



AEI Housing Center

AEI.org/housing | October 3, 2023

NH Housing 2023 Housing & the Economy Conference

Where Will We Live?

Permit Triple-Deckers to Be Legal, Again

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AEI Housing Center: Data → Information → Knowledge → Policy

AEI's 12th Annual Housing Conference: featuring a wide array of panels and presentations on the state of the housing market. View the agenda and RSVP for the conference [here](#).

AEI-Progressive Policy Institute: Save the date – December 14, 2023: Harnessing Tailwinds on State and Local Land Use Reform: A Bipartisan Playbook

Link to AEI Housing Market Indicators:

<https://www.aei.org/housing/housing-market-indicators/>

Link to AEI Housing & Economic Analysis Toolkit (HEAT):

<https://heat.aeihousingcenter.org/toolkit>

Link to AEI Good Neighbors Toolkit to address homelessness:

https://aeihousingcenter.org/good_neighbors_toolkit/

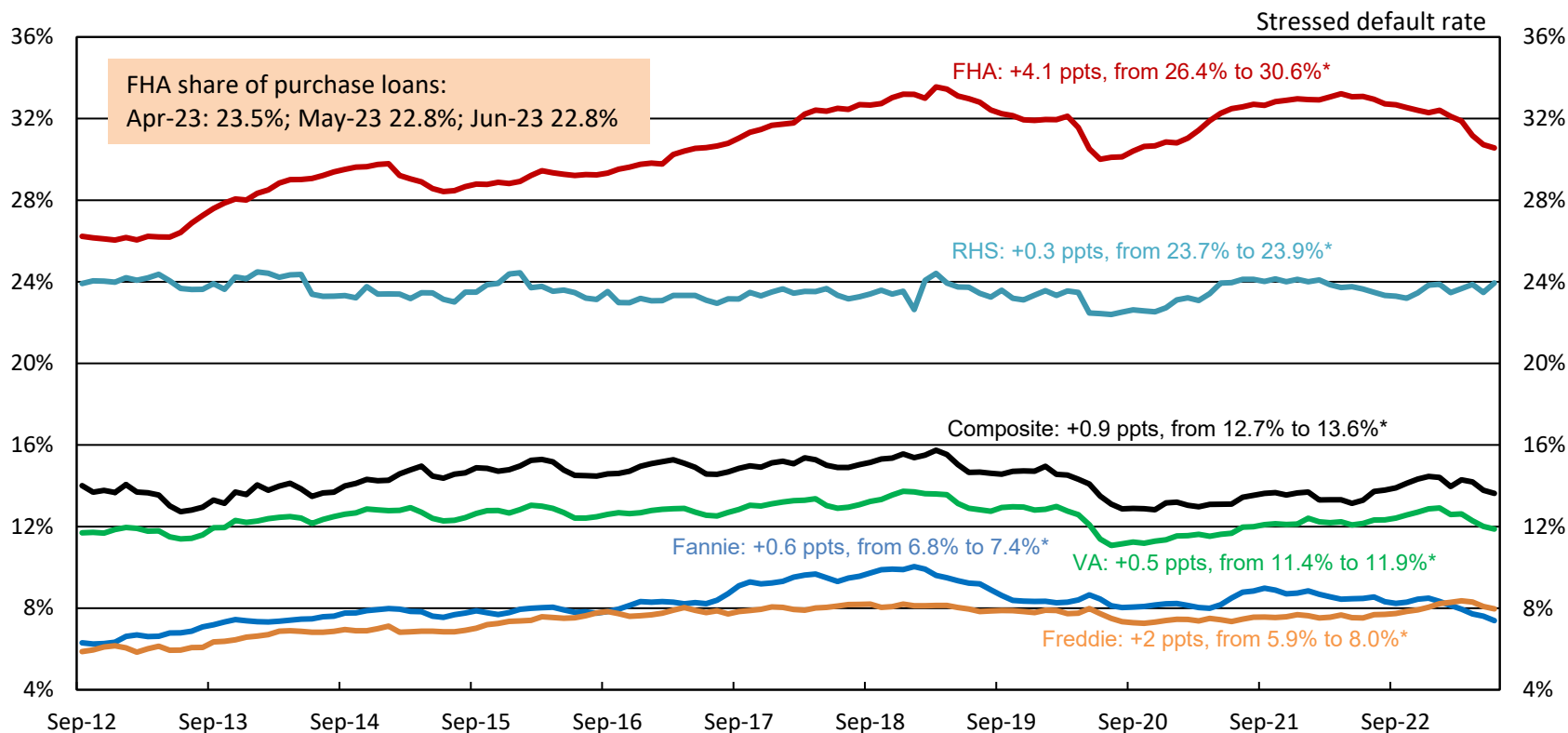
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Disclosure:

Pinto 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.

Stressed National Mortgage Default Rate (NMDR) for Agency Home Purchase Loans

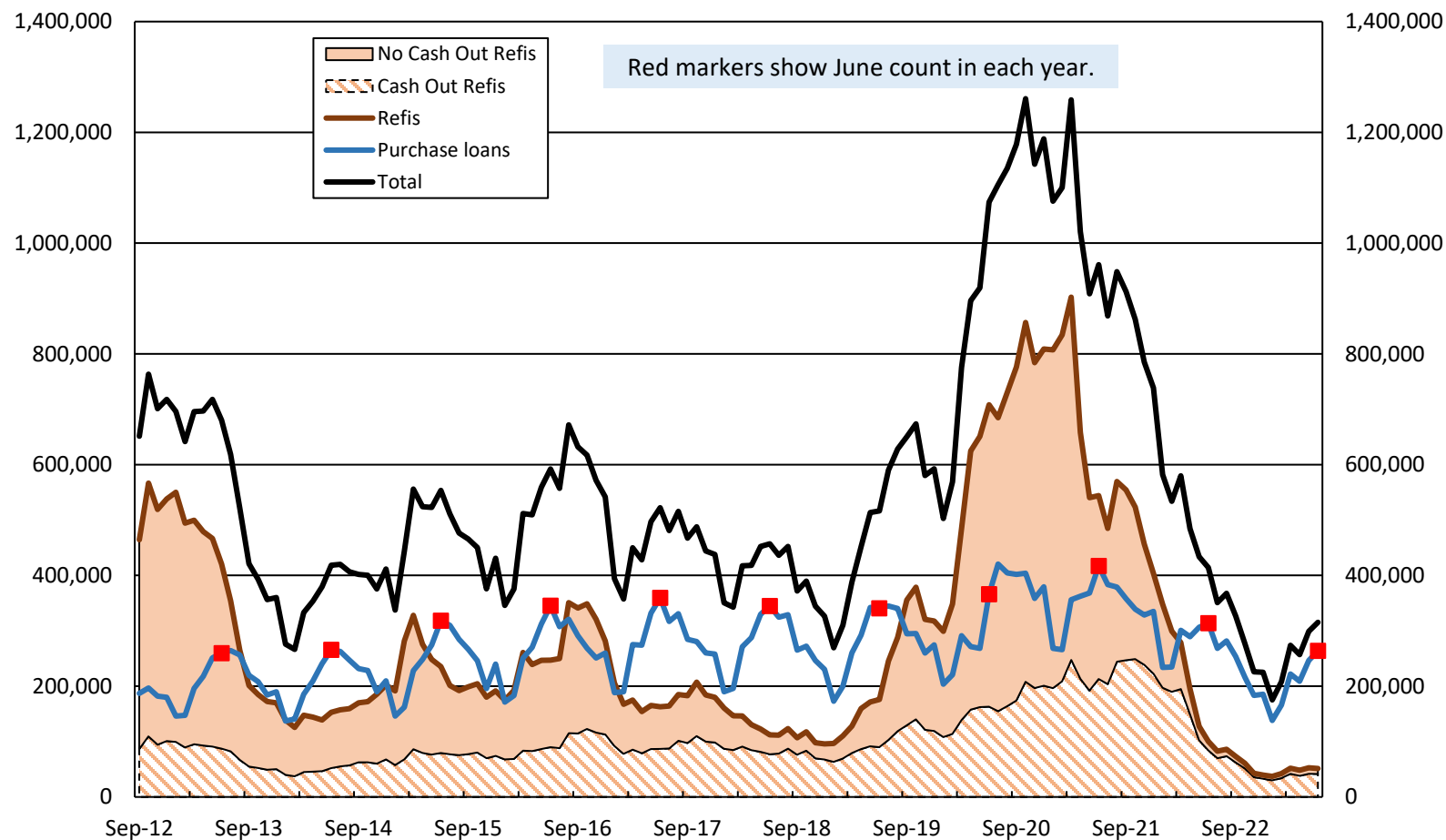
- FHA's NMDR, which had been on an upward trend since July 2020, has declined recently, but remains 4 pts. above September 2012.**
 - With FHA's share having grown recently, it has likely poached higher-quality borrowers from the other agencies.
 - The Composite had trended upwards until March 2019 and then began a sustained decline. By September 2020, the Composite was at its lowest level for the series but has ticked up again and has remained around 14% since mid-2022.
 - The composite level is still relatively low, which bodes well for the most recent borrowers who have the staying power to withstand moderate economic stress. Areas of price decline, if they also have high FHA borrower concentrations, will have a more difficult time, especially if unemployment were to exceed 5.5%.



*Change from June 2013 to June 2023. RHS is Rural Housing Service.
Source: AEI Housing Center, www.AEI.org/housing.

A look at the purchase & refi volumes over times

- Fannie, Freddie, and Ginnie Mortgage-Backed Securities (MBS) data, for which the latest data point is June 2023, show great fluctuations in mortgage volume due to changes in mortgage rates, but also great predictability of purchase volume based on seasonality.
- Note: Commentary continues on the next slide.

