

# Legalize Lot Splitting

*A lot split bill would allow homeowners to sell off part of their lot for the construction of another house. It would authorize subdivision into lots smaller than minimum house lot sizes mandated by local zoning.*

## **Legalizing lot splitting would help support Black homeownership in two ways:**

- 1) It would create homeownership options more affordable than those allowed under status-quo large-lot, detached house zoning.
- 2) It would give existing homeowners the option to extract cash from their property and remain in their homes and communities instead of being forced to sell and leave.

## **Reversing both the historic injustice and the current loss of homeownership opportunities**

In communities across Washington, [exclusionary zoning](#) laws that drive up prices are crushing the dream of homeownership, disproportionately harming Black families who have been systematically excluded from opportunities to build intergenerational wealth. One ubiquitous kind of exclusionary zoning is the requirement for large house lots.

Requiring every house to have a large plot of land raises the sale price—land can account for up to a third of a home’s value. Less wealthy buyers who would be happy to have the option to pay less for a house on a smaller lot are out of luck.

Furthermore, when zoning forces builders to provide a large lot with every new house, financing constraints often leave them no choice but to construct the biggest, most expensive house possible. All across the US, this has led to an unprecedented [disappearance of modestly-priced “starter homes.”](#)

Historically, many cities imposed minimum lot sizes to exclude Black Americans, and today those restrictions [continue](#) to [segregate neighborhoods](#) by [race and class](#). Large lot requirements, and other exclusionary zoning rules, together with the [federally-sanctioned practice of redlining](#), robbed Black families of the wealth created by homeownership.

For Black families, it’s vicious cycle: the wealth gap created over generations by exclusionary zoning and other forms of systemic racism make the high prices caused by today’s exclusionary zoning that much more limiting to Black families who’ve been held back from building wealth.

By allowing smaller house lots through lot splitting, Washington lawmakers help reverse both the historic injustice, and the current trends that are putting homeownership further out of reach for Black families.

## **Giving homeowners options for staying in their homes and communities**

In communities where home prices are rising, some Black homeowners are facing the [agonizing decision](#) of selling their home and leaving their neighborhood. In some cases, it may be an owner on fixed income who can’t keep up with rising property tax bills. In other cases, family members who inherit a house may need to sell it because none of them can afford the whole house alone.

Lot splitting gives owners a way to extract cash from their property while remaining in their home and community. They can sell off the empty backyard, continue living in their house, and continue to build wealth as the home appreciates into the future. And the extracted cash can easily cover property taxes for many years, or other major expenses.

Lot splitting creates other options too. A downsizing owner could have a smaller home built in the backyard, move into it, and then sell the larger original house. Or an owner who wishes to live next door to extended family could split their lot and sell the new parcel to a relative.

## **Boosting the supply of lower-cost homes and preserving existing lower-cost homes**

Legalizing lot splitting will not only yield lower cost houses, but also more houses overall—simply because the smaller the lot, the more houses that can fit on a set amount of land. And that [helps fix the root cause](#) of Washington’s housing crisis: a statewide [shortage of homes](#) that’s sending prices skyward.

In particular, Washington has an [acute shortage of affordable for-sale homes](#) because the vast majority are expensive large-lot houses, as decreed by zoning. Adding small-lot homes to existing neighborhoods creates options at more affordable price points, giving people [more ownership opportunities](#) close to jobs, shops, family, and schools.

The option to split lots will also support more affordable home ownership by preserving older, modest, lower-priced houses. Absent option to split lots, lower value homes typically get demolished and replaced with expensive McMansions built as large as possible. In stark contrast, with lot splitting, the original lower-priced home remains, and a second lower-priced home also gets created—a win-win for ownership opportunities.

## **California’s lot split bill**

In 2021, [California passed SB 9](#) that legalized lot splits on all single-family parcels statewide. It allows splitting into lots as small as 1,200 square feet, but the ratio of the split lot sizes cannot be greater than 60/40. A lot resulting from a split authorized by the law cannot be split again. (SB 9 also legalized duplexes on every lot.)

## **BENEFITS OF LOT SPLITTING**

- Creates more homes, and less expensive homes
- Increases homeownership opportunities at lower price points
- Provides options for homeowners to build intergenerational wealth
- Increases family-friendly housing options
- Creates more affordable access to neighborhoods with good schools, parks, and amenities
- Enables infill home building that’s locally controlled, incremental, and low impact
- Gives cash-poor, house-rich owners a way to stay in their homes and communities
- Creates options for multigenerational households to live next door to each other
- Reduces house demolitions for McMansions
- Enables fee-simple ownership and standard mortgage financing (unlike condoized ADUs)