Coast Air Quality Management Fund	State	Direct	39,268	Used to account for the city's share of additional motor vehicle registration fees imposed by the South Coast Air Quality Management Fund to finance the implementation of mobile source emission reduction programs under the provision of the California Clean Air Act.
Community Development Block Grant Fund	Federal	County	43,181	Used to account for expenditures of funds made available from the U.S. Department of Housing and Urban Development for community development and housing assistance.
AB 939 Fund	State	Direct	248,637	Used to account for recycling program revenue as required by Assembly Bill 939.
Used Oil Grant Fund	State	Direct	11,823	Used to account for funds received from recycling of used oil.
TDA Fund	State	County	33,000	Used to account for State Transportation Development Act, Article 3 funds for bike route and pedestrian facilities improvements.
COPS AB 3229 Fund	State	Through county and direct	129,324	Used to account for monies received from the state of California to be used for policing activities in accordance with Assembly Bill 3229.
Library District Fund	NA	NA	335,108	Used to account for expenditures and receipts, including secured property tax, of city library.

Source: 2020–21 ACFR and researcher's coding on which level of government the transfer comes from.

Note: NA = not available.

FIGURE B.6

Calabasas Nonmajor Intergovernmental Revenue by Level of Government, Fiscal Year 2017–18



Source: 2017-2018 Calabasas ACFR.

TABLE B.2.

Nonmajor Revenue Funds in Calabasas, Fiscal Year 2020–21

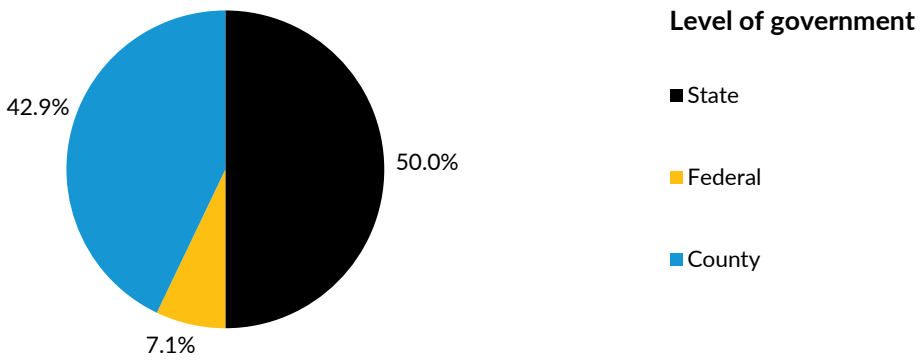
Source	Original source of funds	Pass-through	Amount ($)	Explanation
Proposition A Fund	LA County	Direct	487,691	Used to account for the city's share of an additional 0.5 percent sales tax, which was approved in 1980 and is collected by the county of Los Angeles to finance transportation projects.
Highway Users Tax Fund	State	Direct	530,341	Used to account for the expenditures financed by money apportioned under the Streets and Highways Code of the state of California.
Proposition C Fund	LA County	Direct	404,523	Used to account for the city's share of an additional 0.5 percent sales tax, which was approved in 1990 and is collected by the county of Los Angeles to finance transportation projects.
South Coast Air Quality Management Fund	State	Direct	81,591	Used to account for the city's share of additional motor vehicle registration fees imposed by the South Coast Air Quality Management Fund to finance the implementation of mobile source emission reduction programs under the provision of the California Clean Air Act.
Community Development Block Grant Fund	Federal	County	157,171	Used to account for expenditures of funds made available from the U.S. Department of Housing and Urban Development for community development and housing assistance.

Source	Original source of funds	Pass-through	Amount ($)	Explanation
AB 939 Fund	State	Direct	255,298	Used to account for recycling program revenue as required by Assembly Bill 939.
TDA Fund	State	County	14,742	Used to account for State Transportation Development Act, Article 3 funds for bike route and pedestrian facilities improvements.
Measure R Fund	LA County	Direct	306,642	Used to account for a 30-year one-half cent surcharge on sales tax adopted by Los Angeles County in July of 2009 to finance transportation improvement projects.
Used Oil Grant Fund	State	Direct	21,631	Used to account for funds received from recycling of used oil.
COPS AB 3229 Fund	State	Both through county and direct	156,727	Used to account for monies received from the state of California to be used for policing activities in accordance with Assembly Bill 3229.
Measure M Traffic Improvements Fund	LA County	Direct	72,708	Used to account for a sales tax measure approved by Los Angeles County voters to finance new transit and highway projects.
Road Maintenance and Rehabilitation	State	Direct	448,503	Used to account for the allocation of funds for basic road maintenance, rehabilitation, and safety projects on local streets.
Measure W Safe Clean Water	LA County	Direct	385,602	Used to account for the allocation of funds for improvements to the city's stormwater collection system.
Measure R Capital Improvements Fund	LA County	Direct	729,021	Used to account for a 30-year one-half cent surcharge on sales tax adopted by Los Angeles County in July of 2009 to finance capital improvement projects.

Source: 2020–21 Calabasas ACFR and researcher's coding on which level of government the transfer comes from.

FIGURE B.7

Calabasas Nonmajor Intergovernmental Revenue by Level of Government, Fiscal Year 2020–21



Source: Authors' coding of nonmajor governmental funds.

Additional Search on Intergovernmental Transfers

An additional desk search indicates that the Department of the Interior awarded the city a $500,000 WaterSMART award to support the implementation of drought mitigation projects for the Las Virgenes Municipal Water District in 2017 and 2021.

Comparison to Cities in Metropolitan Region

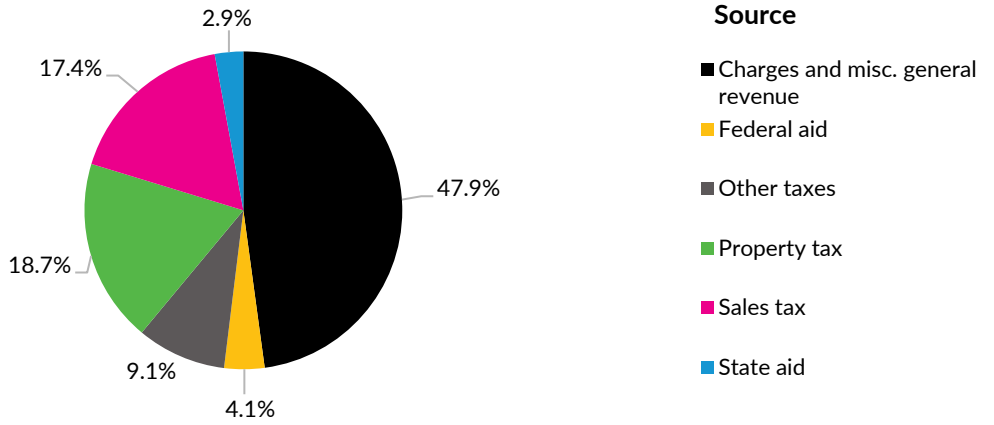
Revenue for the city of Los Angeles came primarily from charges and miscellaneous general revenue. Federal and state aid were not large sources of revenue for the city, with a share of 4.1 percent and 2.9 percent, respectively (figure B.8).

Revenue in Anaheim came primarily from charges and miscellaneous general revenue and sales and gross receipts revenue. State aid was not a large source of revenue for the city, with a share of 2.1 percent (figure B.9). Revenue in Huntington Beach came primarily from charges and miscellaneous general revenue, sales and gross receipts revenue, and property tax revenue. Federal and state aid were not large sources of revenue for the city, with a share of 1.7 percent and 3.7 percent, respectively (figure B.10). Revenue in Long Beach came primarily from charges and miscellaneous general revenue. State aid was not a large source of revenue for the city, with a share of 4.5 percent (figure B.11). Revenue in Riverside came primarily from charges and miscellaneous general revenue.

Federal aid was not a large source of revenue for the city, with a share of 2.2 percent (figure B.12). Revenue in Santa Ana came primarily from charges and miscellaneous general revenue, sales and gross receipts revenue, and property tax revenue. State aid was not a large source of revenue for the city, with a share of 5.8 percent (figure B.13). School funding revenues are not included in any of these cities' funds.

FIGURE B.8

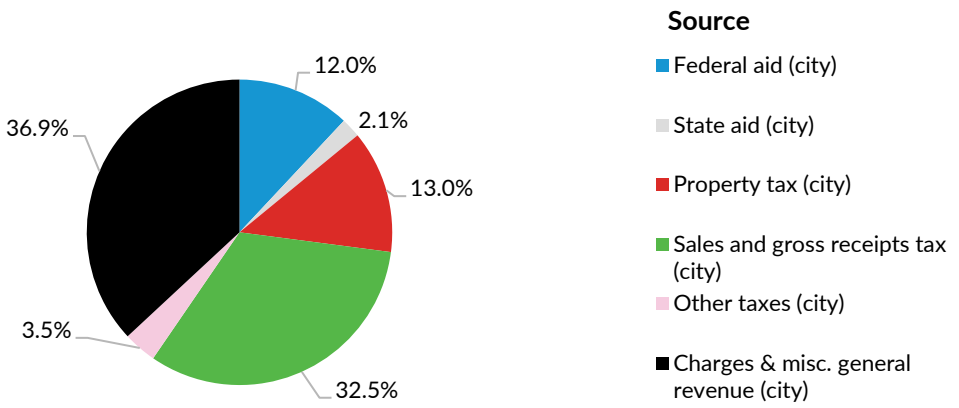
Los Angeles Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.9

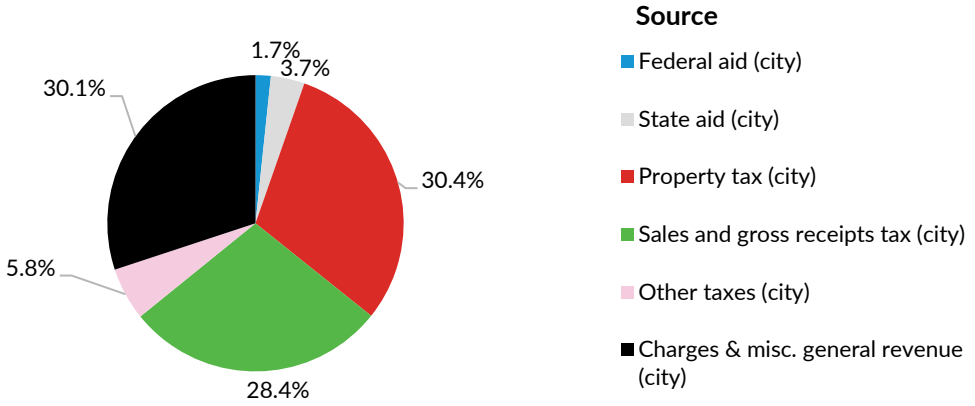
Anaheim Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.10

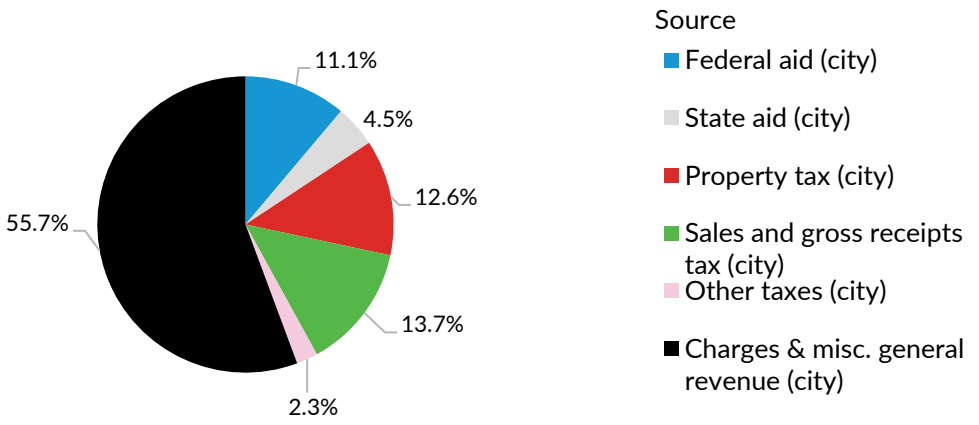
Huntington Beach Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.11

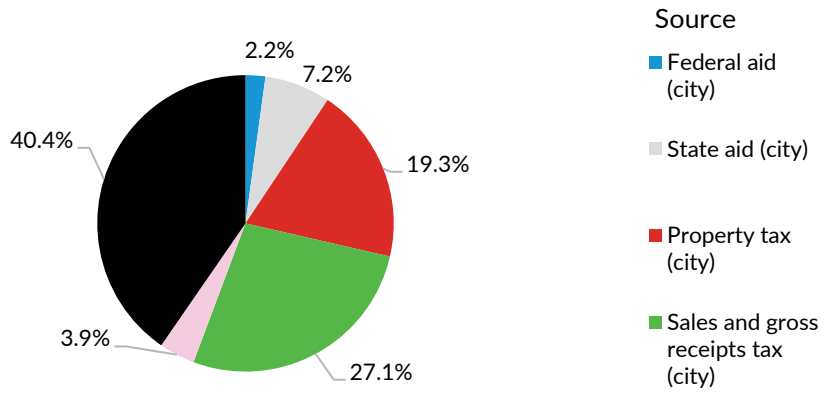
Long Beach Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.12.

