


Zoning for Home Offices: Recognizing Reality

By Paul & Sarah Edwards

In 1980 when we began writing *Working From Home*, *Business Week* magazine reported there being 6 million home offices. Today America is home to 24.3 million home-based businesses, according to Link Resources' 1993 Work-at-Home Survey. 12.2 million of these provide the primary income for their owners; 12.1 million of them are part-time. Another 7.6 million people are "telecommuting" or "teletworking," that is, they're doing salaried work at home during normal working hours. Add to this 9.2 million more people who report doing company work at home after normal business hours.  "Trends in Working From Home. Despite these large and growing numbers, this demographic reality is not reflected in the zoning ordinances of many American cities and counties.

According to an American Planning Association's 1985 report, *Home Occupation Ordinances*, nine out of ten localities restrict using residences for offices or businesses in some way, ranging from limitations on outside signs to banning the use of residences for paid work altogether. We estimate that currently as many as 10% of localities, including major cities like Los Angeles and Chicago, effectively prohibit people working from their homes. In Chicago's case, the City simply forbids work involving machines powered by electricity — which would embrace everything from outdated Selectric typewriters to laptop computers.

Other localities unduly regulate home-based businesses with invasive inspections, charge fees beyond normal business licenses or stingily limit the percentage of floor space that may be used for a home office.

But is such regulation entirely unreasonable? Absolutely not. Even though we advocate permitting home-based work in

all communities, we do not believe businesses which interfere with the residential character of neighborhoods need be or should be permitted. We find this view supported overwhelmingly by home-based workers themselves. Most want to live in typical residential neighborhoods — not in mixed commercial-

"THE EVIDENCE IS CLEAR THAT A GROWING NUMBER OF PEOPLE, FOR A WIDE VARIETY OF REASONS, WANT TO BE ABLE TO WORK OUT OF THEIR HOMES."

residential structures that are updates of mom and pop living above or behind the shop.

So if it's a community's desire to not have hair salons, retail stores, manufacturers, and other uses that bring traffic and create odors or noise into neighborhoods, that's fair. We believe the restrictive zoning that now hinders many home-based businesses was enacted with these kinds of problems in mind. Today, however, the majority of home businesses — 57% according to Link Resources' surveys — are doing white collar work, using telephones, computers and faxes. What's more, four out of five home-businesspeople spend the majority of their

work hours away from home.

The telephone companies, long the enforcers of rules that made using a residential telephone line a "no-no," are now supporting the growth of home offices. Phone companies are no longer playing the role of "tariff sheriff" or "phone police." U.S. West, for example, has obtained changes in its tariffs to allow home-based businesses to choose whether to have a residential or a business line. Most phone companies are also creating special marketing tools and services for home-based workers, and many are turning large numbers of their own employees into telecommuters.

Home builders are with the times, too. Builders of upscale homes are almost always providing for one or more rooms to be usable for a home office.

Should not our local governments also allow their citizens to earn a living from their homes? We say "yes" for three major reasons.

I. REALITY

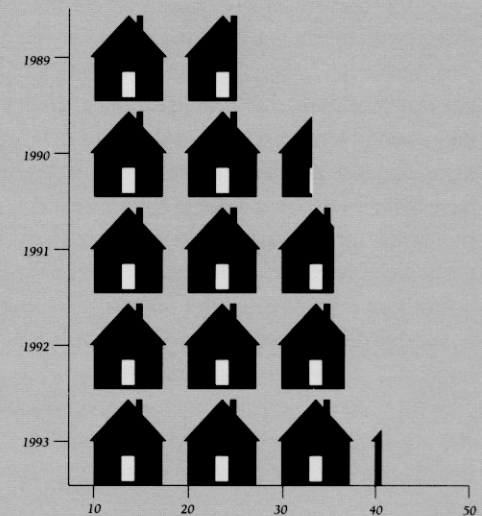
First, relaxing zoning to allow people to work at home simply recognizes reality. Prohibitive or overly restrictive zoning results in people hiding their businesses, which:

- Turns law abiding citizens into violators, undermining respect for law and government.
- Causes people to hide what they do. They don't select a business name which may draw business to them, they don't list their business in the Yellow Pages, and, in other ways, simply don't fully market their business.
- Adds unnecessary cases to crowded court dockets and deepens neighborhood enmities by giving neighbors the ability to extend grievances by reporting their neighbor to the authorities for working at home.



