AEI Housing Center

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How Light-Touch Density and Livable Urban Villages Can Initiate the Housing Abundance Sequence in Atlanta

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Link to AEI Housing Market Indicators:
https://www.aei.org/housing/housing-market-indicators/
Link to AEI Housing and Economic Analysis Toolkit (HEAT):
https://heat.aeihousingcenter.org/toolkit
Link to AEI Housing Center Good Neighbor (GNI) Toolkit
https://aeihousingcenter.org/good_neighbors_toolkit/

Disclosure:
The author has a financial relationship with Places Platform LLC, which is interested in meeting housing supply shortages through walkable oriented development and in the development of metrics for all types of real estate.

Policy Steps in the Atlanta City Housing Success Playbook

Zoning jurisdictions and the Legislature should implement by-right light touch density and Livable Urban Vilages on a wide scale to add to supply and improve affordability. These must be accompanied by "Keep it simple, stupid" (KISS) land rules.

These steps would result in an additional *4,000* homes per year, an increase of *178%* over 2000-2023 levels.

- **Option *1*: Light-touch density - greenfield subdivisions:**
  - Provide that counties and municipalities may not establish a minimum lot size smaller than 4,356 sq.ft. (.10 acres) and 1,000 sq.ft., respectively, for a newly constructed single-family detached (SFD) home and a newly constructed single-family attached (SFA) home.
  - Property owners may, by right, determine the mix of SFD and SFA homes for a particular parcel.
  - **Projection: an additional *1,200* single-family greenfield permits per year.**
- **Option *2*: Light-touch density - infill with tear down:**
  - Provide that a small-scale subdivision is a by-right permitted use in a residential zone of an urban municipality.
  - A small-scale subdivision of property that results in the creation of two or more lots, each of which:
    - Is no smaller than 1,400 square feet; and,
    - Contains, or will contain, a single-family dwelling.
  - **Projection: an additional *2,700* net new homes annually with a median value of *$393,000*, which is *9%* below the median value of *Atlanta city, Georgia*'s existing single-family housing stock (preliminary).**
- **Option *3*: Light-touch density: infill without tear down:**
  - Provide that an accessory dwelling unit, internal or external, is a permitted use if it is built:
    - In a residential zone of an urban municipality; and,
    - On a lot that contains a primary residence or where a primary residence is being built concurrently with the accessory dwelling unit.
  - **Projection: *20* ADUs annually (preliminary).**

Shrinking single-family lot sizes for greenfield subdivisions: a key component to the Atlanta City Housing Success Playbook

- **The best time to fix the shortage and address affordability was 20 years ago, the second best time is today.**
  - *Atlanta city, Georgia*'s housing shortage would be non-existent today had housing been built at slightly higher densities.
  - Annually, *550* or *84%* more SFD homes could have been built at *9.2* homes/acre (9th decile) vs *5* homes/acre.
  - Annually, *1,200* or *190%* more SFA and townhome (TH) homes could have been built with 80% of SFD homes at *9.2* homes/acre (9th decile) and converting the other 20% to TH at a density of *35.7* units/acre (median for TH).
  - **These two steps alone would have increased the number of owner-occupied, family-sized residences built over 2000-2023 by *187%* (from *12,600* to *36,300* homes).**
- **Going forward, the smaller lot scenario (F) would increase recent single-family permit levels to *2,200* annually.**

	Baseline: Single Family Detached (SFD)	Slightly Smaller SFD Lots			If 20% of the SFD land at 5 homes/acre was instead used for townhomes (TH) at the median	If 80% of D. at 9.2 homes/acre and 20% at the median for townhomes (TH)
	A	B	C	D	E	F
Density	5 homes/acre median	6.1 homes/acre 7th decile	7.6 homes/acre 8th decile	9.2 homes/acre 9th decile	35.7 homes/acre median (TH)	35.7 homes/acre median (TH)
Homes Built	15,700 (Actual)	19,200	23,900	28,900	35,100	45,600
Extra Homes (Cumulative)		3,400	8,100	13,200	19,300	29,900
Extra Homes (per year)		145	340	550	805	1,200
Sales price/GLA sq.ft. in 2023	$863,000/2,400 (Actual)	$630,000/2,100	$629,000/2,100	$629,000/2,100	$561,000/1,800 (TH only) compared to $615,000/1,600 (existing SFD stock)***	$615,000/1,900 (All) compared to $615,000/1,600 (existing SFD stock)
Owner Occupied Homes (2010-2023)	12,600 (Actual)	15,400	19,200	23,200	27,800	36,300

* Over 2000-2023, SFD permits averaged around 655 homes per year. Over the last 5 years, Atlanta city, Georgia has issued about 975 single-family permits per year. https://heat.aeihousingcenter.org/toolkit/housing_data_app.

** Based on 80% and 79% owner-occupied rates for SFD and TH, respectively. Source: 2021 5-Year American Community Survey.

*** The sales price figure for scenario E is computed by multiplying the townhome-to-SFD price ratio (0.91) by the median sale price of the existing SFD stock.

**** The sales price figures are averages, and GLA figures are medians.

Source: AEI Housing Center
www.AEI.org/housing.

Appendix

To set the stage, consider two thought experiments

Thought experiment #1:

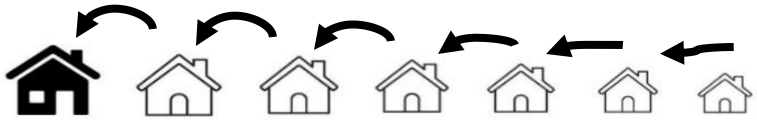
- *Imagine car manufacturers could only legally build Ferraris. Filtering of new cars down to used ones would be limited as few new cars would be sold, used car prices would sky-rocket, and few could afford either new or used cars.*
- *Instead, new cars are built across a wide range of price points for the broad masses of middle-income buyers, with many costing about $25,000 (i.e. Honda Civics and Toyota Corollas). The result is a broad range of serviceable used cars, so everyone who wants a serviceable car gets one, with no subsidies required.*

Thought experiment #2:

- *Imagine motel/hotel developers could only build Ritz Carltons. Filtering of new rooms down to used ones would be extremely limited as few rooms would be built, existing room rates would sky-rocket, and few could afford to stay.*
- *Instead, new rooms are built across a wide range of price points, yielding a broad range of acceptable room options, so virtually everyone who wants a room gets one, with no subsidies required.*
- *Just think about the variety available at any highway interchange.*
- *Yet zoning, land and construction costs, land use restrictions, financing, and labor availability don't seem to interfere.*

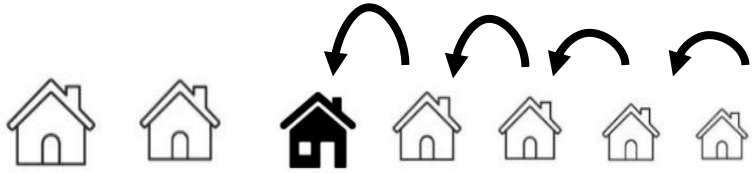
Adding supply at the high end yields few new homes and little move-ups from less expensive housing.

- **High end housing promoted by exclusionary zoning, government subsidies, so-called inclusionary zoning, and high density transit zones add housing affordable only to a few or require substantial subsidies, with little filtering being triggered.**



Adding lots of supply in the middle with light touch density (LTD) reduces supply/demand imbalances and yields a greatly increased number of move-ups from less expensive housing—freeing up those units for filtering down to lower income households.