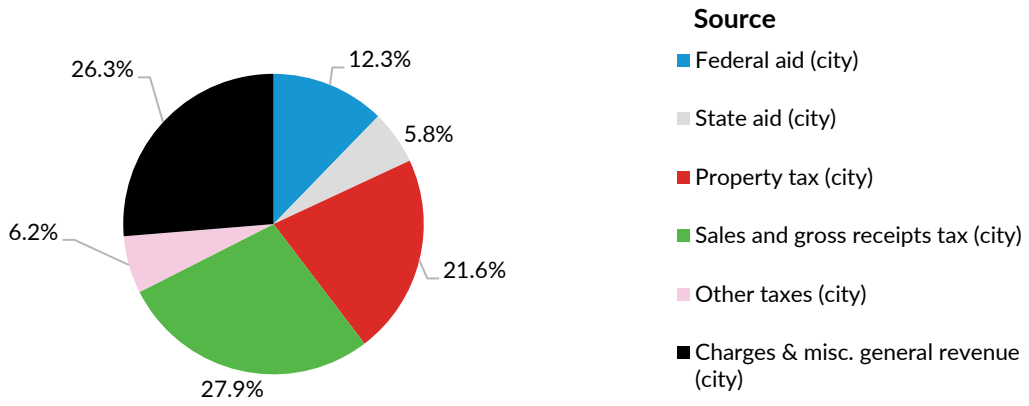
Riverside Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.13

Santa Ana Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

East Grand Rapids, Michigan

East Grand Rapids is located east of downtown Grand Rapids, and is surrounded on three sides by that city. It is in Kent County and has a population of about 11,000 people living on about three square miles of land. In our budgetary and zoning analyses, we compare it to Grand Rapids.

Zoning Analysis

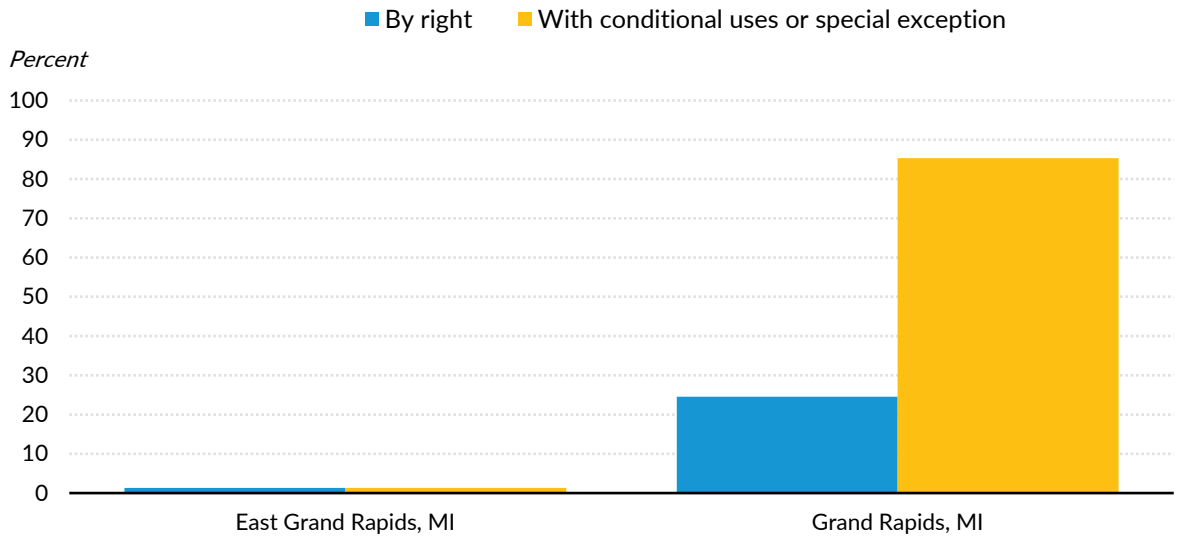
In East Grand Rapids, about 99 percent of the land that allows residential uses by right allows only single-family homes; only about 0.5 percent of the municipality's residential land allows large multifamily units with nine or more units by right. On the other hand, Grand Rapids allows two-unit buildings to be constructed by right on all its residential land and allows large multifamily structures on about 29 percent of its residential land.

Only 1.3 percent of all land in East Grand Rapids allows multifamily buildings of three or more units to be built by right (figure B.14). This figure does not change if allowing for zoning-enabled conditional uses, special exceptions, or variances. On the other hand, Grand Rapids allows such building types on about 25 percent of its land; this figure increases to about 85 percent if using those flexibility measures.

FIGURE B.14

Allowance for Multifamily Housing By Right in East Grand Rapids and Grand Rapids

Share of all land allowing three-or-more-unit buildings to be constructed by right



Source: Authors' analysis of zoning data collected from each municipality's website.

General Fund Structure and Income Statements

Timeline: June 30, 2017–June 30, 2018 and June 30, 2019–June 30, 2020

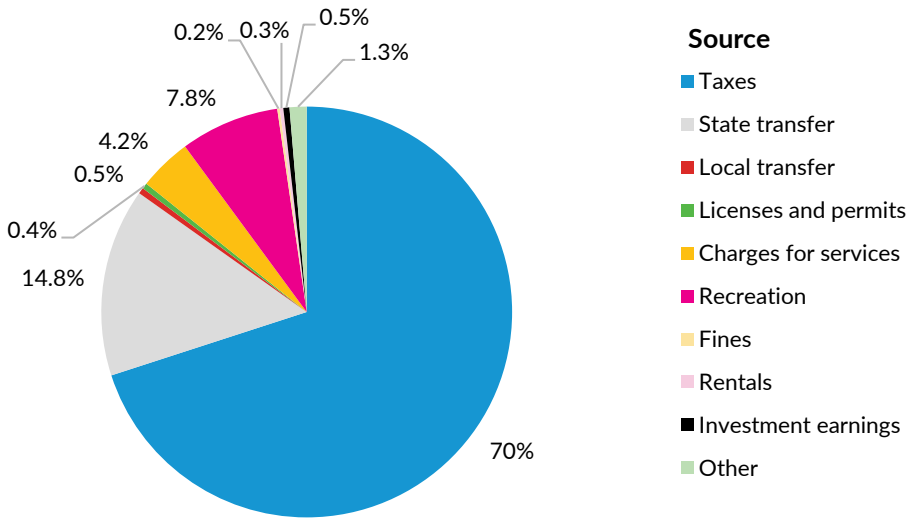
Limitations of this case: The city did not report federal transfers for either year. For the most part, we are unable to identify specific grants/transfers used in the general fund and other major funds.

In 2017, the city reported three major governmental funds: (1) the general fund; (2) the major streets fund, which was used to account for the receipt and expenditure of fuel and weight taxes from the state of Michigan for major streets; and (3) the local streets fund, which was used to account for the receipt and expenditure of fuel and weight taxes from the state for local streets. For 2017, the city also reported five other nonmajor governmental funds. In the 2020 fiscal year, the city reported the same major funds and five additional nonmajor governmental funds. School funding revenues are not included in the city's funds.

For the 2017 fiscal year, taxes (70 percent) were the largest sources of revenue for the city followed by state transfers (14.8 percent) (figure B.15); the city did not report any federal transfers. In 2020, the city reported very similar revenue sources, with taxes accounting for 72.6 percent and state transfers accounting for 15.2 percent of all revenue sources (figure B.16).

FIGURE B.15

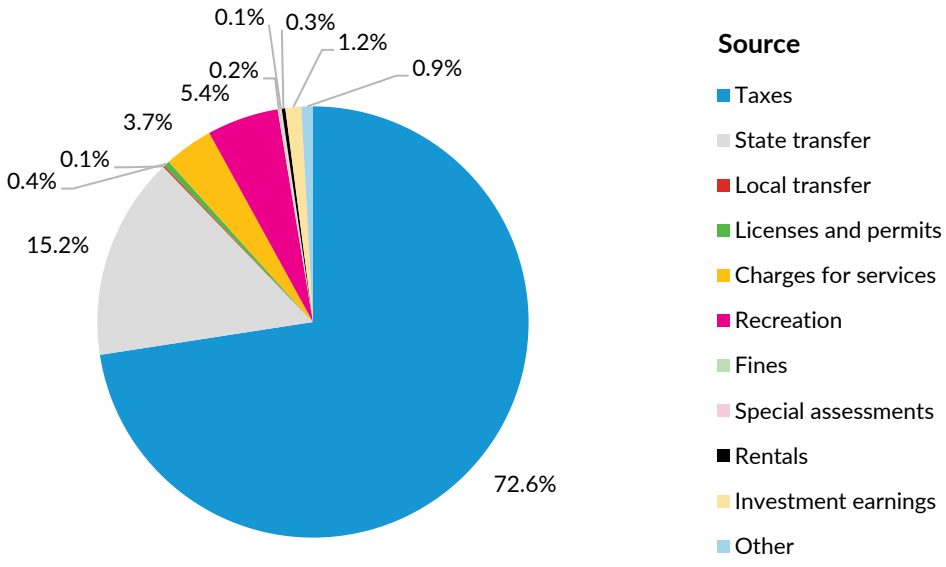
East Grand Rapids Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: 2017–18 East Grand Rapids ACFR.

FIGURE B.16

East Grand Rapids Total Government Funds by Source of Revenue, Fiscal Year 2020–21



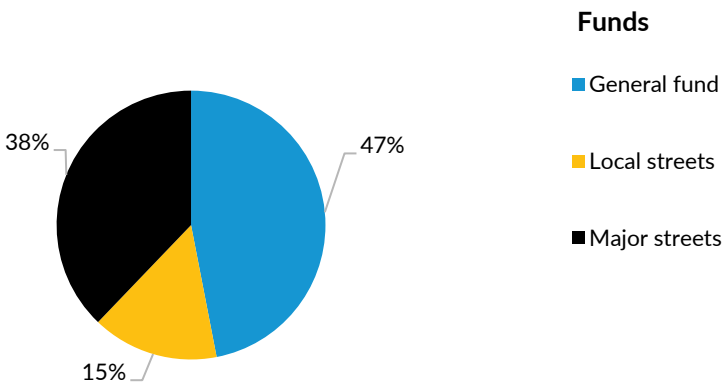
Source: 2020–21 East Grand Rapids ACFR.

Intergovernmental Transfers

In both fiscal years, state transfers were placed in the general fund and the other two major governmental funds, which were both based on fuel and weight taxes distributed by the state of Michigan (figures B.17 and B.18). No other sources of intergovernmental transfers were specified in either year.

FIGURE B.17

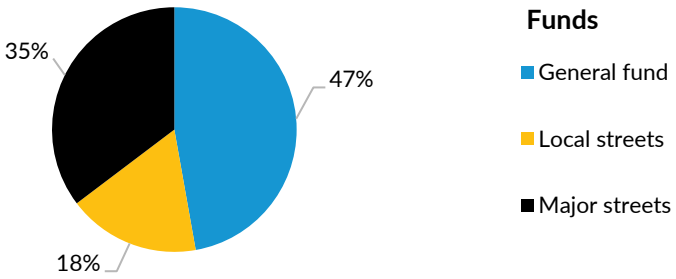
East Grand Rapids Placement of Intergovernmental Transfers by Type of Governmental Fund, Fiscal Year 2017–18



Source: 2017–18 East Grand Rapids ACFR.

FIGURE B.18

East Grand Rapids Placement of Intergovernmental Transfers by Type of Governmental Fund, Fiscal Year 2020–21

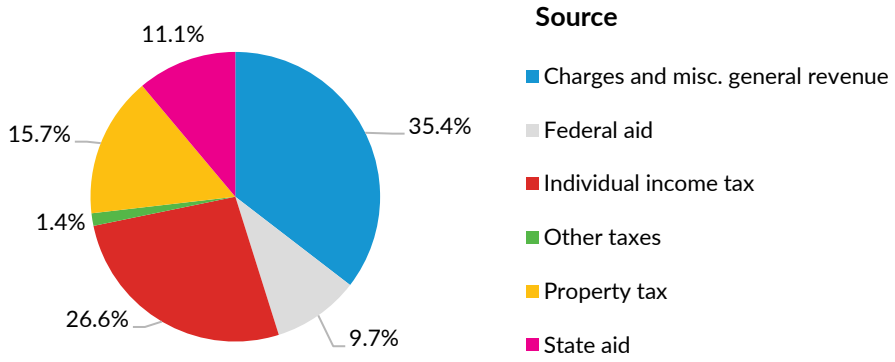


Source: 2020–21 East Grand Rapids ACFR.

