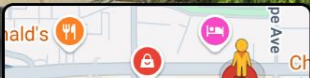


3805 State St  
(8.79 acres)

**\$4.4 million/acre**  
(\$39,035,808)



Annual Property Tax:  
**\$48k/acre**  
(\$419,051.88)

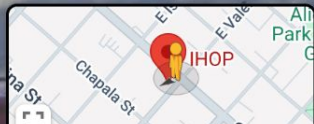


1715 State St  
(0.72 acres)

**\$3.6 million/acre**  
(\$2,592,421)



Annual Property Tax:  
**\$38k/acre**  
(\$27,532.36)

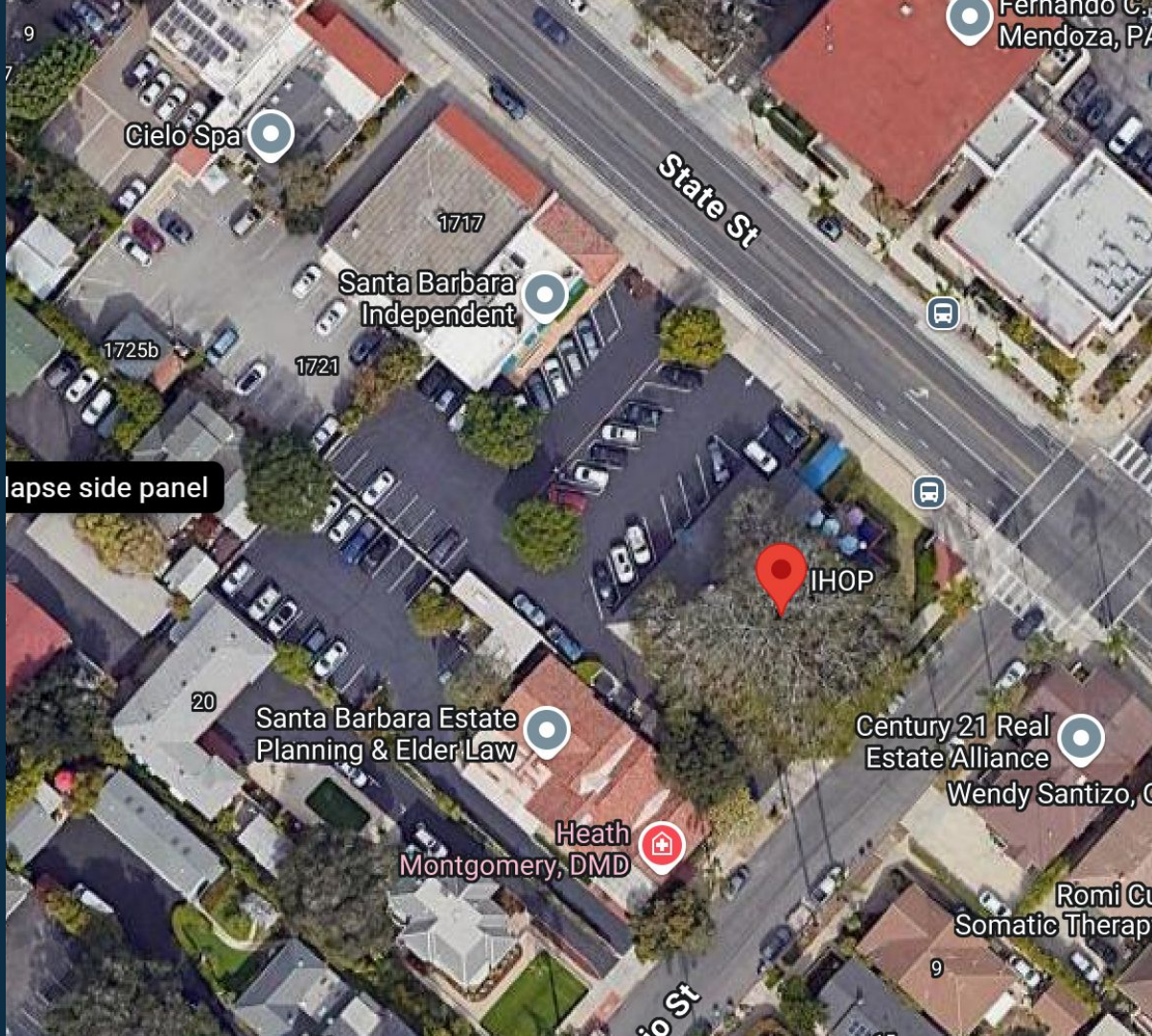


## Change in Development Pattern

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

## Streets Must Serve as a Platform for Building Wealth

Concentration vs. dilution has massive impact





San Luis Obispo  
4.1 (126)  
3-star hotel

San Luis Ranch

Froom Ranch Way