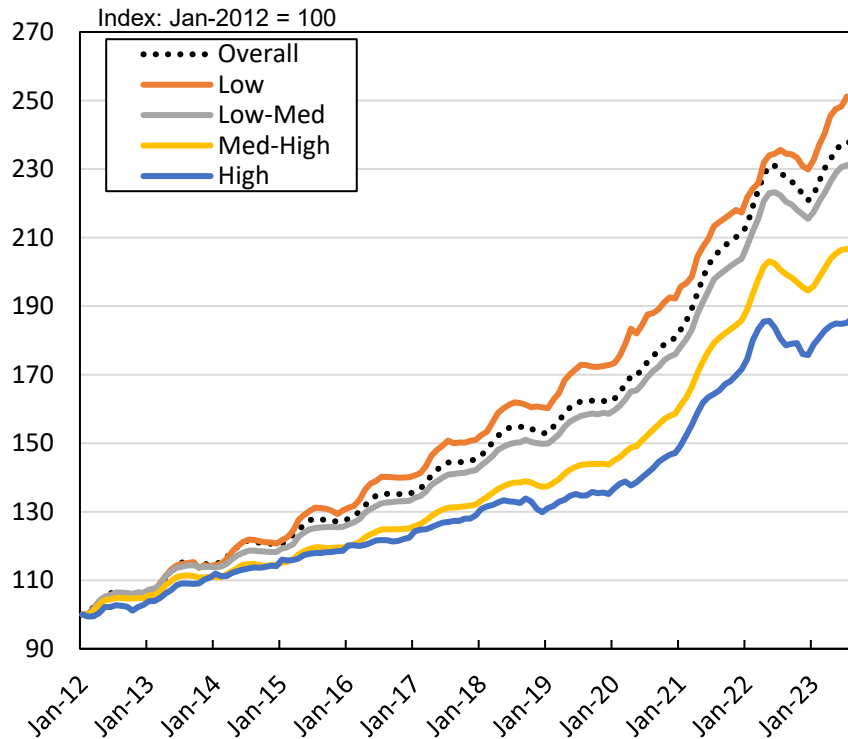


Source: AEI Housing Center, www.aei.org/housing.

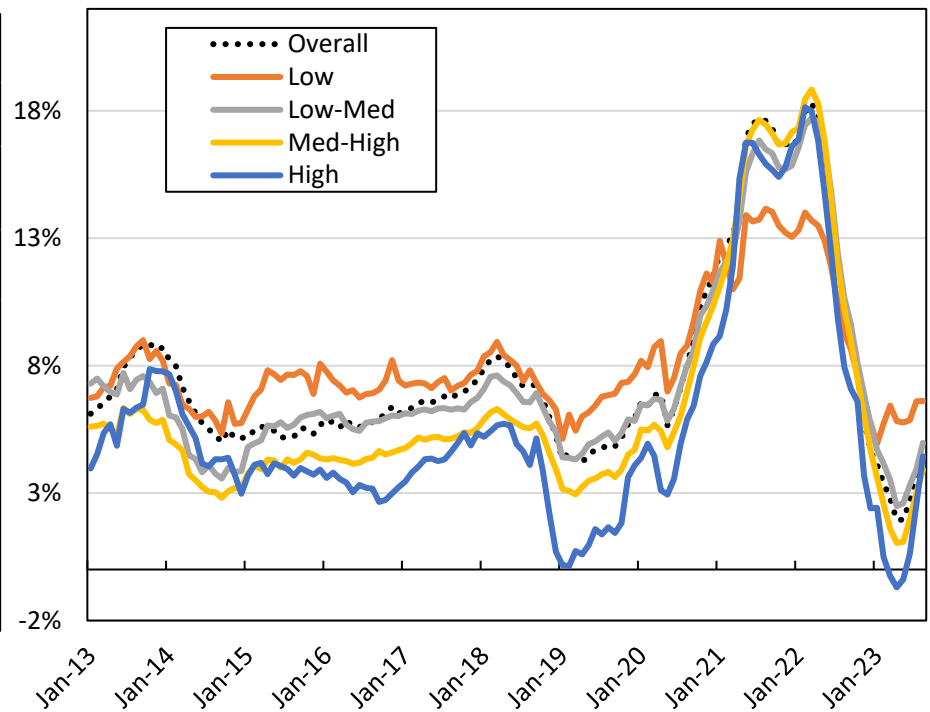
Year-over-Year (YoY) Home Price Appreciation (HPA) Has Begun to Accelerate

- Since 2012, a large and widening gap in HPA has developed between the lower and upper end of the market (left panel).
 - Preliminary numbers for August 2023 indicate that the low price tier leads the YoY change in tier home prices at 6.6% due to low months' supply (2.1 months), low unemployment, and increasing demand promoted by agency credit easing (right panel).
 - Being more dependent on the Fed's monetary punchbowl, the med-high and high price tiers have had the largest slowdowns in YoY HPA. However, this deceleration has ended as of May 2023.
 - As of August 2023, all price tiers have shown relatively robust YoY HPA from 3.9% to 6.6%.

Home Price Appreciation by Price Tier



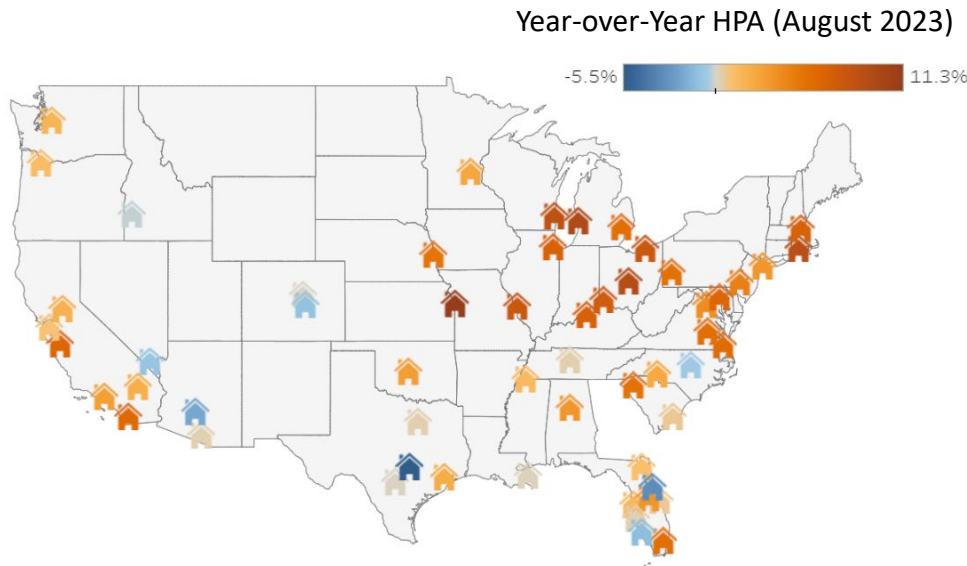
Year-over-Year Home Price Appreciation by Price Tier



Note: Data are for the entire country. Data for August 2023 are preliminary.
Source: AEI Housing Center, www.AEI.org/housing.

Year-over-Year Home Price Appreciation (HPA) by Metro (60 Largest)

- YoY HPA for August 2023 varied significantly among the 60 largest metros.
 - 8 of the 10 metros with the fastest HPA were in the Midwest* (Kansas City, Grand Rapids, Columbus, Milwaukee, Cleveland, St. Louis, Cincinnati, and Chicago), with Louisville and Providence as the exceptions.
 - These are attractive for work from home employees looking to take advantage of relatively lower home prices, and in the case of the Southern metros, retirees looking for warmer weather.
 - 7 out of 10 metros with the slowest HPA are in the West* (Colorado Springs, Las Vegas, Boise City, and Denver), and the Southwest (Phoenix, Austin, and San Antonio), with Deltona, Cape Coral, and Raleigh as the exceptions.
- **Manchester, NH YoY HPA: 6.2% (2.5% real).**
- Taking into account August 2023's 3.7% inflation rate, 34 of the largest 60 metros have YoY HPA rates that are negative in real price terms.



	YoY HPA	
	August 2022	August 2023
Highest HPA Metros		
Kansas City, MO	9.1%	11.3%
Grand Rapids, MI	9.3%	9.5%
Columbus, OH	8.0%	9.2%
Providence, RI	8.8%	8.8%
Milwaukee, WI	7.5%	8.5%
Lowest HPA Metros		
Austin, TX	14.2%	-5.5%
Deltona, FL	18.0%	-3.2%
Phoenix, AZ	10.4%	-2.1%
Cape Coral, FL	25.1%	-1.2%
Colorado Springs, CO	6.9%	-1.0%

*Midwest is defined as metros in IL, IN, MI, MN, MO, NE, OH, and WI. West is defined as metros in CA, WA, OR, CO, ID, NV, and UT. Southwest is defined as metros in TX, AZ and OK. South is defined as metros in FL, SC, GA, KY, TN, NC, AL, LA, and VA.