Comparison to Nearby Central City

Grand Rapids received the majority of its funds from charges and miscellaneous revenue (35.4 percent). State transfers contributed to 11.1 percent of total revenue and federal aid contributed to 9.7 percent of total revenue (figure B.19). School funding revenues are not included in the city's funds.

FIGURE B.19.
Grand Rapids Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

Grosse Pointe Park, Michigan

Grosse Pointe Park is a suburban community located directly east of the Jefferson Chalmers section of the city of Detroit, along the Detroit River. It is in Wayne County and has a population of about 12,000 people living on about two square miles of land. In our analysis, we compare it to Grosse Pointe Woods (another of the case study municipalities) and to Detroit.

Zoning Analysis

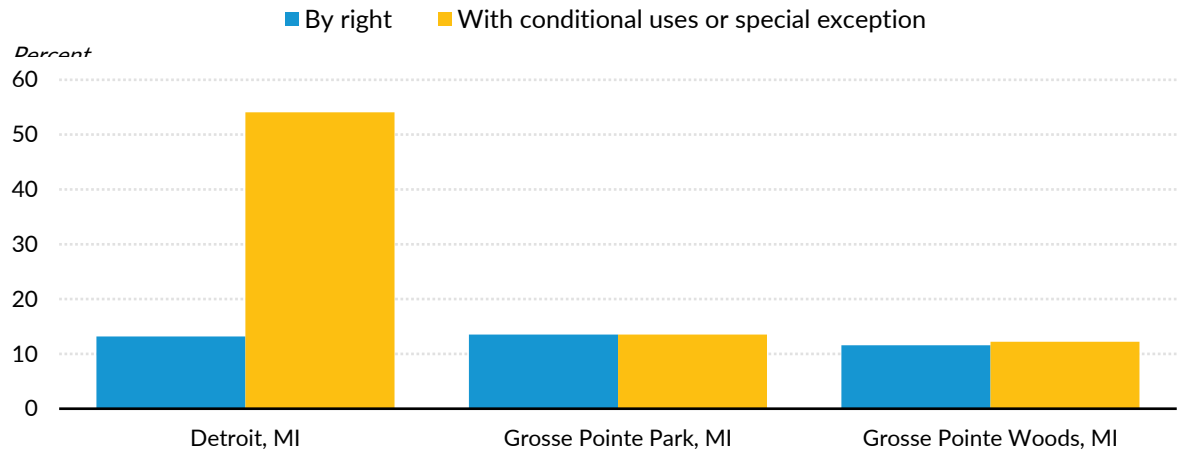
In Grosse Pointe Park, about 84 percent of land that allows residential uses by right allows only single-family homes; this figure is very similar to that for Grosse Pointe Woods. About 14 percent of Grosse Pointe Park's residential land is designated to allow large multifamily units with nine or more units by right, compared to about 12 percent in Grosse Pointe Woods. In comparison, these figures are about 42 percent and 14 percent, respectively, for Detroit.

In Grosse Pointe Park, 13.5 percent of all land allows multifamily buildings of three or more units to be built by right, compared with 11.6 percent in Grosse Pointe Woods and 13.2 percent in Detroit (figure B.20). But if one includes conditional uses or special exceptions, it becomes far easier to build such structures on more of Detroit's land—about 54 percent of that city's land area. However, there is very little change in potential for development in Grosse Pointe Park or Grosse Pointe Woods using those mechanisms.

FIGURE B.20

Allowance for Multifamily Housing By Right in Grosse Pointe Park, Grosse Pointe Woods, and Detroit

Share of all land allowing three-or-more-unit buildings to be constructed by right



Source: Authors' analysis of zoning data collected from each municipality's website.

General Fund Structure and Income Statements

Timeline: June 30, 2020–June 30, 2021

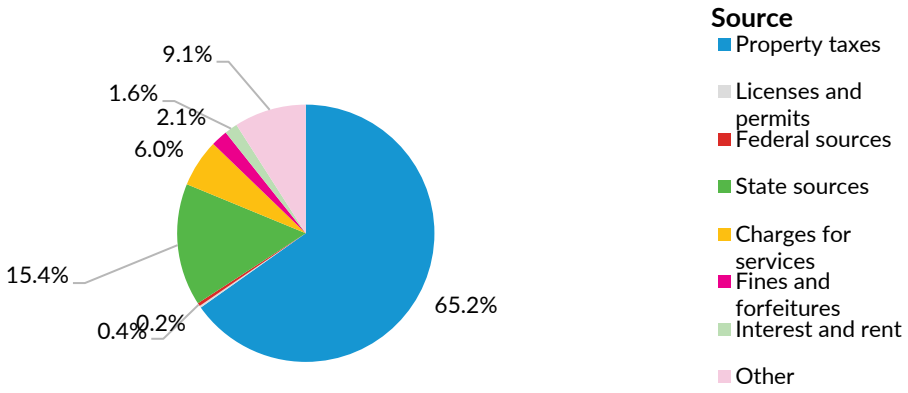
Limitations of this case: The city disaggregates intergovernmental transfers by state and federal sources but information on specific grant sources is not available. There is no information on sources of nonmajor governmental funds, but an independent search allows us to identify at least two funds coming from federal sources. We are unable to identify transfers used in the general fund and other major funds. The city does not have the 2017–18 ACFR available so this case study focuses on the 2020–21 fiscal year.

The city identified three major governmental funds: (1) the general fund; (2) the capital improvement fund, which centered around construction activities; and (3) the water and sewer and

marina enterprise funds, which accounted for the activities of the water distribution system and sewage collection system. The ACFR reported eight nonmajor revenue funds, too. School funding revenues are not included in the city's funds. As is expected, most revenue came from property taxes (65.2 percent), followed by state transfers (15.4 percent). Federal transfers only accounted for 2.1 percent of total revenue (figure B.21).

FIGURE B.21

Grosse Pointe Park Total Government Funds by Source of Revenue, 2020–21 Fiscal Year



Source: 2020–21 Grosse Pointe Park ACFR.

Intergovernmental Transfers

Although the Grosse Pointe Park ACFR divided intergovernmental transfers between state and federal sources, it did not disaggregate the sources by specific grants/loans. All federal transfers were placed in nongovernmental funds and state transfers were found 50 percent in the general fund and 50 percent in nongovernmental funds (figure B.22).

FIGURE B.22

Grosse Pointe Park Placement of State Transfers by Type of Fund, Fiscal Year 2020–21

Source: 2020–21 Grosse Pointe Park ACFR.

Nonmajor Governmental Funds

The Grosse Pointe Park ACFR did not provide information on sources from nonmajor revenue funds. A desk search shows that at least two of the funds were pass-throughs from the federal government (table B.3). The ACFR also recorded that the city experienced two extreme storm events in June and July 2021 and the cost of recovery from the storms was estimated at $900,000; the city was awaiting potential Federal Emergency Management Agency (FEMA) recovery funds at 75 percent of total costs. In addition, the city received 50 percent of the American Rescue Plan funds for a total of $1,156,588 in 2021. These funds were used for business recovery efforts and infrastructure upgrades in the city.

TABLE B.3

Grosse Pointe Park Nonmajor Revenue Funds, Fiscal Year 2020–21

Source	Original source of funds	Pass-through	Amount ($)	Explanation
Major Roads	NA	NA	881,938	The Major Road Fund accounts for the maintenance and replacement of all major streets within the city.
Local Roads	NA	NA	365,226	The Local Road Fund accounts for the maintenance and replacement of all minor streets within the city.
Drug Law Enforcement	NA	NA	742	The Drug Law Enforcement accounts for the funding of drug law enforcement.
Indigent Defense Grant	Federal	Through state	33,479	The Indigent Defense Grant allocates funds for public defense costs (including attorneys).
Community Develop Block Grant	Federal	Through county	30,890	The Community Develop Block Grant supports community development activities to build stronger and more resilient communities.

Source: 2020–21 Grosse Pointe Park ACFR and complemented with researcher's coding on which level of government the transfer comes from a desk search.
Note: NA = not available.

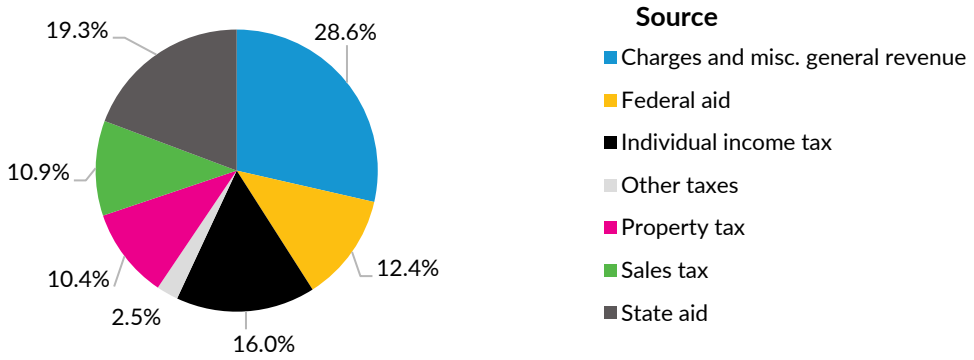
Additional Search on Intergovernmental Transfers

A desk search did not provide additional information on intergovernmental transfers.

Comparison to Nearby Central City

Detroit received a large portion of its revenue from charges and miscellaneous revenue, followed by state aid (19.3 percent). Federal aid accounted for 12.4 percent of total revenues (figure B.23). School funding is included in the city's financial reports.

FIGURE B.23.
Detroit Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

Grosse Pointe Woods, Michigan

Grosse Pointe Woods is a municipality in Wayne County and is northeast of the city of Detroit. It has a population of about 16,000 people living on about three square miles of land. For our budget analysis, we compare it to the city of Detroit.

Zoning Analysis

The zoning analysis for Grosse Pointe Woods is included in the previous section for Grosse Pointe Park.

General Fund Structure and Income Statements

Timeline: June 30, 2017–June 30, 2018 and June 30, 2020–June 30, 2021

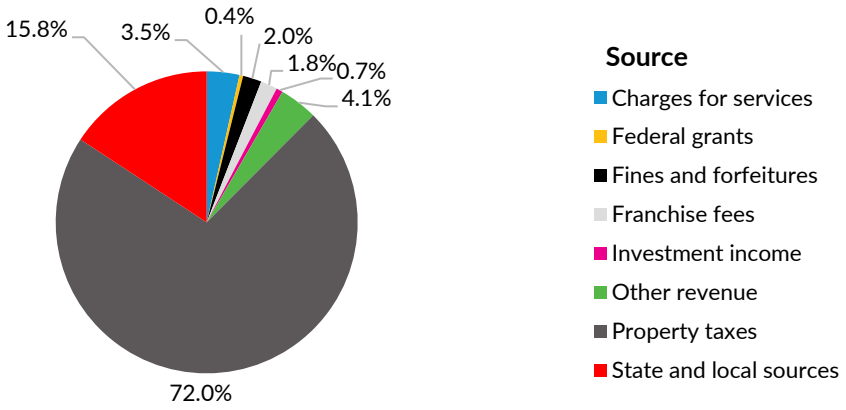
Limitations of this case: We are unable to identify specific grants/transfers used in the general fund and other major funds.

For fiscal year 2017–18, the city reported the same major government funds and the 2015 Road Construction Fund, which was financed by the 2015 unlimited tax general obligation bond approved by voters in 2014. There also were seven additional nonmajor revenue funds. For fiscal year 2020–21, the city reported two major governmental funds: the general fund and the Grosse-Gratiot drain fund, which was used to pay for capital projects related to the drain and was funded by a property tax millage. For 2020–21, there were eight additional nonmajor revenue funds. School funding revenues are not included in the city's funds.

For the 2017–18 fiscal year, property taxes accounted for 72 percent of revenue sources in the city, followed by state sources of revenue (15.8 percent). Federal transfers accounted for 2.3 percent of total revenue (figure B.24). Similarly, during the fiscal year ending in September 2020, most revenue came from property taxes (73.9 percent) and state aid (16.3 percent) (figure B.25).

