

# ESCAPING THE HOUSING TRAP



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**STRONG  
TOWNS**

An aerial night photograph of a city, showing a dense grid of lights and a prominent highway with light trails. The city extends far into the distance, creating a vast sea of lights under a dark sky.

“The prevailing pattern of development is making North American cities and towns weak and fragile.

**We seek to change that.”**

**STRONG  
TOWNS**

An aerial photograph of a dense urban area, likely a city center, showing a variety of multi-story buildings, streets, and parking lots. The buildings are in various colors, including white, orange, and grey. The streets are paved and have some greenery along the sidewalks. The overall scene depicts a highly developed and populated area.

**What can be done to provide housing to people in places where that housing has become scarce, expensive, and hotly contested?**

NATIONAL BESTSELLER

CHARLES L.  
MAROHN, JR.

DANIEL  
HERRIGES

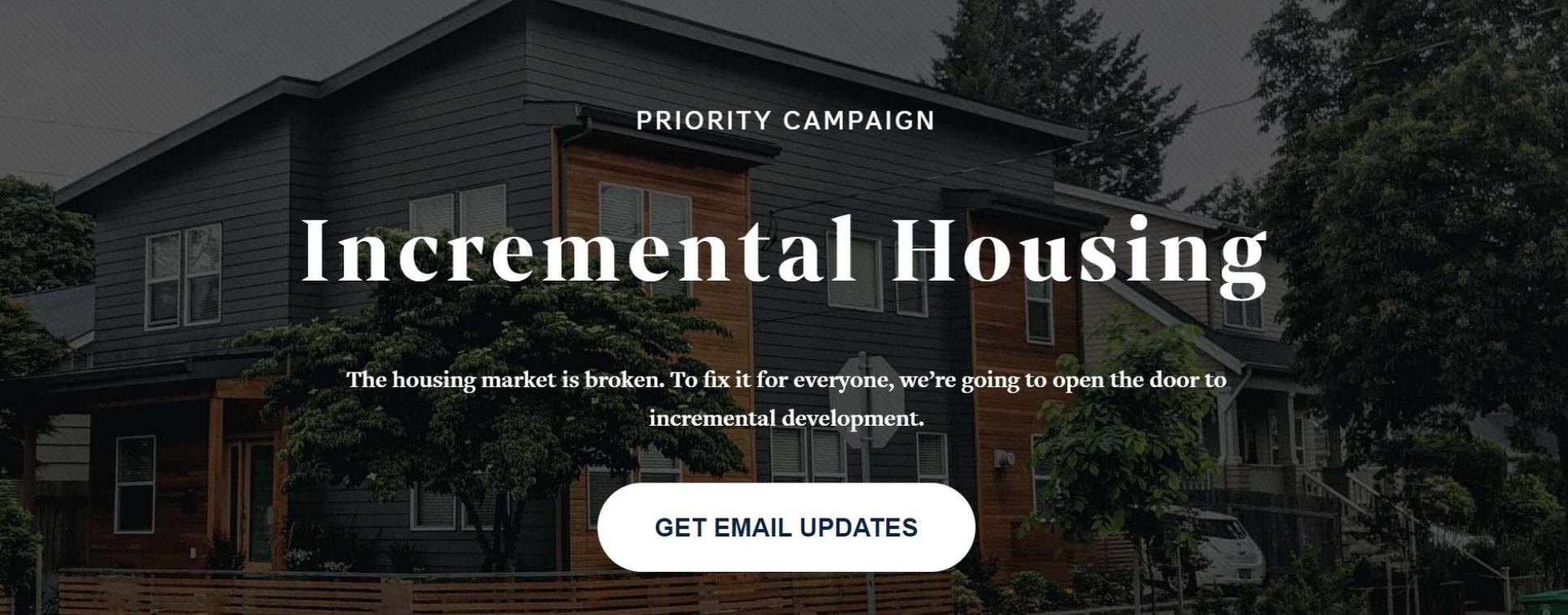
# ESCAPING THE HOUSING TRAP

THE  
STRONG TOWNS

RESPONSE TO THE  
HOUSING CRISIS



WILEY



PRIORITY CAMPAIGN

# Incremental Housing

The housing market is broken. To fix it for everyone, we're going to open the door to incremental development.

GET EMAIL UPDATES

The next increment of development should be allowed,  
by right, in every neighborhood in America.

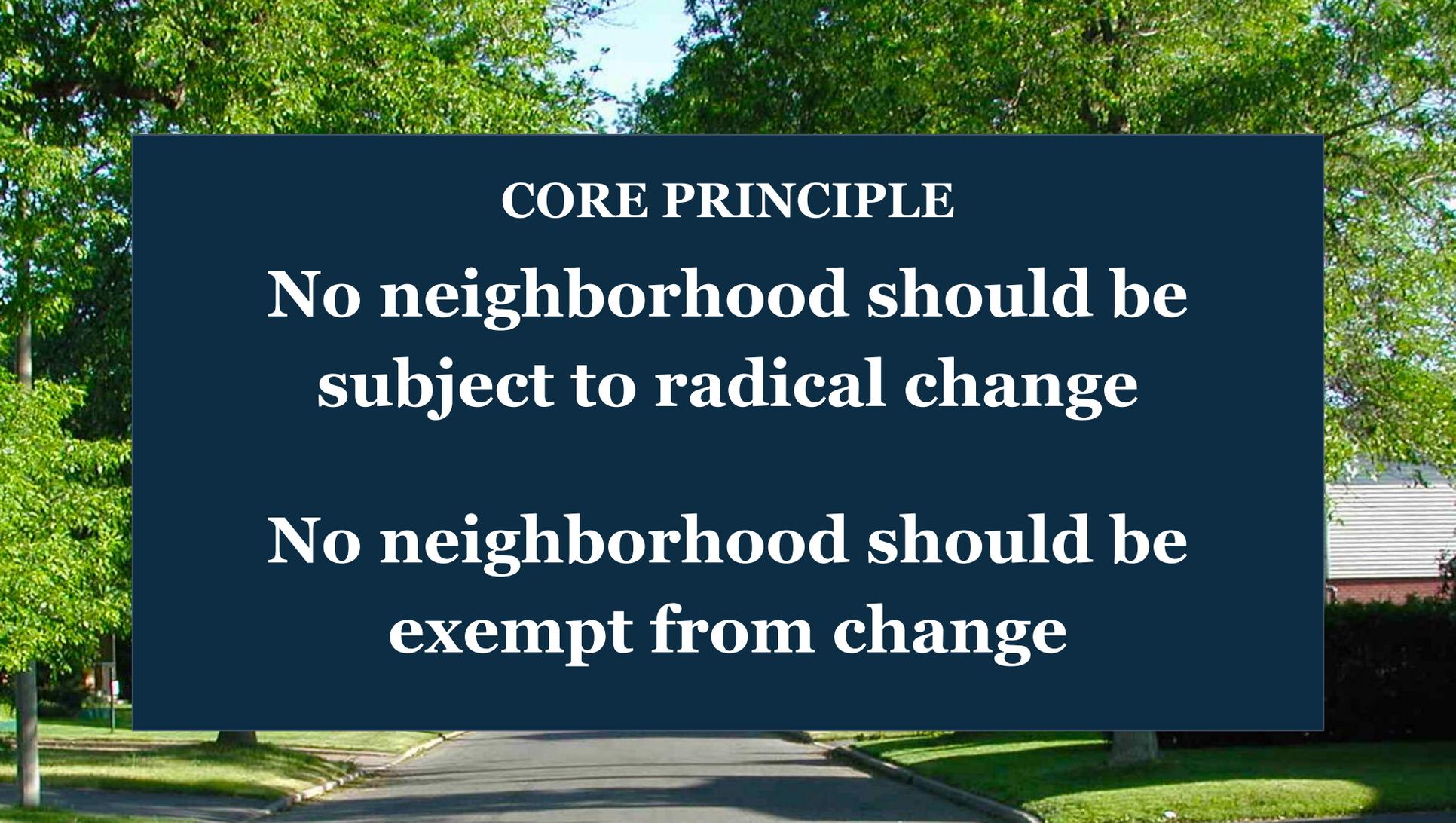
## **CORE MESSAGE**

**Our current path, meant as a means of securing prosperity for all, has unwittingly trapped us in a system that is incapable of building lasting prosperity**

## CORE CONVICTION

Local and iterative actions are the best approach to gradually create and sustain local prosperity





**CORE PRINCIPLE**

**No neighborhood should be  
subject to radical change**

**No neighborhood should be  
exempt from change**

## **PREDICAMENT**

**While we mobilize, we will seemingly be part of a worsening problem and the housing relief won't immediately materialize**

