
Housing



Synopsis

Nashville's economy and influence will continue to allow the city to grow and thrive over the next 25 years, leading to a large growth in population. The typology, housing needs, and geographic preferences of these people's homes will greatly change. This report explores the impact of growth and change on housing, while providing a starting point for conversation on how to provide housing to meet Nashville's future needs and protect its unique character.

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Role and purpose of background reports



This background report was developed to provide input to the NashvilleNext planning process. It was researched and authored by community members interested, involved, and knowledgeable on the topic. The authors present best practices, an evaluation of the state of the topic in the Nashville community today, and recommendations for consideration during the planning process.

This report provides a *starting point* for broader community discussion and reflection based on the research and recommendations of the authors. Throughout the planning process, NashvilleNext will use this and other background reports, ongoing research, departmental involvement, community input and engagement to discuss, refine and formulate the policies and recommendations for the general plan.

The information and recommendations provided in this background report are solely those of the authors and contributors and are being provided at the beginning of the NashvilleNext process to start community discussion.

The NashvilleNext Steering Committee thanks and extends its sincere appreciation to the authors of and contributors to this background report for the time and effort to provide this report for community consideration and discussion. The Steering Committee looks forward to the ongoing dialogue on the issues and recommendations that the authors provide.

Any final policies and recommendations endorsed by the NashvilleNext Steering Committee for the consideration of the Metropolitan Planning Commission will be the result of the entire planning process and upcoming community engagement and discussion.

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Introduction

Demographic trends forecast that over the next 30 years Nashville's population will swell in opposite directions like the ends of a barbell.

More of us will be older as Baby Boomers age and more of us will be younger, reflecting a population pyramid building from the children and grandchildren of the Boomers and immigrants of the late 20th century. This Echo Boom will be even larger than the original Baby Boom. More of us will have an African-American or Hispanic heritage than any preceding generation of Nashvillians.

Regional population is expected to grow by 1.3 million in the next three decades. As Middle Tennessee's economic center, Nashville's challenge will be to capture and accommodate its share of regional growth, while protecting the attractive qualities of existing housing and neighborhoods.

Buffalo herds, Native Americans, long hunter Timothy Demombreum, and settlers Donelson and Robertson innately understood that Nashville's position and attributes create real estate's most desirable qualities: Location. Location. Location.

Natural travel corridors evolved into a hub-and-spoke street system with downtown Nashville at the center of radiating pikes, setting in motion economic relationships and residential development patterns that continue today. These pikes represent both our heritage and a great resource for future prosperity.

Ideal public policies set the stage for housing opportunities that serve the economic and physical well being of those who have chosen and will choose to make Nashville their home.

This background report will discuss several issues related to housing in Nashville over the next 25 years. These topics are directly related to other background reports created during the NashvilleNext process. Who we will be is examined more fully in the back-



ground report on Demographic Change and Population Diversity; the Economic Development report will include more information about future employment; and the Education background report discusses housing policy among other solutions to address schools with high concentrations of poverty. The range of issues facing homeless individuals and families are addressed in reports devoted to issues of Poverty and Homelessness.

Who will we be and how will this affect our housing needs and decisions?

Middle Tennessee is expected to grow by 1.3 million in the next three decades, an increase of 76 percent. Nashville's share of this growth is projected to be approximately 186,600 or just under 14 percent of the regional growth.

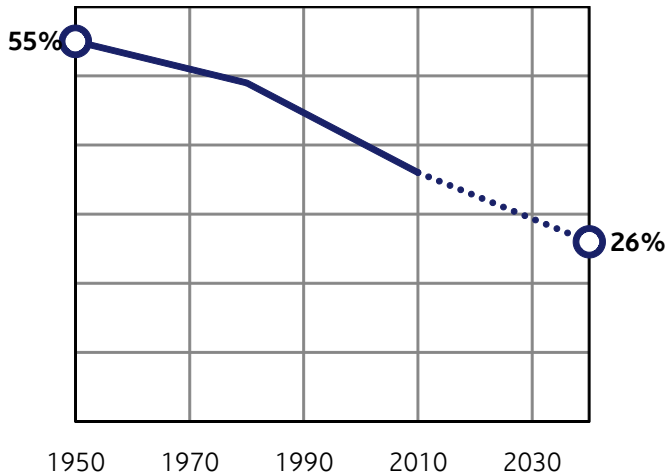
QUESTION

Should Nashville aim for a larger or smaller share of regional growth?