FIGURE B.24

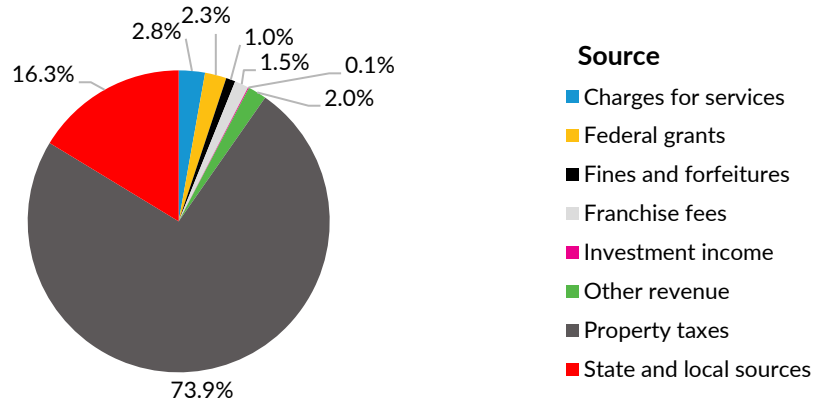
Grosse Pointe Woods Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: 2017–18 Grosse Pointe Woods ACFR.

FIGURE B.25

Grosse Pointe Woods Total Government Funds by Source of Revenue, Fiscal Year 2020–21



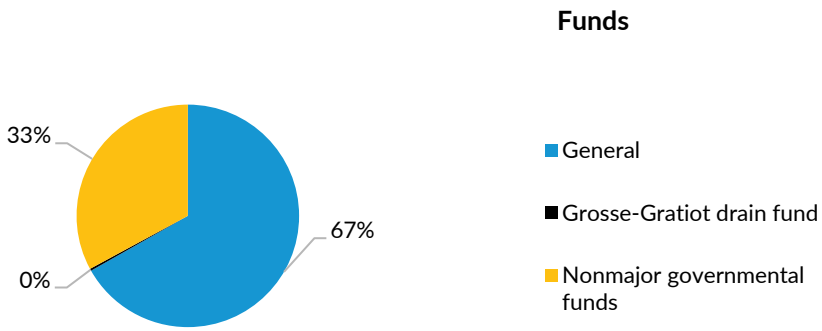
Source: 2020–21 Gross Pointe Woods ACFR.

Intergovernmental Transfers

For 2017, all federal aid was placed in nonmajor governmental funds and the majority of state aid was placed in the general fund (figure B.26). In 2020, nearly all federal aid was placed in the general fund, with a small portion going to nonmajor governmental funds (3.9 percent). Most state aid was placed in the general fund, followed by nonmajor governmental funds (34.1 percent); only 0.4 percent of state aid went to the Grosse-Gratiot drain fund (figure B.27). Tables B.4 and B.5 detail the amount of money coming from each nonmajor governmental fund, the level of government these funds come from, and the activities the funds can be used for in2017-18 and 2020–21.

FIGURE B.26.

Grosse Pointe Woods Placement of State Aid by Type of Governmental Fund, Fiscal Year 2017–18

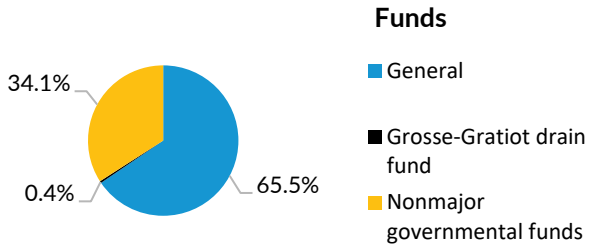


Source: 2017–18 Grosse Pointe Woods ACFR.

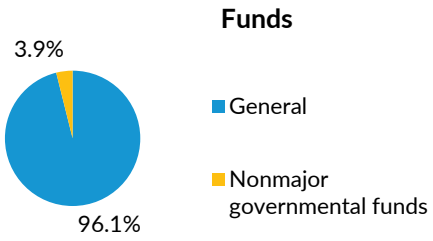
FIGURE B.27.

Grosse Pointe Woods Placement of State and Federal Aid by Type of Governmental Fund, Fiscal Year 2020–21

State Aid



Federal Aid



Source: 2020–21 Grosse Pointe Woods ACFR.

TABLE B.4.

Grosse Pointe Woods Nonmajor Revenue Funds, Fiscal Year 2017–18

Source	Original source of funds	Pass-through	Amount ($)	Explanation
Major Street Fund	State	No	961,831	This fund accounts for the maintenance and replacement of all major streets within the city. Funding is provided by distribution of gas tax proceeds (Act 51 gas and weight tax).
Solid Waste Fund	State	No	7,018	This fund is used to account for the collection, disposal, and recycling of all residential and commercial waste within the city. Financing is provided by a separate tax millage.
Act 302 Training Fund	State	No	2,778	This fund accounts for the costs of training courses for the police department. Financing is provided by state grants.
Grants Fund	Federal	County	13,777	This fund is used to account for the activity of the Community Development Block Grant Program and other federal grants. Financing is provided by the Wayne County Economic Development Grant Program.
Municipal Improvement Fund	NA	NA	69,895	This fund accounts for the acquisition and construction of various construction projects in the city.

Source: 2017–18 ACFR and researcher's coding on which level of government the transfer comes from.
Note: NA = not available.

TABLE B.5

Grosse Pointe Woods Nonmajor Revenue Funds, Fiscal Year 2020–21

Source	Original source of funds	Pass-through	Amount ($)	Explanation
Major Street Fund	State	No	1,179,162	This fund accounts for the maintenance and replacement of all major streets within the city. Funding is provided by distribution of gas tax proceeds (Act 51 gas and weight tax).
Solid Waste Fund	State	No	9,592	This fund is used to account for the collection, disposal, and recycling of all residential and commercial waste within the city. Financing is provided by a separate tax millage.
Act 302 Training Fund	State	No	5,279	This fund accounts for the costs of training courses for the police department. Financing is provided by state grants.
Grants Fund	Federal	County	20,000	This fund is used to account for the activity of the Community Development Block Grant Program and other federal grants. Financing is provided by the Wayne County Economic Development Grant Program.
MIDC Grant Fund	State	No	30,545	The Michigan Indigent Defense Commission Grant Fund (MIDC Grant Fund) was created to account for grants received related to the court.
2015 Road Bond Debt Service Fund	State	No	5,658	This fund accounts for the debt service of the 2015 road bonds.

Source: 2020–21 ACFR and researcher's coding on which level of government the transfer comes from.

Additional Search on Intergovernmental Transfers

A desk search did not provide additional information on intergovernmental transfers.

Comparison to Nearby Central City

See the comparison with Detroit in the previous section on Grosse Pointe Park.

Hudson, Ohio

Hudson is a suburban community located northeast of Akron and southwest of Cleveland. It is in Summit County and has a population of about 23,000 people living on about 26 square miles of land. In our analysis, we compare it to the central city of Akron and the nearby city of Cleveland.

Zoning Analysis

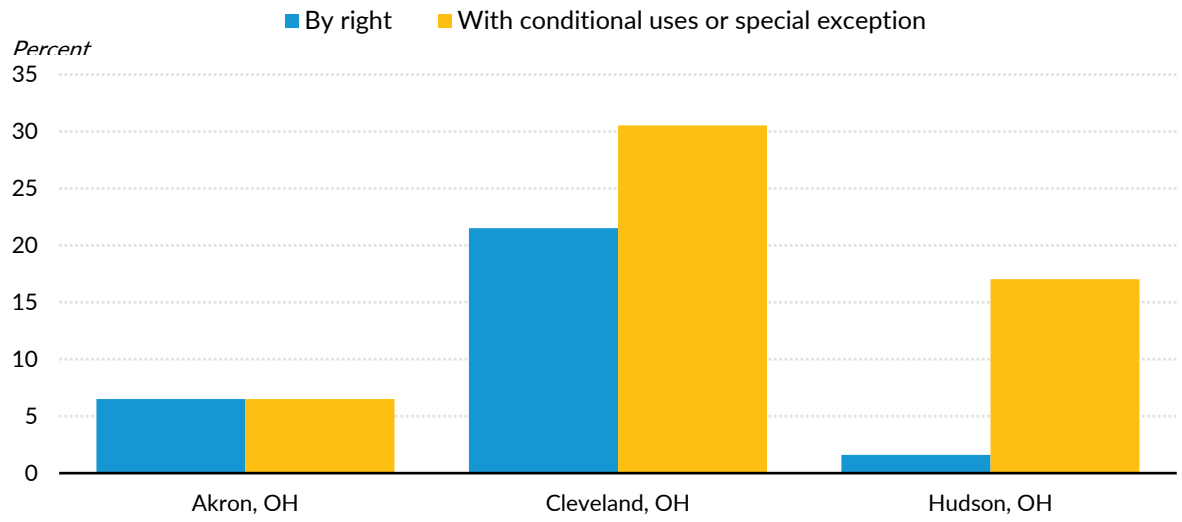
In Hudson, more than 85 percent of the land that allows residential uses by right allows only single-family homes; only about 2 percent of the municipality's residential land allows large multifamily units with nine or more units by right. Only 26 percent of residential land in Cleveland—and none of the residential land in Akron—allows single-family home construction exclusively. Akron allows large multifamily construction on about 10 percent of its residential land, whereas Cleveland allows this construction on about 27 percent of its residential land.

Only 1.6 percent of all land in Hudson allows multifamily buildings of three or more units to be built by right (figure B.28). This is much lower than Akron or Cleveland, where such units can be constructed on 6.5 and 21.5 percent of land, respectively (Akron allows two-unit construction on all its residential land by right). Hudson does allow small multifamily units to be built through zoning-enabled conditional uses, special exceptions, or variances on 17 percent of its land, which is higher than Akron (6.5 percent) but lower than Cleveland (30.5 percent).

FIGURE B.28

Allowance for Multifamily Housing By Right in Akron, Cleveland, and Hudson

Share of all land allowing three-or-more-unit buildings to be constructed by right



Source: Authors' analysis of zoning data collected from each municipality's website.

General Fund Structure and Income Statements

Timeline: December 31, 2017–December 31, 2018 and December 31, 2019–December 31, 2020

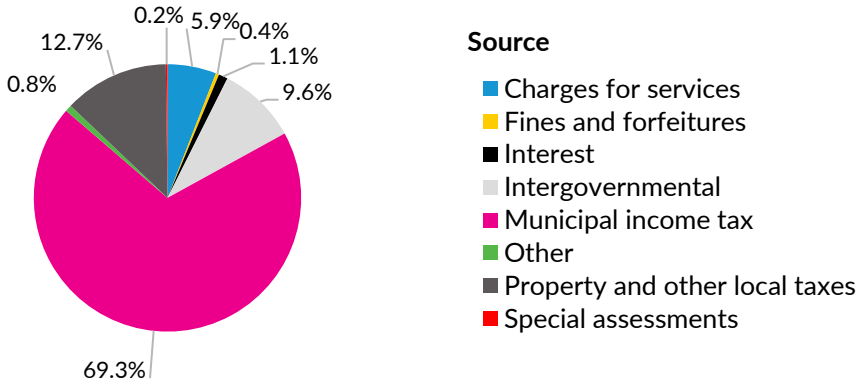
Limitations of this case: The city does not disaggregate revenue by state and federal sources. It also does not disaggregate nonmajor revenue funds, but it does provide a schedule of federal grant expenditures for 2020. We are unable to identify specific grants/transfers used in the general fund and other major funds for state level transfers and for all transfers for 2017.

In 2020, the city reported four major governmental funds: (1) the general fund; (2) the street construction fund, which was used for street maintenance and repair; (3) the street sidewalk construction fund, which was used for street and sidewalk maintenance and construction; and (4) the downtown phase II fund, which was used for the redevelopment of the downtown expansion. For that year, there were additional nonmajor revenue funds, but the city did not disaggregate them. In fiscal year 2017, the city had reported the same major government funds as it reported in 2020, plus it had reported the Broadband Capital Fund, which was used for the costs of the city's build-out of its broadband capacity. That year the city also did not disaggregate the nonmajor revenue funds. School funding revenues are not included in the city's funds, although the city has a fiduciary fund as the custodial entity for property taxes levied by the city on behalf of the Hudson schools.

For the 2017–18 fiscal year, municipal income tax accounted for 69.3 percent of total revenue and intergovernmental transfers were the third largest source of income at 9.6 percent (figure B.29). Revenue sources were somewhat similar for the 2019–20 fiscal year: municipal income tax (64.3 percent) was the first source of income and intergovernmental transfers were the second source (15 percent) (figure B.30).