Terra Wy

Forest St

Froom Ranch Way

101 Cabrillo Hwy

Sun Day Carwash

Toyota San Luis Obispo  
Toyota dealer

Bear Valley Center

Sunset Honda  
Honda dealer

Subaru of San Luis Obispo

Coast Nissan  
Nissan dealer

Target  
Recently viewed

Tesla Supercharger

Oceanaire Dr

Lima Dr

Huasna Dr

Cayucos Dr

Maez Junk Removal & Hauling

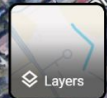
Garcia Dr

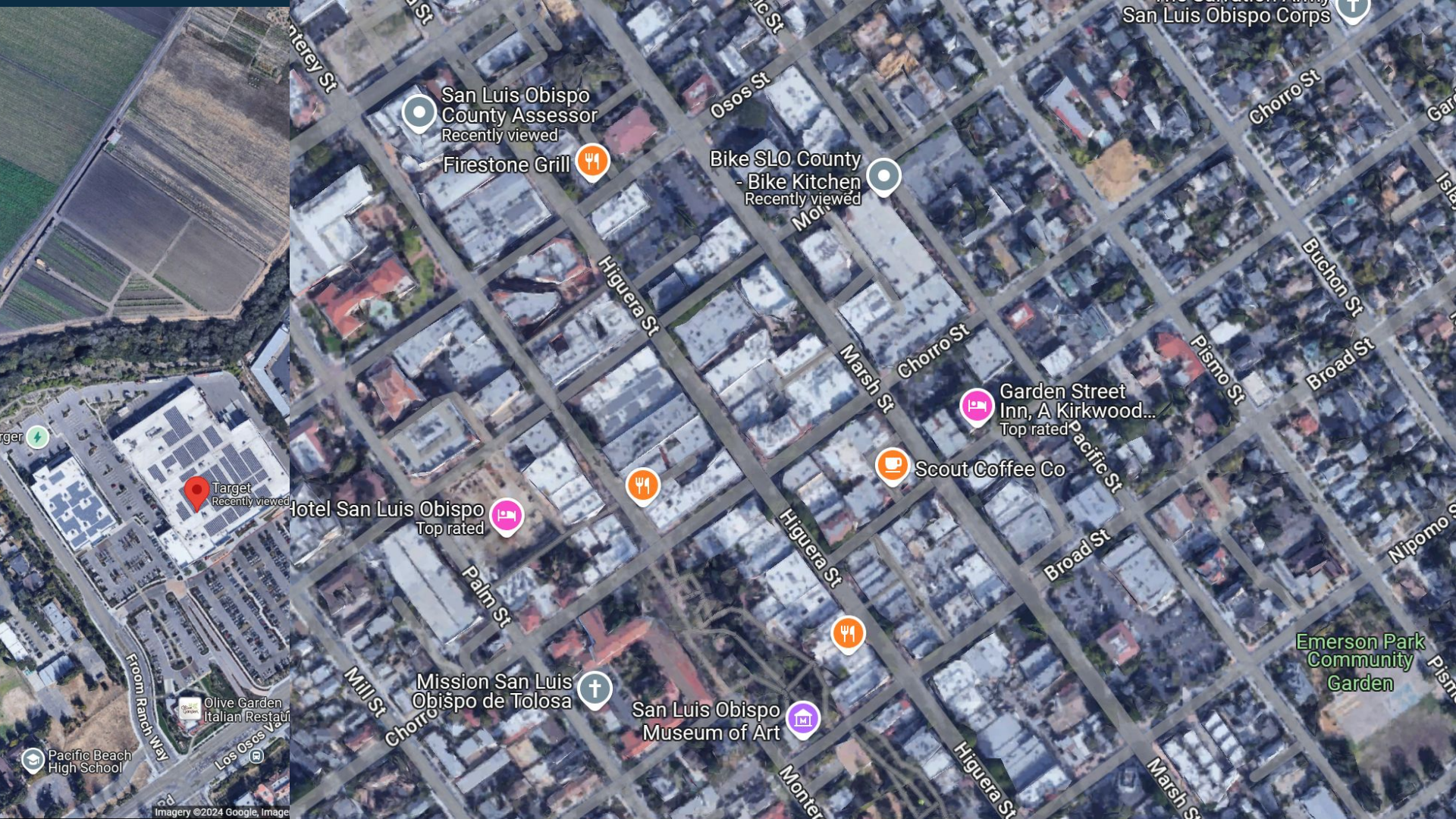
Peteira Dr

Olive Garden Italian Restaurant

Pacific Beach High School

Google





San Luis Obispo Corps

San Luis Obispo  
County Assessor  
Recently viewed

Firestone Grill

Bike SLO County  
- Bike Kitchen  
Recently viewed

