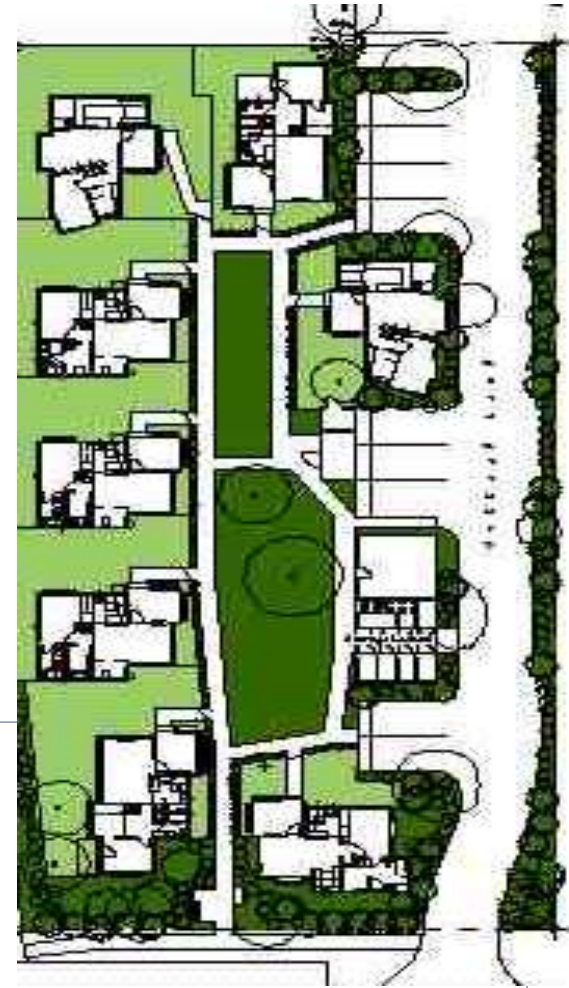


# Enabling More Market Solutions



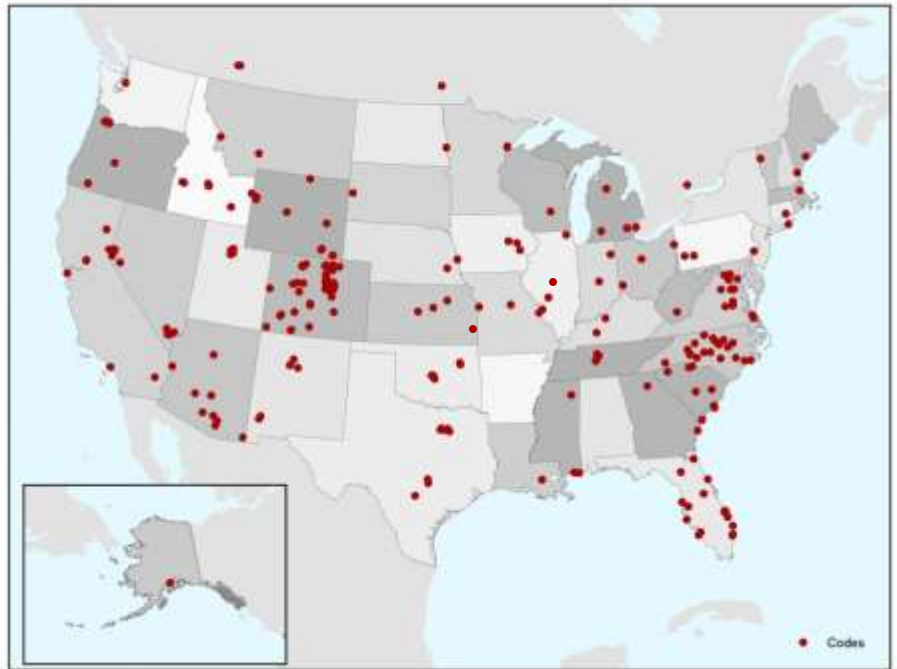
Don Elliott

Clarion Associates

March 11 2016

# Clarion Associates

- 20 Planners, Attorneys, Urban Designers, and Landscape Architects
- Over 150 communities & over 175 code projects in the U.S. and Canada
- New and innovative housing types come up in every major project