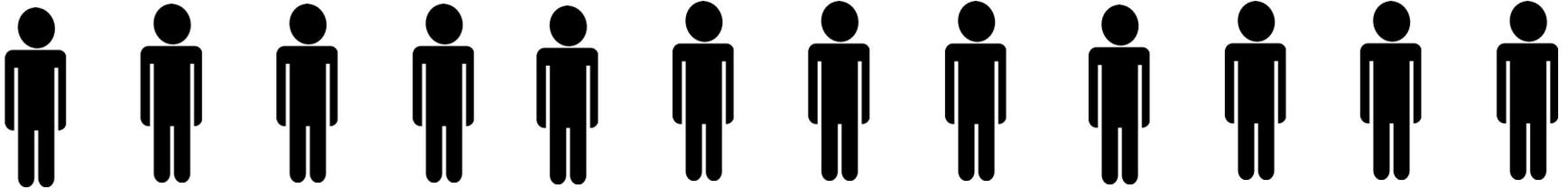
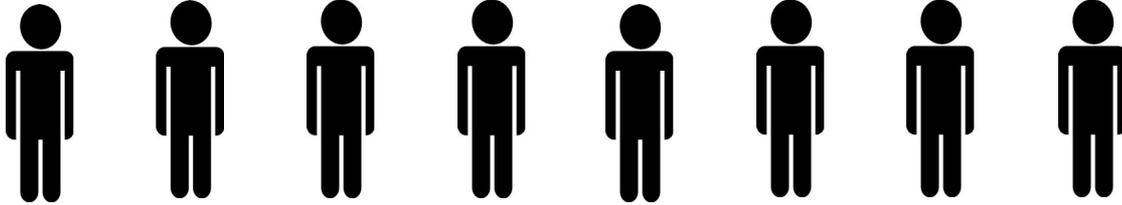
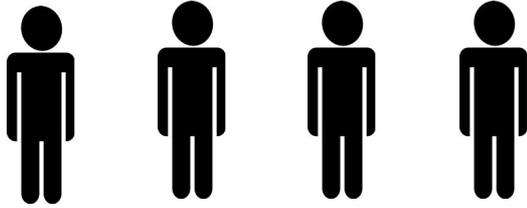


A night sky with a star trail and a bright star. The background is a dark blue night sky with a star trail and a bright star. The star trail is a long, curved line of light that starts in the upper left and ends in the lower right. The bright star is located at the end of the star trail, on the right side of the image. The text is centered in the middle of the image.

## **NORTH STAR**

**The traditional development  
pattern offers a reliable path to  
freedom  
from the housing trap**

# Agriculture Trap





Policy, subsidies, and a flurry of construction resulted in a dramatically simplified method of building out cities (the Suburban Experiment)

**WE TRADED COMPLEXITY AND  
ADAPTABILITY FOR GROWTH AND  
PREDICTABILITY**



Complex



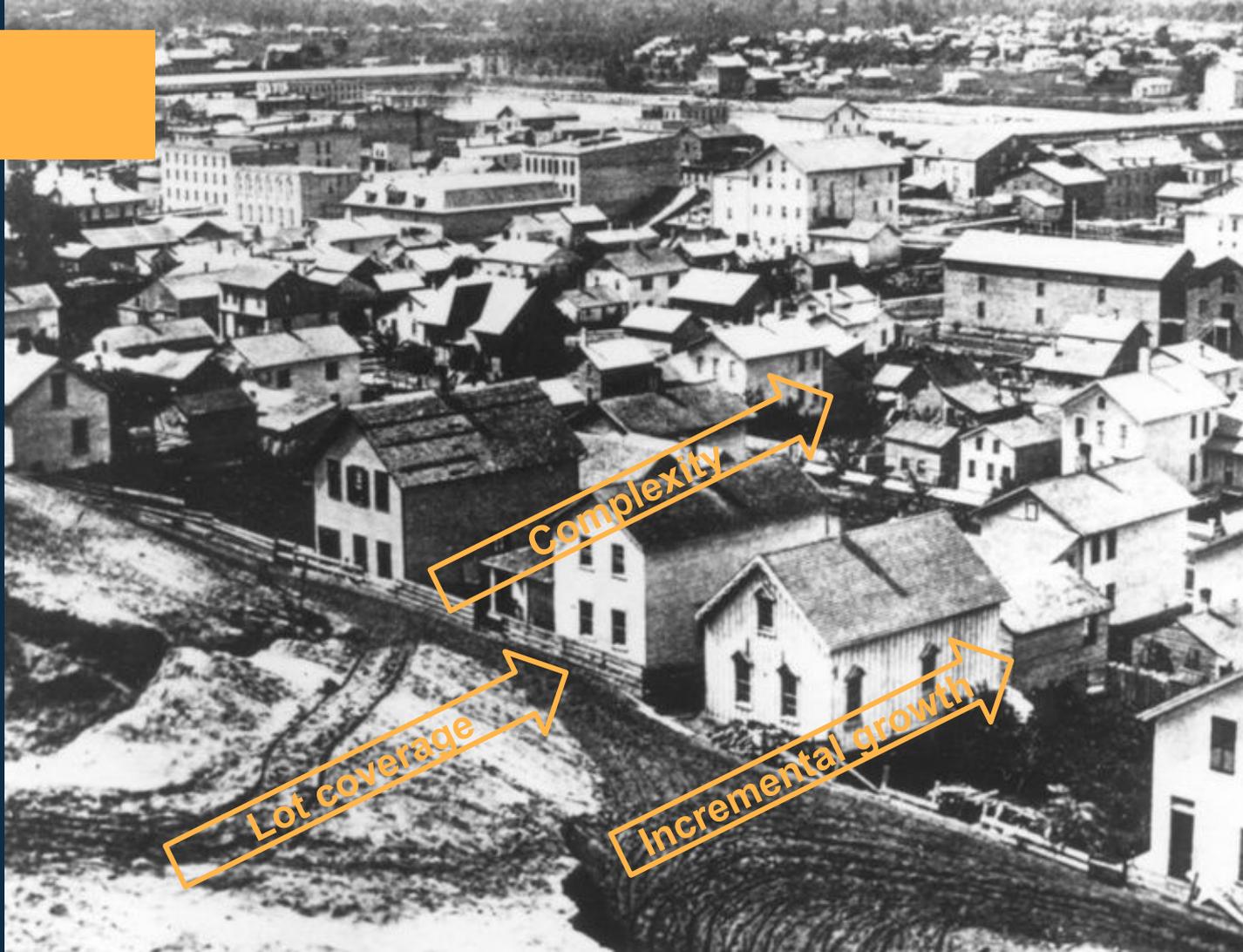
Complicated

# Urbanization

## 1870s

Notice the mix  
of sizes & uses

1. Complexity
2. Lot coverage
3. Incremental growth & adaptation



1929-1939



1933



“We have taken another important step toward the ending of deflation which was rapidly depriving many millions of farm and home owners from the title and equity to their property.”

- Franklin D. Roosevelt

Home Owners Loan Act of 1933

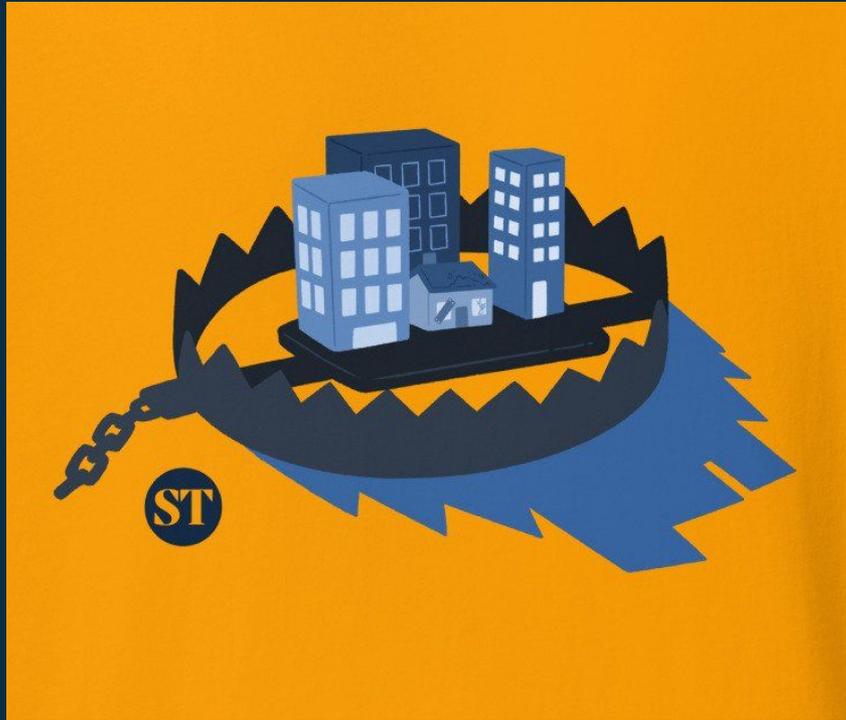
## WORLD WAR II



“Were the war to end suddenly....there would be ushered in the greatest period of unemployment and industrial dislocation which any economy has ever faced.”