- **This market-oriented approach unleashes American ingenuity by swarms of property owners, small businesses, and workers.**[1]
- **This yields a large increase of naturally affordable and inclusionary housing.**



[1] https://www.strongtowns.org/journal/2021/2/3/unleash-the-swarm

Source: AEI Housing Center, www.AEI.org/housing.

Housing Abundance Success Sequence

As numerous case studies from around the country have shown, the formula for successful housing reform is simple.

1. **By-right zoning**, which does not require approval from zoning boards or city or county councils,
2. **Allow greater density in lots of areas** particularly around walkable and amenity-rich areas through:
    - Light-touch density (LTD), which calls for modest density increases to areas zoned exclusively for single-family detached (SFD) homes. Particularly duplexes, triplexes, townhouses, and ADUs are compatible with SFD homes and therefore an easier political sell. At the same time, these housing types are smaller and require less land, which makes them more affordable to lower- and middle-income households, where the market need is greatest.
    - Livable Urban Village (LUV), which calls for mid- to high-density housing in underutilized commercial and industrial core areas, as well as LTD in adjacent areas.
3. **Short and simple land use rules**, fast permitting, and less expensive building standards.

Implementing these policies would unleash American ingenuity and enterprise by allowing builders of all sizes to build abundant market-rate housing over time thereby increasing the housing stock by about 2% per year.

Legalize and they will build!

List of case studies:

1. Anaheim
2. California
3. Charlotte
4. Cherry Creek & Denver
5. Fargo
6. Filtering: Theory and Practice
7. Houston
8. Institutional Landlords
9. Los Angeles
10. Los Angeles Metro: McMansionization
11. Minneapolis
12. Nashville (Study by Charles Gardner, Mercatus Center)
13. San Jose Metro
14. Palisades Park
15. Philadelphia
16. Phoenix & Arizona
17. Raleigh
18. San Diego ADU Construction
19. Sarasota
20. Sarasota: City & Livable Urban Villages
21. Seattle: Low-Rise Multifamily and Housing Supply
22. Short-Term Rentals
23. Single-Room Occupancy Units (SROs)
24. Tokyo
25. Traditional Housing Subsidy Programs and Inclusionary Zoning
26. Unleashing the Swarm
27. Utah
28. Vienna, Austria

Only naturally occurring affordable homes (NOAH), not subsidized housing, can provide the abundant supply necessary to make housing affordable and address Georgia's and Atlanta's affordability crisis

- There is an increasing level of broad-based support from organizations like the City Observatory, Sightline Institute, Upjohn Institute, Strongtowns, Vatt Institute, Mercatus Center, Grassroot Institute, and the AEI Housing Center for the position that "building more supply may be the only effective way to reduce the pressure that is driving up rents and producing displacement".
    - "We have to move beyond the narrow, almost futile task of **making affordable [subsidized] housing** and start working on the broader and more meaningful effort of **making housing affordable**." Charles Marohn, founder of Strongtowns
- The City Observatory noted that "Sightline Institute has tackled that notion directly. …When there isn't enough supply, demand from higher income households floods down to older housing stock, driving up rents and reducing housing options for those with lesser means."
- When more such housing is built, older housing becomes more affordable because it speeds up filtering. Filtering is the process where homes tend to be occupied by low-income households as they age and depreciate.* The result is more naturally occurring affordable homes (NOAH).
    - As has been noted, this concept works for the reasons we can observe this in the other markets, like cars.
    - The housing market would correct itself if more new homes for middle-income households would be built. This would then allow lower income households to live in older, "used" homes while holding housing costs down.

The solution to housing unaffordability is to legalize by-right light touch density zoning and Livable Urban Villages, and to reduce regulatory barriers and costs.

The result will be the construction of much more NOAH and a speeding up of the natural filtering process.

This can both provide housing to all but the very lowest income levels and create a more economically inclusive housing market.

* Richard Ratcliff, Urban Land Economics, 1949.

LTD is an ideal tool to increase the supply of naturally affordable & inclusionary housing

Light-touch Density (LTD) represents the low-hanging fruit in zoning reform. It is also naturally affordable.

LTD utilizes land in a more efficient way by moderately increasing the density of housing. This reduces sprawl, infrastructure cost, and energy use. Instead of allowing only a single-family detached (SFD) home on a parcel, LTD allows for:

- 2-8-plexes,
- a series of townhouses, or
- an accessory dwelling unit (ADU).

LTD also allows for single-family detached homes on smaller lots.

All these LTD options would moderately increase the as-built density of the land, thereby **enabling owners and small-scale builders to construct smaller**, less expensive units that are more naturally affordable and inclusionary without requiring subsidies.

The LTD type most suitable to each locality depends on the land and construction costs.

1. For high-cost areas: Tearing down an existing unit and replacing it with townhomes or a 2- to 8-plex.
2. For medium-cost areas: Adding additional unit(s) (ADU or second home) to an existing parcel.
3. Everywhere: Increasing the as-built density of new greenfield developments.

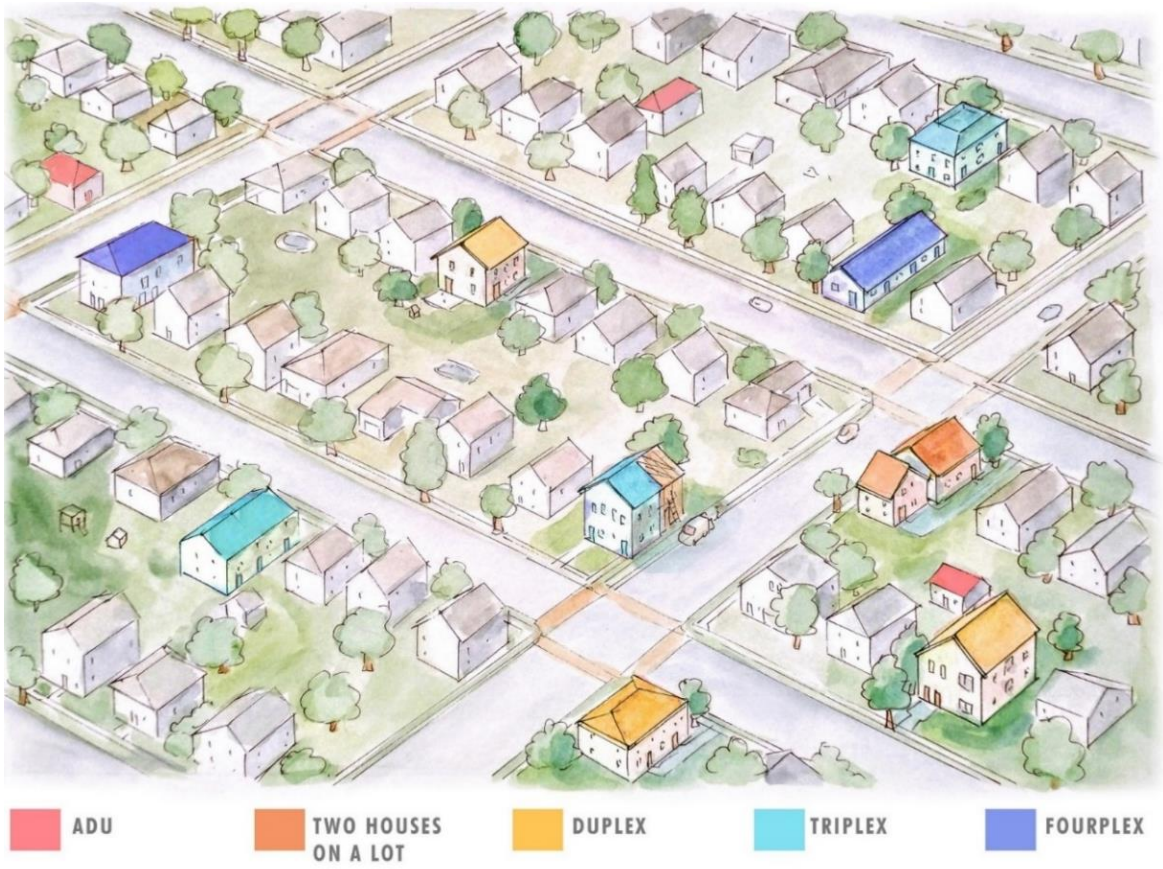
These LTD housing types are compatible with single-family detached homes. Since they require less land and are smaller in size, they are more affordable to lower- and middle-income households.