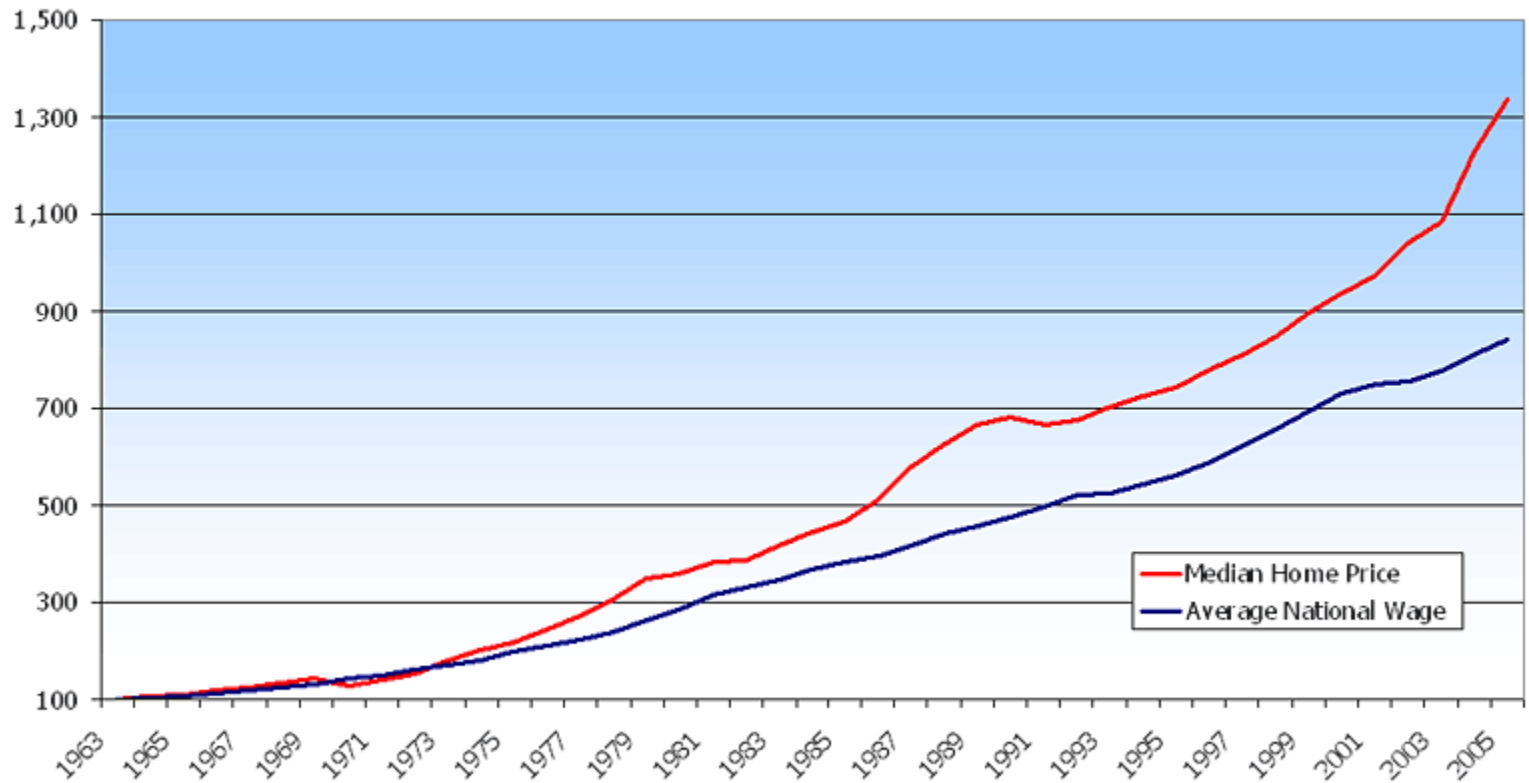
# Topics

- **Why?**
- **What Don't We  
Need to Regulate?**
- **The Usual Suspects**
- **The Occupancy Opportunity**