Hotel San Luis Obispo  
Top rated

Garden Street  
Inn, A Kirkwood...  
Top rated

Scout Coffee Co

Mission San Luis  
Obispo de Tolosa

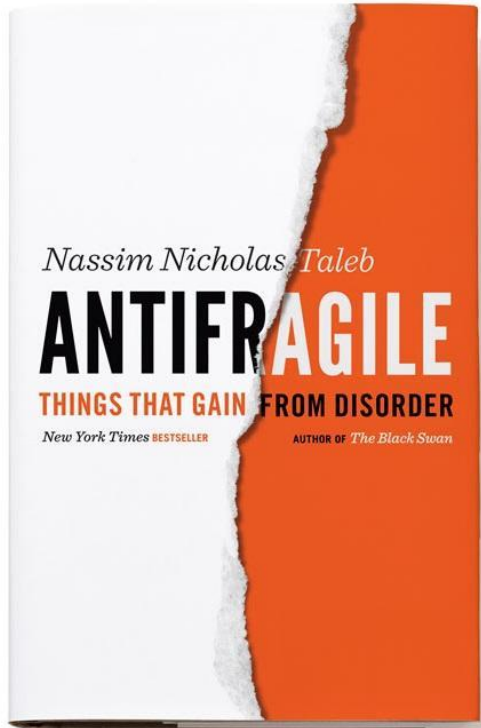
San Luis Obispo  
Museum of Art

Emerson Park  
Community  
Garden

Olive Garden  
Italian Restau

Pacific Beach  
High School

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



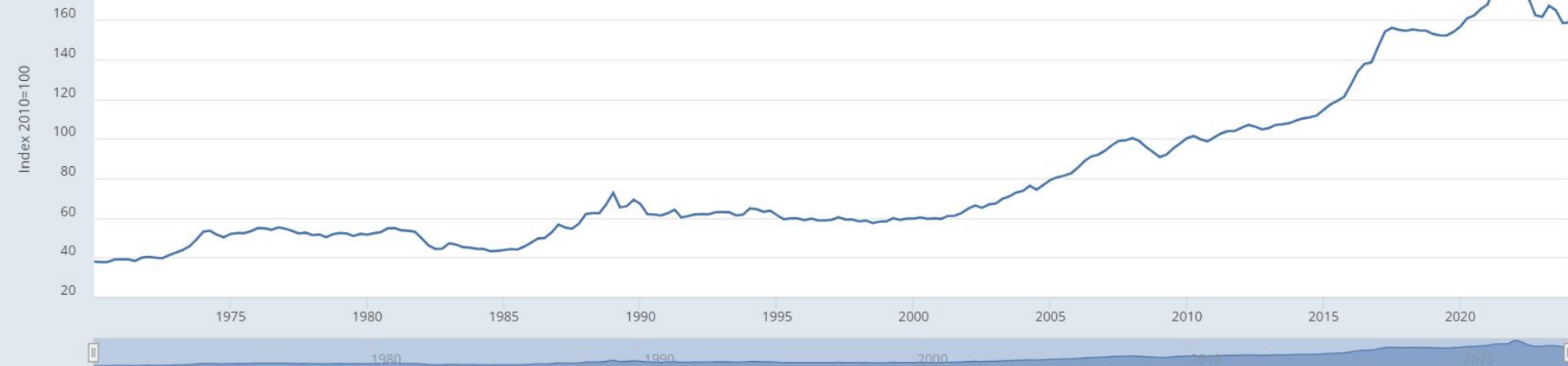
The human body can withstand injury because individual cells die easily and are replaced; for the same reason, muscles can grow stronger in response to stress (the point of an intense workout).

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.