Nationally, LTD has the potential to add up to 900,000 net additional homes per year for the next 30-40 years.*

* These estimates are based on case studies are from Seattle, Charlotte, Houston, Palisades Park, and Tokyo. For a further discussion of Light-touch Density case studies, see pg. 7-10 of the AEI Housing Center booklet on increasing housing supply.
Source: AEI Housing Center, www.AEI.org/housing.

LTD promises gradual change

Based on multiple case studies, we estimate that around 2% of the single-family detached housing stock will be converted to a higher and better use through LTD per year.*

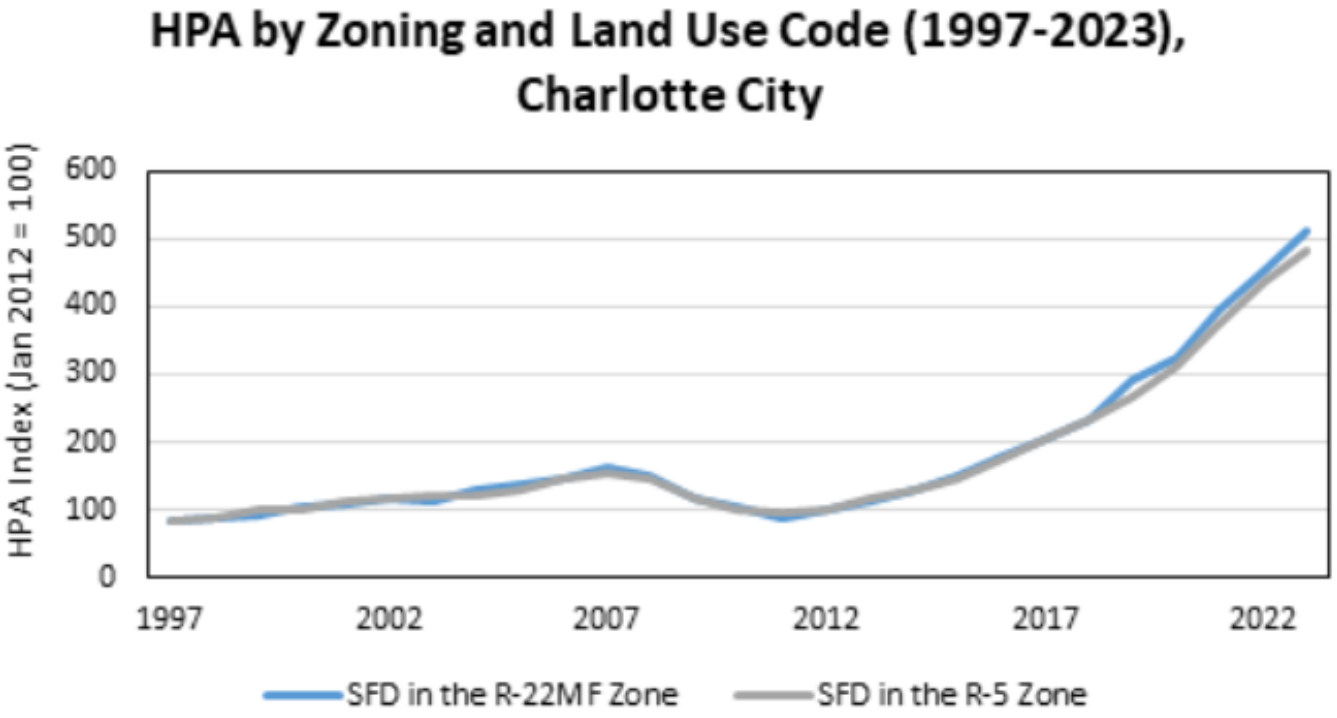


* The lower figures assumes a density of 2 units per lot and the higher figure assumes a density of up to 8 units per lot nationwide. These estimates are based on case studies are from Seattle, Charlotte, Houston, Palisades Park, and Tokyo.
Source: AEI Housing Center, www.AEI.org/housing.

Charlotte, NC: Single-Family Detached Homes in R-22MF (LTD) Zones Appreciated over the last 37 Years at about the Rate as in R-5 (SFD) Zones

We compared home price appreciation for properties in R-22MF and R-5 zones across **Charlotte city**.

- Sale records before 1997 are dropped due to low number-count.
- The results show that SFDs in R-22MF zones (allows LTD) follow similar home price appreciation (HPA) trends to those in R-5 zones (SFD only).
  - We found similar results in Seattle.
- These findings suggest that the allowing LTD homes doesn't negatively affect HPA of SFDs in the area.



- Source: AEI Housing Center, www.AEI.org/housing.

Housing Abundance Success Sequence:

1. By-right zoning
2. Keep it short and simple (KISS) land use rules
3. Unleash housing

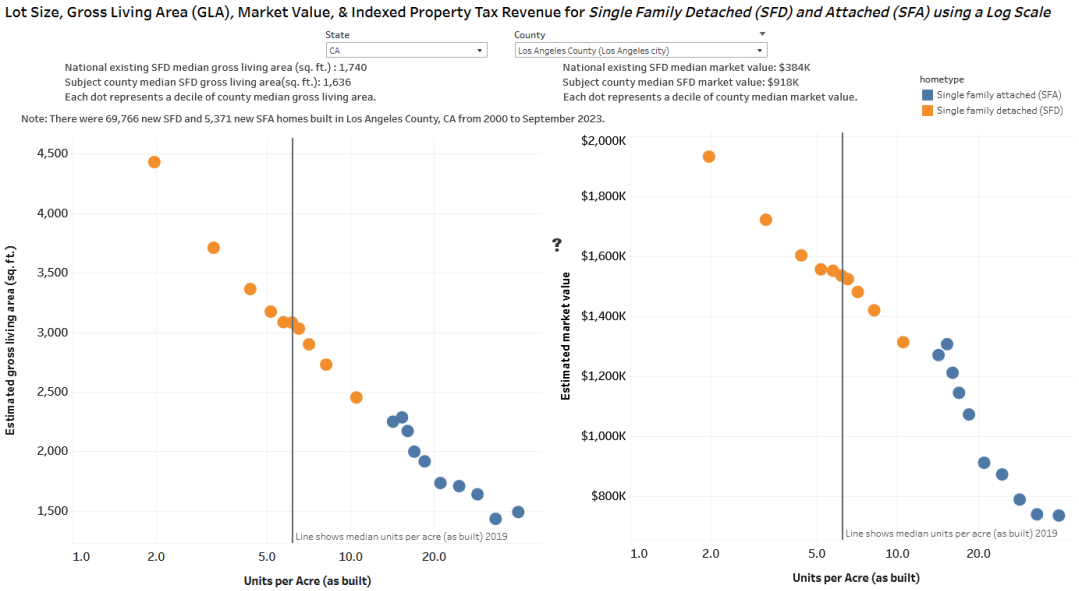
Link to AEI Housing Center Model Light-Touch Density Bill