Trends in Working From Home

Total # of Home Workers
(in millions)



Based on information from LINK Resources' 1988-1993 annual surveys of 2,500 American households. Totals include home-based businesses, telecommuters, and after-hours home workers.

Local planning departments report similar trends. For example, Redding, California, with a population of about 75,000, reported 148 home occupation permit applications in 1986; 213 in 1988; 309 in 1990; and 354 in 1992. This far outpaced growth in other categories of permit applications.

State Protection of Home Occupations

The importance of allowing people to work from their homes has also been recognized by at least some state legislatures. As early as 1967 the State of Vermont incorporated into its zoning enabling law the following provision: "Protection of home occupations. No [local zoning] regulation may infringe upon the right of any resident to use a minor portion of a dwelling for an occupation which is customary in residential areas and which does not change the character thereof." 24 V.S.A. 4406(3). Going through the California Assembly today is AB 1309 which, if passed, will cause the nation's largest state to, like Vermont, prevent localities from prohibiting home-based businesses

2. COMMUNITIES WILL GAIN

Self-interest is a second reason to interest communities in updating their zoning. Few local governments today are not pressed for funds. Someone operating a home business that violates a zoning ordinance is not apt to buy a business license. This deprives local governments of needed revenue that would come from many legalized home-based businesses obtaining business licenses. Localities with gross receipts taxes can figure they are losing substantial revenues from unlicensed home businesses.

Looking beyond the immediate impact on revenue, homes have traditionally been the incubators for businesses which eventually expand and move into commercial office space. A number of businesses have grown out of their home origins to become major operations. Some examples include: Apple Computers, Ben & Jerry's, Borland Software, Celestial Seasonings, Day Runner, Gateway Computers, Microsoft, Mrs. Field's Cookies and T.J. Cinnamon. Those communities fortunate enough to have "birthed" these companies can attest to their value as contributors to the local economy.

Also, when localities prosecute home-based businesses, they are apt not to send them as renters to office or store buildings in their own community, but to lose them to another community. Finally, having more people working at home is apt to increase neighborhood security during the workday — a time when many residential areas are almost devoid of people.

3. THE RIGHT THING TO DO

Allowing people to work at home is the right thing to do. Home-based self-employment is an important safety net for Americans either being downsized

out of corporate jobs or unable to find work in American companies.

The essence of being a good neighbor is helping support people to support themselves. Some communities are responding to the needs of their residents with micro-loan programs and other forms of financial assistance. But by simply updating their zoning to allow home businesses a chance to operate, localities will do even more to help their residents help themselves.

While there are many ways in which communities can develop zoning ordinances that balance protection of residential character with enabling people to work from home, what follows is one set of standards that we feel takes a reasonable and balanced approach. Take a few minutes to compare this list to what your community's zoning currently allows.

1. The home office or business is clearly secondary to the use of the dwelling as a residence and does not change the residential character of the dwelling or the lot in any visible manner.

2. The work done in the home office or business creates no objectionable odor, noticeable vibration, or offensive noise that increases the level of ambient sound at the property lines.

3. The home office or business does not cause unsightly conditions or waste visible from off the property.

4. The home office or business does not cause interference with radio or television reception in the vicinity.

5. The home office or business has no more than two full-time employees who are not residents of the household (special permits may be granted to allow more employees).