Paul Samuelson (1943)

Make it easier for more people to borrow more money to pay more for housing.



Lending term increased

Land opened up with assurances of services and deterrence of alternatives

Highway spending unlinked from local budgets

LEVITTON, NY

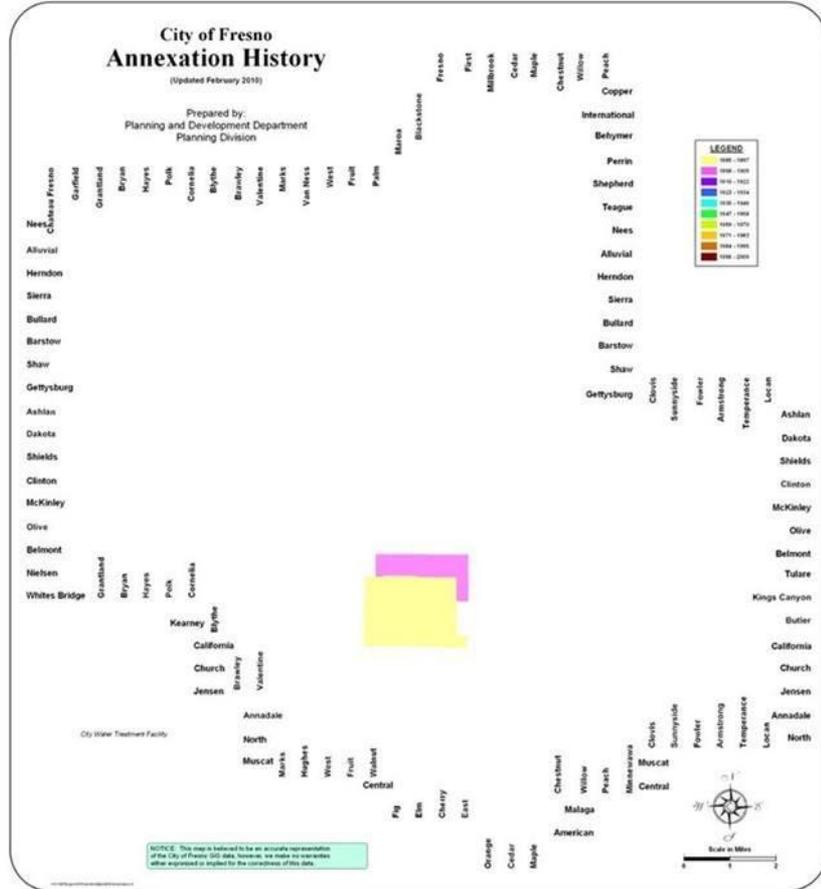
1947-1951

**AN EXCEPTIONAL  
GROWTH MACHINE**





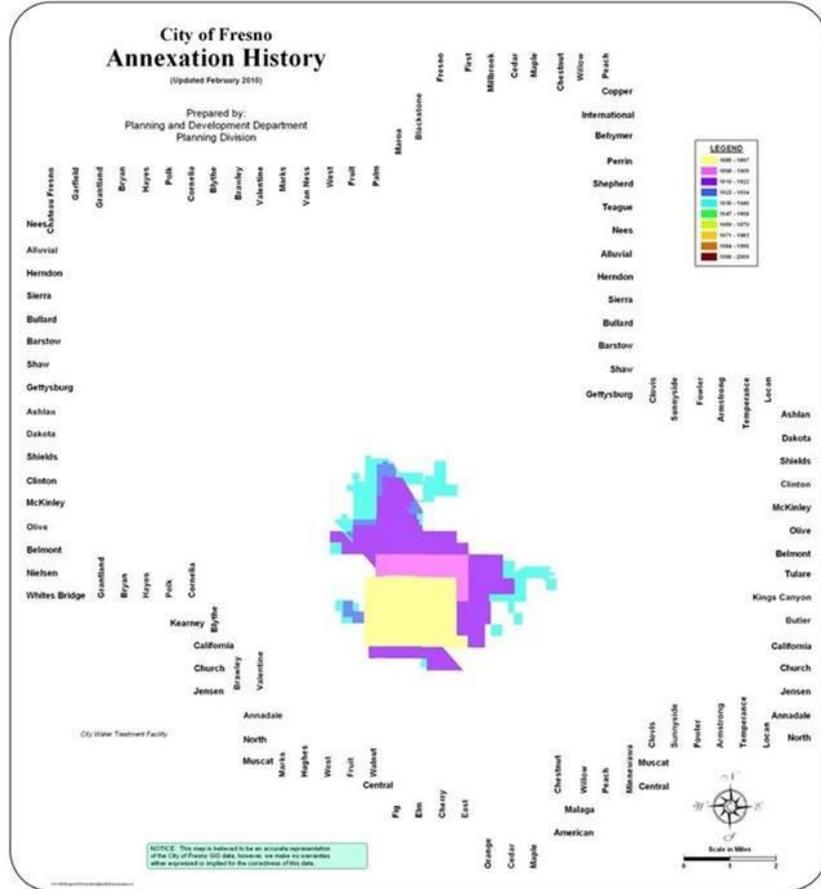
# 1909



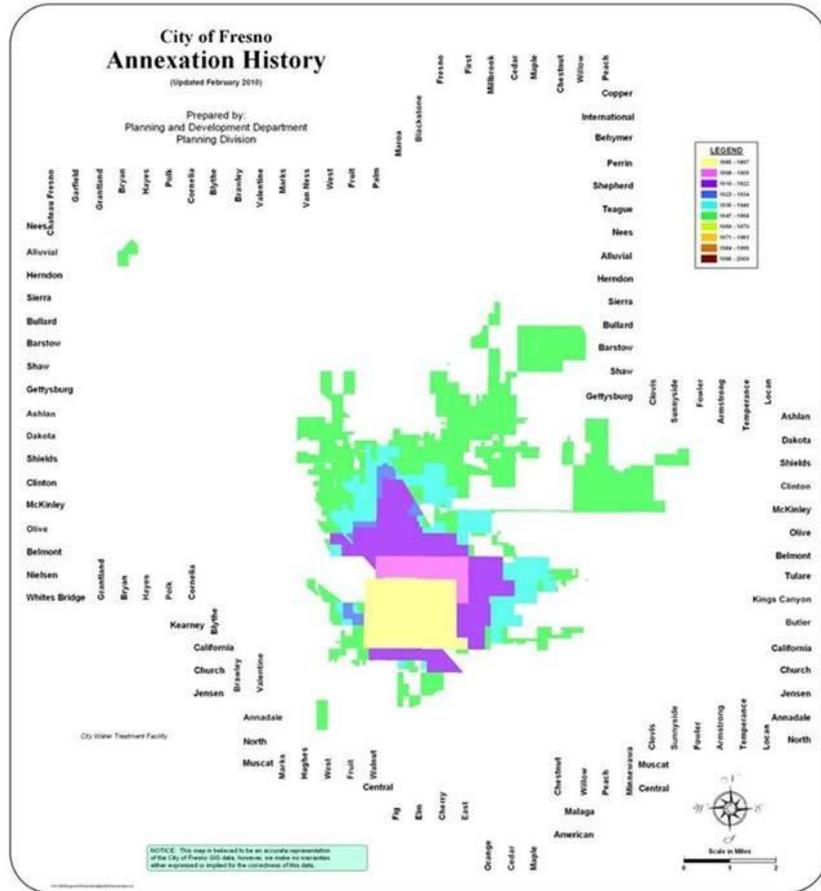




# 1946



# 1958





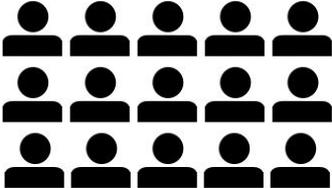






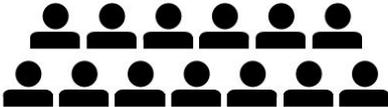
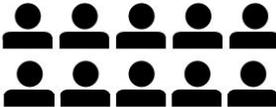
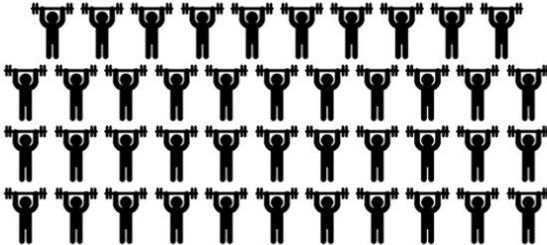
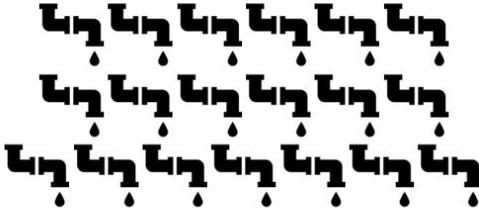
# Sewer System Change Over Time