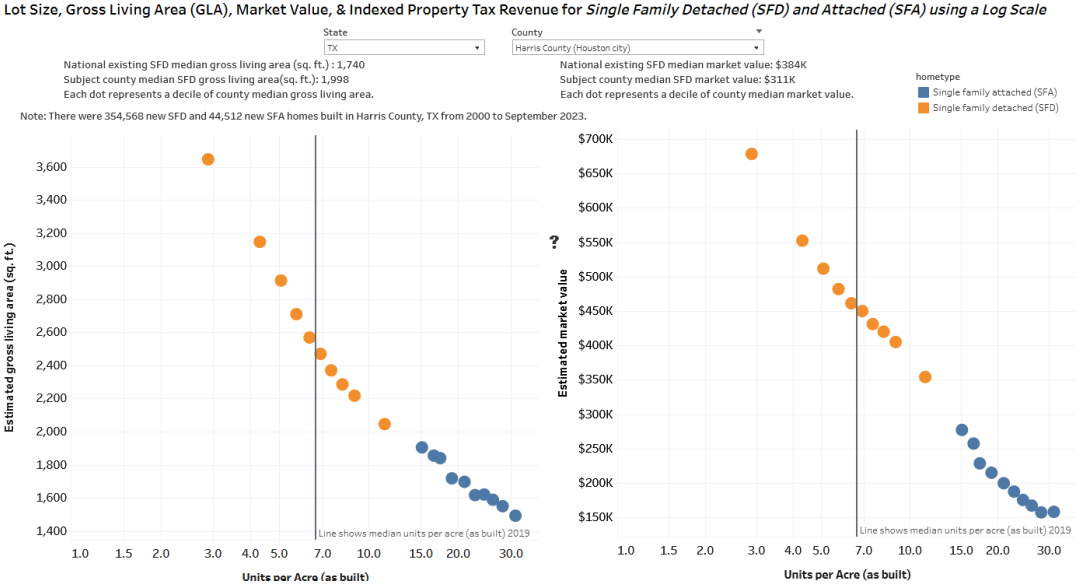
Resolved: Abundant Housing and Less Sprawl for our Children & Grandchildren

Make These	Avoid These
By-right Light-Touch Density (LTD) for infill development, preapproved plans	Exclusionary single-family zoning (designed and promoted by the federal government in 1922)
By-right LTD & tax abatement for derelict vacant lot infill	Making McMansions the highest and best legal use
Plentiful zoned land at a lower cost per home	Making land is scarce and expensive
By-right Accessory Dwelling Units up to 1500 - 2000 sq. ft.	Low maximum floor-area ratio
Small lot single-family detached greenfield LTD	High minimum lot size
Small lot single-family attached greenfield LTD	Income limits, affordable housing fees, & mandates
By-right lot splitting & home splitting (coliving)	Mandated inclusionary zoning
By-right residential zoning at higher density levels in Live Local Urban Villages (LLUV)	Rental bans or rent control
Zone sufficient land for green field LTD & LLUV	Owner-occupancy requirements
Light-touch permitting & processing, permit approval shot clocks, expand residential building code from 2 to 4/6 units	Impact fees; condominium liability laws/statutes of repose that set condo builder/developers for onerous litigation
Keep It Short and Simple (KISS) -- examples: • Abolish or reduce minimum lot & unit size • Reduce set-back requirements	Outsized parking or other requirements that increase construction costs or de facto prevent building LTD entirely (such as a low floor area ratio)
By-right zoning unleashes swarms of activity by property owners and small businesses	Anything not required for single-family homes
Say yes to abundant housing	Saying no to abundant and affordable housing
Good Neighbors support LTD	High displacement pressure & rates of homeless

National Housing Playbook: the principle of highest and best use that is legal

- **Policy 2: Light-touch density: greenfield subdivisions with modestly smaller lots (Detached: 7.7 homes per acre vs. 4.8 and townhomes: 22 homes per acre would yield 5-8 million more homes over 10 years (see next slide).**