In 1950 Davidson County had 55 percent of the region's population, by 1980 this had dropped to 49 percent, and by 2010 Davidson County was at 36 percent. Based on projections prepared for the Metropolitan Planning Organization by Woods and Poole, in 2040 Davidson County is expected to be home to 26 percent of the region's population. (Table 1)

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Table 1: Davidson County as percent of regional population



Garnering a larger share of the region’s future growth would put additional development pressure on Nashville’s infrastructure and neighborhoods. If, however, additional density could be managed in a sensitive and strategic way, there would be many more households over which to spread the cost of services such

as schools, police and transit. There would be more ‘roof-tops’ to attract and support a variety of neighborhood businesses, while cutting transit trips and building a stronger local economy.

Household formation among Generation X (1964-1986) and early Millennials has been delayed as a result of the economic downturn, but will likely break loose soon. At current persons-per-household ratios, we can expect Nashville to need 352,600 housing units by 2040. While this is only 68,600 more housing units than Nashville had in 2010, historical loss rates of existing housing units leads us to believe that about 113,000 housing units will need to be constructed, or about 3,800 per year.

When trying to imagine how many units could be provided over the course of the next three decades, it is useful to look at what happened in Nashville and the region over the past two periods of the same length. (Table 2)

Table 2: Housing Complexion per 30 year period

	1950		1980		2010		2040	
	#	%	#	%	#	%	#	%
Total dwelling units	88,573	100%	187,400	100%	283,978	100%	352,597	100%
Built 1939 or before	66,430	75%	26,531	14%	18,159	6%	14,527	4%
Built 1940 to 1949	22,143	25%	21,845	12%	13,543	5%	10,834	3%
Built 1950 to 1980			139,024	74%	121,758	43%	97,406	28%
Built 1980 to 2010					130,518	46%	117,466	33%
Built 2010 to 2040							112,363	32%
Built/to be built annually	2,214		4,634		4,351		3,745	

Source: Metro Planning Department

Table 3: Building permits

	Building Permits, Davidson County, 2005-2010						
	2005	2006	2007	2008	2009	2010	Total
Single Family	3,818	4,089	3,253	1,548	1,111	1,040	14,859
Two Family	220	216	80	28	8	8	560
Three & Four Family		4	12		3	6	25
Five or More	981	819	2,198	791	530	553	5,872
Total	5,019	5,128	5,543	2,367	1,652	1,607	21,316
Average of Six Years							3,553

Source: Metro Social Service Needs Assessment 2011; US Census

“Aging in place” has come to denote the desire of older Americans to remain living independently in the homes and neighborhoods where they have social ties for as long as they can.

-David Goldberg in On Common Ground published by the National Association of Realtors

In the six year period 2005-2010, an average of 3,553 residential units received building permits in Davidson County. (Table 3)

Much of Nashville's growth took place after World War II, which created new, second-ring suburbs such as Bordeaux, Donelson, Crieve Hall and West Meade or expanded residences in established communities like Madison and Old Hickory, which were once distinctly separate from the City of Nashville. This rapid growth happened well beyond existing public infrastructure and municipal boundaries. Absent city sewer connections, post-war houses required land parcels large enough to support percolation of septic fields on limestone soil, setting the single family/large lot pattern that is preferred or expected by many Nashvillians today. This condition is a defining characteristic of many existing Nashville neighborhoods and should be preserved wherever possible. Creating a strong focus on preserving these single family lots will lead to strategically positioning additional residences in new neighborhoods, in centers, and along corridors.

QUESTION

What type of housing will appeal to future residents?

Household size in conjunction with demographic changes in the age, income and make-up of households living in Nashville will have a profound effect on the type of houses needed over the next thirty years. Davidson County is forecast to have the smallest household size in the region. Down-sized homes near services will be needed for older residents who wish to stay in their existing neighborhood and for the growing number of persons who choose to live alone.