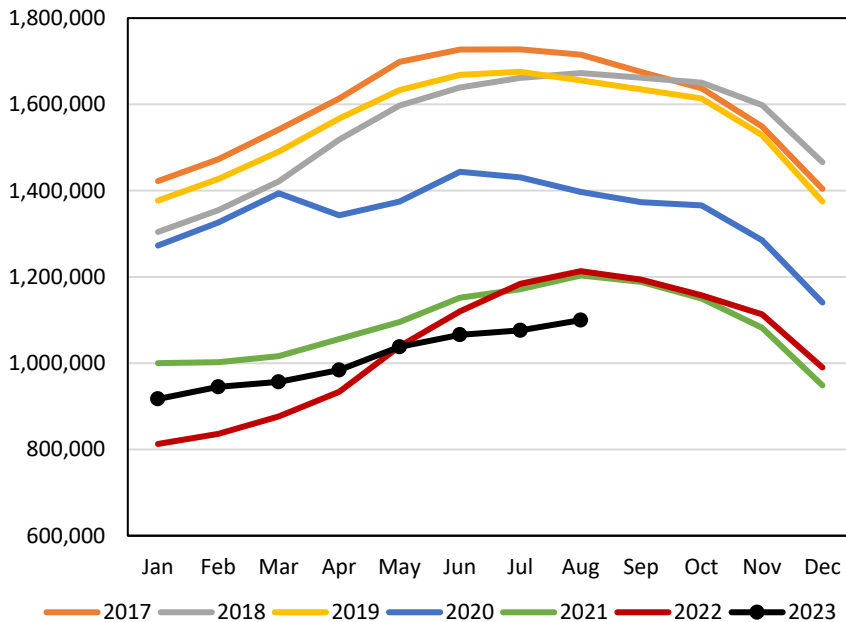
Note: Data are for the largest 60 metros. We rank metros based on their purchase home sales from 2012 to 2019 in the Public Records. Data for August 2023 are preliminary. Salt Lake City, Indianapolis and Atlanta are not shown due to data quality issue.

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

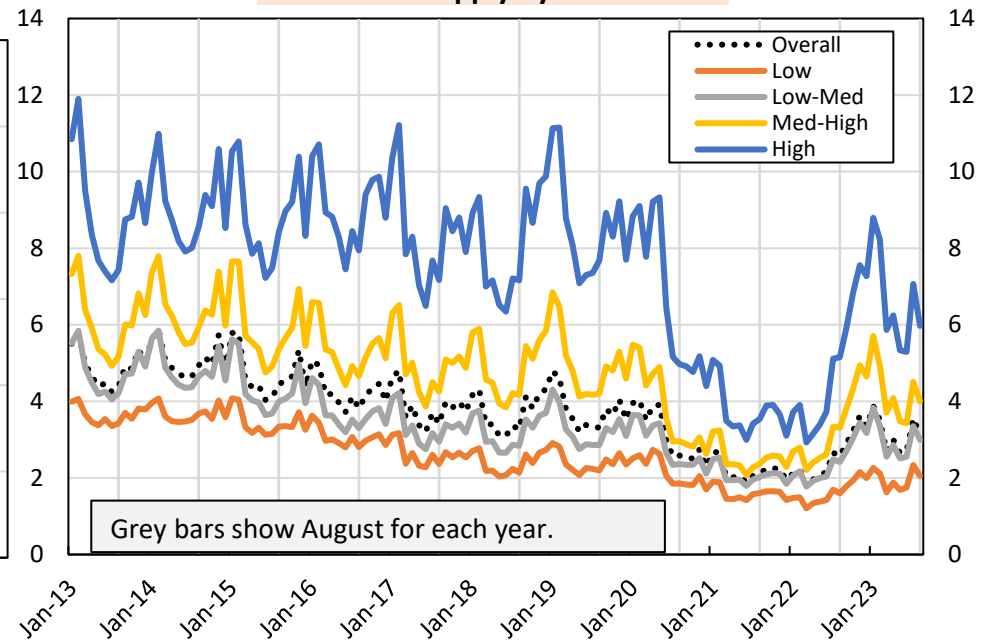
Housing Inventory and Months' Supply

- **Months' remaining supply was 3.1 months (not seasonally-adjusted) in August 2023. Housing inventory continued to run below pre-pandemic levels and showed minimal seasonal increase, which helps explain the recent MoM home price appreciation increases.**
 - August 2023 inventory was up 2.2% from last month but down 9.4% from a year ago. August 2023 inventory is the historical low for the 2017-2023 series, indicating an unhealthy market. Notwithstanding rates above 7%, the supply-demand imbalance will fuel continued upward price pressures.
 - Inventory today is still hovering around two-thirds of 2017-2019 levels (left panel).
 - The YoY HPA for low and high tiers is 6.6% and 4.4%, respectively, in August 2023.
 - Months' supply stood at 3.1 months in August 2023, down from 3.6 months in July 2023 and from 3.9 months in August 2019, the last comparable pre-pandemic month (right panel).
 - Given historical data, months' supply would need to increase to >6 months to enter a buyer's market and to 7-9 months to trigger a national YoY decline in home price appreciation.

Housing Inventory: Total Listings (Realtor.com)



Months' Supply by Price Tier



Source: Realtor.com, Zillow, and AEI Housing Center, www.AEI.org/housing.

New (and old) lessons regarding housing supply and displacement

“...the affordability of housing is overwhelmingly a function of just one thing, the extent to which governments place artificial restrictions on the supply of residential land.”

Dr. Donald Brash Governor, Reserve Bank of New Zealand (1988-2002), Introduction, 4th Annual Demographia International Housing Affordability Survey (2008)

1. Early in the 20th Century, planner John Nolan observed that a range of building topologies combined with different lot sizes could serve a range of incomes down to wage earners.¹
2. However, what we now call light-touch density (LTD) housing was effectively banned under single-family detached (SFD), exclusionary zoning policies promoted by the U.S. Commerce Department in its 1922 State Enabling Act.²
 1. In 1940, 20% of **New Hampshire (NH)** households lived in 2-4 unit housing. Today, it is 11%. If the 2-4 share were the same today as in 1940, NH’s housing stock would have 108,000 additional naturally affordable and naturally inclusionary owner-occupied and rental homes, more than NH’s projected housing need of 90,000 additional homes between 2020 and 2040 (a 20% addition to current) stock).³
 2. In 1940, 34% of **New England (NE)** households lived in 2-4 unit housing. Today, it is 17%. If the 2-4 share were the same today as in 1940, NE’s housing stock would have 2 million additional naturally affordable and naturally inclusionary owner-occupied and rental homes (a 34% addition to current stock).
3. Not in my back yard (NIMBY) arose in the 1950s and the environmental movement followed in the 1970s. Nimbyism, combined with SFD zoning, results in land scarcity and higher land prices, thus constraining housing supply, restricting filtering down, and driving up prices through a supply-demand imbalance.

¹ John Nolan, A Good Home for Every Wage-Earner, 1917

² LTD: housing compatible in scale with SFD houses and contain 2 or more attached, detached, stacked, or clustered homes, 2, 3, or 4 family houses, duplexes, triplexes, fourplexes, five- through eightplexes, townhouses, courtyard apartments, cottage housing, accessory dwelling units, and single-family attached and detached homes on smaller lots.

³ U.S. Census Bureau and 2023 New Hampshire Statewide Housing Needs Assessment, <https://www.nhhfa.org/wp-content/uploads/2023/04/2023-NH-Statewide-Housing-Needs-Assessment.pdf>

New (and old) lessons regarding housing supply and displacement

4. Mt. Laurel (New Jersey Supreme Court) and Palisades Park, NJ
 1. Dicta in Mt. Laura incorrectly concluded that the Court's decision should be limited to multifamily, greenfield development, under the assumption that broad based redevelopment was not feasible.
 2. Palisades Park, in 1960 was a fully built out community made up almost exclusively SFD homes, with a population 12,000. Now it has 21,000.
 3. Virtually all this growth was the result of market-driven, infill conversion from SFD to duplexes, co-legal with SFD and by right since 1939, something the majority in the Mt. Laurel decision did not think possible.
5. Growing broad-based support for the view that traditional affordable housing programs fail because they ignore that the supply constraints created by zoning and land use regulations are the root cause of unaffordability. This is a public policy failure, not a market failure.
 1. A thought experiment with autos...
6. Filtering down is a key market force to assure affordability.
 - AEI research: filtering works in 4 ways to keep home prices naturally affordable & displacement pressure low.
 1. Homes normally move down in quality and value as they age.
 2. Generally, homebuyers have a lower income than sellers, up and down the chain. The more affordable the supply, the wider the income gap.
 3. Relatively low-priced homes see the most price filtering at point of sale.
 4. Allow more supply and home price appreciation rises more in line with wage growth.
7. Exclusionary zoning and Nimbyism have made homes increasingly unaffordable.
 - Developable residential land is made artificially scarce and higher and better legal uses are outlawed, causing median home prices to increase faster than median household income.
 - From 2012 to 2022 the national ratio increased from 3.3 to 4.5.
 - These ratios are the highest in the western 1/3 and northeastern area of the country.

New (and old) lessons regarding housing supply and displacement

8. AEI and other research disprove supply skepticism (ie. builders use higher density to make more money). Smaller lots add more supply of middle-income housing.¹
 - The main driver of metro home price appreciation is employment growth, moderated by new home construction.
 - LTD provides abundant housing without subsidy or taxpayer cost.
9. AEI and other research demonstrate how housing costs drive levels of displacement and homelessness.²
 - Five states, plus DC accounted for 51% of point in time counts (CA: 27%, NY: 16% (NYC alone: 14%), WA: 4%, OR: 3%, & DC: 1%. These states do not have more alcohol or drug abuse or mental illness, so this can't explain their higher levels of homelessness.