# Why?

## Home Prices vs Wages, 1963-2005



# Why?

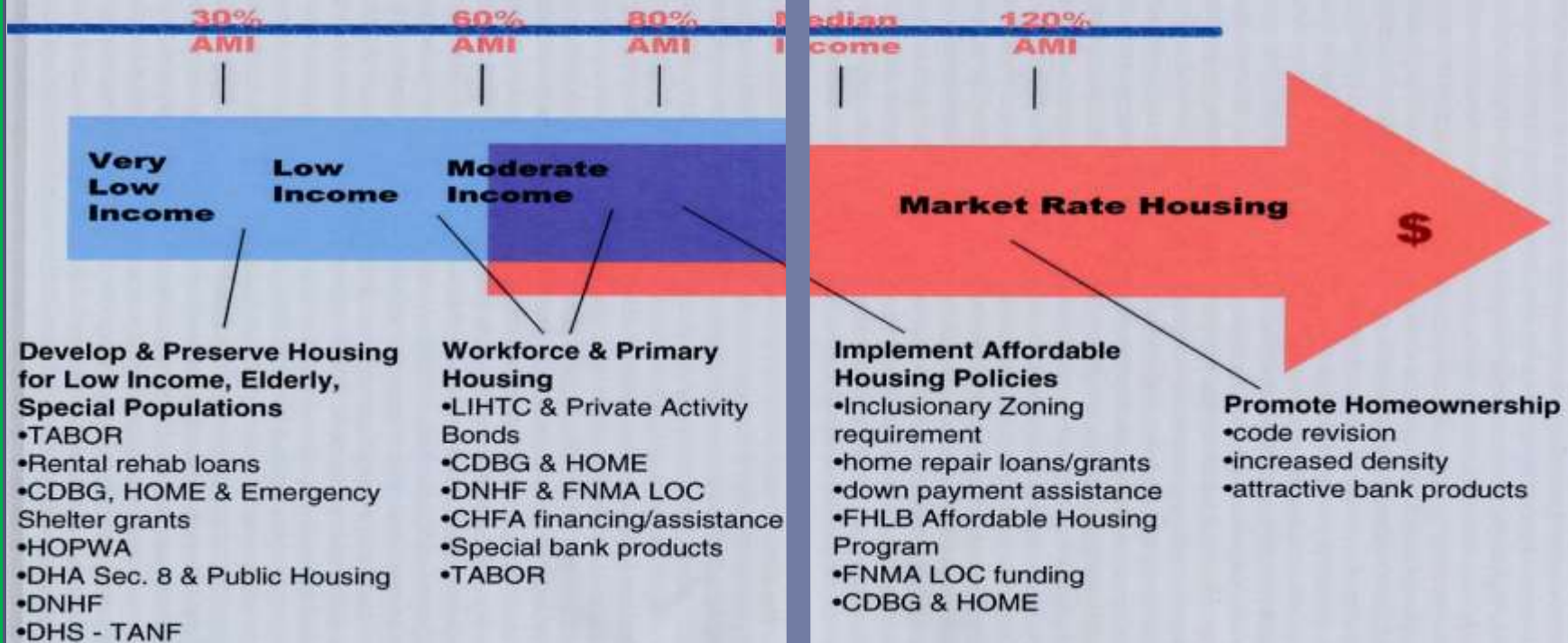
## This is a Structural Problem of the U.S. Economy

- Average renter income spent on housing has grown to over 30% -- beyond the HUD “Housing Stressed” threshold
- Because we have:
  - Some control over housing prices – they’re built locally
  - But much less control over wages – they’re global



# Why?

## Toolbox





# What DON'T We Need to Regulate?



- **What could the market handle – without major consequences – if we got out of the way**



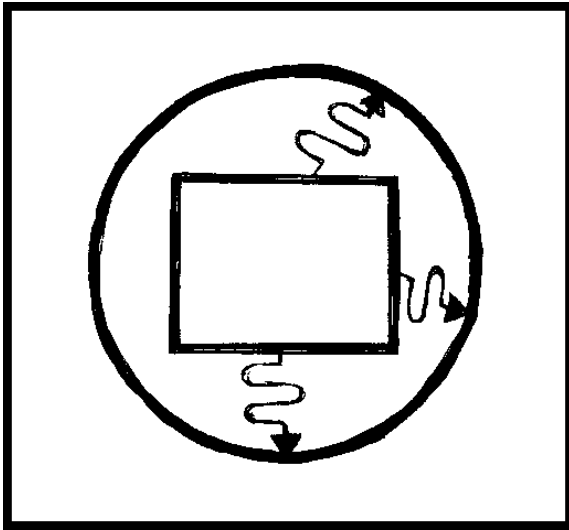
# Another Approach



- **Think About What Your Real Population (Not Your Ideal Population) NEED to Have “A Decent Home”**
- **And How Little You Need to Do to Ensure that Type of Housing is a Good Neighbor in a Wide Variety of Contexts**