Data prepared by the Metropolitan Planning Organization estimates that the number of households with children will drop to 28 percent in 2025, down from 48 percent in 1960. Nashville is fast approaching a time where 2 out of 3 households don't have children living in the home.

Metro Planning Department reported that in March, 2013, 51 percent of all residentially zoned land in Davidson County was in an RS district, which permits only single family detached housing to the exclusion of all other housing types; including townhomes, flats, and cottage styles that may be more desirable given demographic change.

The convergence of two huge generations—the boomers and millennials—with similar appetites for compact, walkable, mixed-use communities creates an enormous rebuilding opportunity. “This could be the economic foundation of the country for the next 30 years.”

-Christopher B. Leinburger in *On Common Ground* published by the National Association of Realtors

Cost of Housing

Escalation of housing prices in central city neighborhoods that once offered proximity to job centers for lower income workers will likely continue. The process known as gentrification often displaces lower income residents over time as neighborhoods become more desirable, as has been seen in East Nashville, Waverly-Belmont and 12South. This process can also be seen in its early stages in several other Nashville communities as even a wave of über-gentrification is taking place in Green Hills as larger houses replace more modest houses that have been torn down. The economics of this process require that the new house be valued at approximately three times that of the house torn down. While this contributes greatly to the tax base, it is reducing the opportunity for middle income families to live in the area.

Owning vs. renting

Homeownership is an aspiration that may not fit within the budget or the need for mobility for many Nashville households of the future. Many early Millennials and Generation X families are more hesitant to purchase homes due to the recent recession and its

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effects on their parents/families. These age groups also desire to be more mobile because of the quickly changing job market which would make homeownership a hindrance.

While Davidson County had the most single family sales in 2011 of any county in Tennessee, its homeownership rate of 56 percent in 2010, was the lowest of any county in the state. Tennessee as a whole had an ownership rate of nearly 70 percent in 2010, slightly higher than the national average.

According to the State of the Nation's Housing 2012 issued by the Joint Center for Housing Studies at Harvard University, the national rate of homeownership peaked in 2004. Baby Boomers are keeping the homeownership rate up at the moment. Still, homeownership remains the hope for the next generation, with 86 percent of renters age 18-34 believing that they will ultimately own according to a 2011 survey by Fannie Mae.

Individuals and families with African-American and Hispanic heritage are expected to be in the majority

in Nashville by 2020. Historically, these groups have lower rates of homeownership than white households. When this is coupled with lower rates of purchase by younger households and aging Boomers moving out of ownership, it is likely that in the future at least half of Nashville's households will be renters.

A common perception by single-family homeowners is that siting higher density, multi-family developments near them will adversely affect their property values. To address this concern the Metro Nashville Planning Department reviewed several case studies and researched Davidson county property values of single-family neighborhoods with adjacent multi-family developments. The review of these studies and local data suggest that the presence of nearby multi-family development does not adversely effect the value of single-family homes.

The major point provided by this study is not if multi-family housing should be located nearby single-family homes but, how best to design these multi-family developments so that they are context-sensitive.

Context Sensitive Design

a site layout that is related to its surroundings. Elements of the design are created to complement the style, scale and/or placement of the adjacent properties and community. Context sensitive design features buildings that are integrated into their setting with a sensitive approach, this involves detailed planning, consideration of the adjacent properties, communication with the surrounding community and customizing the design to fit and interact with the existing context. Aesthetics and proper connectivity have an enormous role in context sensitive developments.



Context sensitive design: Germantown



Non-Context sensitive design: Green Hills

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A broad array of housing types, such as townhouses, stacked flats, entry-level housing, shared equity ownership, co-housing and other types of shared living arrangements – all of which must be provided for sale and for rent – are required to meet the reality of future needs and demands.

Yet, Metro Planning Department reported that in March, 2013, 51 percent of all residentially zoned land in Davidson County was in an RS district, which permits only single family detached housing to the exclusion of all other housing types; including townhomes, flats, and cottage styles that may be more desirable given demographic change.

QUESTION

How can we accommodate growth and new housing forms while preserving the qualities we like in existing neighborhoods?