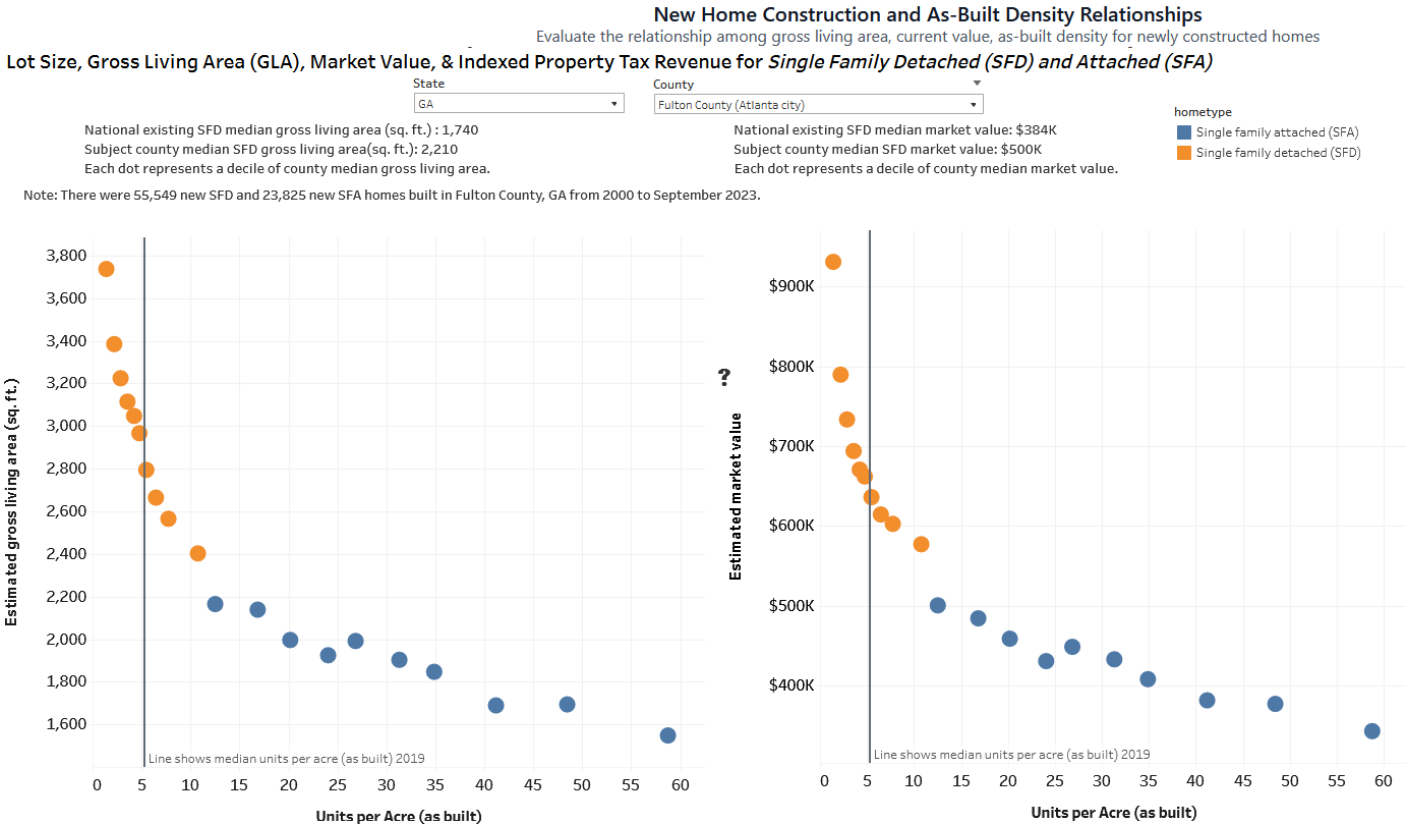




https://heat.aeihousingcenter.org/toolkit/gla

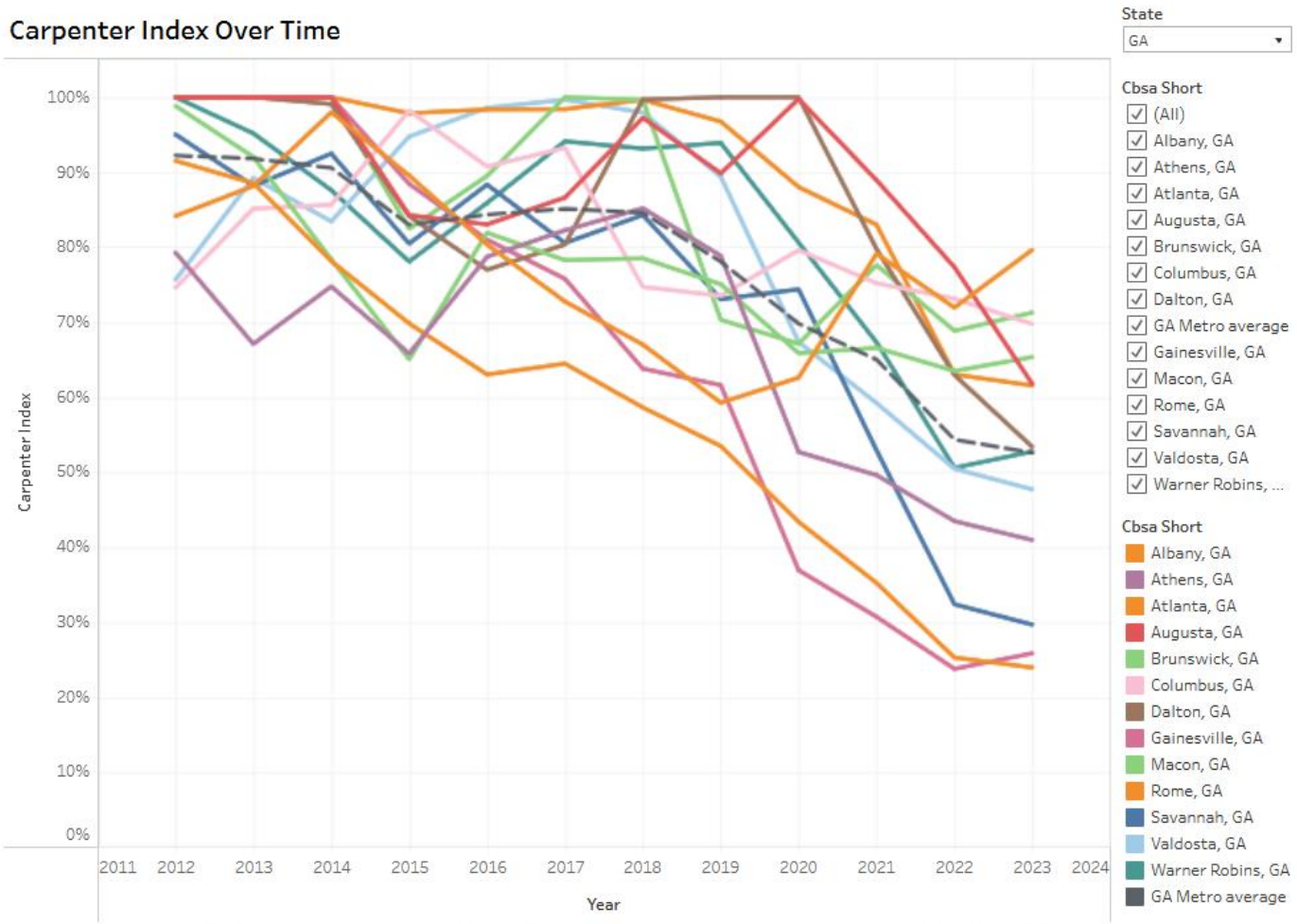
Fulton Co.: For entry-level and retiree buyers, what is legal to build makes a huge difference

- By increasing as built density (units/acre), the gross living area (GLA) & price drop for both single-family detached (SFD) & attached (SFA) homes, unleashing naturally occurring affordable housing (without needing subsidies) & promoting filtering, as lower cost housing is purchased or rented by lower income households.*
- Housing abundance requires building new homes near the median price for existing SFD stock (Fulton Co.: $500k).
  - About 0% of new Fulton SFD are priced below this median, yet 100% of new SFA are near or below this median, with the lowest decile valued at $350,000.
  - 25 percent of Fulton single-family built since 2000 have been SFA (requiring about 1/5 the land of SFD).
  - Sprawl and infrastructure costs can be reduced by allowing by-right, smaller SFD lots (7-10 homes/acre), and building more duplex/twin homes (8-12/acre), and SFA homes (25-50 homes/acre)



* Across 280 counties, the value relationships had a correlation of 73% & 77% for SFD & SFA respectively.
Housing and Economic Analysis Toolkit (HEAT): https://heat.aeihousingcenter.org/toolkit

Affordability for Carpenter Households (Think Blue-Collar Workers) Has Generally Declined Across Georgia's Metros. State-wide, 53% Were Able to Purchase the Median Entry-Level Home in 2023, Down from 92% in 2012. Over the same period, Atlanta metro declined from 92% to 24%.*