FIGURE B.29

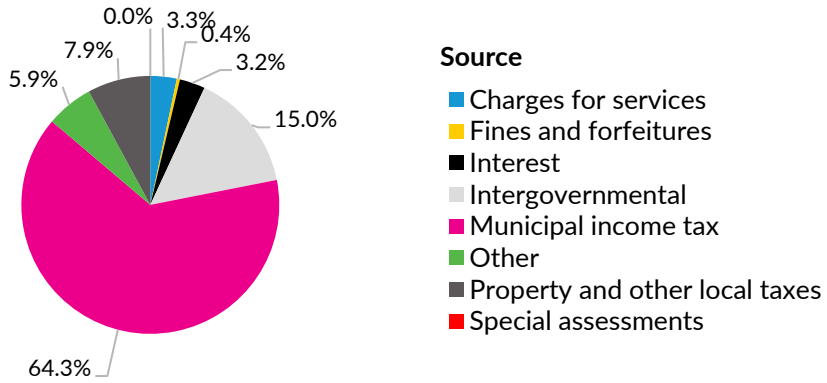
Hudson Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: 2017–18 Hudson ACFR.

FIGURE B.30

Hudson Total Government Funds by Source of Revenue, Fiscal Year 2019–20



Source: 2019–20 Hudson ACFR.

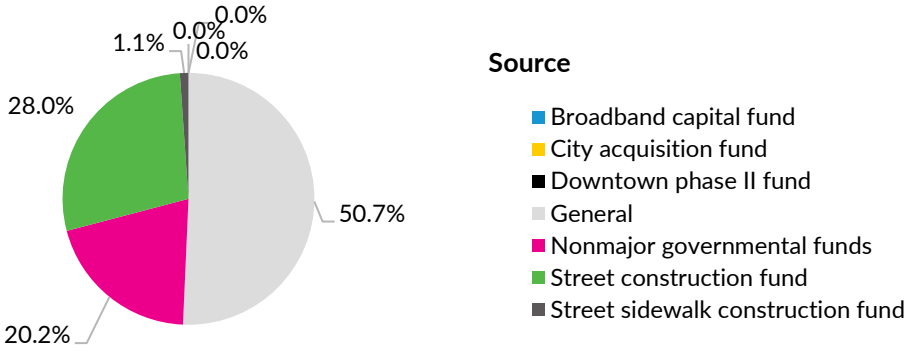
Intergovernmental Transfers

In fiscal year 2017–18, most intergovernmental transfers were placed in the general fund (50.7 percent), the street construction fund (28 percent), and nonmajor governmental funds (20.2 percent) (figure B.31). The 2019–20 fiscal year presented a different picture, with most intergovernmental funds placed in nonmajor governmental funds (42.9 percent), the general fund (26.3 percent), and the street construction fund (19.5 percent) (figure B.32).

Hudson's ACFR did not present any information on nongovernmental funds. But it did provide a schedule of expenditures of federal awards in fiscal year 2019–20, which is presented in table B.6.

FIGURE B.31

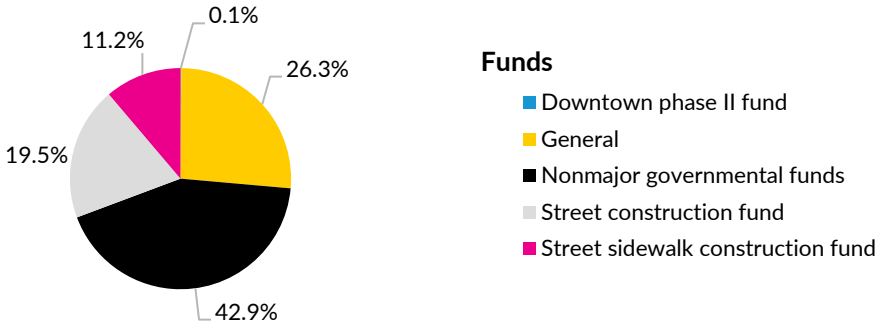
Hudson Placement of Intergovernmental Transfers by Type of Fund, Fiscal Year 2017–18



Source: 2017–18 Hudson ACFR.

FIGURE B.32

Hudson Placement of Intergovernmental Transfers by Type of Fund, Fiscal Year 2019–20



Source: 2019–20 Hudson ACFR.

TABLE B.6

Expenditures of Federal Awards, Fiscal Year 2019–20

Agency	Program	Pass-through	Amount expended
US Department of Transportation	Highway Planning and Construction Cluster	Passed through Ohio Department of Transportation	$699,748
US Department of Treasury	Coronavirus Relief Fund	Passed through Summit County	$ 2,177,429
US Department of Justice	Bulletproof Vest Partnership Program	Passed through Ohio Office of Criminal Justice Services	$ 10,182

Source: 2019–20 Hudson ACFR.

Additional Search on Intergovernmental Transfers

A desk search on additional intergovernmental transfers indicates that the Hudson Fire Department was awarded $47,048 in 2018 and $46,343 in 2020 in federal funding from the Assistance to Firefighters Grant.

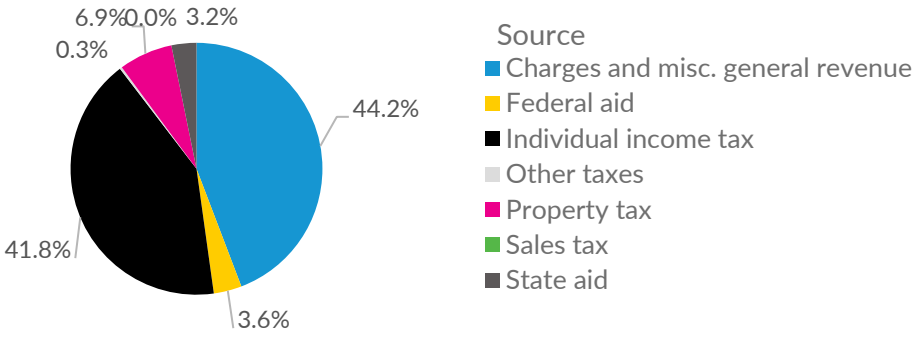
Comparison to Cities in Metropolitan Region

Akron received most of its revenue from charges and other general revenue (44.2 percent) and individual income tax (41.8 percent). Federal and state aid accounted for 3.6 percent and 3.2 percent, respectively (figure B.33). School funding is included in the city's statements.

Cleveland received most of its revenue charges and other general revenue (31.2 percent) and individual income tax (35.9 percent). Federal aid accounted for 3.5 percent (figure B.34). School funding revenues are not included in the city's funds.

FIGURE B.33.

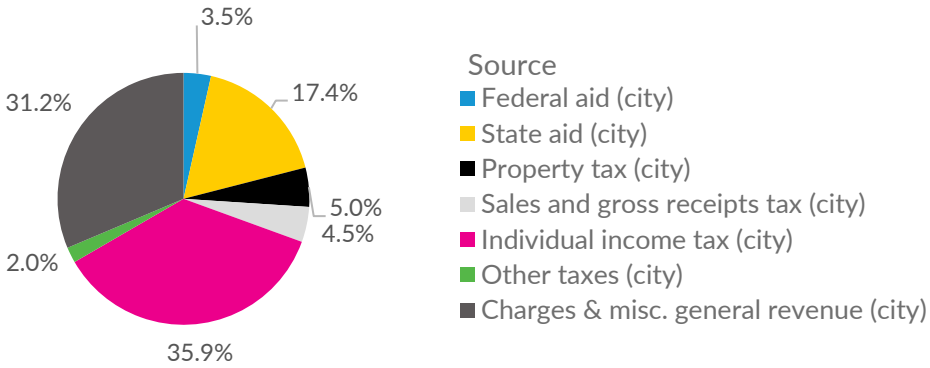
Akron Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.34.

Cleveland Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

Palm Beach, Florida

Palm Beach is a coastal city located on a barrier island along the eastern coast of Florida. It is north of both Fort Lauderdale and Miami. It is in Palm Beach County and has a population of about 9,000

people living on about four square miles of land. In our analysis, we compare it to the central city of Miami and the nearby city of Fort Lauderdale.

Zoning Analysis

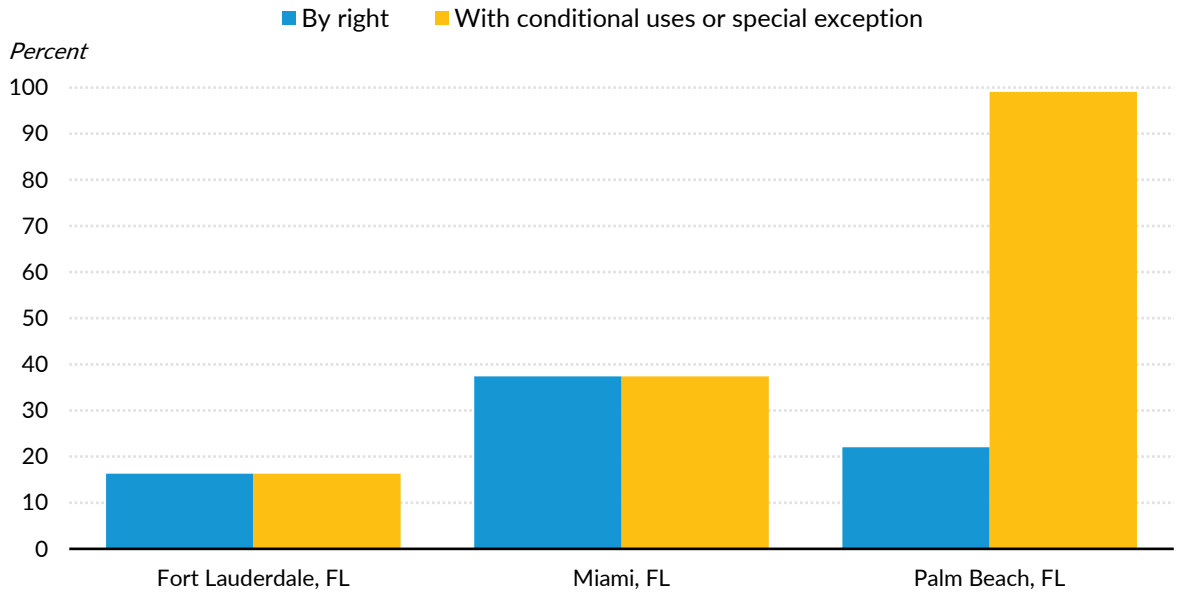
About 78 percent of the land in Palm Beach that allows residential uses by right allows only single-family homes; however, about 22 percent of the municipality's residential land allows large multifamily units with nine or more units by right. On both these counts, Palm Beach is more restrictive than either Fort Lauderdale or Miami.

In Palm Beach, 22 percent of all land allows multifamily buildings of three or more units to be built by right (figure B.35), which is higher than Fort Lauderdale (about 16 percent), but lower than Miami (37 percent). Palm Beach does allow small multifamily units to be built through zoning-enabled conditional uses, special exceptions, or variances on 99 percent of its land, which is higher than Fort Lauderdale and Miami, at about 16 and 37 percent, respectively.

FIGURE B.35

Allowance for Multifamily Housing By Right in Fort Lauderdale, Miami, and Palm Beach

Share of all land allowing three-or-more-unit buildings to be constructed by right



Source: Authors' analysis of zoning data collected from each municipality's website.

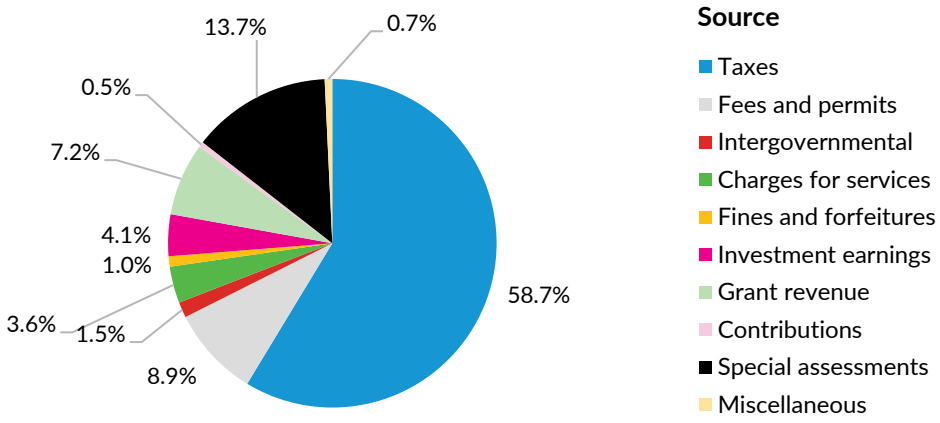
General Fund Structure and Income Statements

Timeline: September 31, 2017–September 31, 2018 and September 31, 2020–September 31, 2021

Limitations of this case: The city does not disaggregate revenue sources by state and federal revenue, but it does provide a schedule of state and federal grant expenditures.

In both the 2017–18 and 2020–21 fiscal years, the city reported three major governmental funds: (1) the general fund; (2) the townwide undergrounding assessment fund, which was used for expenditures for the townwide underground utility project; and (3) the beach restoration project fund, which was used for beach improvements, restoration, and nourishment of the beach. In addition, 10 other nonmajor governmental funds were reported. School funding revenues are not included in the city's funds.