Kansas City, KS

	1910	2010	Change
<b>Population</b> 	82,331 	145,786 	1.8x
<b>Feet of Sewer Per Person</b> 	1.1 	30.1 	27x

# Sewer System Change Over Time

South Bend, IN

	1960	2020	% Change
Population 	132,445 	103,453 	<b>-22%</b>
Lift Stations 	3 	43 	<b>1,333%</b>
Miles of Force Main 	0.3 	19 	<b>6,452%</b>



**Cash Reserves** ↓ → **Bonds** ↓ →

**Insolvency**

“We have lost sight of what it takes to build lasting prosperity”

# America's Growth Ponzi Scheme

Charles Marohn · May 18, 2020

The North American pattern of development is an [unprecedented experiment](#). For thousands of years, humans around the world built their habitat in similar ways, at similar scales, in patterns still familiar. In the wake of the Great Depression and World War II, settlement patterns across the North American continent were completely reimagined. From the top-down, we transformed everything about how we live, discarding [centuries of accumulated wisdom](#) in the metaphorical blink of an eye.

It's difficult for us to think about the modern American city as a massive experiment because, for most of us, this collection of frontage roads, big box stores, strip malls, cul-de-sacs, franchise restaurants, and single-family homes are all we've ever experienced. Yet, take an ancient Roman and drop them into an American city of 1920 and they'd likely be impressed with the grand, yet familiar, setting. Set them loose in a typical American city of 2020 and they'd be completely disoriented.



Scan for more resources  
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## The Traditional Development Pattern

Concentration of activity and  
prosperity-building opportunities



## **The Traditional Development Pattern**

Ongoing adaptation to local pressure –  
accepting incremental change and ensuring  
greater financial opportunity through proximity

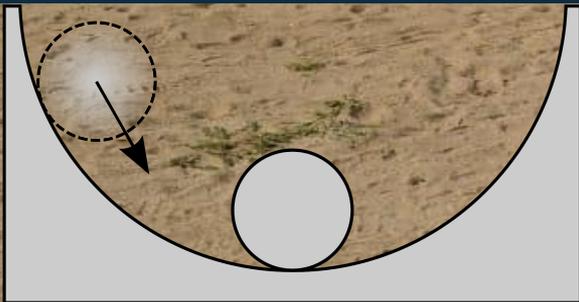
A photograph of the JW Marriott Las Vegas Resort & Golf building at night. The building is illuminated with warm lights, highlighting its architectural details, including arched windows and a central tower. Several tall palm trees are in the foreground, and a sign in the lower right corner reads "JW MARRIOTT LAS VEGAS RESORT-SPA & GOLF".

## **Strangling Exclusion & Rolling Blight**

Our neighbourhoods are changing: will they become more exclusive and expensive or inclusive and diverse?

**Complex systems have means of correction that bring you up and down through the equilibrium zone with quite a bit of frequency**

The suburban experiment is marked by resistance to change, exclusion by class, and mandatory car ownership



601 W Holly St  
(0.48 acres)

\$3.6 million/acre



14,034/acre Annual Property Tax

1021 N State St  
(0.24 acres)

Google Street View

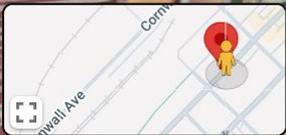
May 2023 See more dates

\$8.1 million/acre

MORSE HARDWARE COMPANY

VACANT

62,913/acre Annual Property Tax



109 W Holly St  
(0.06 acres)

Google Street View

May 2023 See more dates

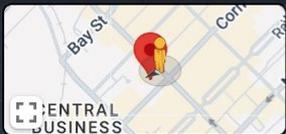
\$12.7 million/acre

VACANT

FOR LEASE

TAPHOUSE

49,308/acre Annual Property Tax



702 W Holly St  
(0.24 acres)

\$13 million/acre

VACANT

Hana Teriyaki  
Japanese • \$



101,404/acre Annual Property Tax

1311 Cornwall  
(0.16 acres)

\$10.5 million/acre



40,792/acre Annual Property Tax



1312 Lakeway Dr  
(0.33 acres)

\$2.9 million/acre



11,286/acre Annual Property Tax

2410 James St  
(2.3 acres)

\$2.3 million/acre



9,092/acre Annual Property Tax

4125 Arctic Ave  
(18.62 acres)

**\$1.8 million/acre**



**6,918/acre** Annual Property Tax



4125 Arctic Ave  
18.62 acres

**\$33 million site**  
***\$1.8 million/acre***



109 W Holly St  
0.06 acres

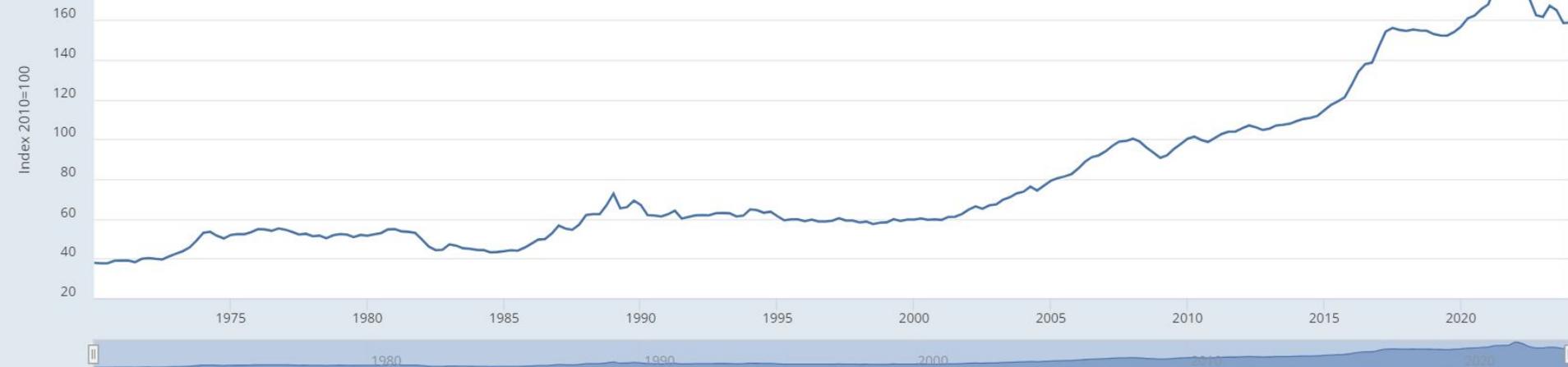
**\$760,394 site**  
***\$13 million/acre***



**How can we improve a \$33 million property to be worth a comparable \$238 million?**

**Complex systems have means of correction that bring you up and down through the equilibrium zone with quite a bit of frequency**

[VIEW MAP](#)

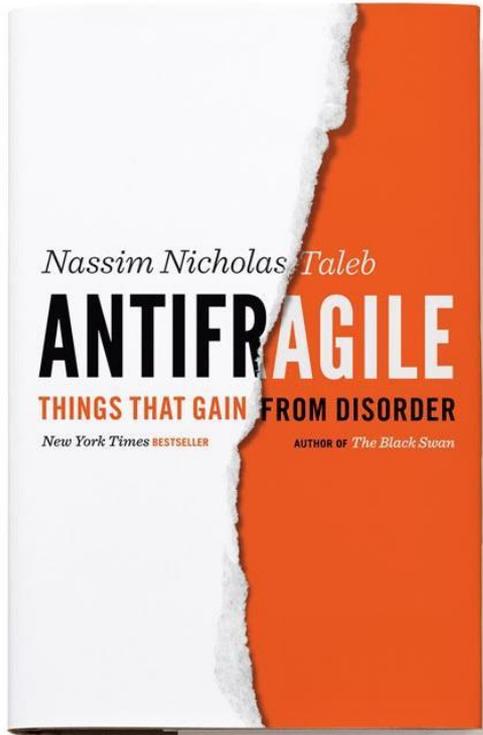


Source: Bank for International Settlements

fred.stlouisfed.org



# “In a good organic system, things fail early and fail frequently”



The human body can withstand injury because individual cells die easily and are replaced; for the same reason, muscles can grow stronger in response to stress (the point of an intense workout).