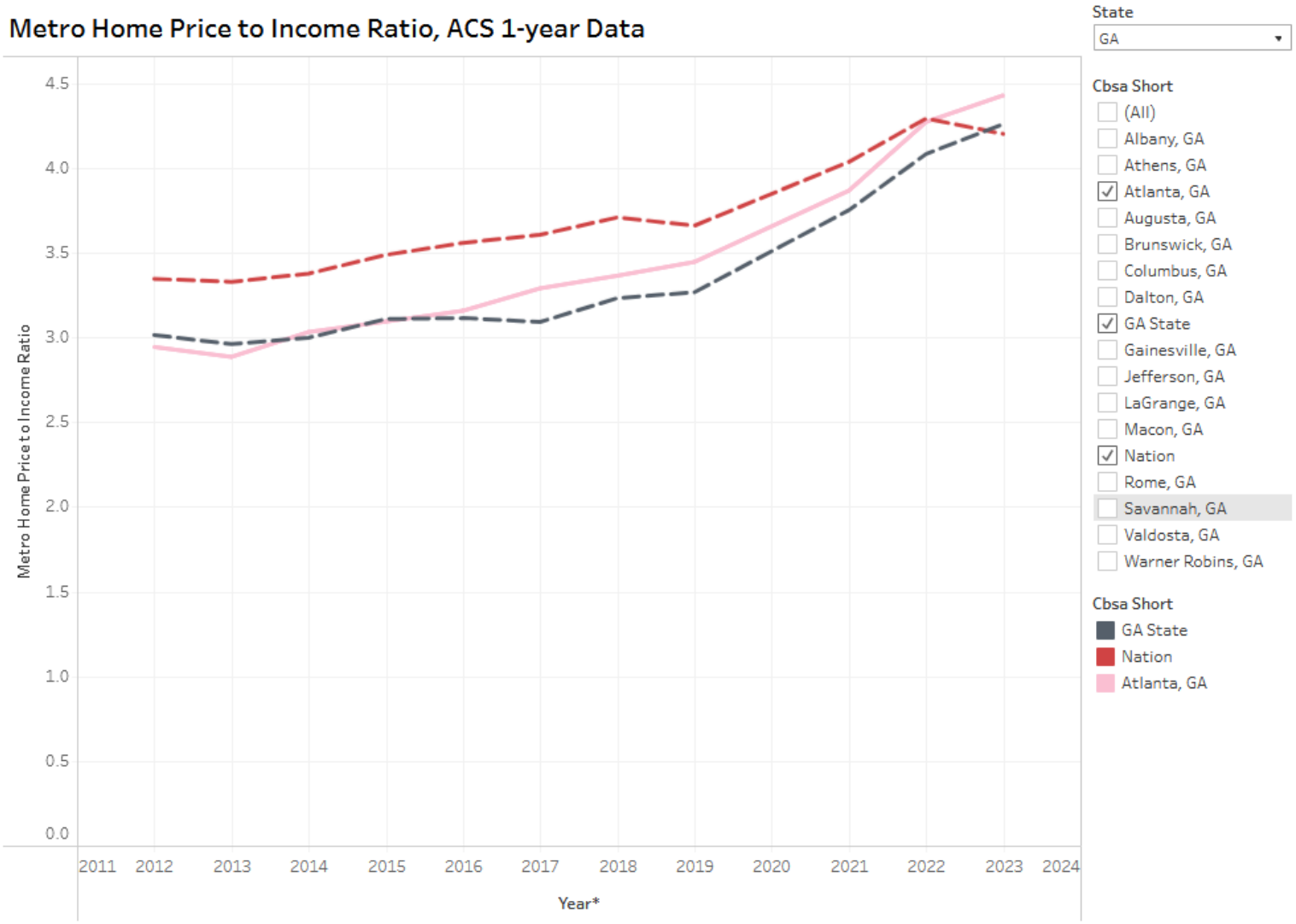


Note: Data are limited to the largest 400 metros in the selected state. We rank metros based on their purchase home sales from 2012 to 2019 in the Public Records. The Carpenter Index is available for all 12 years (2012–2023) for 320 of the largest 400 metros. The remaining metros are missing the Index for 1 to 9 years (26 metros) or for all years (54 metros) due to the unavailability of wage data or sale records. The state average is the arithmetic average of the Carpenter Index for the largest 400 metros in the selected state.

* Arithmetic averages.

Source: Bureau of Labor Statistics, Public Records, and AEI Housing Center, www.AEI.org/housing.

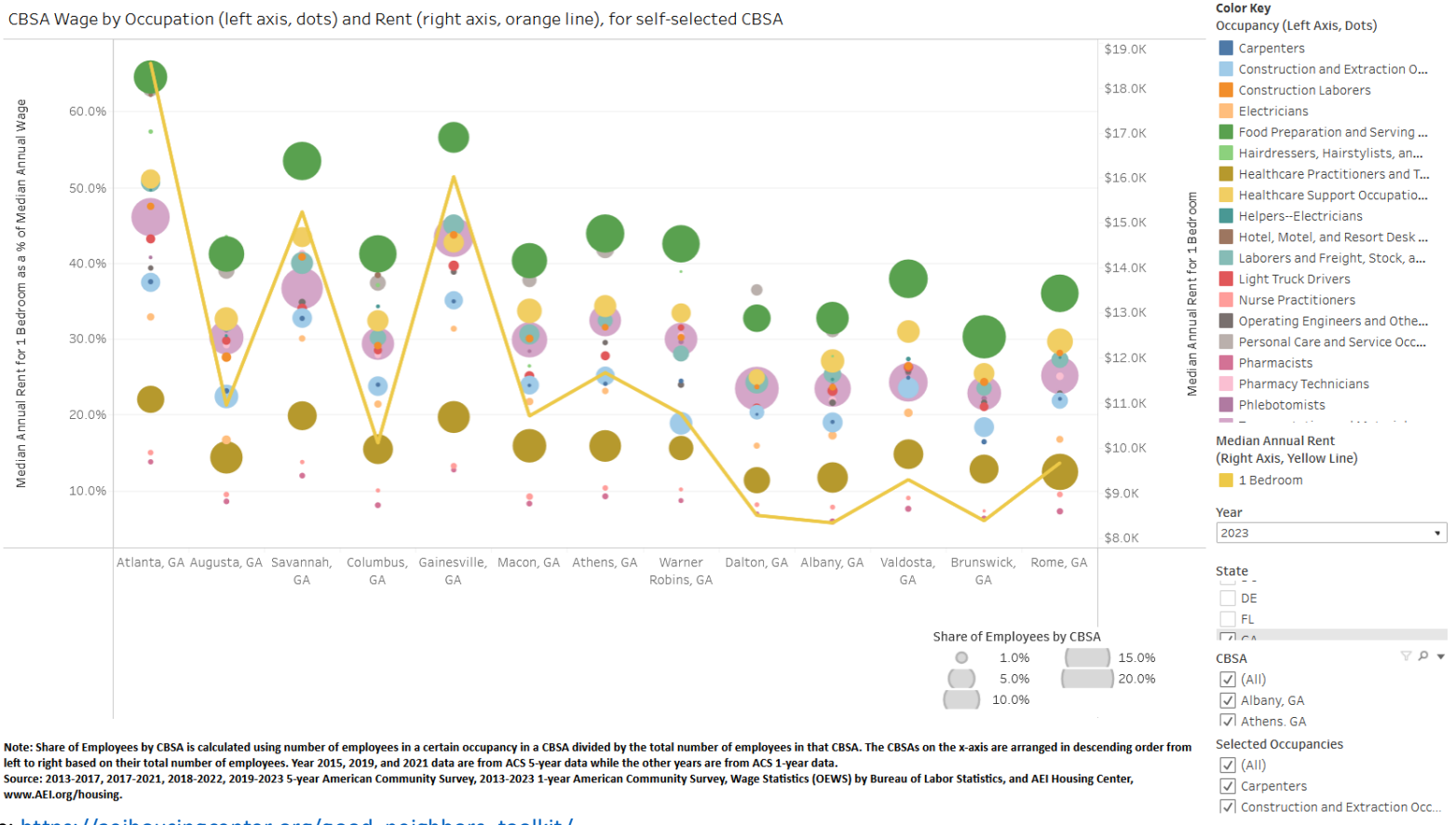
Georgia's and Atlanta's Median Home Price (Stock) to Median Household Income Ratios Have Grown Steadily and Now Stand at 4.3 and 4.4 Respectively, Surpassing the National Ratio (4.2)



Source: ACS 1-Year Survey, Quarterly Census of Employment and Wages Data (QCEW)

Wages by occupation indicate that rental affordability varies widely by both occupation and metro

- Wages for job categories such as food preparation (14 million jobs), cleaning and maintenance (6 million), personal care (4.6 million), sales (14.3 million), office and administrative (19 million), production (9 million) and transportation (15 million) account nationally for nearly half of all jobs, yet earn about 80% of the national median annual wage.
- Georgia:
  - 1-bedroom rents are general least affordable for food prep (green circles), transportation & material handling (purple), and health care support (gold circles) occupations and these also have high job shares (left axis).
  - Wages for these job categories across the state (and nation) vary by much less than rents and home prices do.
  - In Atlanta median food prep annual wages are $28,700, while monthly rents are $1,545. Compare to Goldsboro where wages are nearly the same at $26,000, however rents are less than half at $708.