The answer could be found in what would seem to be a paradox: use density to preserve Nashville's green and spacious suburbs, accommodate growth, increase housing options and enhance quality of life.

Where might that density best occur? Along the under-utilized commercial corridors that line the historic pikes in every quadrant of the county. Even though the corridors are mostly zoned for commercial uses, higher density residential may be provided with the utilization of the Adaptive Reuse tool in the Metro Zoning Code. This tool allows higher density in these locations, which allows for greater mobility of residents who utilize the transit routes and provides homes with consumers for businesses along the corridors. Strictly segregated use is an outmoded suburban form that has lost its relevancy for main streets in a regional urban center like Nashville.

Shared Equity Ownership: allows a person to purchase a share in their home even if they cannot afford a mortgage on the whole of the current value. It provides a third option of land tenure between home ownership and renting.

Co-housing: a type of intentional community composed of private homes supplemented by shared facilities. The collaborative community is planned, owned and managed by the residents.

This leads to a corollary paradox: Use denser transit corridors along the pikes to move people more efficiently, getting more people out of their individual cars, saving fuel and improving health.

Another location for additional density would be in community and commercial centers. Recent development around Hillsboro Village or on Woodland Street near Five Points in East Nashville are vibrant examples of this. Creating density in, or near commercial centers allows for the resident to walk or bike to locations near them. This strategy allows for a walkable core for residents and more patronage for business owners due to increased density. The Bellevue and Antioch/Priest Lake community plans call for increased density around and in the Bellevue and Hickory Hollow Mall sites, respectively.

Wrestling with the issue of higher density is difficult. Traditionally, Nashvillians love their single-family suburban and urban houses, and find it hard to imagine another ideal.



Hickory Hollow Mall Development Scenario from Antioch/Priest Lake Community Plan

Finding a way to meld the single family 'ideal' in established neighborhoods with additional housing types along the edges will be the challenge to meeting housing demands of a 'new' typical household. Nashville's existing neighborhoods and suburbs are an asset that should be protected.

Care must be taken to develop methods of dealing with transition between single family structures and denser housing types along intensified corridors.

Absent an open and creative 'win-win' approach to becoming a denser county, Nashville is faced with losing its share of growth to adjacent counties, which would seem to waste the historical advantages of location and the economic opportunities offered by the transportation spokes already in place.

The result of trying to force growth to other counties versus promoting growth in Davidson county is that it limits the number of Davidson County households available to shoulder the rising costs of municipal services such as police, fire, schools, roads and parks. Limiting growth would likely have the effect of increasing local taxes and reducing service levels to existing homes in the future. The question is not *if* Davidson county will see growth, but rather *where* that growth will be located.

Density is where many discussions converge: Where to grow, how to protect quality of life, the reality of housing market economics, affordability and housing cost burdens, how to broaden opportunity and housing choice, transit and traffic issues, economic viability of commercial services, support of cultural activities and institutions, and cost of municipal services are all affected by the density of our population. Yet, increased density is among the hardest planning issues to discuss and scares the daylight out of neighbors and neighborhoods.

If Nashville is to grow and protect existing neighbor-

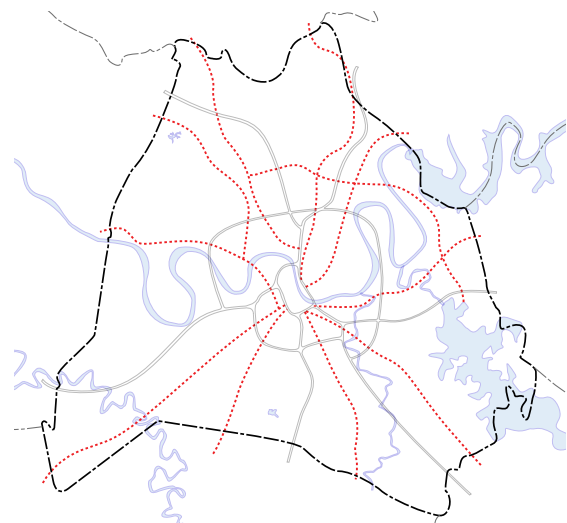
hoods, adopting a strategy of providing density around under developed commercial centers and intensifying the corridors along the historic pikes offers the best opportunity to find a balanced way forward. Increasing development on corridors such as Charlotte Pike and Clarksville Highway could help preserve Bordeaux, Bells Bend and Joelton as well as existing suburban neighborhoods built in a low-density, large-lot pattern.