**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

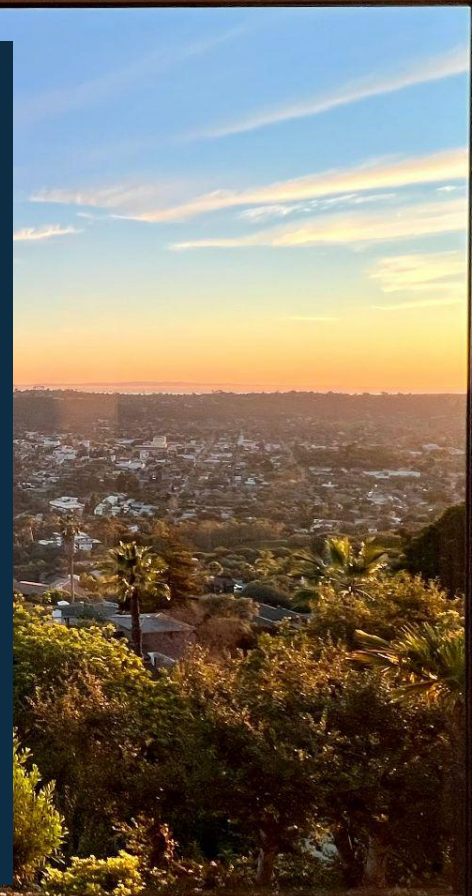


## Housing as Shelter

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

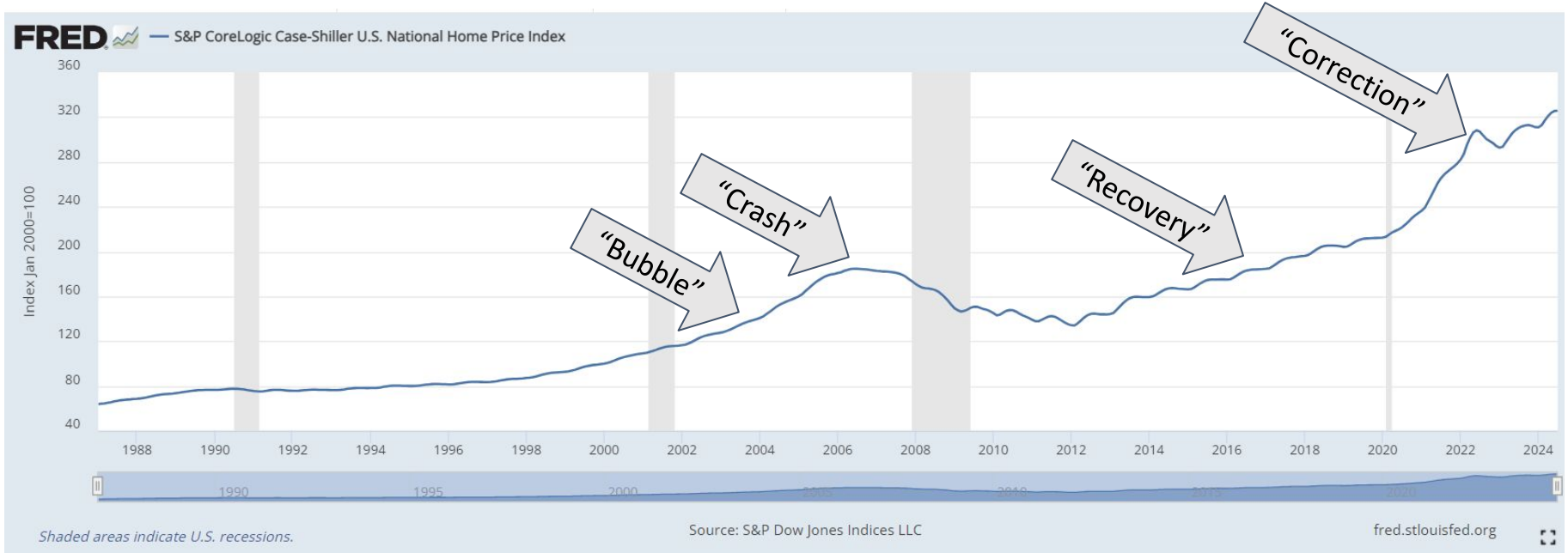
## Housing as Investment

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



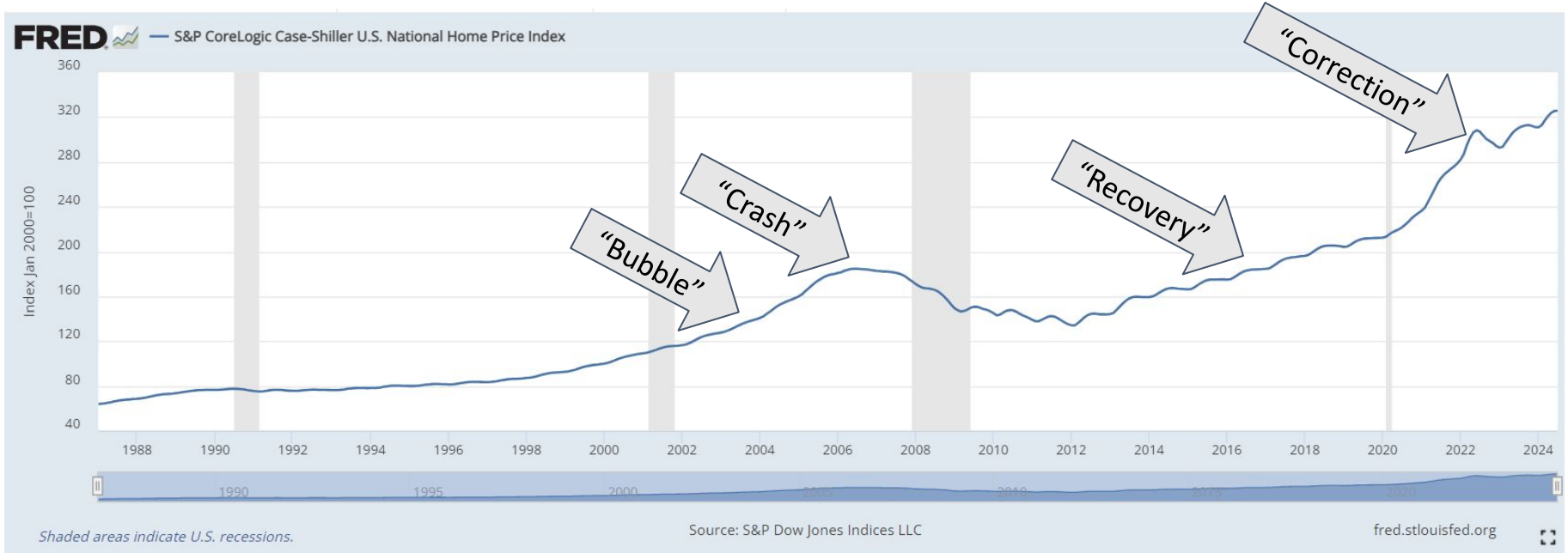


# S&P CoreLogic Case-Shiller U.S. National Home Price Index



**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



**HOUSING IS EXPENSIVE**

**IT'S TIME TO CELEBRATE!**

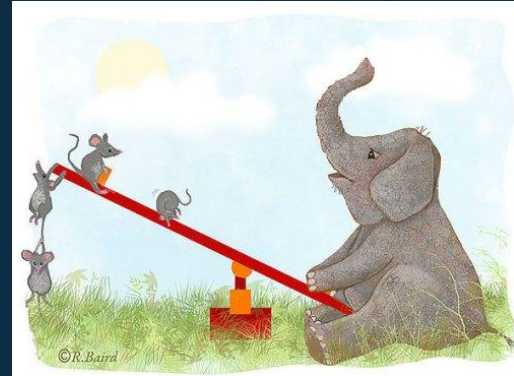


# Who benefits from high house prices?

- Local governments
- State governments
- Federal government
- Homeowners
- Banks & insurance companies
- Developers & contractors
- Land speculators
- Realtors
- Pension Funds

## Who Doesn't?

- Renters
- The Poor

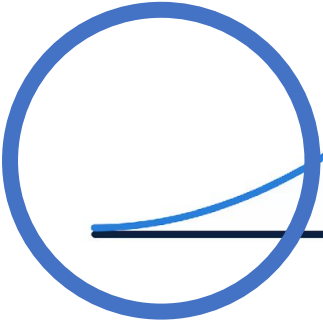