For the 2017–18 fiscal year, taxes (58.7 percent) were the largest sources of revenue for the city,



and intergovernmental transfers accounted for only 1.5 percent of all revenue sources (figure B.36). We observed the same distribution in the 2020–21 fiscal year, with taxes accounting for 64 percent and intergovernmental transfers accounting for 1.7 percent of all revenue sources (figure B.37).

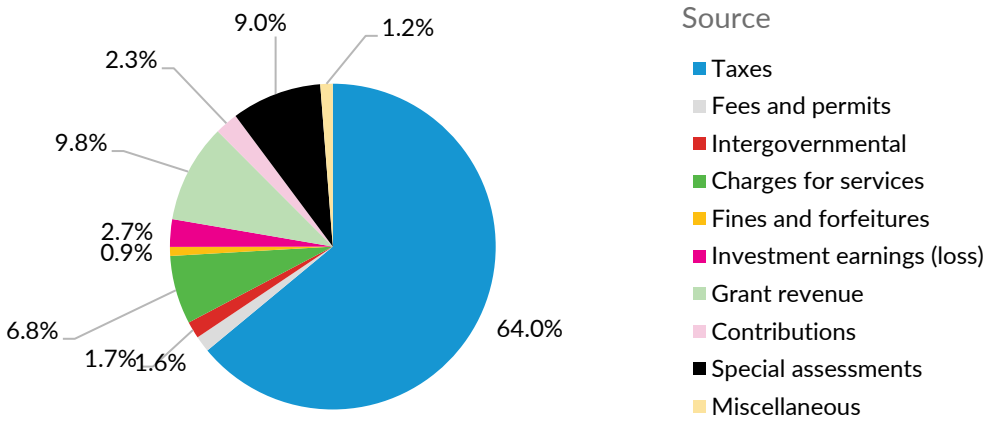
FIGURE B.36.

Palm Beach Total Government Funds by Source of Revenue, Fiscal Year 2017–18

Source: 2017–18 Palm Beach ACFR.

FIGURE B.37.

Palm Beach Total Government Funds by Source of Revenue, Fiscal Year 2020–21



Source: 2020–21 Palm Beach ACFR.

Intergovernmental Transfers

In both 2017–18 and 2020–21, intergovernmental transfers were placed in the general fund and they were placed in the capital improvement nongovernmental fund, which was used for the acquisition or construction of major capital facilities (figures B.38 and B.39).

In addition, the city reports its expenditures from eight federal and state awards, which are displayed in table B.7 (for 2020–21). The city received $4,466,381 from the federal government and $14,008,744 from the state government.

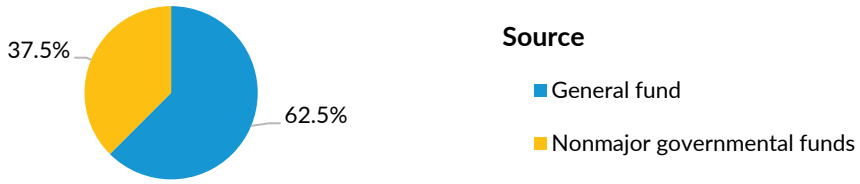
FIGURE B.38.

Palm Beach Placement of Intergovernmental Transfers by Type of Fund, Fiscal Year 2017–18

Source: 2017–18 Palm Beach ACFR.

FIGURE B.39.

Palm Beach Placement of Intergovernmental Transfers by Type of Fund, Fiscal Year 2020–21



Source: 2020–21 Palm Beach ACFR.

TABLE B.7.

Expenditures of Federal Awards for Fiscal Year 2020–21

Agency	Program	Pass-through	Amount expended
United States Department of Justice	Bulletproof Vest Partnership Program (2020–21)	NA	$9,516,734
Florida Department of Environmental Protection	Beach Management Funding Assistance Program	NA	$4,466,381
Florida Department of Financial Services	Fire Decontamination Equipment Grant Project	NA	$3,780
Florida Department of Health	Power-Load Cot System	Passed through Palm Beach County	$4,492,010

Source: Palm Beach ACFR.
Note: NA = not available.

Additional Search on Intergovernmental Transfers

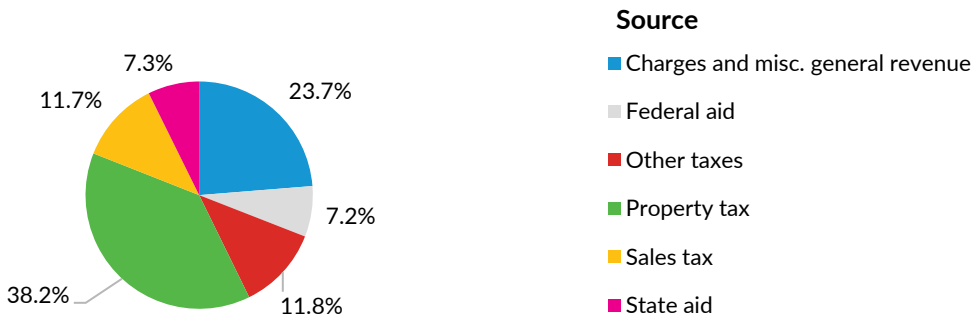
A desk search indicated that Palm Beach received $12,210 from the Department of Homeland Security for a FEMA grant in 2021.

Comparison to Cities in Metropolitan Region

Miami received the majority of its funds from property taxes (38.2 percent); federal aid and state aid each contributed about 7 percent of total revenue (figure B.40). Ft. Lauderdale received the majority of its funds from charges and miscellaneous general revenue (44.3 percent). Federal aid and state aid contributed 2.8 percent and 5 percent, respectively (figure B.41). School funding revenues are not included in the cities' funds.

FIGURE B.40.

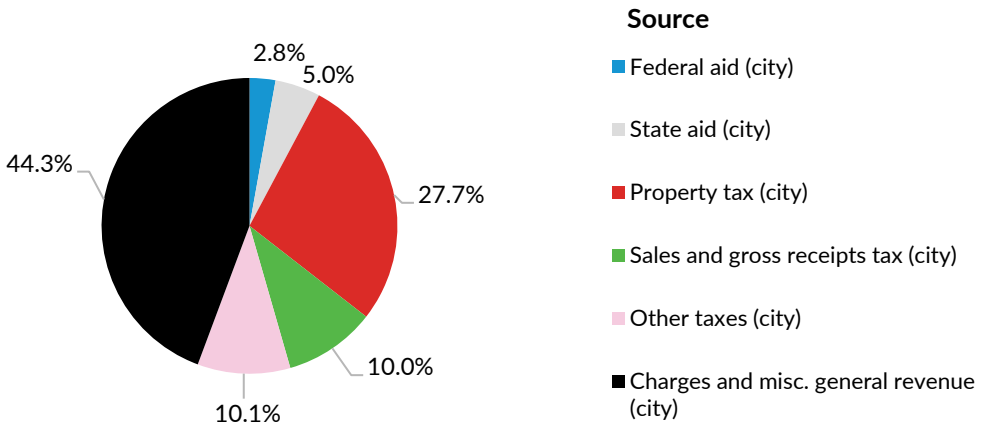
Miami Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.41.

Ft. Lauderdale Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

Scarsdale, New York

Scarsdale is a suburban village located north of New York City. It is in Westchester County and has a population of about 18,000 people living on about seven square miles of land. In our zoning analysis, we compare it to the central city of New York City; in our budgetary analysis, we compare it to Yonkers.

Zoning Analysis

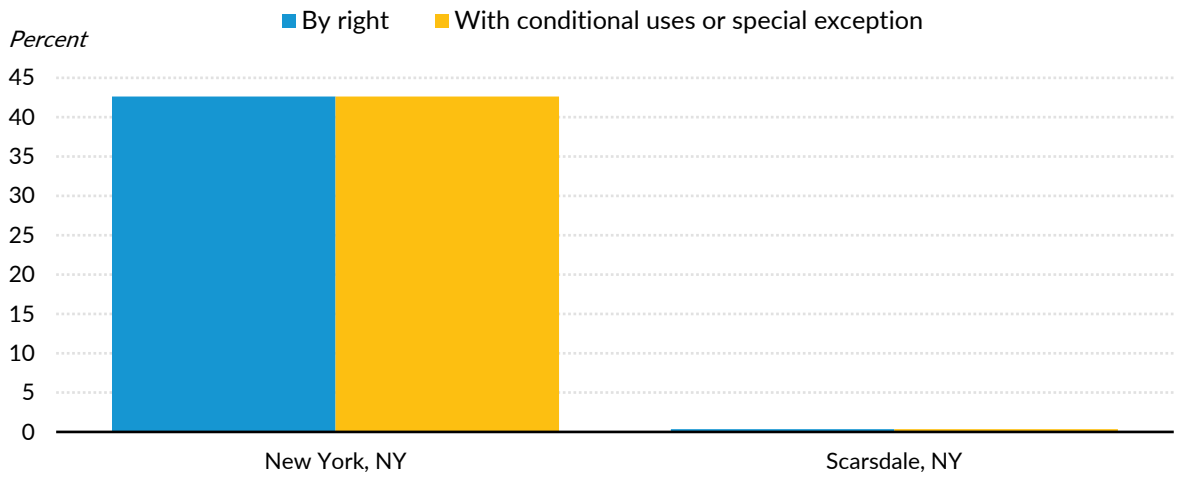
In Scarsdale, more than 99 percent of land that allows residential uses by right allows only single-family homes; less than 1 percent of the municipality's residential land allows large multifamily units with nine or more units by right. This is in extreme contrast with New York City, where 14 percent of residential land allows only single-family housing to be built by right and 63 percent of residential land allows large multifamily buildings. Of course, New York City is a very different municipality than Scarsdale; nonetheless, they are located in the same metropolitan area and face similar real estate market pressures. (That said, the other case study comparisons illustrate comparisons between the most exclusionary cities and other suburban communities nearby.)

Only 0.4 percent of all land in Scarsdale allows multifamily buildings of three or more units to be built by right (figure B.42). This figure does not change if allowing for zoning-enabled conditional uses, special exceptions, or variances. In both cases, Scarsdale is vastly more restrictive than New York City.

FIGURE B.42.

Allowance for Multifamily Housing By Right in Scarsdale and New York City

Share of all land allowing three-or-more-unit buildings to be constructed by right



Source: Authors' analysis of zoning data collected from each municipality's website.

General Fund Structure and Income Statements

Timeline: May 31, 2017–May 31, 2018 and May 31, 2020–May 31, 2021

Limitations of this case: The town disaggregates transfers by intergovernmental revenue, state aid, and federal aid, but there is no information on specific grant sources. Intergovernmental transfers are

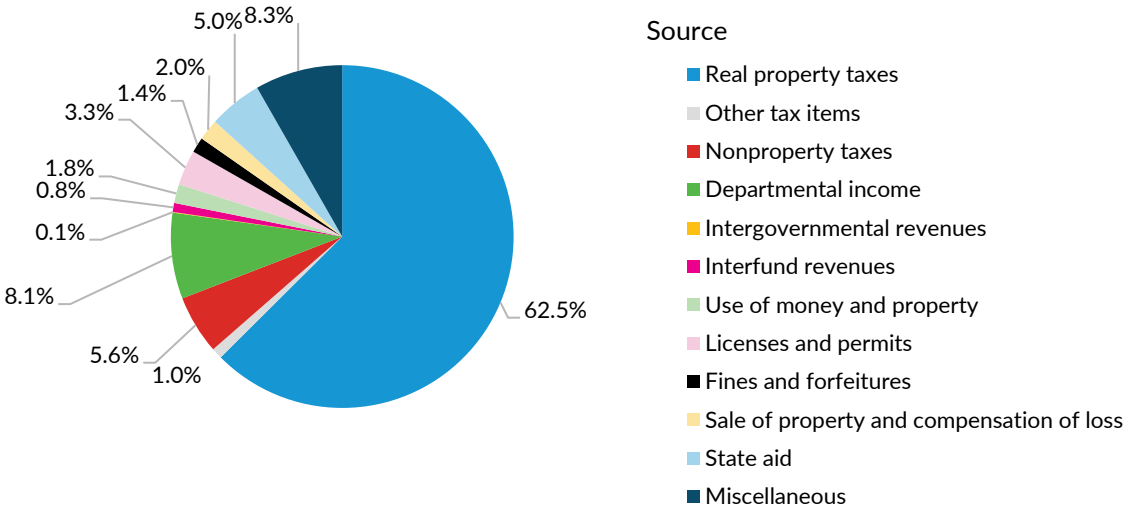
not defined and no explanation is provided of how these differ from state and federal aid. Information on where nonmajor governmental funds come from is not provided either. In addition, we are unable to identify transfers used in the general fund and other major funds.