With largely stable neighborhoods, corridors represent the best candidates for new growth because they have much underused land adjacent to neighborhoods that have appreciated in value."

ULI Rose Center Study

In 2010, the Rose Center of the Urban Land Institute issued a report on place making in Nashville through infill and corridor redevelopment. Observations in the report included the following:

"Many of the older neighborhoods are former first-ring 'streetcar suburbs' dating to times of greater transit use and feature appropriate sidewalks and short distances to possible transit routes. Beginning in the mid-20th century, however, development along the spokes transitioned into auto-driven sprawl, and corridors became throughways rather than destinations, resulting in a development pattern oriented to the car. Commercial uses with expansive parking and intense signage designed to attract drivers took precedence over pedestrian facilities; this pattern is not an asset to the neighborhoods that flank the corridor."



Davidson County Corridors and Pikes

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The ULI Rose Center study also noted that young households and those with an empty-nest were now seeking what could be called an ‘urban lifestyle,’ in which restaurants, cultural attractions and consumer services are in close proximity to where they live.

Nashville’s hottest urban neighborhoods — Germantown, 12South, East Nashville, the Gulch, Hillsboro Village, Sylvan Park, Riverside Village — are those that fit this description. They are also among the densest neighborhoods in Nashville and can serve as local models for what works and what could be improved upon.

The Rose Center study went on to note that many young people choosing an urban lifestyle are the target employees for businesses operating in high-tech and creative sectors, such as Nashville’s music, health care, and higher education industries.



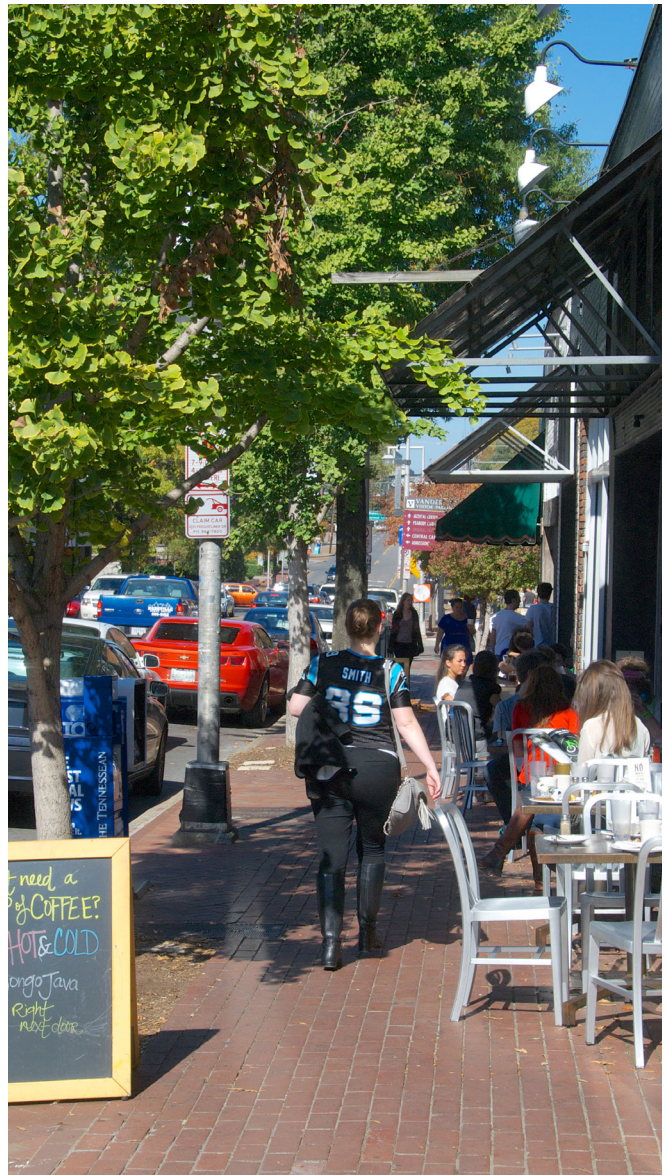
Germantown



East Nashville



The Gulch



Hillsboro Village

QUESTION

Will Nashville residents have enough income to support their housing needs?