Similarly, an **antifragile city** is one subjected to constant small stresses, one whose leaders (both civic and private sector) make small experiments that aren't catastrophic when they fail.

“**Fail early and fail often**” is the mantra of the antifragile.

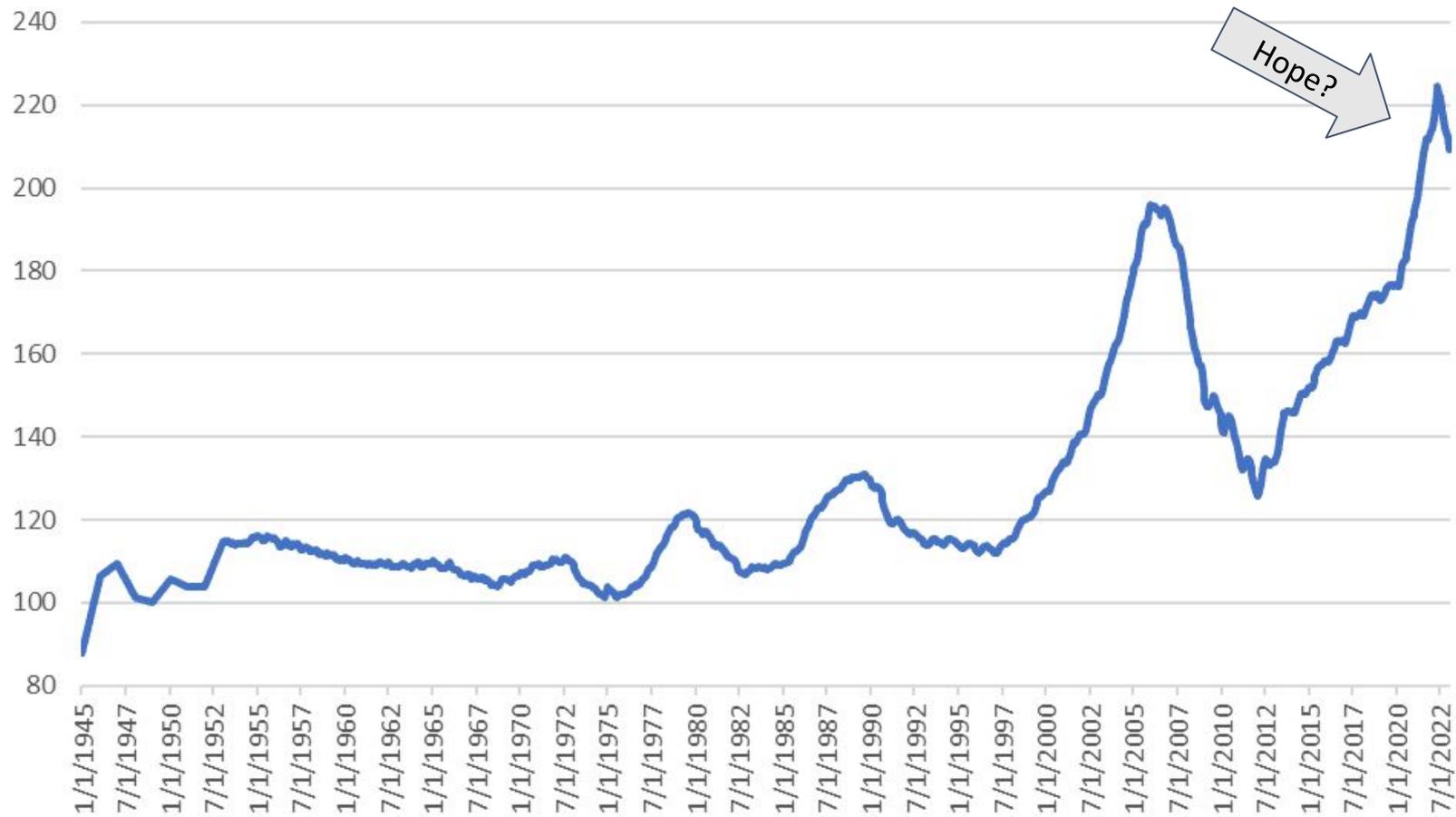
## **Housing as Shelter**

- All housing types in rapid (fluid) response to local need
- Change increases opportunities

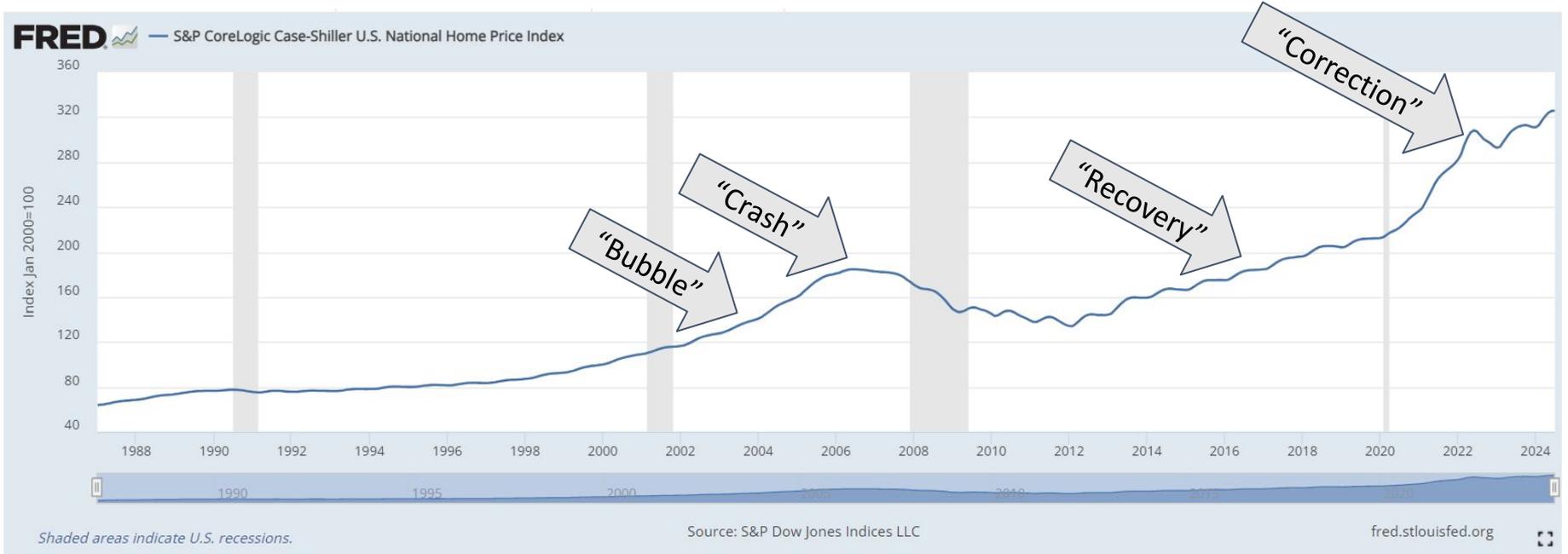
## **Housing as Investment**

- Predictable financial units predicated on persistent scarcity to maximize value
- Change threatens bottom line