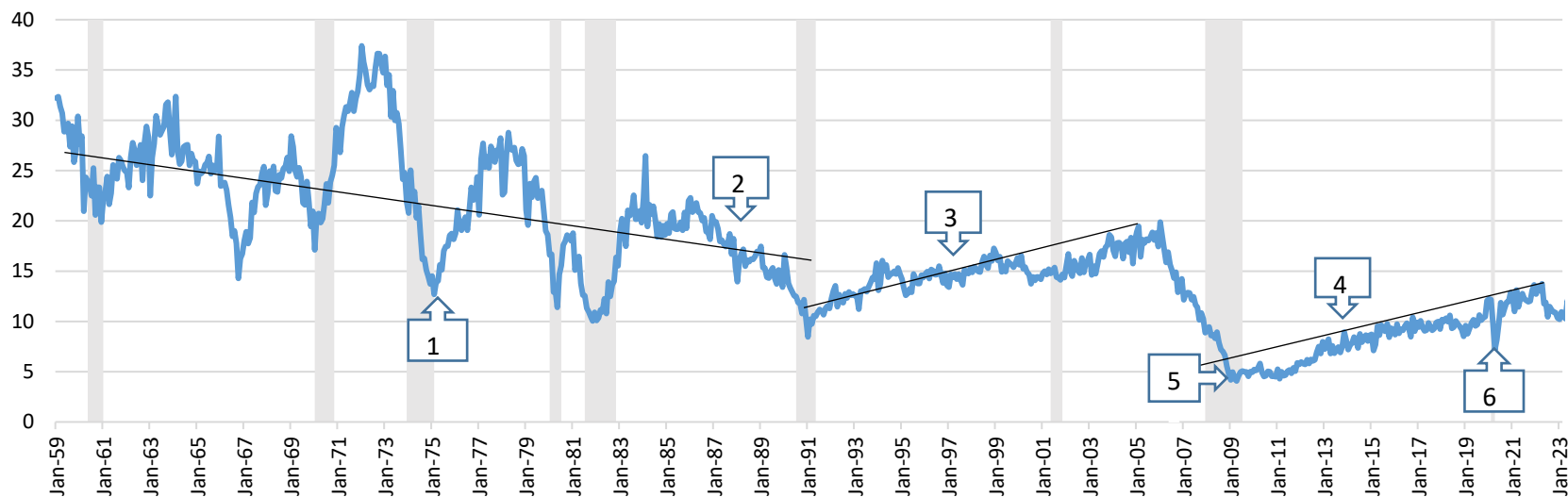
¹ Pew Charitable Trust, How Housing Costs Drive Levels of Homelessness, <https://www.pewtrusts.org/en/research-and-analysis/articles/2023/08/22/how-housing-costs-drive-levels-of-homelessness> August 2023

² NYU Furman Center, A Summary of Supply Skepticism Revisited, August 2023, Demsas, Housing Breaks People's Brains, The Atlantic, November 2022, <https://www.theatlantic.com/ideas/archive/2022/11/us-housing-supply-shortage-crisis-2022/672240/>

How Did the U.S. End Up with a Housing Shortage?

- Today, housing starts total about 14 per 1000 households, about half the level in 1960.
- Housing starts have trended down relative to households during the 1960s-1980s **(1)**, but the decline was exceptionally strong from 1974-1991 **(2)**. The rate of growth during the current recovery (2009-present) **(4)** is identical to the last one (1991-2006) **(3)**, albeit it started from a much lower level **(5)**. Starts per household are about half the level in 1960 (13 per 1000 households vs. 26), while the number of households grew from 51 million in 1959 to 128 million in 2020.
- In terms of the 5 Ls (land, laws, lumber, lending, labor), a focus on both the gradual nature of the most recent increase and the trend of the last few years shows no discernable impact from labor or construction costs, while the impact and recovery from the pandemic is clear **(6)**. Thus one must conclude that land use laws are the most likely explanation for what is holding back supply.

Monthly Housing Starts per 1,000 Households by Year

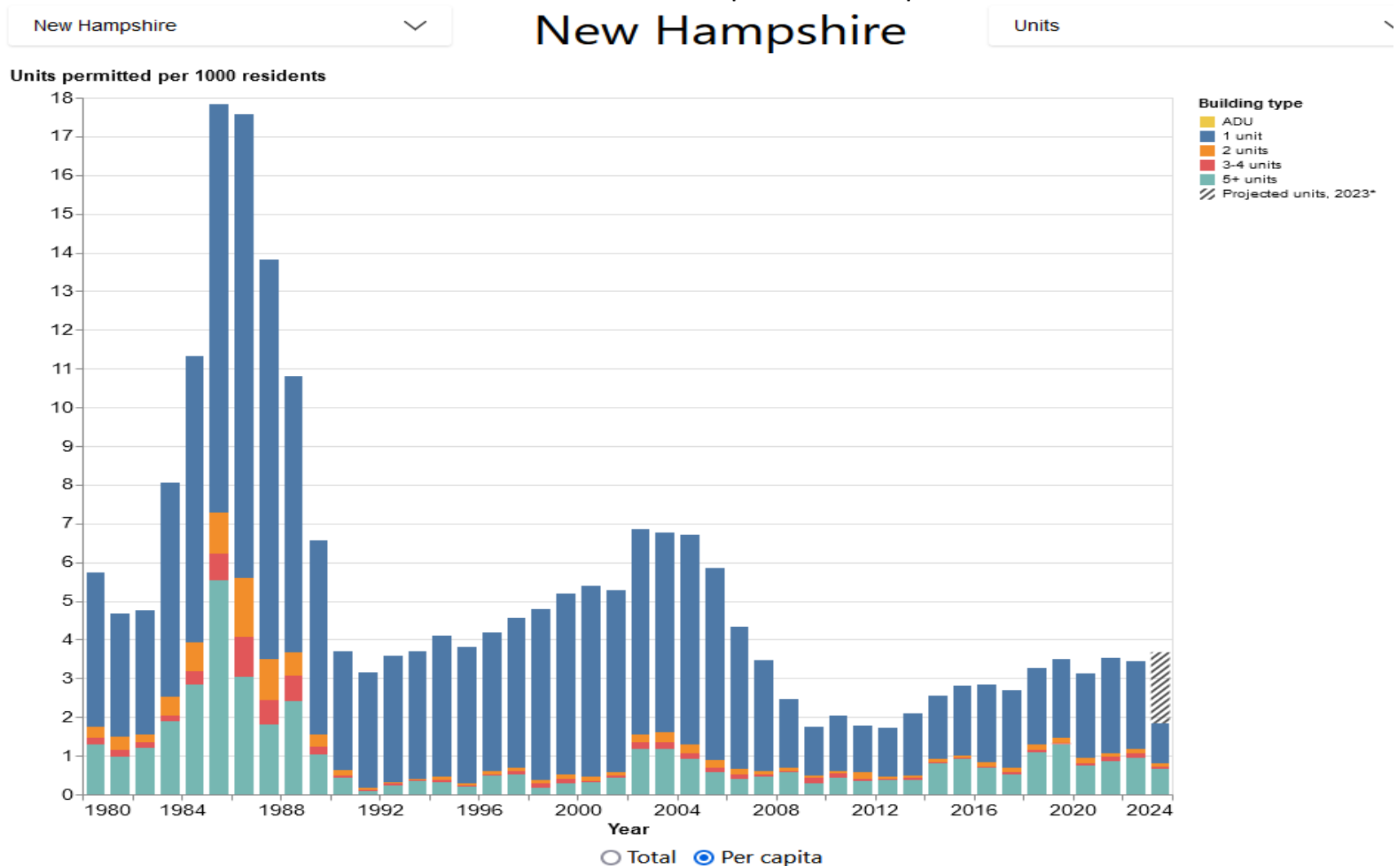


Note: New Privately-Owned Housing Units Started: Total Units, Starts include 1-4 and 5+ units. Starts shown monthly in thousands of units on a Seasonally Adjusted Annual Rate. Household counts are annual, with monthly interpolations) and after Jan. 2020 are assumed to have remained constant.

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

How Did **New Hampshire** End Up with a Housing Shortage?

- Today, housing permits total about 3 per 1000 residents, less than a third the level in 1980s.
- In the mid-1980s 2-4 units accounted for about 16% of permits, compared to about 5% since 2010.



*2023 includes data from January through June.

The remainder of the year is extrapolated from the monthly rate from January through June 2023.

Research disproves supply skepticism (ie: builders use higher density to make more money). Greenfield LTD adds more supply of middle-income housing.

- By increasing as built density (units/acre), SFD & SFA gross living area (GLA) & price both drop, unleashing naturally affordable housing & promoting filtering, as lower cost housing is purchased or rented by lower income households.
 - Across 280 counties, these relationships had a correlation of 84% & 60% for SFD & SFA respectively.
 - In 2019 **Hillsborough County, NH's** median SFD as-built density was 2.2 homes/acre. Increasing to 4.2 would double production & reduce gross living area & price median price by about 15% (at 1900 sq. ft., still 19% above county median).

New Home Construction and As-Built Density Relationships

Evaluate the relationship among gross living area, current value, as-built density for newly constructed homes

Lot Size, Gross Living Area (GLA), Market Value, & Indexed Property Tax Revenue for *Single Family Detached (SFD)* and Attached (SFA)

State: County:

National existing SFD median gross living area (sq. ft.): 1,747

Subject county median SFD gross living area (sq. ft.): 1,632

Each dot represents a decile of county median gross living area.