Housing is inextricably intertwined with household income and the jobs that produce it.

In 2012, the Nashville Area Chamber led an inter-city visit to Portland, Oregon. Portland is well known for attracting young people to its high-tech employers, its controversial growth boundaries, and its extensive multi-modal regional transit network.

In discussing the need for housing to be near work centers, one Portland leader challenged this assumption in an interesting way. Unlike past generations of workers who stayed in one job for most of their career, current and future generations are likely to have many jobs in the course of their work life, therefore, important job centers should be accessible from all parts of the region. Portland seeks to have a comprehensive regional transit system that allows for job mobility and easy movement from residential centers throughout the area to avoid jobs-housing imbalance. This transportation network allows for all parts of the region to be connected so that residents can access transit options that connect to their job location.

Job growth in Nashville is expected in the sectors that have high mobility—education, health services, professional and business services. The Nashville Chamber expects the area's top growing occupations to include some middle and higher income jobs such as health technicians, financial and business specialists and education as well as more modestly paid jobs such as retail sales, information and finance clerks, personal care and service workers and various types of health care aides.

Nashville's large tourism and entertainment sectors rely on service workers whose wages may not allow them to live in close proximity to service jobs. This challenge will have to be addressed on two fronts by creating more opportunities for housing close to job centers such as the Music City Center and a develop-

ing a transportation network that allows workers to easily commute from a variety of neighborhoods at the lowest possible cost to the individual and the community.

A Nashville consumer profile compiled by the Chamber for the Portland trip (Nashville Datascape, 2012) noted that an average greater Nashville area resident spent 19.3 percent of their income on housing and 20 percent on transportation. This profile stated that in 2010 traffic congestion in the Nashville area cost every auto consumer \$722. Which means \$14,440 for every 20 cars driven in Nashville everyday.



A financial and housing industry rule of thumb is that households should pay no more than 30 percent of their gross income for housing expenses. Households paying more than 30 percent for housing are considered to be housing cost burdened.

If a worker must travel long distances to work at a high cost, a *transportation cost burden* may be added to or substituted for housing cost burden, creating an unsustainable economic situation for individuals and families.

In recent years, incomes have not kept up with rising housing costs, leading to an unprecedented rate of housing cost burden in Davidson County, reaching into middle income households.

Median family income tables are published by HUD annually for each Metropolitan Statistical Area (MSA) in the country, using data compiled by the U.S. Department of Commerce. HUD also publishes a table of Fair Market Rents by county each year.

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Table 4: Household income, Nashville MSA

Year	HUD Median Family Income by Family Size			
	1 person	2 persons	3 persons	4 persons
2013	\$43,650	49,850	56,100	62,300
2012	47,000	53,700	60,400	67,300
2010	45,700	52,200	58,700	65,200
2005	43,100	49,300	55,400	61,600
2000	41,200	47,000	52,900	58,800
1990	24,375	27,875	31,300	34,800
Increase...				
2000 to 2013	6%	6%	6%	6%
1990 to 2000	69%	69%	69%	69%

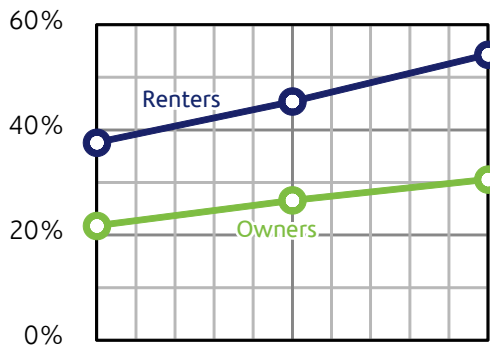
Source: U.S. Department of Housing and Urban Development

Between the years 2000 and 2013, the Median Family Income (MFI) for the Nashville MSA rose by 6 percent, while Fair Market Rents (FMR) for the same time period rose between 21 and 39 percent, depending on bedroom size of the unit.