# Another Approach



- **Predictable Flexibility**
- **How flexible can you get without citizens or elected officials feeling that the results are unpredictable**
- **The answer varies by community**

# What NOT To Do

4. Any minimum dwelling unit sizes (beyond minimum building code)
3. Excessive minimum lot sizes
  - Including MF formulas based on lot size
  - Many new codes get down to 2,500 sq. ft. for single-family
2. Excessive parking requirements
1. Time and expense of negotiating everything every time

# The Usual Suspects

- **Accessory Dwelling Units**
- **Cottage Housing/Pocket Neighborhoods**
- **Co-Housing Developments**



# The Usual Suspects

## Accessory Dwelling Units

- **Tempest in a Teapot**
- **Maximum size**
- **Owner-occupancy**



# The Usual Suspects

## Cottage Housing/Pocket Neighborhoods

- Total square footage (not units)
- Maximum size of parcel
- Private access maintenance



# The Usual Suspects

## Co-Housing Developments

- **Allow with leased units (in addition to condos)**
- **Common building for shared activities**





# Reality Check

**The U.S. housing stock expands by about 2% per year**

**So any significant change in types of new housing constructed will happen slowly**

**98% of next year's housing stock is already here**

**80% of next decade's housing is already here**



# Reality Check

**Most of the existing housing stock will be with us for many years**

**And household size is generally declining (except for extended families)**

**And affordability will continue be a challenge**

**Maybe we should look at whether the way we occupy the existing stock is going to need to change**



# The Occupancy Opportunity

- **Nationally, we may have as many single-family detached homes on large (7,000 sq. ft. or more) lots to meet expected demand in 2050.**
  - Obviously, markets are local – some will grow, while others experience very weak demand
  - Obviously, many older homes will be replaced by newer homes – it's not as if we don't need any new ones at all



# The Occupancy Opportunity

- **Currently about 4 households in the older “sell the house and rent from now on” demographic for every 1 household in the younger “we’re ready to stop renting and buy a house” ages**
- **Who will live in those large-lot single-family detached homes in areas of weak demand (i.e. poor amenities and poor school systems)?**



# The Occupancy Opportunity

## Possible Answers

1. The market will sort this out and the less desirable ones will sell for less but be occupied as they are today
2. They will be purchased by larger families because they need the space, who will finally find the larger homes they need more affordable than in the past
3. They will be purchased by average (i.e. smaller) households that rent out (or convert) the extra space and use the rent to pay the mortgage

# The Occupancy Opportunity

- **By law – communities need to allow any number of people related by blood or marriage to occupy a housing unit**
  - Until you run into the occupancy limits of the building code
- **But many zoning ordinances limit the number of unrelated people to 3 or 4**
  - That may need to change