# These are Financial Products

(secondarily, they serve as shelter)

# Distribution of Investment Capital for Housing





# Accessory Apartment



# Backyard Cottage

---

(Not an ADU)



A photograph of a single-story white house with a dark roof and a brick chimney. The house features a central front porch with a white door and red steps. Red shutters are visible on the windows. The house is surrounded by greenery and a lawn. The image is dimmed to allow text to be overlaid.

# Starter House

(Not a Tiny House)



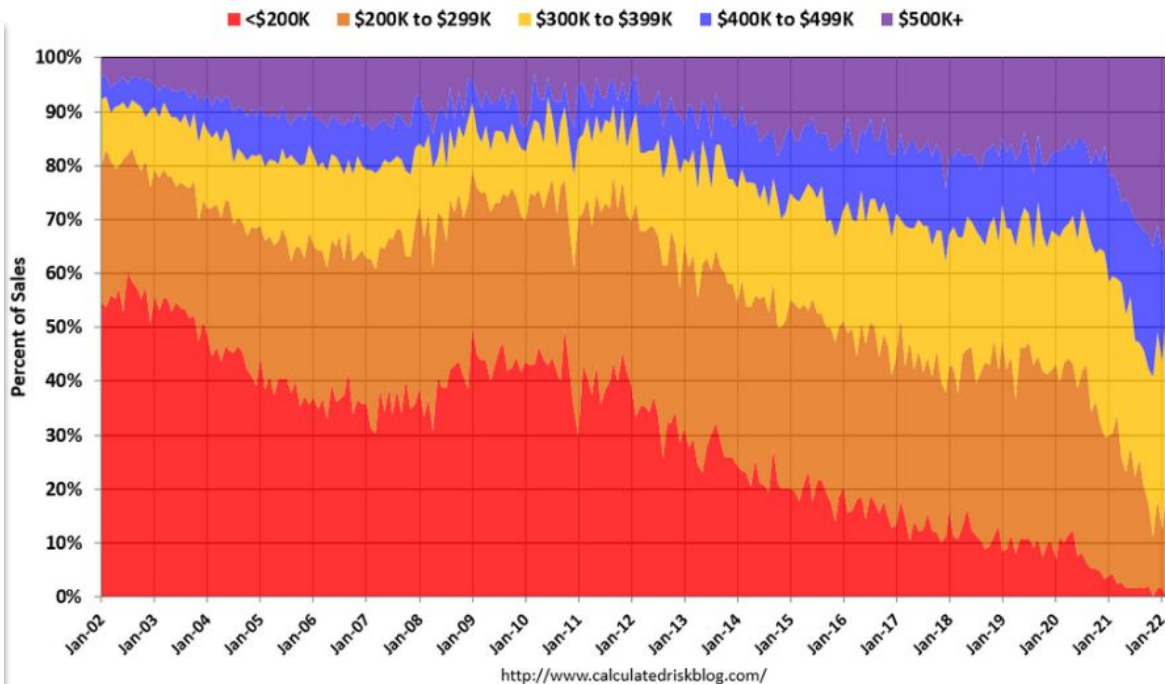
Daniel Herriges · September 8, 2022


## 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 →](#)

New Home Sales by Price



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 dark and reflective, showing highlights from the lighting. The overall tone is dark and moody.