National existing SFD median market value: \$306K

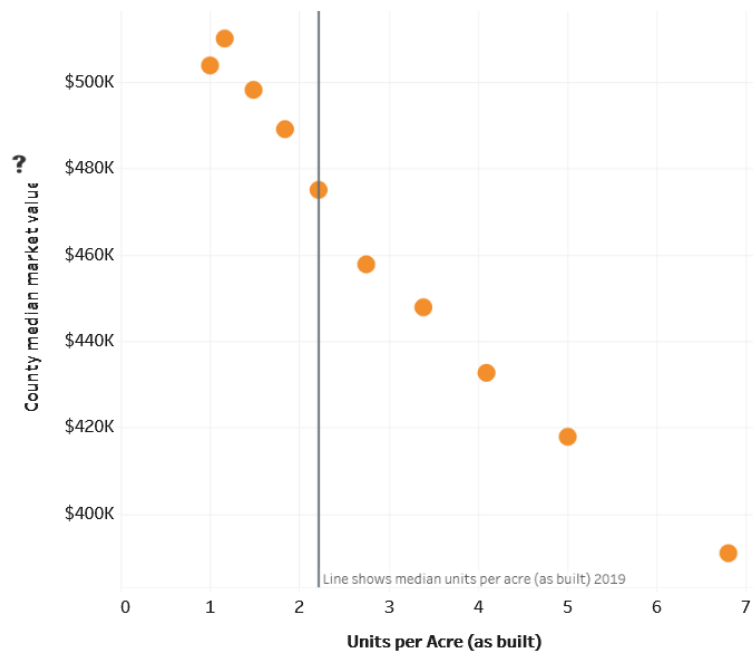
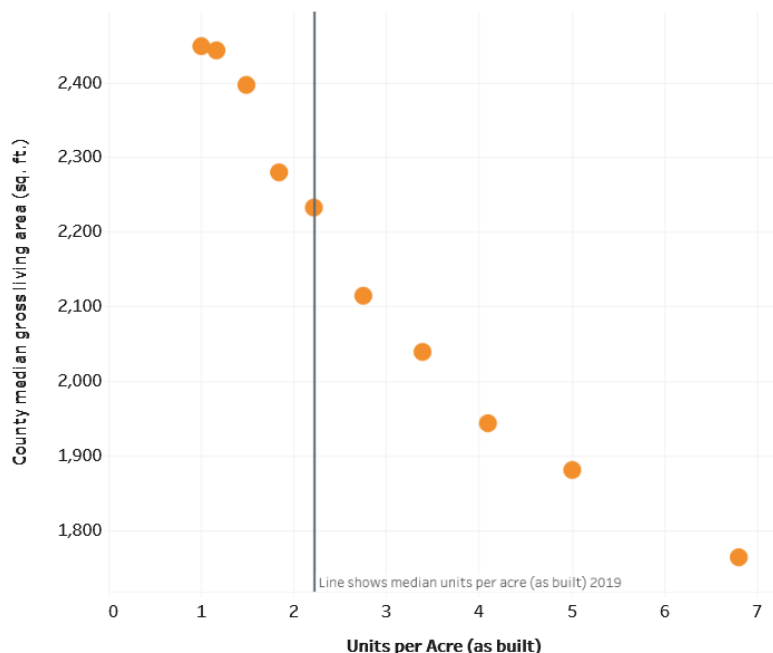
Subject county median SFD market value: \$361K

Each dot represents a decile of county median market value.

hometype

Single family detached (SFD)

Note: There were 5,087 new SFD homes built in Hillsborough County, NH from 2000 to June 2022. There is an insufficient number of SFA homes in Hillsborough County for them to be included.



There's an Easy Fix That Would Solve Our Housing Crisis: Light Touch Density



Is this 1, 2, 3, or 4 units?



It's a 4 unit townhome (TH) condo and blends in with neighboring homes.



3bd/2ba TH @1558 sq. ft. at \$440,000, bottom of neighborhood range (\$400,000-\$2 million), density a modest @14 units/acre.

We're living through one of the greatest housing crunches the U.S. has ever known. It's resulted in record numbers of homelessness and entire generations certain they will never become home-owners, that critical milestone of the middle class. But there is a simple solution to the problem... legalize duplexes, triplexes, smaller lots and other forms of light-touch density (LTD) housing, allowing the market to build more affordable housing options for more Americans.

The reason...is simple: It increases the supply of housing for middle-income households, when what we have now is the opposite —long-standing exclusionary zoning laws that limit most areas of the nation to single-family detached homes, banning LTD homes.

LTD housing can take many forms: duplexes, triplexes, quads through eight-plexes, townhouses, cottage courts, accessory dwelling units, and other similar structure types, along with smaller lots for green field development. By allowing more units on a single parcel of land, LTD is both naturally affordable and naturally inclusionary, creating upward mobility naturally through a more accessible housing market. All it takes is repealing the laws that ban it.

This is already happening across the nation. California, Austin, and Vermont have each passed legislation entitled HOME. In California, it stands for Housing Opportunity and More Efficiency; in Austin, Home Options for Middle-Income Empowerment, and in Vermont, Housing Opportunities Made for Everyone. What these and other enactments have in common is a recognition that the solution to our nation's worsening housing crunch is to repeal zoning laws that only allow the building of single family detached housing. (Op-ed by Edward Pinto, first appeared in Newsweek.com, 9.23)

NH's infill 2-4 unit LTD potential: 2100 homes/yr., 60% of 2022's permitted 1-4 new construction. ADUs potential: 750 homes/yr., 20% of 2022's permits. This totals 80% of 2022 permits. Half of this is in Hillsborough County.

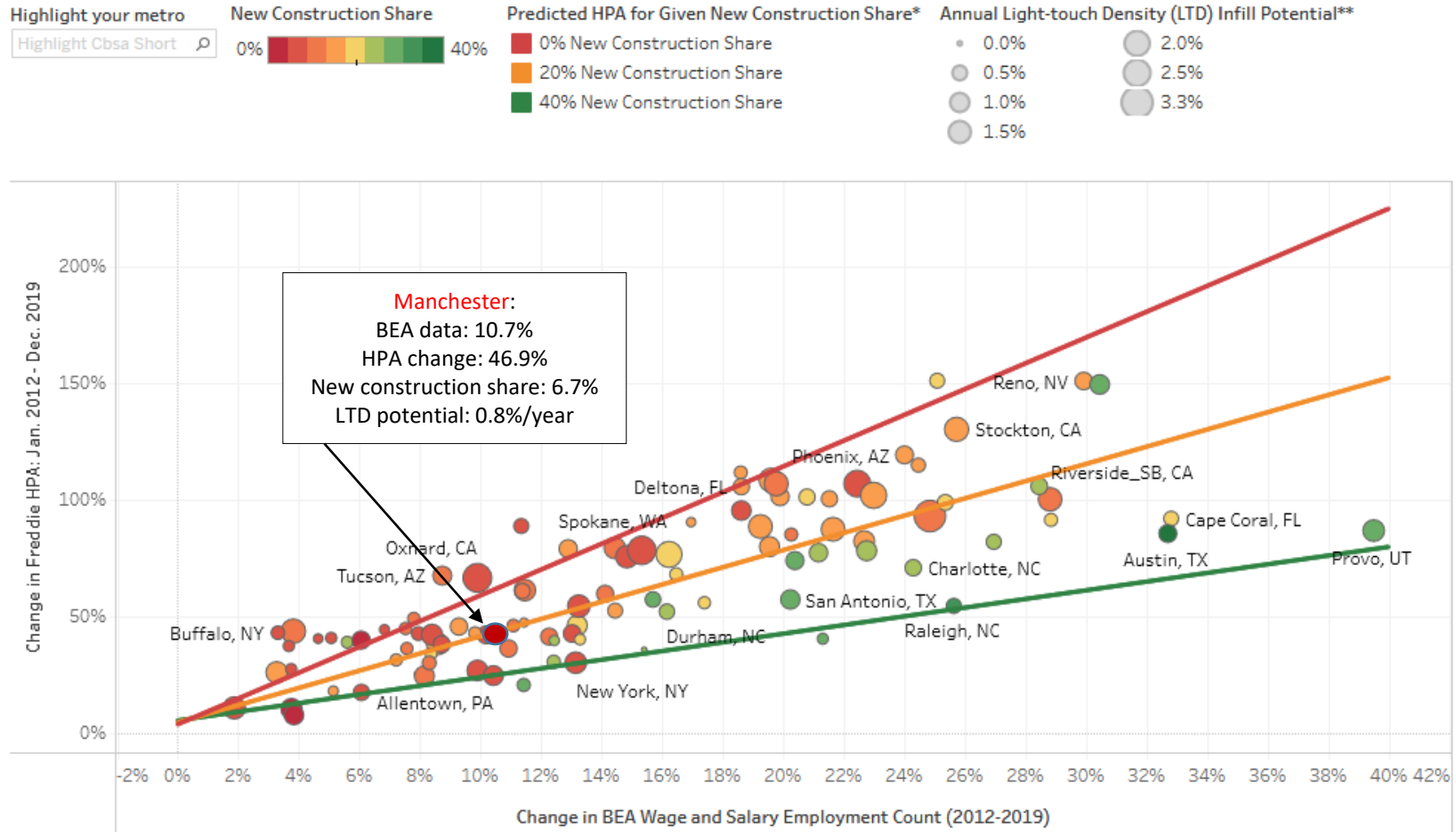
Note: does not take into account septic requirements or limitations imposed by restrictive deed covenants.

The main driver of metro home price appreciation is employment growth, moderated by new home construction

Lesson 1: If you add lots of new employees, also add new housing

Lesson 2: If you get behind, catch up

Metro-level Relationship between Home Price Appreciation (HPA), Employment Change, and New Construction (NC) % of 1-4 Home Sales (2012-2019)