# The Occupancy Opportunity

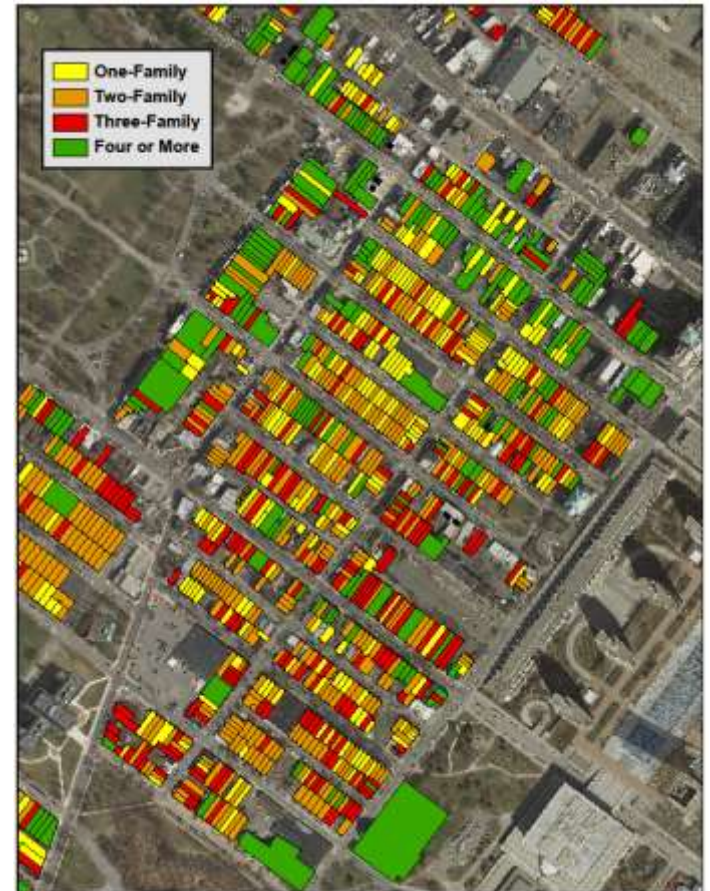
## Lots of Challenges

- Fears of overcrowding
- Fears of too many cars
- Even if zoning is revised, many covenants would ban more than one household
- Even if zoning is revised, some mortgages would ban more than one household



# The Occupancy Opportunity

- **But some opportunities**
  - Helps align the existing building stock with current housing needs
  - Addresses affordability
  - Likely to keep more of the housing stock occupied – legally
    - i.e. if occupancy is regulated too strictly, many just ignore the law