# Case Shiller Home Price Index January 1945 to December 2022

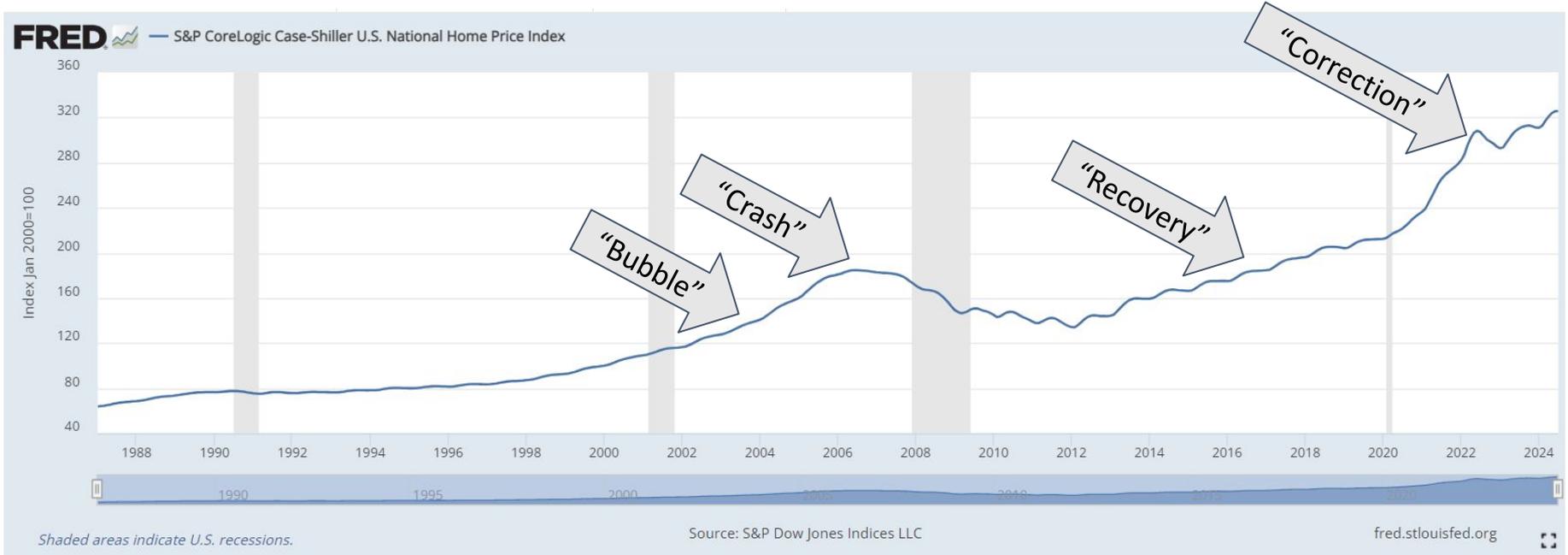


# S&P CoreLogic Case-Shiller U.S. National Home Price Index



Complex systems have means of correction that bring you up and down through the equilibrium zone with quite a bit of frequency

## S&P CoreLogic Case-Shiller U.S. National Home Price Index

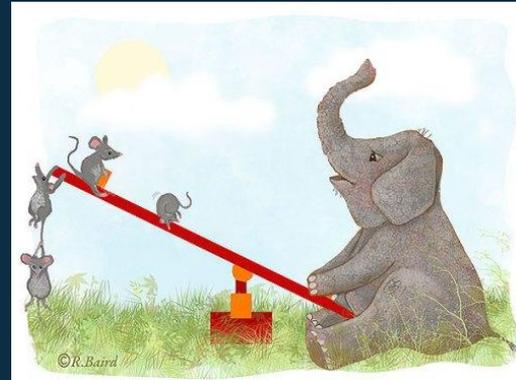


# Who benefits from high house prices?

- Local governments
- State governments
- Federal Government
- Existing homeowners
- Banks & insurance companies
- Developers & Contractors
- Land speculators
- Realtors
- Pension Funds

## Who Doesn't?

- Renters
- The Poor



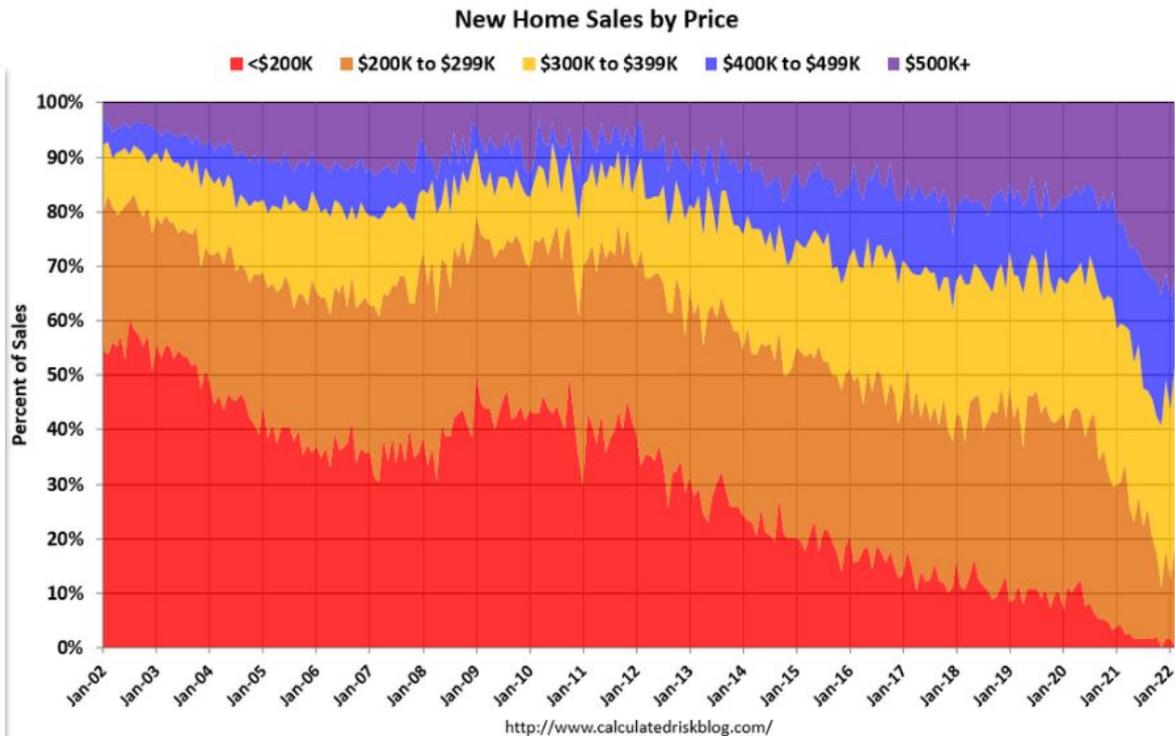


Daniel Herriges · September 8, 2022

## The Starter House Is Nearly Extinct

Increasingly, for entire cities in the U.S., buying a starter home on a modest income is no longer an option.

[READ MORE →](#)



A close-up, low-angle shot of the front grille of a Lexus car. The grille features a prominent, dark, textured mesh pattern. The Lexus logo, a stylized 'L' inside an oval, is visible on the left side of the grille. The car's body panels are a dark, metallic color, and the lighting creates strong highlights and shadows, emphasizing the car's sleek design.

“The development industry is not choosing to build only for the rich because that’s better, they are behaving exactly the way we would expect any industry to respond to an artificial cap on their production volume.

The same thing would happen in the auto industry: if we limited Toyota to only 100,000 cars per year, they might well choose to keep the Lexus and scrap the Camry, even though, at volume, the Camry is more profitable.”

Rick Jacobus, *“Why Aren’t We Building Middle Income Housing?”* (Shelterforce, 2017)