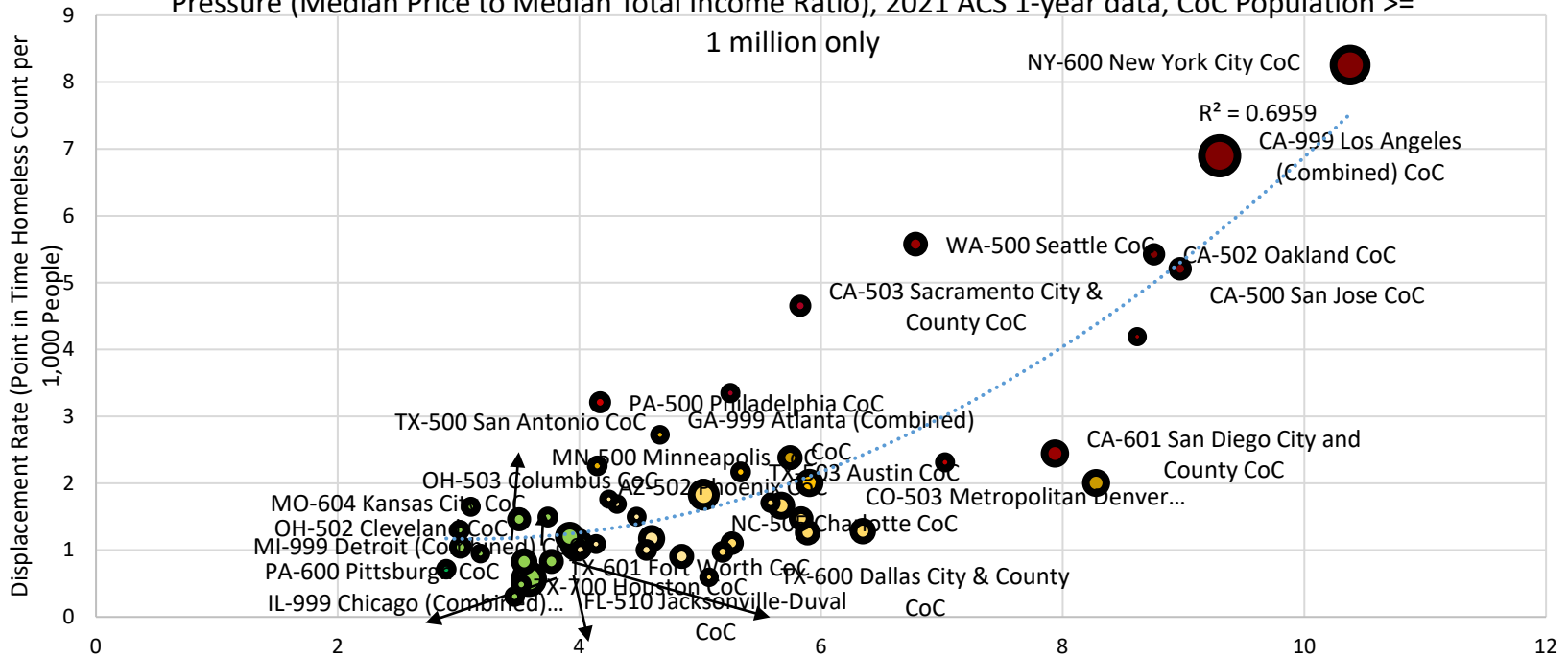


* Prediction is based on a metro-level regression analysis accounting for the change in employment count, the new construction share, and the interaction between both. We then predict the change in HPA for a stylized metro with a 0%, 20%, and 40% new construction share at any given level of change in employment count.

Good Neighbors Index (GNI): median home price to median income ratio (displacement pressure) is highly correlated to the homeless displacement rate

- Displacement pressure can explain 89% of the variance in displacement rate for CoC >=1 million population, beating 53 other predictors tested.
- At a displacement pressure of 3.0, the expected displacement rate (using point-in-time (PIT) homeless count/1,000 people) is 1.0, but increases to 5.5 at a displacement pressure of 9.0, a homeless rate that is 5.5 times higher. The PIT count as a % of population below poverty level = 1.4% (<1% excluding top 5 homeless states). Los Angeles, NYC, Seattle, or SF do not have more alcohol or drug abuse or mental illness, so this can't explain their higher levels of homelessness.
- In short, most homeless were your neighbors and became homeless due to a lack of housing.

CoC Displacement Rate (Point in Time Homeless Count per 1,000 People) & Displacement Pressure (Median Price to Median Total Income Ratio), 2021 ACS 1-year data, CoC Population >= 1 million only



Note: Under "Data Source", you can select ACS 1-year data for 234-238 larger CoCs, covering 2012-2021 (no 2020 data) or ACS 5-year data for all 363-369 CoCs, covering 2012, 2015 and 2019. The trend line is weighted by the CoC population. To use the trend line, "Trend Line" must be selected in the CoC Name filter. "AA Trend Line" must be selected in the State filter, and the CoC Population's minimum is selected lower or equal to 2M. The CoCs used are based on HUD's 2022 CoC GIS Shapefiles. We combine some CoCs to match them with county classifications from the ACS (see List of combined CoCs tab for details). Source: 2012-2019, and 2021 1-year American Community Survey, 2010-2014, 2013-2017 and 2017-2021 5-year American Community Survey, HUD Annual Homeless Assessment Report (AHAR), and AEI Housing Center. www.AEI.org/housing.

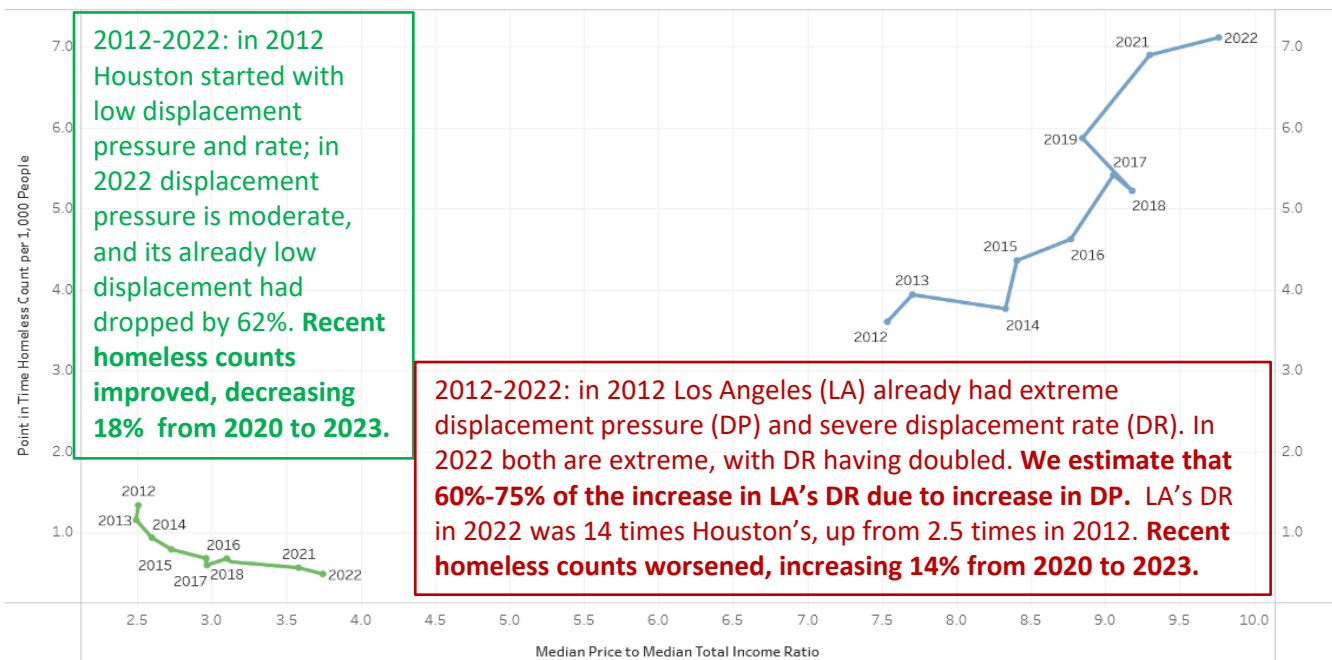
Displacement Rate (Point in Time displacement count/1,000 population)	Good Neighbor Index Rating by Continuum of Care (CoC) Displacement Pressure (Median Home Price/Median Total Income)				
	Low <=2.00	Moderate >2.00, <=4.00	Serious >4.00, <=6.00	Severe >6.00, <=8.00	Extreme >8.00
Extreme >4.0%	1I	2I	3I	4I	5I
Severe >2.0%, <=4.0%	1D	2D	3D	4D	5D
Serious >2.2%, <=2.9%	1C	2C	3C	4C	5C
Moderate >2.0%, <=2.2%	1B	2B	3B	4B	5B
Natural <=2.0%	1A	2A	3A	4A	5A

Tale of two cities: Houston and Los Angeles - housing abundance is the key to reducing displacement

- In spite of decades of rapid growth, the median house price in Houston remains below the national median, with home prices and rents being about 1/3 and 1/2 of those in Los Angeles (LA).¹
- Cost of living compared to national average: NYC +126%, SF:+ 70%, LA: +49%, and Houston: -6%.



Displacement Pressure (Median Price to Median Total Income Ratio) and Displacement Rate (Point in Time Homeless Count per 1,000 People) by year, 234-238 CoCs for ACS 1-year and 363-369 CoCs for ACS 5-year
 Note: 2021 PIT homeless count is imputed using the average of 2020 and 2022 due to the pandemic distortions.
 ACS 5-year data are for all CoCs, which cover 2012, 2015 and 2019. ACS 1-year data are for large CoCs, which cover 2012-2019, 2021 and 2022.



State and CoC Name Abbreviation, Da...
 CA-999 Los Angeles (Combined) C...
 TX-700 Houston CoC, ACS 1-year

Data Source
 (All)
 ACS 1-year
 ACS 5-year

Highlight State (e.g. AK)
 and CoC Name Abbreviation
 TX-611 Amarillo CoC
 TX-624 Wichita Falls CoC
 TX-700 Houston CoC
 TX-701 Bryan CoC
 UT-500 Salt Lake City & Coun...
 UT-503 Utah Balance of Stat...

Note: The data shown are limited to the 363-369 CoCs available in ACS 5-year data and the 234-238 CoCs available in ACS 1-year data. The CoCs used are based on HUD's 2022 CoC GIS Shapefiles. We combine some CoCs to match them with county classifications from the ACS (see List of combined CoCs tab for details).
 Source: 2012-2019, 2021 and 2022 1-year American Community Survey, 2010-2014, 2013-2017, 2017-2021 5-year American Community Survey, HUD Annual Homeless Assessment Report (AHAR), and AEI Housing Center.
www.AEI.org/housing.

- Since 2012, Houston's regional response to homelessness known as 'The Way Home' is credited with housing over 28,000 individuals and families, with 90% still housed to this day, with an overall reduction in homelessness of 62% since 2011.² LA's already extreme 2012 rate doubled over a similar time period.