“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)



NATIONAL BESTSELLER

CHARLES L.  
MAROHN, JR.

DANIEL  
HERRIGES

# ESCAPING THE HOUSING TRAP

THE

STRONG TOWNS

RESPONSE TO THE  
HOUSING CRISIS



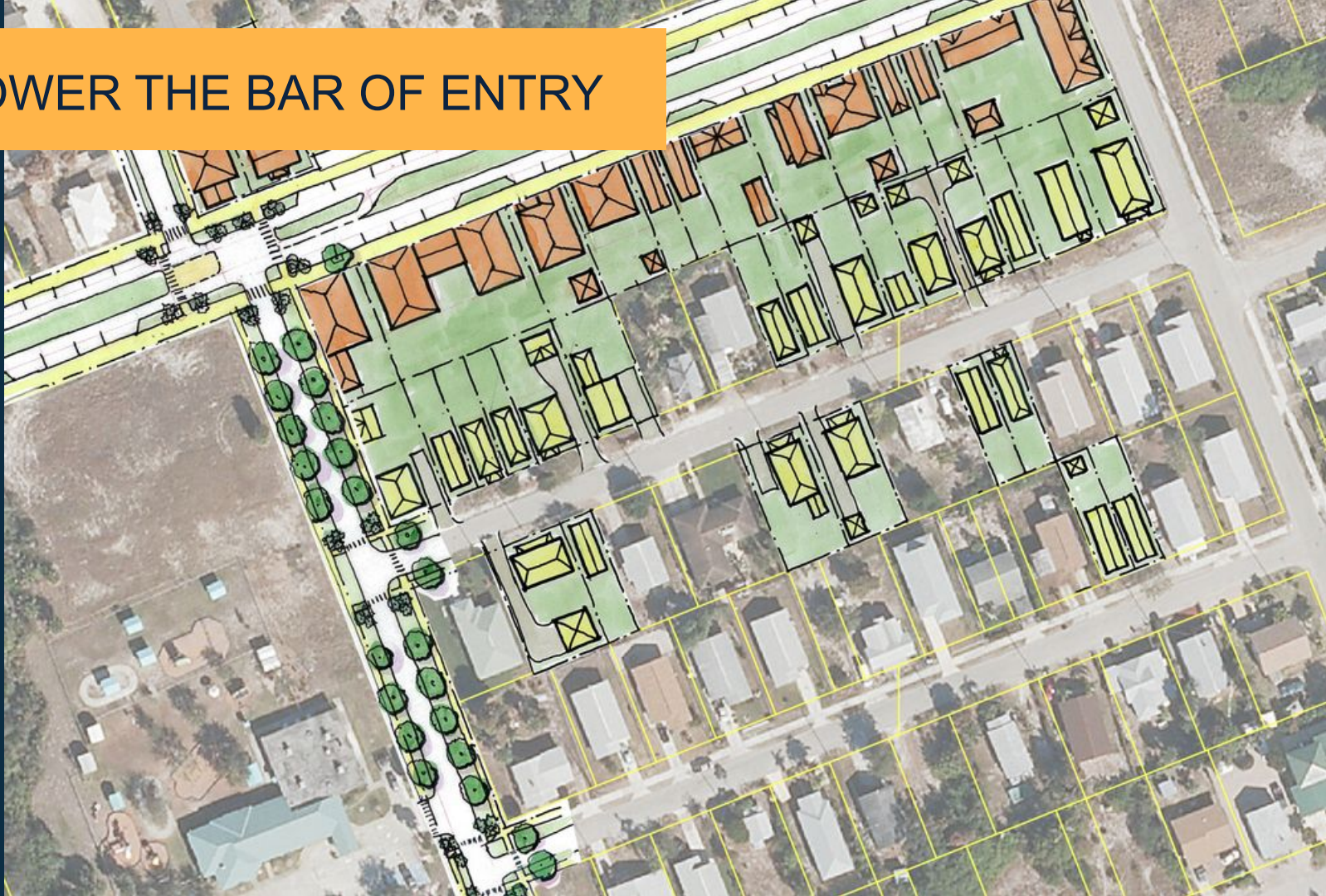
WILEY

**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



INCENTIVIZE SMALL

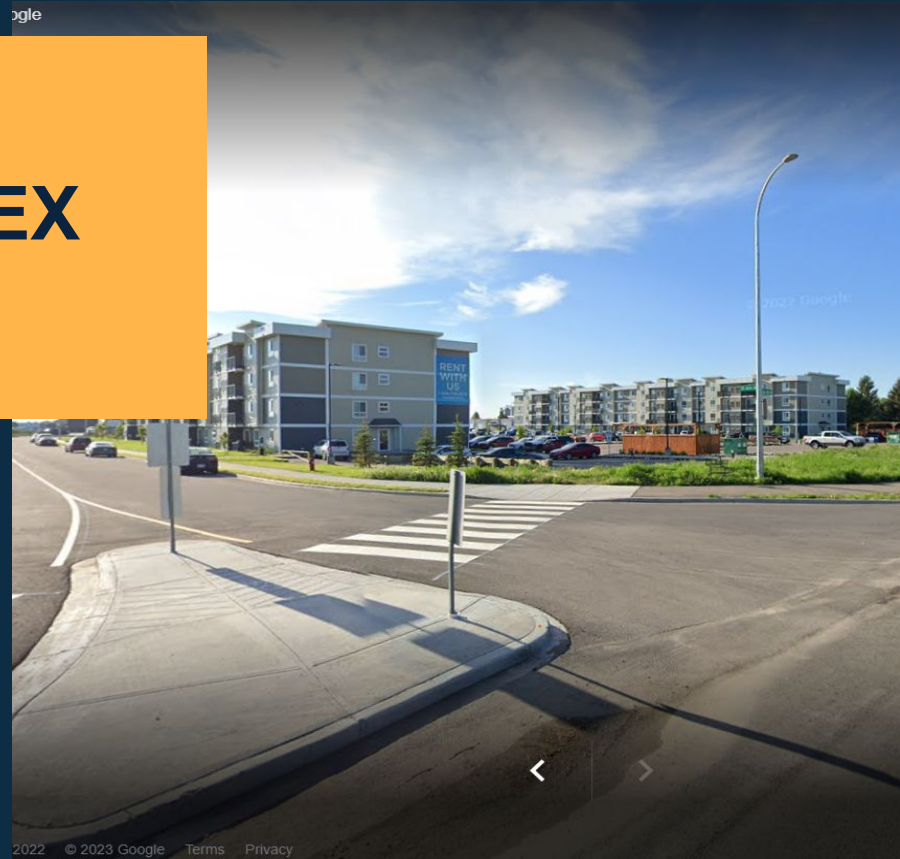
“This is the building block or ladder of prosperity  
and we've taken that lower rung off”



# LOWER THE BAR OF ENTRY



# REMOVE SUBURBAN AVERSIONS TO COMPLEX ADAPTATION

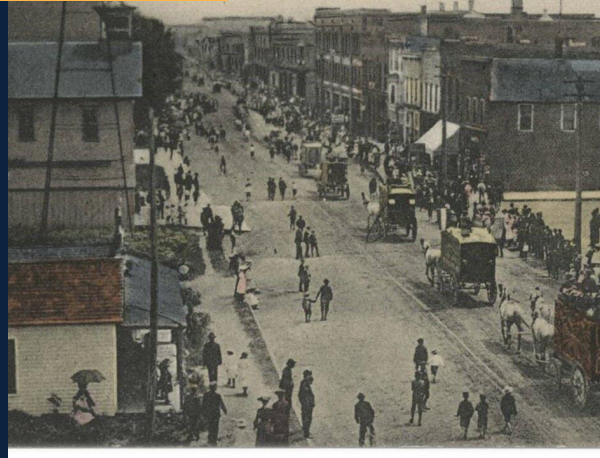


# REMOVE SUBURBAN AVERSIONS TO COMPLEX ADAPTATION

1. Strategic exclusion by class/status
2. Resistance to change
3. Assumption of auto-dependency



# 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*



# EMBRACE PRODUCTIVE CONSERVATION

“Productive conservation is the deliberate use of an intensified amount of population-serving resources (land and infrastructure) in one area of a city’s footprint in order to ensure the conservation of resources in other areas.”

“To be responsible, you must support the gradual addition of new housing units on the lands that we have currently decided are suitable places to build neighbourhoods in regions where housing demand is high.”

# MATCH TRANSPORTATION GOALS WITH HOUSING GOALS

If road expansions incentivize greenfield development, then doing the opposite, creating more walkable places, will incentivize infill.

San Luis Obispo's Bike Night | Visit SLO

An aerial photograph of a large parking lot. The lot is mostly empty, with many white lines marking parking spaces. A few cars are scattered throughout, including a white sedan, a dark car, and a red car. The background is a dark, semi-transparent overlay.