With housing costs rising faster than income, more and more households are squeezed into a burdensome situation. Over 100,000 households, were found to be cost burdened at the 2010 Census.

Table 6: Housing Cost Burden, Davidson County

Percentages renters and owners that are cost-burdened



Count	2000	2005	2010
Owners	25,052	37,444	41,277
Renters	37,678	43,983	58,831
Total	62,730	81,427	100,108

Source: 2000 Census; 2005 and 2010 American Community Survey

Table 5: Fair Market Rents, Davidson County

Year	Efficiency	1 BR	2 BR	3 BR	4 BR
2013	\$593	684	819	1089	1168
2012	572	653	751	974	1003
2010	615	702	807	1047	1077
2005	492	564	654	854	879
2000	427	511	630	858	963
Increase 2000 to 2013	39%	34%	30%	27%	21%

Source: U.S. Department of Housing and Urban Development

Homeowners with a mortgage, even those with moderate and middle incomes, are finding themselves in the position of paying more than 30 percent of their gross income for housing costs.

As is shown in Table 7 below, nearly all owners with an income below \$35,000 and a mortgage are cost burdened. Many elderly households fall into this category as energy, insurance and maintenance costs rise while their incomes remain static. A rising number of households with significantly higher incomes are in the position of being cost burdened.

Table 7: Housing cost burden for owners with mortgages in Nashville MSA

Total Household Income	Cost-burdened
Less than \$34,999	92.0%
\$35,000 - \$49,999	58.5%
\$50,000 - \$74,999	27.5%
\$75,000 or more	8.0%

Source: 2010 American Community Survey

QUESTION

How will the recent economic crisis and subsequent period of housing recovery affect the future?

Nashville's housing market, like much of the nation, is in recovery from the housing and economic crisis of recent years. This economic downturn has led to banks being more cautious with lending, making it harder for home buyers to qualify for a loan or to find one they can afford. It is likely that it will take the rest of this decade for the housing market to fully recover.

According to information from the Greater Nashville Association of Realtors (GNAR), residential sales in the greater Nashville area peaked in 2006 at 40,000, up from 24,800 in 2000 and 10,000 in 1990 and down to 20,600 in 2011. Davidson County accounted for 16.5 percent of the 2011 sales in GNAR's service area.

In Davidson County, the median price for all residential sales peaked in 2007 at \$184,900, up from \$130,000 in 2000 and down to \$168,000 in 2011.

Davidson County has consistently had the second highest rate of foreclosure filings in Tennessee, behind Shelby County. Despite the fact that foreclosure filings are down over 2011, they remain at higher than normal levels in 2012. In 2012 there were 2,908 foreclosure filings in Davidson County, one for every 98 housing units. This is down from the peak in 2010 when there were 4,221 foreclosure filings, or one for every 68 housing units.

Foreclosure filings are widespread in Davidson County; however, neighborhoods in North Nashville and Antioch have been hardest hit and will take the longest to fully recover.

Greater Nashville Association of Realtors (GNAR) Service Area

Cheatham, Davidson, Dickson, Maury, Robertson, Rutherford, Sumner, Williamson, and Wilson Counties

Davidson County Foreclosure Filings

2012	2,908
2011	3,038
2010	4,221
2009	4,049
2008	3,492
2007	2,516
2006	1,514

These hard hit neighborhoods will continue to experience lower values, higher rates of vacancy and long term shifts between rates of ownership and rental. Owners in these areas have dealt with a series of factors, which came in waves and led to high rates of foreclosure: Adjustable rate and high cost sub-prime mortgages; recent purchases using high leverage mortgages, falling prices that left owners owning more than the house was worth, and rising unemployment. When rates adjusted upward or there was a loss of income, borrowers were not able to meet their mortgage obligations.

Some affluent neighborhoods are close to recovering pre-recession value. However, even fully recovered parts of Nashville will be financially affected if other portions of the county continue to have depressed value at the time of the reappraisals that set the county-wide tax rate. If values in Antioch or North Nashville don't recover while other locations of the county increase in value, those other recovered neighborhoods will carry more of the property tax burden. Interventions that have helped, or will help, recovery in areas where residential property lost value include: a consortium of Nashville nonprofit housing agencies that successfully garnered a \$30 million grant from HUD to get foreclosed property back into the market; agreements negotiated by the Metro Planning Department to get stalled subdivisions restarted and the financial education program launched by United Way and the Mayor's Office to help families with financial recovery.