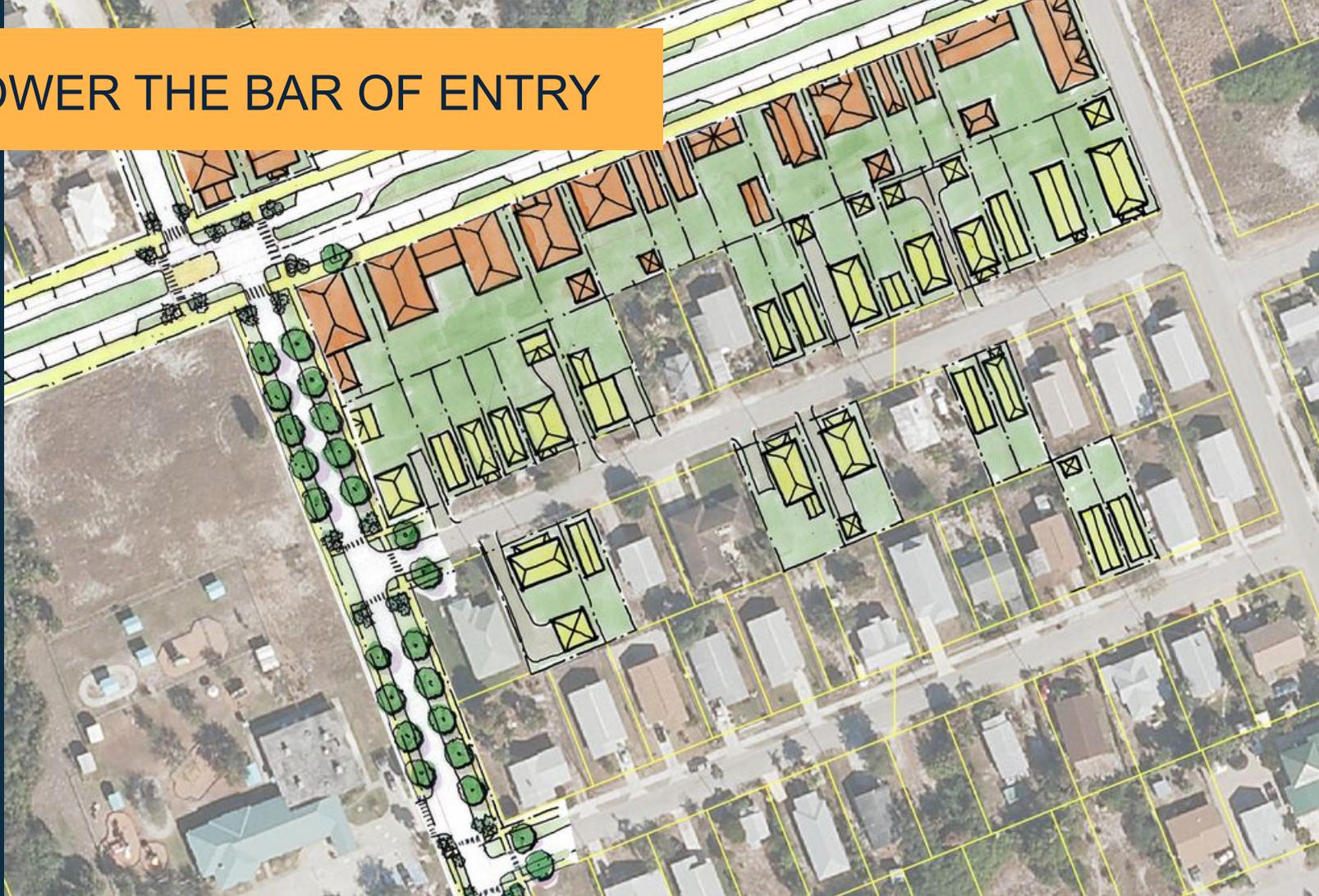


**Reform zoning laws to allow for a greater diversity of housing types and densities, which can increase the supply of entry-level housing**

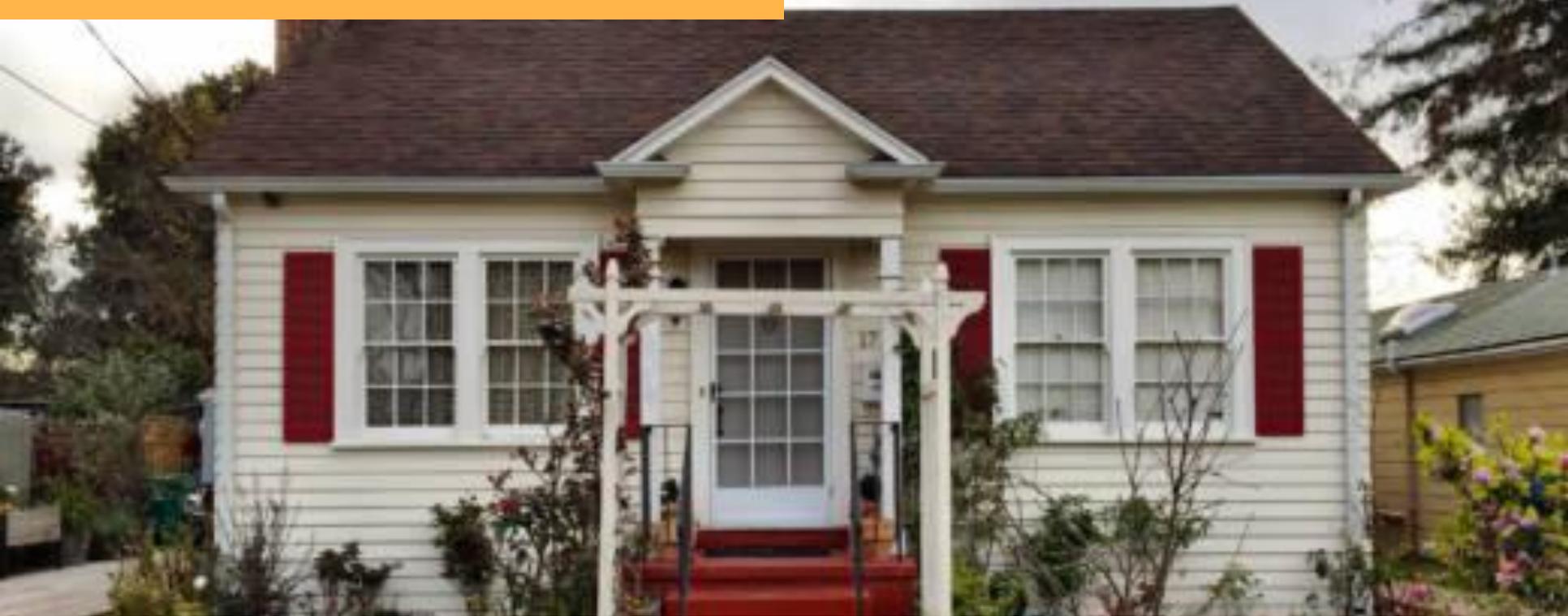
Foster a community of incremental developers who can build the necessary housing across neighborhoods

Local governments must utilize their financing tools to support the development of entry-level housing units

# LOWER THE BAR OF ENTRY



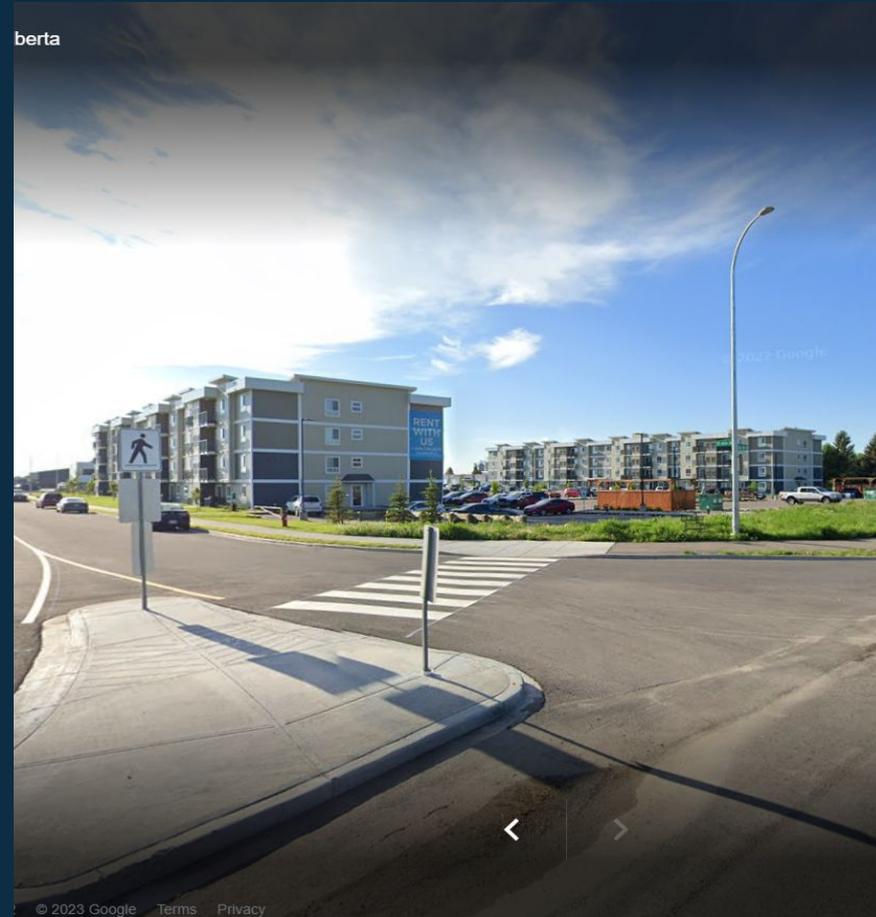
## LOWER THE BAR OF ENTRY



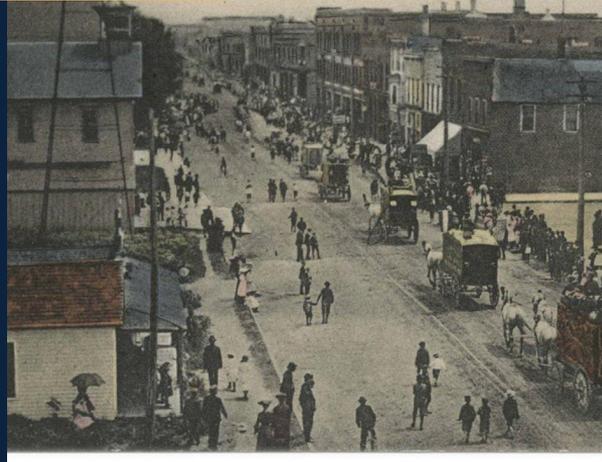
“This is the building block or ladder of prosperity and we've taken that lower rung off”

# REMOVE AVERSIONS TO COMPLEX ADAPTATION

- Mandatory parking minimums
- Mandatory minimum lot sizes
- Building codes that forbid cheaper and better ways of designing buildings  
(ex. single stair)
- Design requirements that do the same (ex. Low floor-area ratios x lot coverage ratios)
- Uncertainty and delay in the development approval process



# LEGALIZE NEXT INCREMENT *BY RIGHT*



- A minimum amount of regulatory friction to increase housing density (9am to Noon)
- Approval to build to next increment OR seek permission to skip increments

# LEGALIZE THE NEXT INCREMENT *BY RIGHT*



An aerial photograph of a large parking lot, showing numerous empty parking spaces and a few cars parked. The image is used as a background for the text.