¹ "Zillow Home Value Index (ZHVI)" and "Zillow Observed Rent Index (ZORI)" <https://www.zillow.com/research/data/> accessed on 4/26/2022

² <https://www.thewayhomehouston.org/>, <https://www.houstontx.gov/homeless/>, www.AEIHousin.org

Good Neighbor Index (2022):

Manchester: Moderate/Natural (displacement pressure & displacement rate)

Boston: Extreme/Extreme (displacement pressure & displacement rate)

Displacement Pressure (Median Price to Median Total Income Ratio) and Displacement Rate (Point in Time Homeless Count per 1,000 People) by year, 234-238 CoCs for ACS 1-year and 363-369 CoCs for ACS 5-year

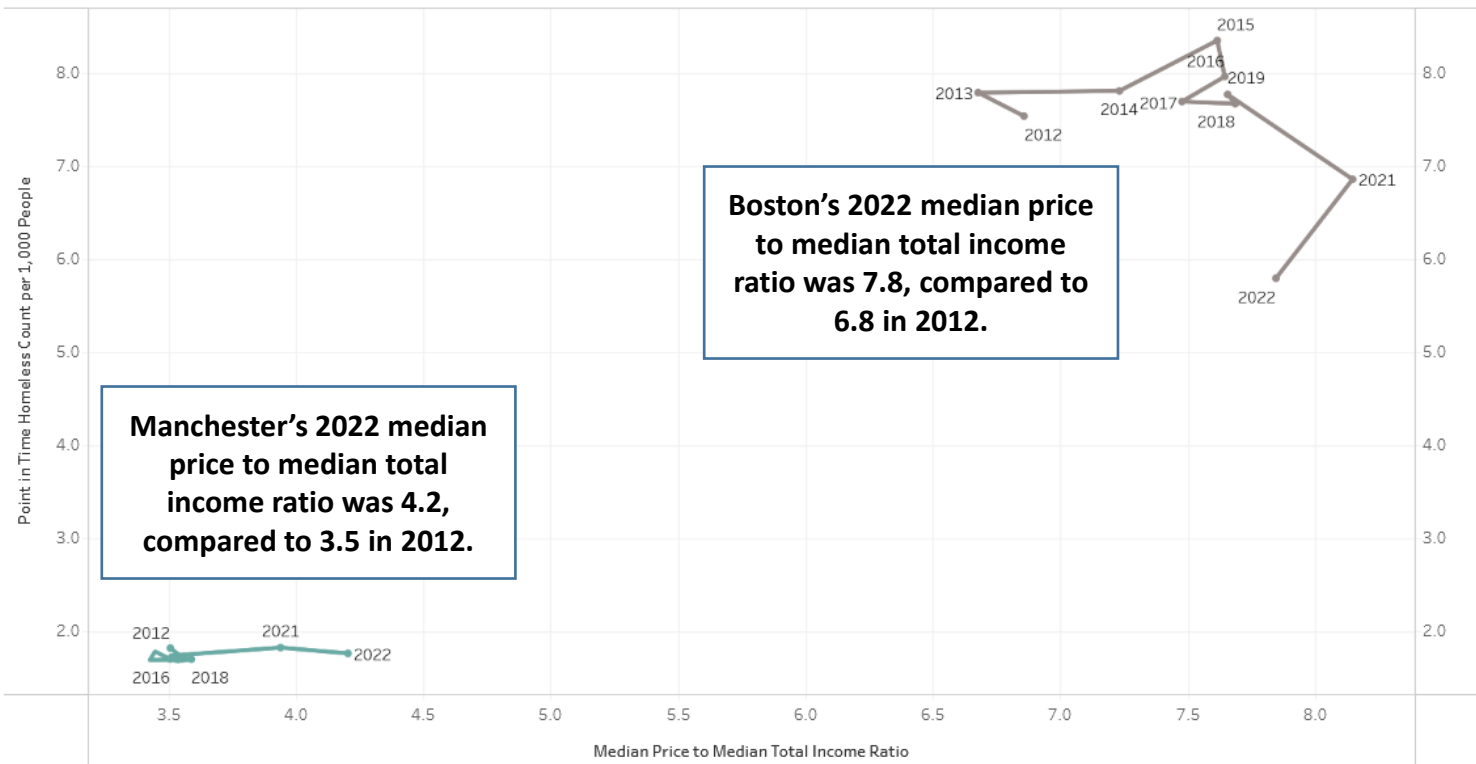
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ACS 5-year data are for all CoCs, which cover 2012, 2015 and 2019. ACS 1-year data are for large CoCs, which cover 2012-2019, 2021 and 2022.

State and CoC Name Abbreviation, Da...

MA-500 Boston CoC, ACS 1-year

NH-502 Manchester CoC, ACS 1-ye...



Data Source

(All)

ACS 1-year

ACS 5-year

Highlight State (e.g. AK)

and CoC Name Abbreviation

MA-500 Boston CoC

MA-503 Cape Cod Islands CoC

MA-504 Springfield CoC

MA-506 Worcester City & Co...

MA-507 Pittsfield CoC

MA-511 Quincy CoC

Note: The data shown are limited to the 363-369 CoCs available in ACS 5-year data and the 234-238 CoCs available in ACS 1-year data. The CoCs used are based on HUD's 2022 CoC GIS Shapefiles. We combine some CoCs to match them with county classifications from the ACS (see List of combined CoCs tab for details).

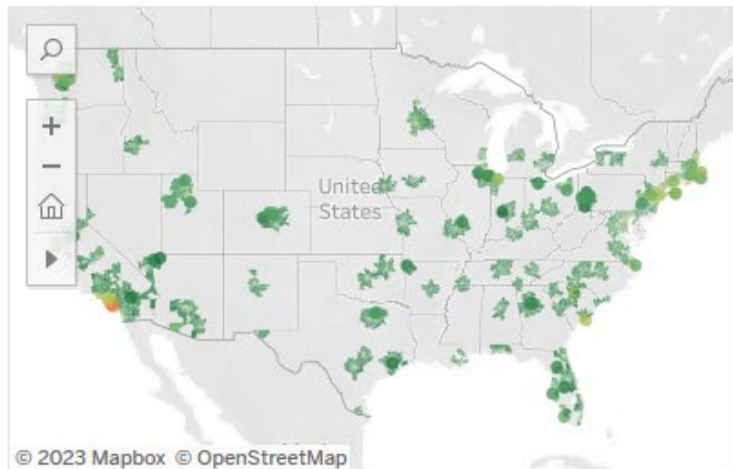
Source: 2012-2019, 2021 and 2022 1-year American Community Survey, 2010-2014, 2013-2017, 2017-2021 5-year American Community Survey, HUD Annual Homeless Assessment Report (AHAR), and AEI Housing Center, www.AEI.org/housing.

McMansionization is a looming threat to our urban and suburban areas.

- The ongoing home price boom that started in 2012 has raised land values. As a result land shares have risen to levels where a conversion to a higher and better, legal use is increasingly economically viable.*
 - Smaller homes built before 1980 and located in zip codes with land shares $\geq 60\%$ are ripe for conversion to a higher and better use.
 - In recent years, the conversion rate for census blocks with at least 2 McMansion conversions since 2012 have had a 1% annual McMansion conversion rate.
- Zoning determines whether an in-fill conversion results in an expensive McMansion (with no supply addition) or multiple units of naturally affordable LTD homes (along with benefits in terms of economic development, energy efficiency, walkability, commercial vitality, and increased tax base.
 - AEI research (preliminary) indicates that infill McMansionization is proceeding most rapidly in these cities which also have substantial stocks of pre-1980 SFD homes: Los Angeles, Houston, Dallas, Tampa, and Seattle.
 - In LA, 45% of all new single-family detached construction (2012-2021) was the result of infill McMansionization.
 - **Manchester was at 13%.**