6. The home office or business has no signs visible from the street unless

continued on page 14

Some Observations on Performance Standards for Home Occupations

by Ken Lerner, Assistant Editor

Home occupation regulations tend either to list types of occupations that are or are not permissible home occupations or to rely on performance standards (though some ordinances contain both a list and standards). In my experience as a zoning administrator, I have come to prefer the use of performance standards. After all, the question that really needs to be answered in looking at a home occupation is whether or not the use is noticeable and has a potentially adverse impact on the neighborhood. If a home occupation can meet the performance standards, what is the basis for not allowing it, regardless of what the specific business may involve?

Performance standards can deal with a variety of concerns, and can specify standards for: number of nonresident employees; impacts such as noise, odor, dust, and vibration; parking requirements; traffic impacts; sign limitations; etc. Performance standards also let the home business owner know — up front — that once the business outgrows the home by exceeding a condition or standard, it must relocate.

From direct experience I can tell you about a one-person consulting firm, allowed under a zoning ordinance that listed office type uses as permissible home occupations (without having any performance standards) that grew into a ten-employee distribution business. It took lengthy prosecution to force this firm's relocation out of the "home." It would have been far simpler if a performance standard had been in place. The business owner would then have clearly known at what point the business was no longer a home occupation.

Zoning for Home Offices

continued from page 13

authorized by sign regulations for residential districts.

7. The home office or business sells no articles at retail on the premises which are not raised or grown on the premises.

8. The home office or business occupies less than half the floor area of the dwelling.

9. The home office or business has sufficient off-street parking to accommodate both residential and home business uses.

10. The home office or business does not create a volume of passenger or commercial traffic that is inconsistent with the normal level of traffic on the street on which the dwelling is located.

SUMMING UP:

The evidence is clear that a growing number of people, for a wide variety of reasons, want to be able to work out of their homes. Communities should recognize that they can continue to protect residential neighborhoods from adverse impacts and at the same time allow citizens the right to engage in non-obtrusive home businesses. ♦



Paul and Sarah Edwards have written extensively about self-employment and home-based business. Their book, *Working From Home*, published by Tarcher/Perigee, is now in its third edition,



Used as a home office since President John Adams moved there in 1800.



Photo shows home office worker, President John F. Kennedy

while their latest book, *Making Money With Your Computer at Home*, has just come out (for ordering information, call: 800-788-6262). They are contributing editors to *Home Office Computing* magazine, and founded and manage the "Working From Home" forum on the CompuServe information service. Paul and Sarah also co-host the weekly "Home Office" show on the Business Radio Network. Before focusing on home businesses, Paul served as Jackson County (Kansas City area), Missouri's coordinator of intergovernmental relations.

Editor's Note:

What a Neighbor!

From a message posted on CompuServe:
"My friend runs a million-dollar a year mail order business from his home in a ritzy suburb, despite strong ordinances prohibiting such activity. UPS and FEDEX pick up daily. Big semis rumble down the street at least twice a week delivering inventory. And it takes as many as eight employees to run things at peak season. But nobody complains! The secret? There's not a family in the neighborhood

whose teenage kids or whose house-moms haven't been EMPLOYED by my friend at some point or another!"

... and according to anthropologist Constance Perin: "Home occupations ... can stir up almost as much neighborly rancor as dogs can. An architect carries on a successful practice within his house; to forestall his neighbors' envy — and complaints to city hall — he invites them to use his swimming pool, anytime." From *Belonging in America* (University of Wisconsin Press 1988).

WORK AT HOME
Earn up to \$30,000 a year
typing legal testimony!
No previous experience needed. We show you how to type from legal notes.

HOME TRAVEL AGENCY

Find out about this proven concept that allows you to operate a Travel Agency from your home or existing business in the exciting world of free discount travel.

Earn \$4,000 Per Month From Your Home With A Computer!

THE AMERICAN DREAM
"Own Your Own Business"
Medical/Dental Billing Centers
Earn a Stable Income at Home