ELIMINATE PARKING MINIMUMS

# STUCK IN PARK:

How Mandatory Parking Minimums Hurt American Cities

# ELIMINATE PARKING MINIMUMS



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Housing Land Use Parking Transportation

## Spokane Just Ditched Parking Mandates. What's Stopping the Rest of Washington?

By Ryan Packer - August 16, 2024



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# NORMALIZE LENDING FOR ADUs



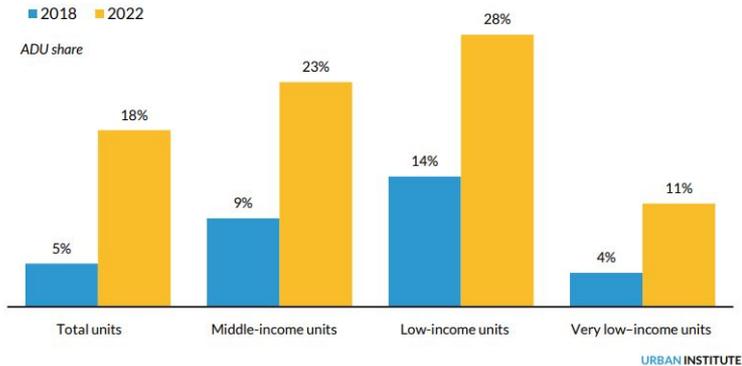
# NORMALIZE LENDING FOR ADUs

TABLE 1  
New Housing Units in California, 2022

Type	Units permitted	Units Completed			
		Total	Middle-income units	Low-income units	Very low-income units
ADU	24,857	18,011	1,998	1,677	519
Single-family detached home	39,550	35,180	2,694	269	34
Five-or-more-unit home	61,287	35,496	2,745	3,311	4,129
Single-family attached home	3,578	3,888	457	31	1
Two-to-four-family home	3,569	3,178	286	227	20
Manufactured home	1,703	2,226	361	407	129
Total	134,544	97,979	8,541	5,922	4,832
ADU share of the total	18%	18%	23%	28%	11%

Source: California Department of Housing and Community Development.  
Note: ADU = accessory dwelling unit.

FIGURE 2  
ADU Completions as a Share of All Residential Completions in California, by Unit Affordability



Source: California Department of Housing and Community Development.  
Note: ADU = accessory dwelling unit.

STRONG TOWNS

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## Big Win for ADUs: FHA To Count Rental Income for Mortgages

Ben Abramson · October 19, 2023



An accessory dwelling unit built behind a house. (Source: Flickr/Sightline Institute.)

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Daniel Herriges · Apr 10, 2024

In an important policy change, the Federal Housing



REMOVE MINIMUM LOT SIZES



# ALLOW RESIDENTIAL IN “COMMERCIAL” AREAS



# ALLOW RETAIL & SERVICES IN “RESIDENTIAL” AREAS



Reform zoning laws to allow for a greater diversity of housing types and densities, which can increase the supply of entry-level housing

**Foster a community of incremental developers who can build the necessary housing across neighborhoods**

Local governments must utilize their financing tools to support the development of entry-level housing units

# GROW AN ECOSYSTEM OF LOCAL DEVELOPERS



# LOWER THE BAR OF ENTRY





# REMOVE GUESSWORK



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## Pre-Approved Housing Plans

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These pre-approved plans may be used for a primary house, secondary, or cottage housing.

To encourage housing, the City has developed pre-approved construction plans. Each of the plans is designed to be less than 900 square feet (SF).

There are four layout options, each with two different exterior styles – modern or traditional. To get started follow each of the steps below.





REDUCE “DISCRETIONARY”  
REVIEWS WITH AS-OF-RIGHT  
APPROVALS

Reform zoning laws to allow for a greater diversity of housing types and densities, which can increase the supply of entry-level housing

Foster a community of incremental developers who can build the necessary housing across neighborhoods

**Local governments must utilize their financing tools to support the development of entry-level housing units**

**Funding and support for contractor training**

**Predevelopment and technical assistance.** The City partners with a community development financial institution to help with small developers' pre-development costs.

**Reduced land price based on affordability.** Builders purchasing from the City land bank get up to a 75 percent reduced price based on affordable housing units provided.

FUND MANY SMALL BETS

## How Muskegon, MI, Is Building Hundreds of Homes on Vacant Lots

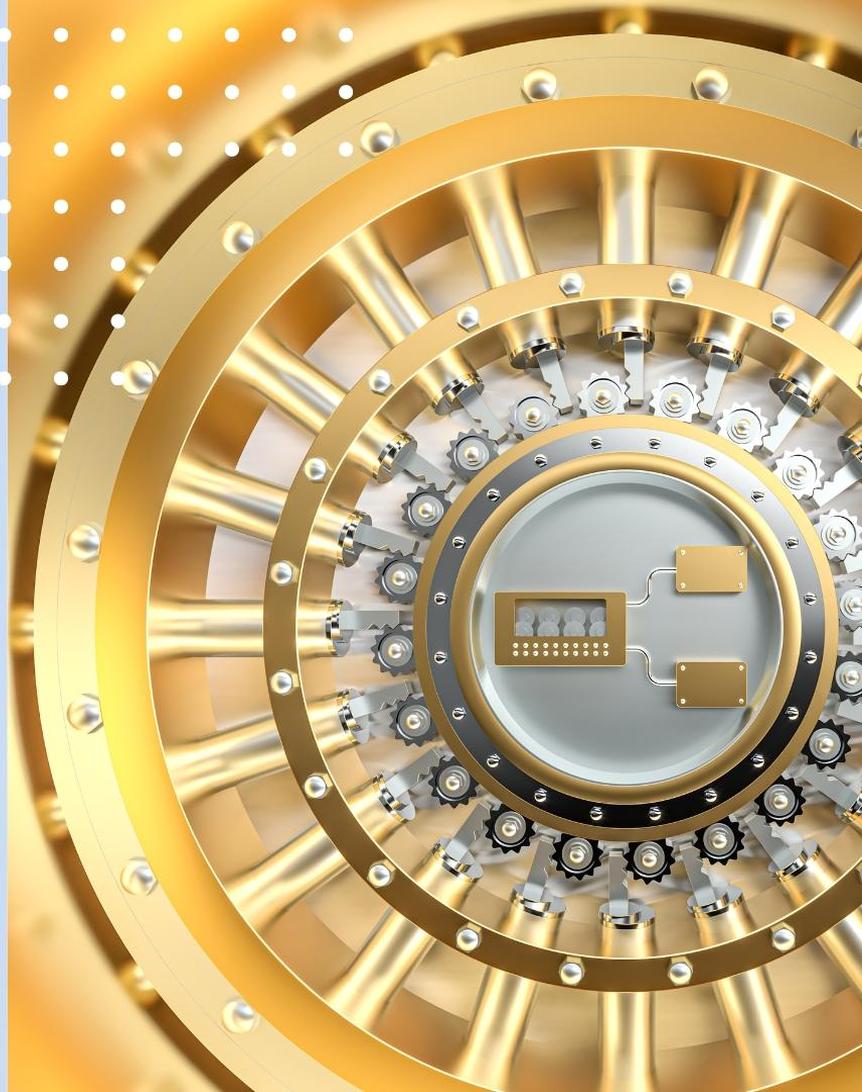
Asia Mielezsko · April 4, 2024



An empty lot in Muskegon, MI, in 2019 (left) has now been converted to infill housing (right).

**”“Think of housing reform as a series of parallel deadbolts on a heavy door—like a bank safe. Unlocking any one lock doesn’t allow the door to open. It’s only when they’re all unlocked that things can proceed...”**

**”**



”“On our metaphorical door, only one of those deadbolts is labeled single-family zoning.

**The others have different names. Built form regulations. Development fees. Development delays. Access to financing. Cost of construction. Skilled labor shortage. Development culture and support networks.**

*Daniel Herriges, “Has Statewide Upzoning Failed To Unlock Housing Production in California?”*



Questions, complaints, rebuttals?

[www.strongtowns.org/housing](http://www.strongtowns.org/housing)