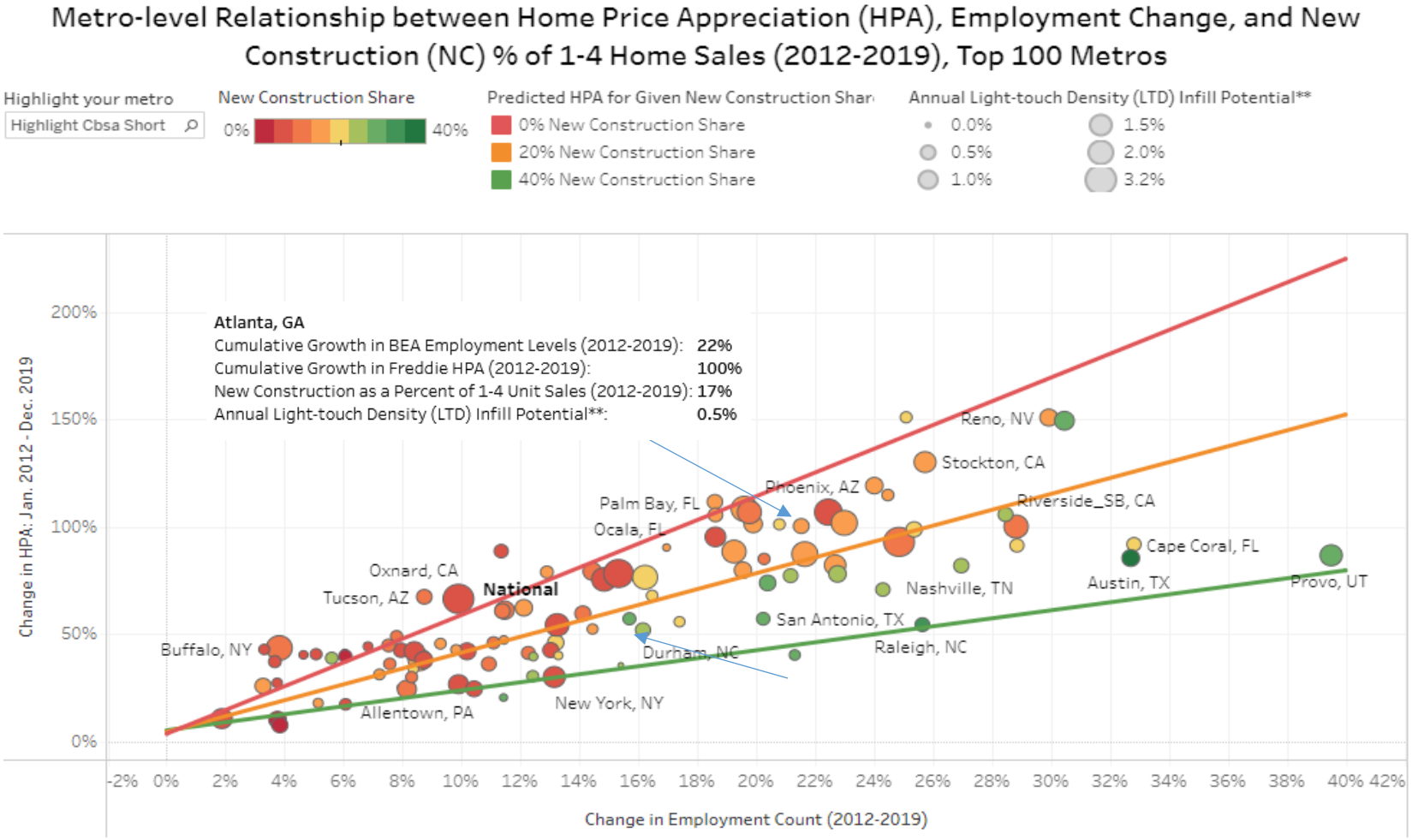


Note: Share of Employees by CBSA is calculated using number of employees in a certain occupancy in a CBSA divided by the total number of employees in that CBSA. The CBSAs on the x-axis are arranged in descending order from left to right based on their total number of employees. Year 2015, 2019, and 2021 data are from ACS 5-year data while the other years are from ACS 1-year data.
Source: 2013-2017, 2017-2021, 2018-2022, 2019-2023 5-year American Community Survey, 2013-2023 1-year American Community Survey, Wage Statistics (OEWS) by Bureau of Labor Statistics, and AEI Housing Center, www.AEI.org/housing.

Source: https://aeihousingcenter.org/good_neighbors_toolkit/

Adding supply tamps down home price appreciation, especially where jobs growth is high

- Home prices appreciate slower in metropolitan regions where high employment growth is combined with high new construction shares of all home sales, thus making homes more naturally affordable.
  - Over the period 2012-2019, compared to national averages, Atlanta metro had above average employment growth and an average share of new home construction. As a result, home price appreciation of 100% was well above the national average of 62%. The HPA trend has accelerated during and post-pandemic.



Source: BLS, Freddie, and AEI Housing Center, www.AEI.org/housing.

National Housing Playbook:

The federal government (#1) & states & municipalities (#2-6) could add 17-20 million homes over 10 years, multiples of that needed to solve our housing supply problem (preliminary estimate), with 80% being owner-occupied:*

- **Policy 1: Residential development on purchased Bureau of Land Management land – 3 million homes over 10 yrs:**
  - BLM to auction off 800 sq. mi. of land suitable for residential development (out of 269,000 sq. mi.).
  - In ten Western states: NV, UT, ID, WY, CA, AZ, CO, NM, and MT.
  - At 80% single-family detached and 20% town homes, about would be 80% owner-occupied homes.
  - Do not allow income limits, housing subsidies, or so called "inclusionary zoning".
- **Policy 2: Light-touch density: greenfield subdivisions: projection – 5-8 million homes over 10 yrs:**
  - Provide for minimum lot sizes no smaller than 4356 sq. ft. (.10 acres) for a newly constructed single-family detached (SFD) home and 1000 sq. ft. for a newly constructed single-family attached (SFA) home.
  - Property owners may, by right, determine the mix of SFD and SFA lot sizes for a subdividing a parcel.
- **Policy 3: Light-touch density: infill with teardown: projection – 3.3 million homes over 10 yrs:**
  - Provide that a small-scale subdivision is a by-right permitted use in a residential zone of an urban municipality.
  - A small-scale subdivision: a subdivision of property resulting in the creation of two or more lots, each:
    - No smaller than 1,400 square feet; and
    - Containing, or will contain, a single-family dwelling.
- **Policy 4: Livable Urban Villages: core areas – 5 million homes over 10 yrs:**
  - Provide that residential development is a by-right permitted use in commercial, industrial, and mixed use zones of an urban municipality.
- **Policy 5: Light-touch density: infill without teardown – 400,000 homes over 10 yrs:**
  - Provide that an accessory dwelling unit, internal or external, is a permitted use if it is built:
    - In a residential zone of an urban municipality; and
    - On a lot that contains a primary residence or where a primary residence is being built concurrently with the accessory dwelling unit.
- **Policy 6a: Property tax abatement for office/retail to residential/mixed use conversions (no estimate):**
  - Philadelphia experience
- **Policy 6b: Property tax abatement for vacant lot to residential construction (no estimate):**
  - Philadelphia experience

*These projections assume the use of "Keep it short and simple" (KISS) land use rules. Policies 1 and 2 assume 10 homes per acre (a mix of single-family detached and townhomes.