The village of Scarsdale had three major funds in both the 2017–18 and 2020–21 fiscal years: (1) the general fund; (2) the capital projects fund, which was used for capital outlays, including acquisition or construction of major capital facilities and other capital assets; and (3) the town fund, which was used to record the collection and remittance of taxes for the Scarsdale Union Free School District. In addition, the village delineated four nonmajor government funds. The town is only custodian of school taxes collected—it has no control over school costs or administration.

For the 2017–18 fiscal year, most of Scarsdale's revenue was from real property taxes (62.5 percent), followed by miscellaneous taxes (8.3 percent). Only 5 percent of revenue sources came from state aid and 0.06 percent came from intergovernmental transfers and federal transfers combined (figure B.43). The picture for the 2020–21 fiscal year was very similar, with most revenue coming from real property taxes (71 percent), 5 percent of revenue coming from state aid, and 0.13 percent coming from intergovernmental transfers/federal aid (figure B.44).

FIGURE B.43.

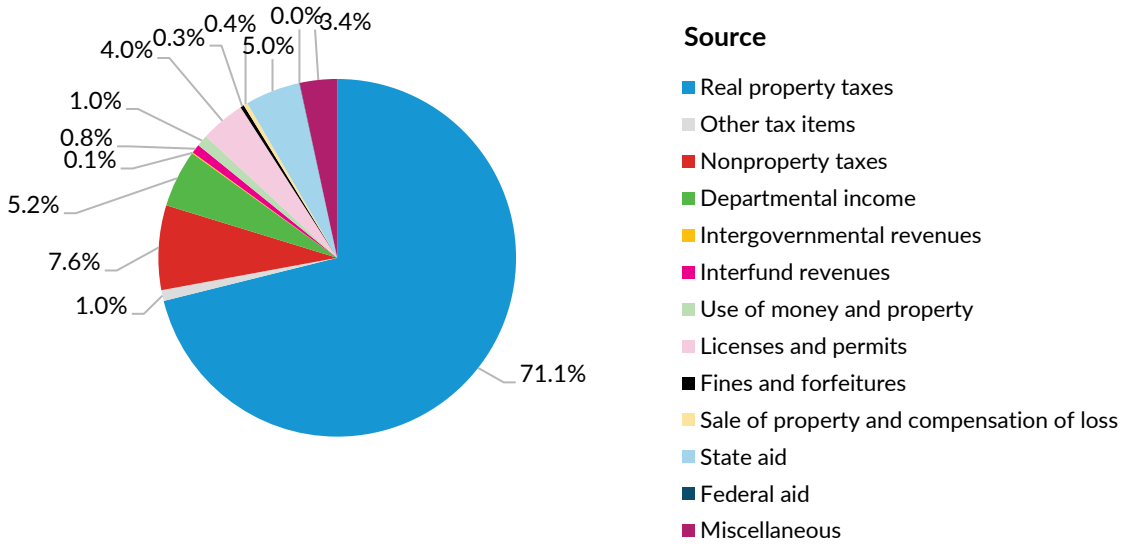
Scarsdale Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: 2017–18 Scarsdale ACFR.

FIGURE B.44.

Scarsdale Total Government Funds by Source of Revenue, Fiscal Year 2020–21



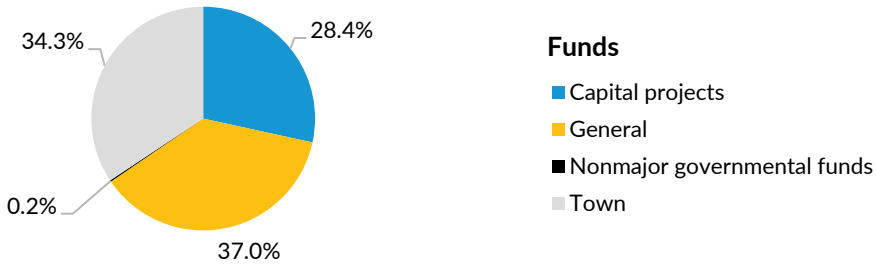
Source: 2020–21 Scarsdale ACFR.

Intergovernmental Transfers

In 2017–18, most intergovernmental funds were placed in the general fund (37 percent), followed by the town fund (34.3 percent). In 2020–21, most intergovernmental transfers were placed in the general fund (44.3 percent), followed by the town fund (34.7 percent) (figures B.45 and B.46).

FIGURE B.45.

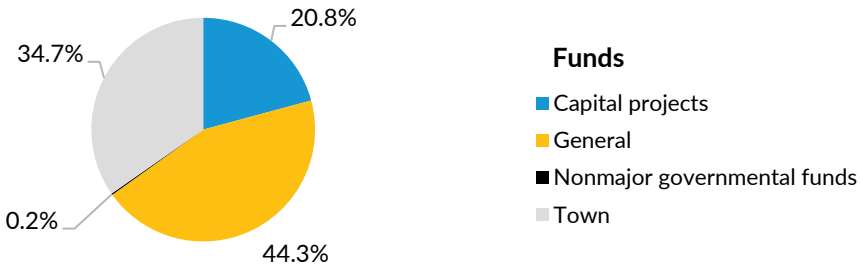
Scarsdale Placement of State Aid by Type of Fund, Fiscal Year 2017–18



Source: 2017–18 Scarsdale ACFR.

FIGURE B.46

Scarsdale Placement of State Aid by Type of Fund, Fiscal Year 2020–21



Source: 2020–21 Scarsdale ACFR.

In addition, the ACFR shows that in December 2018, the village was approved for a federal transportation grant administered by the New York State Department of Transportation in the amount of $1,597,000 to fund the Heathcote Bridge rehabilitation project. In April 2020, the Hutchinson River drainage project started, which was a flood mitigation project with the city of Rochelle, the town of Eastchester, and Westchester County. As part of this project, the state and Westchester County provided various grants. Scarsdale's share of project costs was based on the number of homes located in the project area, which amounted to 20 percent of the total, or $462,000.

Additional Search on Intergovernmental Transfers

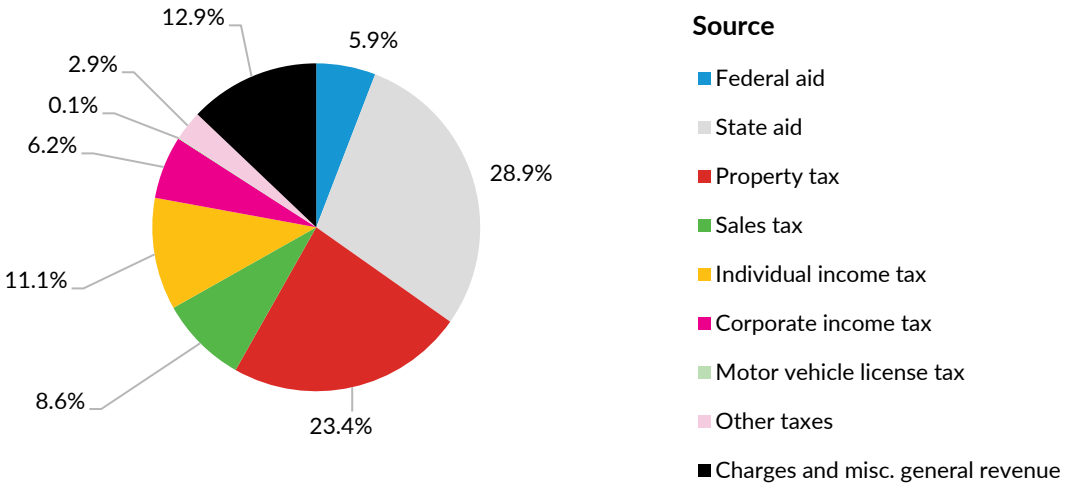
A desk search on additional intergovernmental transfers indicates that in 2020 Scarsdale received two grants for $82,599 and $5,693 from the Department of Homeland Security for the Greenville Fire District to enhance safety related to fire and fire-related hazards.

Comparison to Cities in Metropolitan Region

New York City's budgetary revenue came from state aid (28.9 percent), followed by property taxes (23.4 percent) and other taxes (figure B.47). Most of Yonkers' revenue came from state aid (51.6 percent). Federal aid made up only 0.5 percent of Yonkers' revenue (figure B.48). Both New York and Yonkers have nonindependent school districts and they report school funding in their budgetary statements.

FIGURE B.47.

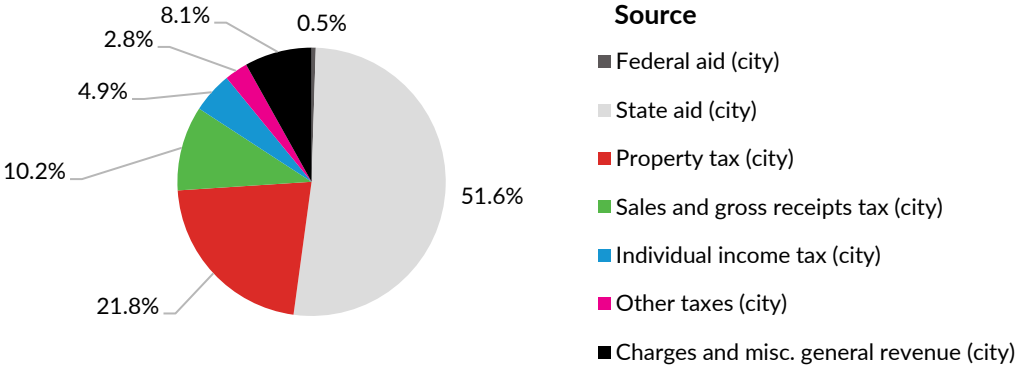
New York City Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.48.

Yonkers Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

University Park, Texas

University Park is a city located north of downtown Dallas. It is surrounded on three sides by Dallas, with the city of Highland Park as its southern border. It is in Dallas County and has a population of

about 25,000 people living on about four square miles of land. In our analysis, we compare it to Dallas and other cities in the Dallas-Fort Worth region included in the Lincoln Institute database, including Arlington, Fort Worth, and Garland.

Zoning Analysis

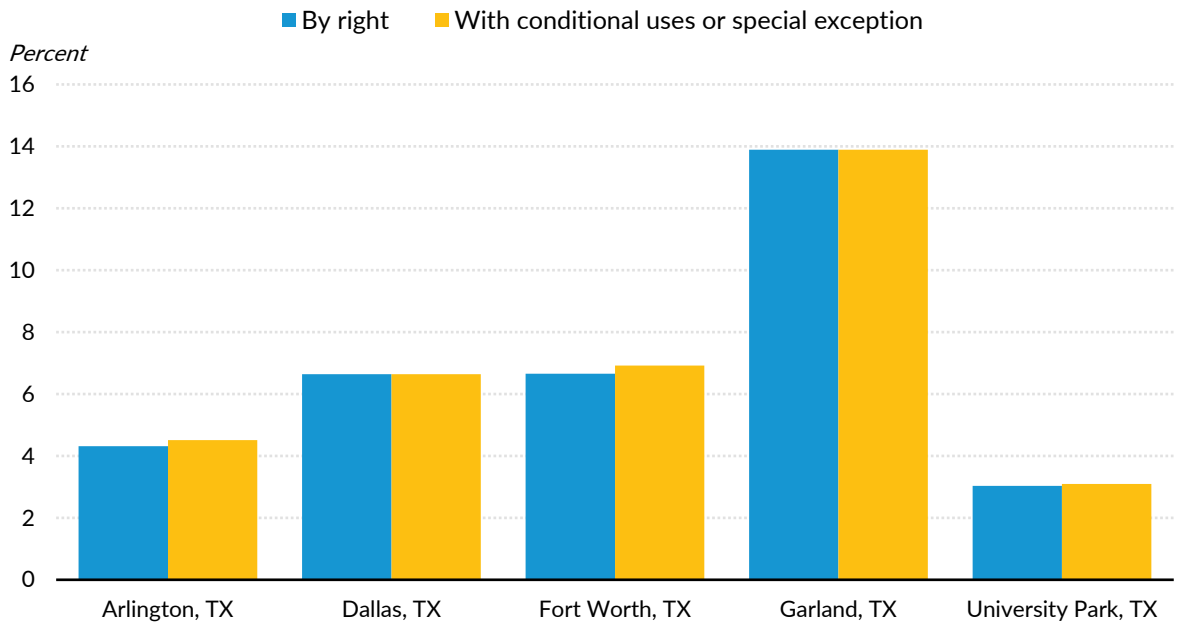
In University Park, more than 91 percent of the land that allows residential uses by right allows only single-family homes; only about 4 percent of the municipality's residential land is designated to allow large multifamily units with nine or more units by right. Those figures place University Park as the most restrictive among the cities we analyzed in the region.

Only 3 percent of all land in University Park allows multifamily buildings of three or more units to be built by right (figure B.49). This figure increases to 3.1 percent if allowing for zoning-enabled conditional uses, special exceptions, or variances.