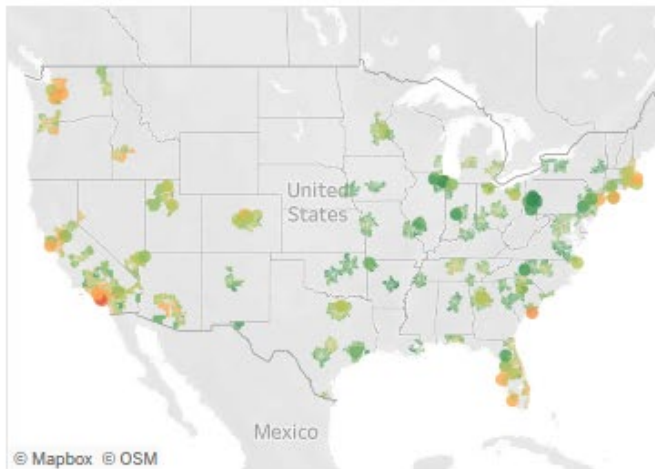
Map 1 Year

2012



Map 2 Year

2022



Land Share by ZIP Code
By Year

Share of SFD units
built before 1980

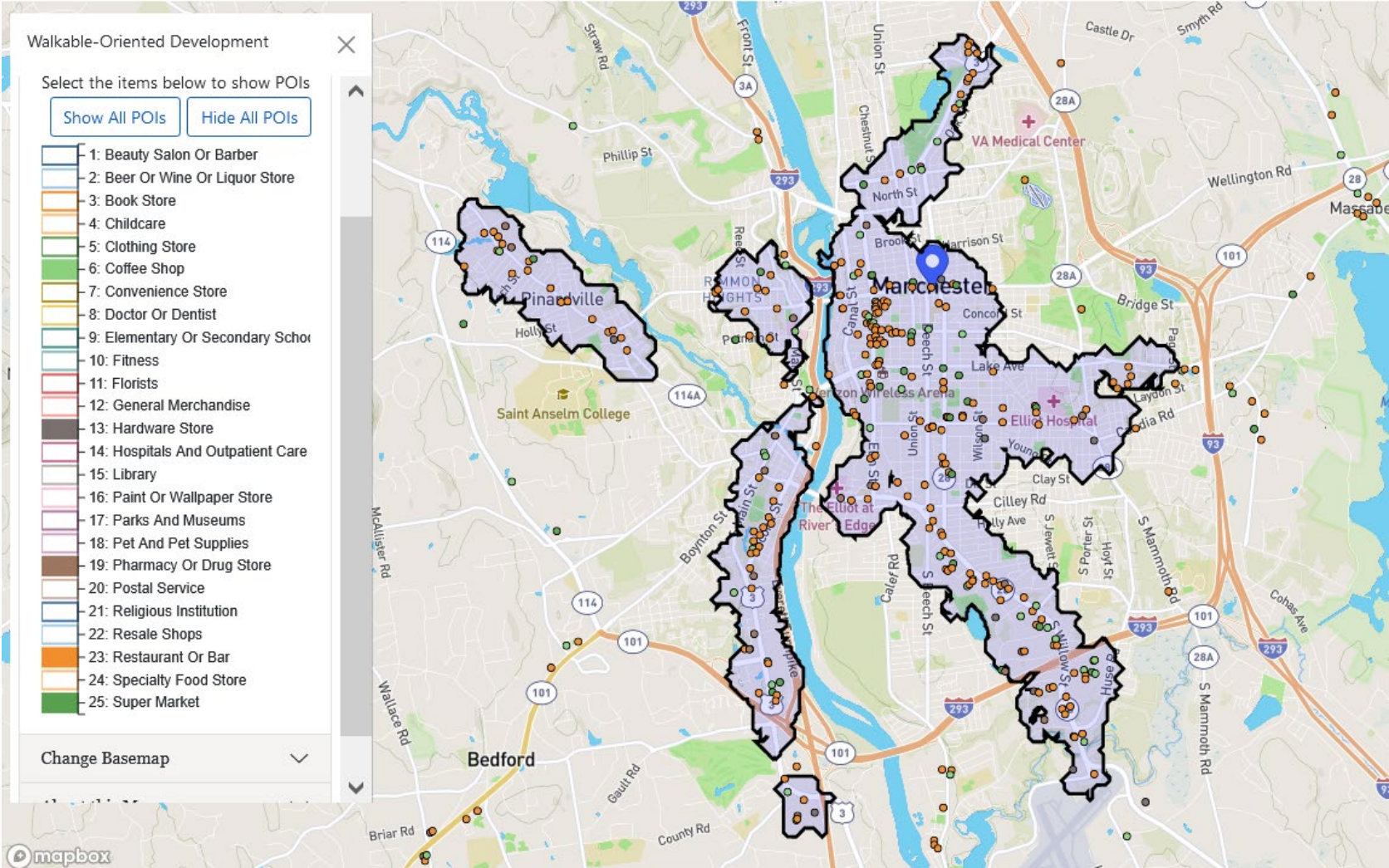
Land Share	2012	2022
<10%	3.0%	0.1%
$\geq 10\%$, <20%	17.2%	0.8%
$\geq 20\%$, <30%	34.0%	3.8%
$\geq 30\%$, <40%	20.0%	16.1%
$\geq 40\%$, <50%	14.0%	24.5%
$\geq 50\%$, <60%	8.1%	23.4%
$\geq 60\%$, <70%	3.2%	21.7%
$\geq 70\%$, <80%	0.5%	9.0%
$\geq 80\%$, <90%	0.0%	0.7%
$\geq 90\%$, <100%	0.0%	0.0%

*A conversion is defined as the act of tearing down an existing single-family detached structure and replacing it with a new structure of varying unit totals
Source: AEI Housing Center, www.AEI.org/housing.

Walkable Oriented Development (WOD) as a Further Opportunity in Manchester

- Focuses additional Light-Touch Density on walkable areas of high commercial activity, where most amenities are located.

Walkable Oriented Development for Manchester, NH and surrounding area



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

The Good Neighbors (GN) framework is preferable to largely ineffective high tax interventions for alleviating displacement

- *The California Homeless Housing Needs Assessment (Needs Assessment)* indicated a need for building 112,527 affordable apartments at a total cost of \$67.9 billion for an upfront development cost of \$605,000 per unit.¹
 - Subsidizing operating costs on these 112,527 new units and rents on another 112,527 at a total cost of \$22 billion (a monthly subsidy cost per unit of \$679).
 - The tax intervention cost over 12 years would \$90 billion or \$701,000 per newly built unit.²
- Under the GN framework, if LTD were legal at up to 4 homes/parcel across California, about 180,000 net new homes would be added per year, yielding about 2.16 million units over 12 years (in 2022, the state had 63,900 single family housing starts³).
 - Displacement pressure would be lowered, leading to a direct reduction in homelessness.
 - 90,000 to 135,000 of LTD units would have rents below 120% of area median income.
 - Additional units for lower income households would be freed up by filtering down.
 - The total tax intervention cost per unit over 12 years would be \$0.

¹ Corporation for Supportive Housing and the California Housing Partnership, 12.19.22, <https://calneeds.csh.org/>

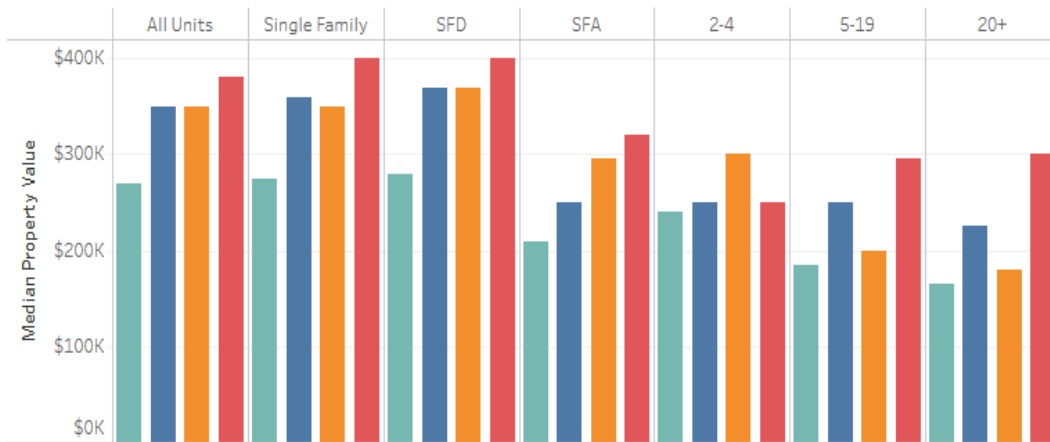
² The Needs Assessment also noted supportive housing services to 62,966 households with disabilities at a 12 year cost of \$5.9 billion or \$7,750 household cost per year. While the Good Neighbors framework assumes a similar expenditure, no independent assessment has been made.

³ <https://journal.firsttuesday.us/the-rising-trend-in-california-construction-starts/17939/>

Permit Triple-Deckers to Be Legal, Again (Legalize 2- and 4-Units also)

- In 1940, light-touch density (LTD) in the form of triple-deckers, duplexes, & quadraplexes, accounted for 1/3 of **New England**'s stock. Made illegal in the 1920s & 1930s, today they account for 17% of stock.
 - If this percentage of had not diminished, housing in New England today would be abundant, with the region having 2 million more homes, an increase of 34%.
- LTD, by legalizing moderately higher density through by-right zoning, is a return to the naturally affordable & inclusionary residential design of 100 years ago. It requires no subsidies, allowing the free market to greatly add to the supply of homes for middle income owners (@80%-150% of area median income) & renters (@50%-120% of area median income) with infill, refill, & green-field homes. Unleashes a swarm of small property owners & developers. Helps reduce homelessness.

Median Property Value



Source: NH Architectural Survey Manual

Like Dorothy, going **HOME** is easy. New Hampshire & New England are wearing ruby slippers.

Permit Triple-Deckers to be legal, again (legalize 2- and 4- units also).

Solutions for New Hampshire that Support Housing Abundance

- Is not a lack of subsidies that is holding back affordable, work-force housing.
 - Don't encourage government profit seeking; in a tight market, subsidies quickly capitalized into higher prices & rents.
- Make economically developable land abundant and it will promote a market response.
 - Triple-deckers and 2- and 4- unit homes used to provide abundant naturally affordable housing and a path to wealth building.
 - Zoning for green field Light Touch Density (LTD) & infill Walkable Oriented Development will create and repurpose economically developable land to expand housing opportunities for working-class families of all races & ethnicities.
- Legalize/implement common sense solutions for more naturally affordable housing, providing opportunities for people with various incomes to work and live in closer proximity and contribute to community life.*
 - **Recommendation 1:** legalize LTD & if whatever is allowable for detached single-homes, make allowable for LTD.**
 - **Recommendation 2:** legalize an ADU or a second home on an existing lot with an SFD home.
 - **Recommendation 3:** allow easy lot splitting.
 - **Recommendation 4:** legalize 1-4 unit, along with row and townhouse infill structures.**
 - **Recommendation 5:** green field with smaller lots for both SFD and SFA, also economical multifamily housing by design.
 - **Recommendation 6:** LTD in Walkable Oriented Development (again, whatever is allowable for detached single-homes, make allowable for WOD).
 - **Recommendation 7:** Use public funds for infrastructure improvements to make land ready for development and to improve walkability.
 - **Recommendation 8:** Assure sufficient land is available and zoned for green field Light Touch Density and Walkable Oriented Development.

*Need to consider in-fill or green field septic requirements or limitations imposed by restrictive deed covenants.

** For example, impose no owner occupancy requirements or income or rent limits,