National Housing Playbook: Policy 2: Light-touch density: greenfield subdivisions: projection – 5-8 million homes over 10 years

- **Policy 1: Light-touch density: greenfield subdivisions: projection – modestly smaller lots (Detached: 5,500 sq. ft. vs. 8,500 sq. ft. and townhomes: 1,500 sq. ft. vs. 8,500 sq. ft. 5-8 million more homes over 10 years**

SFD Homes Built Between 2000 and 2023 in the Nation: Scenario Analysis for Smaller Lots

	Baseline	Slightly Smaller Lots			If 20% of the SFD land at 4.8 homes/acre was instead used for townhomes (TH) at the median	If 80% of D. at 7.7 homes/acre and 20% at the median for townhomes (TH)
	A.	B.	C.	D.	E.	F.
Density	**4.8 homes/acre median**	**5.9 homes/acre 7th decile**	**6.7 homes/acre 8th decile**	**7.7 homes/acre 9th decile**	**21.5 homes/acre median (TH)**	**21.5 homes/acre median (TH)**
Homes Built	15,040,300* (Actual)	18,491,200	21,007,500	24,179,300	25,549,300	32,860,400
Extra Homes (Cumulative)		3,450,900	5,967,200	9,139,000	10,509,000	17,820,100
Extra Homes (per year)		150,040	259,440	397,350	456,910	774,790
Sales price/GLA sq.ft. in 2023	$470,700/2,300 (Actual)	$456,300/2,110	$450,500/2,060	$432,800/1,940	$318,600/1,720 (TH only) compared to $354,900/1,660 (existing SFD stock)***	$410,000/1,830 (All) compared to $354,900/1,660 (existing SFD stock)***
Owner Occupied Homes (2010-2023)**	13,686,700 (Actual)	16,827,000	19,116,800	22,003,200	20,276,100	26,929,200

*Over 2000-2023, SFD permits averaged around 626,700 homes per year. Over the last 5 years, the nation has issued about 970,100 single-family permits per year. https://heat.aeihousingcenter.org/toolkit/housing_data_app.

** Based on 91% and 69% owner-occupied rates for SFD and TH, respectively. Source: 2021 Five-Year American Community Survey.

*** The sales price figure for scenario E is computed by multiplying the townhome-to-SFD price ratio (0.90) by the median sale price of the existing SFD stock.

Policy Steps in the Atlanta CBSA Housing Success Playbook

Zoning jurisdictions and the Legislature should implement by-right light touch density and Livable Urban Vilages on a wide scale to add to supply and improve affordability. These must be accompanied by "Keep it simple, stupid" (KISS) land rules.

These steps would result in an additional *53,300* homes per year, an increase of *131%* over 2000-2023 levels.

- **Option *1*: Light-touch density - greenfield subdivisions:**
  - Provide that counties and municipalities may not establish a minimum lot size smaller than 4,356 sq.ft. (.10 acres) and 1,000 sq.ft., respectively, for a newly constructed single-family detached (SFD) home and a newly constructed single-family attached (SFA) home.
  - Property owners may, by right, determine the mix of SFD and SFA homes for a particular parcel.
  - **Projection: an additional *40,000* single-family greenfield permits per year.**
- **Option *2*: Light-touch density - infill with tear down:**
  - Provide that a small-scale subdivision is a by-right permitted use in a residential zone of an urban municipality.
  - A small-scale subdivision of property that results in the creation of two or more lots, each of which:
    - Is no smaller than 1,400 square feet; and,
    - Contains, or will contain, a single-family dwelling.
  - **Projection: an additional *8,800* net new homes annually with a median value of *$372,000*, which is *4%* below the median value of *Atlanta, GA*'s existing single-family housing stock (preliminary).**
- **Option *3*: Light-touch density: infill without tear down:**
  - Provide that an accessory dwelling unit, internal or external, is a permitted use if it is built:
    - In a residential zone of an urban municipality; and,
    - On a lot that contains a primary residence or where a primary residence is being built concurrently with the accessory dwelling unit.
  - **Projection: *1,300* ADUs annually (preliminary).**
- **Option *4*: Livable Urban Villages: core areas:**
  - Provide that residential development is a by-right permitted use in commercial, industrial, and mixed-use zones of an urban municipality.
  - **Projection: an additional *3,200* net new homes annually (preliminary).**

Shrinking single-family lot sizes for greenfield subdivisions: a key component to the Atlanta CBSA Housing Success Playbook

- **The best time to fix the shortage and address affordability was 20 years ago, the second best time is today.**
  - *Atlanta, GA*'s housing shortage would be non-existent today had housing been built at slightly higher densities.
  - Annually, *16,100* or *83%* more SFD homes could have been built at *6.7* homes/acre (9th decile) vs *3.7* homes/acre.
  - Annually, *40,000* or *205%* more SFA and townhome (TH) homes could have been built with 80% of SFD homes at *6.7* homes/acre (9th decile) and converting the other 20% to TH at a density of *29* units/acre (median for TH).
  - **These two steps alone would have increased the number of owner-occupied, family-sized residences built over 2000-2023 by *183%* (from *397,000* to *1.1 Million* homes).**
- **Going forward, the smaller lot scenario (F) would increase recent single-family permit levels to *67,500* annually.**

	Baseline	Slightly Smaller Lots			If 20% of the SFD land at 3.7 homes/acre was instead used for townhomes (TH) at the median	If 80% of D. at 6.7 homes/acre and 20% at the median for townhomes (TH)
	A	B	C	D	E	F
Density	3.7 homes/acre median	4.8 homes/acre 7th decile	5.6 homes/acre 8th decile	6.7 homes/acre 9th decile	29 homes/acre median (TH)	29 homes/acre median (TH)
Homes Built	468,000 (Actual)	610,000	712,000	854,000	1.1 Million	1.4 Million
Extra Homes (Cumulative)		142,000	244,000	387,000	650,000	959,000
Extra Homes (per year)		5,900	10,200	16,100	**27,100**	**40,000**
Sales price/GLA sq.ft. in 2023	$458,000/2,900 (Actual)	$456,000/2,700	$425,000/2,600	$417,000/2,400	**$372,000/1,900 (TH only) compared to $389,000/2,200 (existing SFD stock)*** **	**$408,000/2,200 (All) compared to $389,000/2,200 (existing SFD stock)**
Owner Occupied Homes (2010-2023)	397,000 (Actual)	517,000	604,000	725,000	**859,000**	**1.1 Million**

* Over 2000-2023, SFD permits averaged around 19,500 homes per year. Over the last 5 years, Atlanta, GA has issued about 27,500 single-family permits per year. https://heat.aeihousingcenter.org/toolkit/housing_data_app.

** Based on 85% and 73% owner-occupied rates for SFD and TH, respectively. Source: 2021 5-Year American Community Survey.

*** The sales price figure for scenario E is computed by multiplying the townhome-to-SFD price ratio (0.96) by the median sale price of the existing SFD stock.

Source: AEI Housing Center
www.AEI.org/housing.