FIGURE B.49

Allowance for Multifamily Housing By Right in University Park and Nearby Municipalities

Share of all land allowing three-or-more-unit buildings to be constructed by right



Source: Authors' analysis of zoning data collected from each municipality's website.

General Fund Structure and Income Statements

Timeline: September 30, 2017–September 30, 2018 and September 30, 2020–September 30, 2021

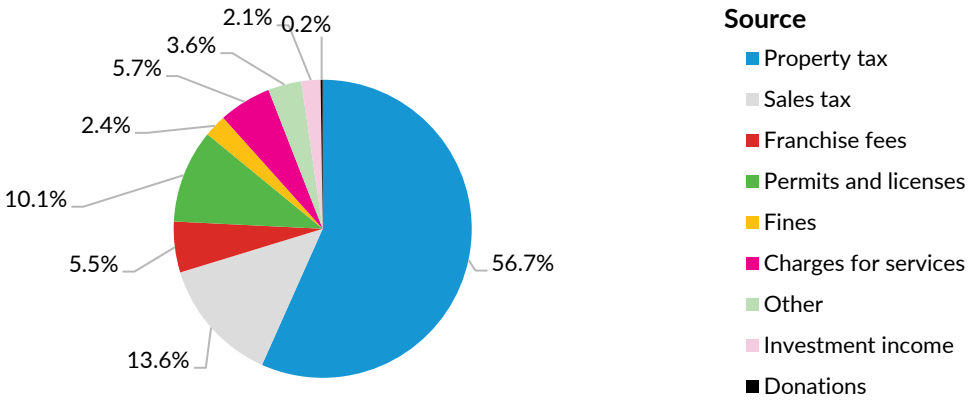
Limitations of this case: The city did not receive intergovernmental transfers in 2017.

In both the 2017–18 and 2020–21 fiscal years, the city reported two major governmental funds: (1) the general fund and (2) the capital projects fund, which was created for the acquisition of capital assets or the construction of major capital projects. There are eight additional nonmajor governmental funds. School funding revenues are not included in the city's funds.

For the 2017–18 fiscal year, property taxes accounted for 56.7 percent of revenue sources in University Park, followed by sales taxes (13.6 percent). No revenues came from intergovernmental transfers (figure B.50). Similarly, in the fiscal year ending in September 2018, most revenue came from property taxes (64.5 percent), followed by sales taxes (16.8 percent). Only 0.9 percent of revenues came from intergovernmental transfers (figure B.51).

FIGURE B.50

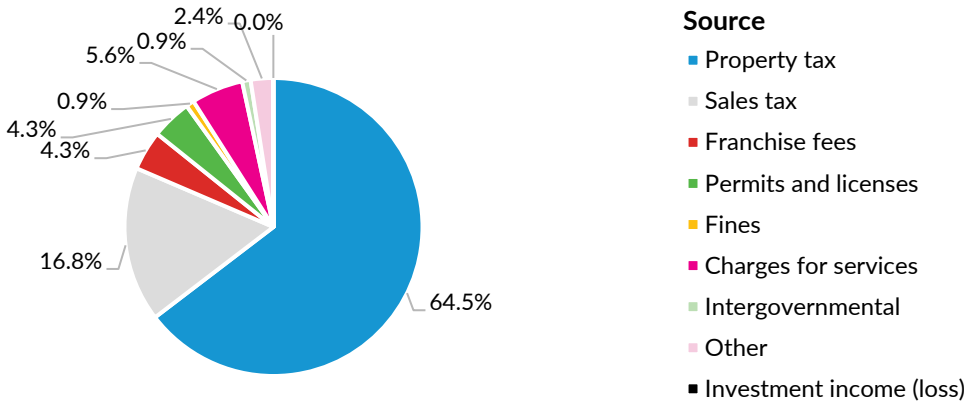
University Park Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: 2017–18 University Park ACFR.

FIGURE B.51

University Park Total Government Funds by Source of Revenue, Fiscal Year 2020–21



Source: 2020–21 University Park ACFR.

Intergovernmental Transfers

For 2020–21, the city reported intergovernmental transfers, all of which were placed in the general fund. These funds corresponded to CARES Act money, which was used for COVID-19-related activities.

Additional Search on Intergovernmental Transfers

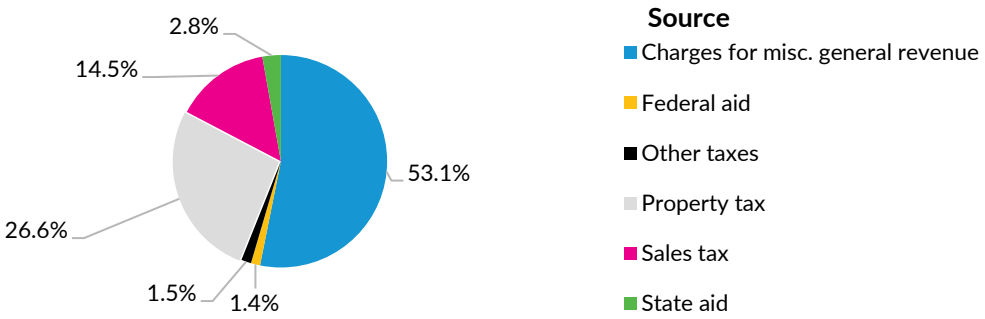
A desk search did not provide additional information on intergovernmental transfers.

Comparison to Other Cities in Metropolitan Region

Dallas received most of its money from charges and other general revenue (53.1 percent). Federal and state aid accounted for small portions of total revenue with 1.5 percent and 2.8 percent, respectively (figure B.52). Arlington received most of its money from charges and other general revenue (39.7 percent). Federal and state aid accounted for small portions of total revenue with 3.3 percent and 1.3 percent, respectively (figure B.53). Garland received most of its money from charges and other general revenue (41.5 percent). Federal and state aid accounted for small portions of total revenue with 6 percent and 0.5 percent, respectively (figure B.54). School funding revenues are not included in the cities' funds.

FIGURE B.52

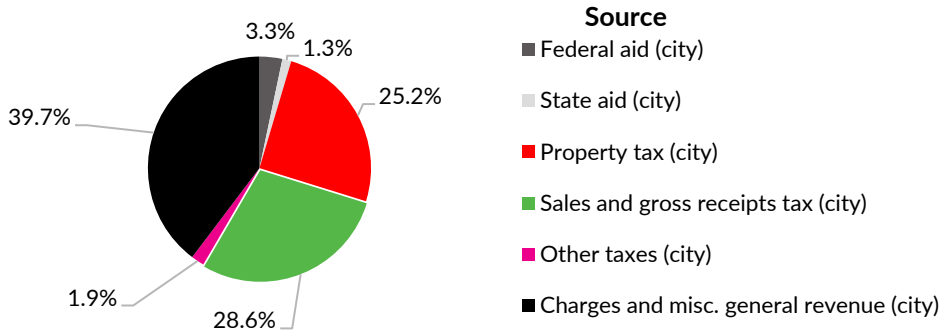
Dallas Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.53

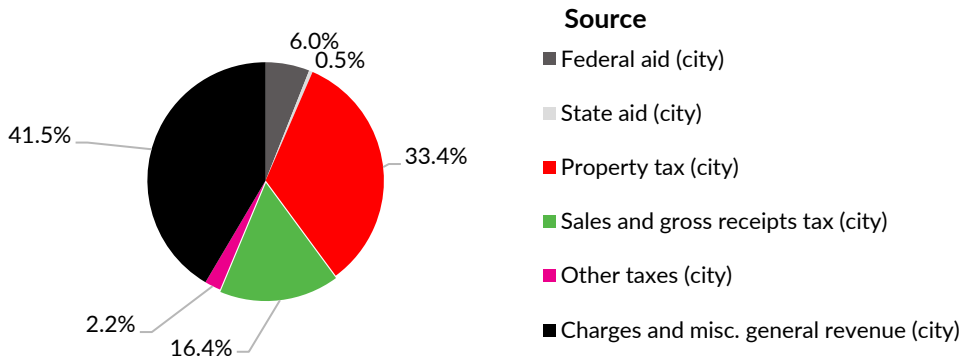
Arlington Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

FIGURE B.54

Garland Total Government Funds by Source of Revenue, Fiscal Year 2017–18



Source: Lincoln Institute of Land Policy, Fiscally Standardized Cities database, http://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities/search-database.

Notes

[1] Chris Arnold, "Housing Prices Soar with Rising Inflation," *NPR News*, June 11, 2022, https://www.npr.org/2022/06/11/1104368918/housing-prices-soar-with-rising-inflation.

[2] Jason Thomas Barnosky, Noreen Clancy, and Lloyd Dixon, "Creating the right incentives for state and local governments to reduce disaster costs," *The Rand Blog*, Rand Corporation, October 14, 2020, https://www.rand.org/blog/2020/10/creating-the-right-incentives-for-state-and-local-governments.html.

[3] California YIMBY, SB 9, updated September 16, 2021, https://cayimby.org/sb-9/; Housable, "What Are the Statewide ADU Regulations in California?" accessed October 1, 2022, https://www.housable.com/california-statewide-adu-regulations.

[4] The Governmental Accounting Standards Board changed the title "Comprehensive Annual Financial Report" to "Annual Comprehensive Financial Report" because the abbreviated form of the former title sounded like a derogatory term.

[5] These exclusionary municipalities are located in urban regions nationwide, in the Akron, Beaumont, Birmingham, Chicago, Cleveland, Dallas, Detroit, Grand Rapids, Los Angeles, Miami, Milwaukee, and New York metropolitan areas. This suggests that exclusivity is common among local jurisdictions in many parts of the country, not just in coastal regions.

[6] Using this methodology, three case study jurisdictions were located in Michigan, which resulted from a mix of these municipalities being among the most exclusionary in the country and from these being municipalities that provide more detailed information compared with peer cities.

[7] Lincoln Institute of Land Policy, Fiscally Standardized Cities database, accessed September 1, 2022, https://www.lincolninst.edu/research-data/data-toolkits/fiscally-standardized-cities.

[8] In addition to the case study cities, we collected data for Akron, Ohio; Cleveland, Ohio; Anaheim, California; Huntington Beach, California; Long Beach, California; Los Angeles, California; Riverside, California; Santa Ana, California; Fort Lauderdale, Florida; Miami, Florida; New York, New York; Arlington, Texas; Dallas, Texas; Fort Worth, Texas; Garland, Texas; Grand Rapids, Michigan; and Detroit, Michigan. We were unable to find shapefile data for Yonkers, New York, whose budgetary records were included in the Lincoln Institute database. As a result, we did not analyze the records herein; we did not have the time to manually draw Yonkers's maps.

[9] See, for example, Yonah Freemark, Lydia Lo, Eleanor Noble, and Ananya Hariharan, "Cracking the Zoning Code: Understanding Local Land-Use Regulations and How They Can Advance Affordability and Equity," Urban Institute, May 2022.

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About the Authors

Luisa Godinez-Puig is an equity scholar working in three policy centers at the Urban Institute: the Tax Policy Center; the Center on Labor, Human Services, and Population; and the Office of Race & Equity Research. Before joining Urban, she worked as a doctoral fellow at the Initiative on Cities and the Center for Antiracist Research (both at Boston University), she was a consultant for the city of Boston, and she was a research consultant at the Inter-American Development Bank and the Organization of American States in Washington, DC. Her work has been published in *Urban Affairs Review*, *Public Health Reports*, the *Journal of Ethnopolitics,* and the Monkey Cage blog of the *Washington Post*.

Godinez-Puig focuses on studying various instances of intersection between urban politics and race and ethnicity. This focus includes analyzing the politics and policy consequences behind government fragmentation from an equity perspective, studying local finance from a race and ethnicity lens, identifying data gaps and data collection deficiencies on race and ethnicity across policy areas, and studying various forms of political participation at the local level.

Godinez-Puig holds a doctorate and a master's degree in political science from Boston University, a master of laws degree from the University of Chicago, and a law degree (juris doctor equivalent) from Universidad Nacional Autónoma de México.

Gabriella Garriga is a research assistant in the Urban-Brookings Tax Policy Center where she helps to create data-driven analyses of federal, state, and local tax codes. She graduated magna cum laude from Trinity University and holds a BA in economics and sociology.

Garriga is passionate about research regarding economic policy's impact on housing development and education on a state and local level. Within these research areas, she is most interested in public finance's impact on vulnerable communities.

Yonah Freemark is a senior research associate in the Metropolitan Housing and Communities Policy Center at the Urban Institute. He is the research director of the Land Use Lab at Urban. His research focuses on the intersection of land use, affordable housing, transportation, and governance. Previously, Freemark worked for Chicago's Metropolitan Planning Council.

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