ELIMINATE PARKING MINIMUMS

# STUCK IN PARK:

How Mandatory Parking Minimums Hurt American Cities



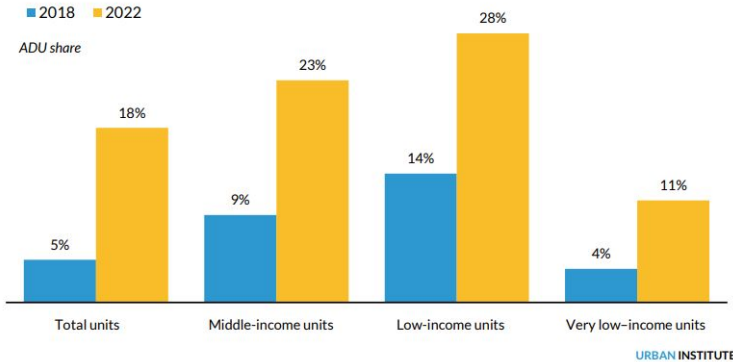
# NORMALIZE LENDING FOR ADUs

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.



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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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### The Winds Are Changing on Incremental Housing

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



# REMOVE GUESSWORK

**STRONG  
TOWNS**



## Say Yes to New Housing— Before Anyone Even Asks To Build It

Edward Erfurt and Lindsey Beckworth · October 27, 2023



(Source: City of Kalamazoo, MI.)

**STRONG  
TOWNS**

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## Florida City Prepares Pre-Approved Plans To Lower Barriers for Small Developers

Ben Abramson · July 31, 2023



# REMOVE GUESSWORK



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## Pre-Approved Housing Plans

### NEWS & NOTICES

### MISSION, VISION & VALUES

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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).

# Minnesota

SPECIAL ASSESSMENTS



# Florida

(Community Foundation)

CO-SIGN LOANS




They set about doing a proof of concept, partnering with a local nonprofit, [Kalamazoo Neighborhood Housing Services \(KNHS\)](#). “We wanted to be sure that we took all the risk first,” explains Kik.

# KALAMAZOO

(Community Foundation)

PROVIDE COMPS



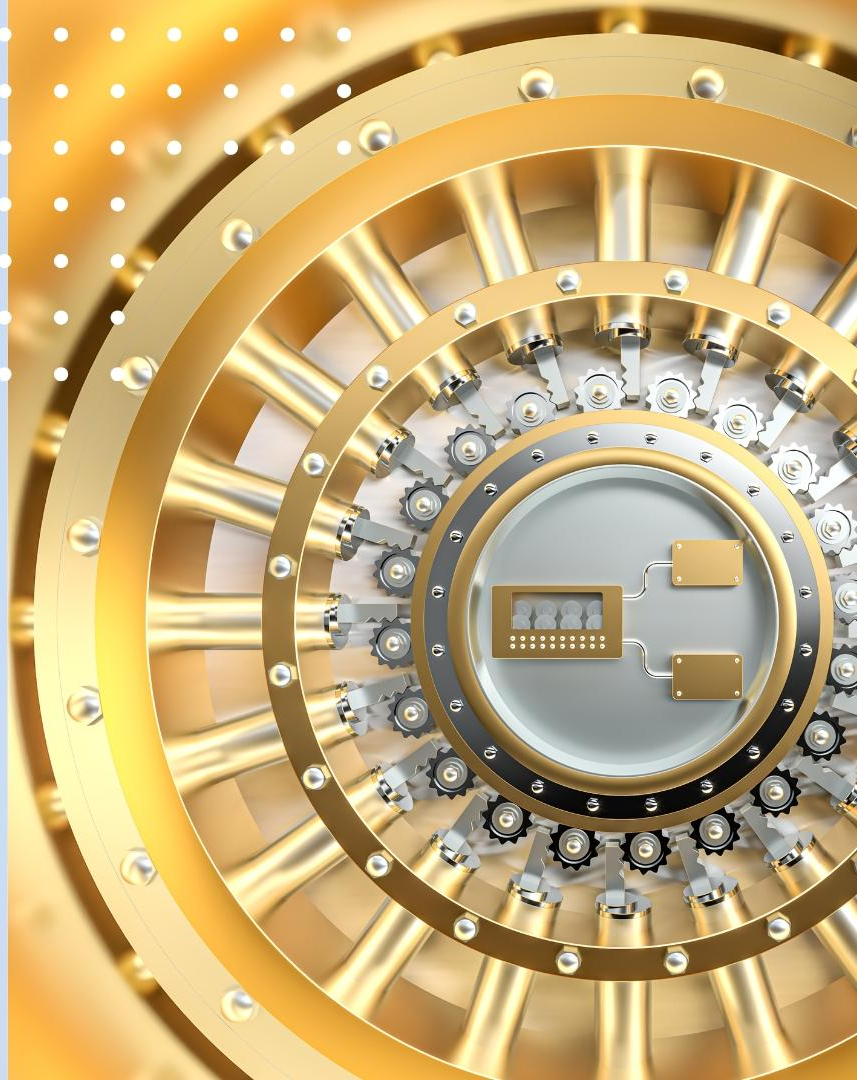


# Local Governments and Philanthropy Can Help Finance Low-Cost, High-Quality Housing

and they can do it at scale at no cost to taxpayers.

**”“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)