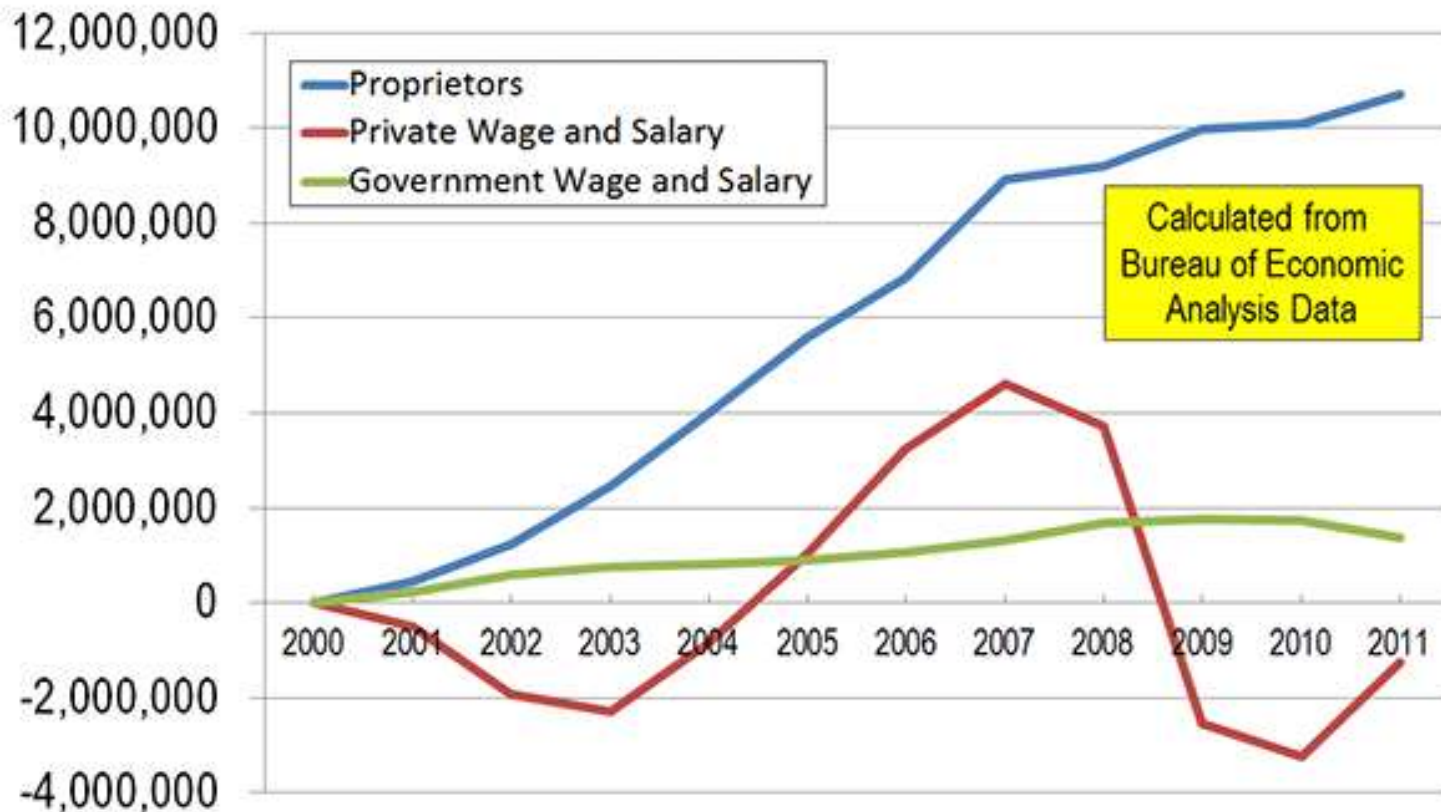
# A Final Thought

- No matter how we decide to address the “Missing Middle” of the housing spectrum, that housing will probably need to accommodate more than just living
- A growing share of our populace use their housing for work as well as residence



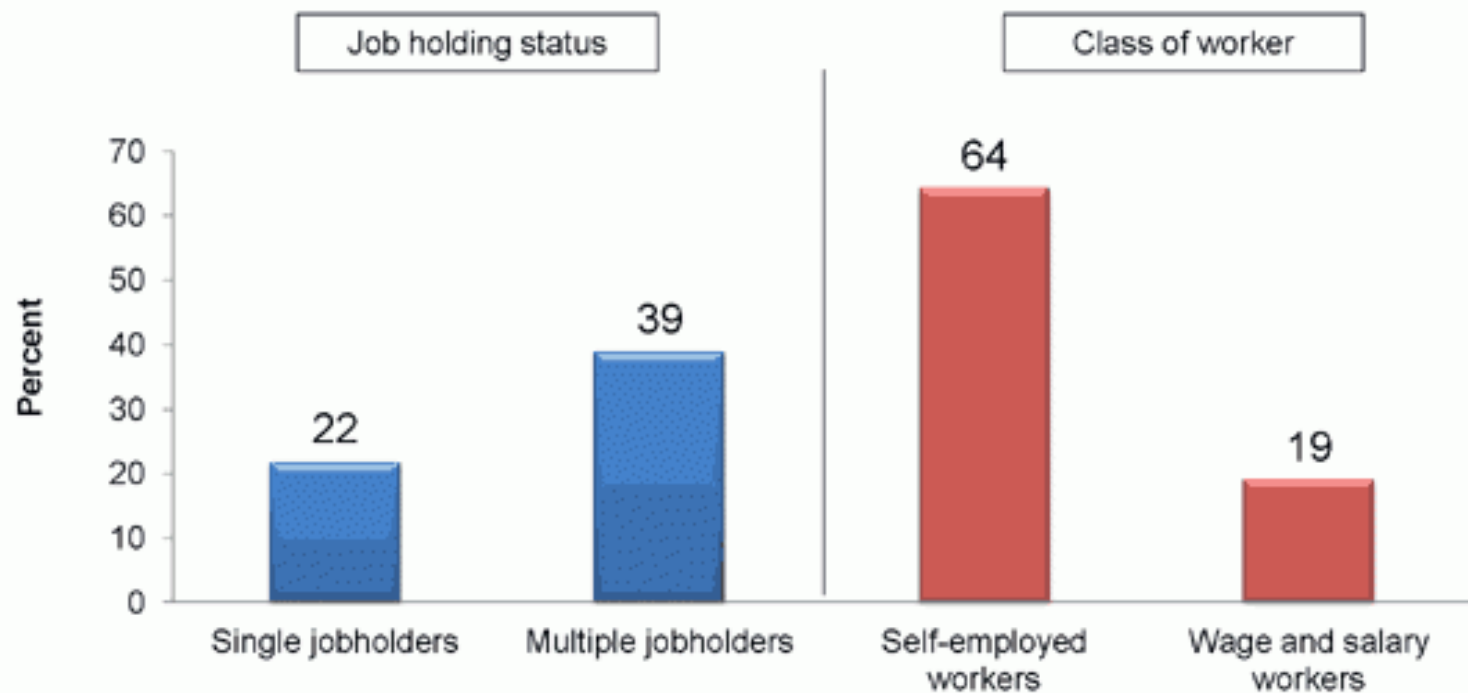
# A Final Thought

## US Employment Growth: 2000-2011 SELF EMPLOYED, PRIVATE & GOVERNMENT



# A Final Thought

Percent of employed persons who worked at home on an average workday





# Questions or Comments?