It is clear that low and moderate income communities have been heavily impacted by the housing down turn; however, loss of home equity has affected middle income families as well.

Middle income owners hold the much more of their net worth in their primary

residence than higher income families, leading to financial distress that may take years to reverse.

If an owner finds themselves “upside down” in a mortgage where they owe more than the house is worth, they may feel that their only option is to stay put until values recover. This limits an owner’s ability to move in response to job opportunities because they must bring cash to the closing table or negotiate with their lender for a “short sale” in order to sell and move.

QUESTION

How can housing opportunities be spread across Nashville more equitably?

The cost of land is a major factor in the price of housing, leading to concentrations of lower cost housing, especially newly constructed units, in certain neighborhoods or parts of the county. Over time, as older central neighborhoods become more attractive to higher income households, lower income households are displaced to other low cost locations.

Ideally, housing options at a range of price points and styles should be available all over Metropolitan Nashville to give residents a choice of locations.

Patterns of racial segregation in Nashville are long standing, set in place or exacerbated by harmful public policies of the past. Without thoughtful attention being given to creating a wide range of housing choices, these harmful patterns could well continue without much improvement for the next 30 years, to the detriment of individual residents and the city as a whole.

“Because the county’s commercial gains drove the overall property tax base up about 6 percent, any homeowner whose property value went up less than that will probably owe less taxes than last fall, while those whose values rose more than that will likely owe more.”

—The Tennessean, in an article on tax reappraisals April 2, 2013

“Concentrated action will be necessary to help the historic corridors and urban infill locations overcome decades of abandonment and underuse in deference to expanded low-density, dispersed new development on the urban fringe.”

—ULI Rose Center Study

Ethnic enclaves are a common reality and residents with special affinities may well want to be near one another. The key here is to refrain from limiting opportunity and choice by public policy.

While market forces set the value of property based on an array of desirable characteristics, it is important that public policies such as zoning and limitations on housing types and sizes, do not further exclude or marginalize certain groups of residents. Zoning practices that reduce a variety of housing types to single family only (RS) should only be promoted where necessary, while policies that encourage new types of infill housing should be encouraged where appropriate.

QUESTION

How does the quality of schools and neighborhood characteristics affect housing choices?

Concentrations of low income housing and families create distressed neighborhoods unnecessarily, increasing personal and public social costs.

A person’s education is the single biggest factor in determining income and, in turn, the ability to procure adequate housing. The real and perceived quality of public education has a huge effect on housing in both the immediate and the long-term. If the schools are bad or ineffective, low income families are stuck in the cycle of poverty, and middle and upper income families who have more options will go elsewhere.

Schools affect the housing choices people make, either within a system or between systems. Whenever a home is located within the zone of a highly regarded public school, there is a price premium attached. People are willing to pay more to

Housing

Accommodate growth by increasing density along the edge of existing suburban neighborhoods.

be in certain school districts if they have the means. Those without means have more limited control over their children's education unless additional school choice options – such as magnet schools, charter schools, or other non-neighborhood based options (plus related transportation options) – are provided.

Though households with children continue to decline, for Nashville to be competitive in attracting its share of middle and upper income households that do have children and for the children of lower income families to succeed, there must be good schools located in neighborhoods that are considered safe and desirable. Otherwise, Nashville will be a community whose residents are solely those with very modest incomes, those that are very well off and those without children.

QUESTION

What strategies might best address these challenges?

There are many ways in which other jurisdictions have addressed the similar challenges. While many global and national examples exist, there is a rich array of local precedents to illustrate future possibilities and suggest strategies for broader implementation. Issues related to education, jobs, transit and neighborhood development are left to other reports.

Adopt a 'pike' strategy. In order to preserve green suburbs and open space, the next General Plan should encourage public policies that increase density in other places. Use under-utilized land along commercial corridors on Nashville's historic pikes for residential and mixed use developments.

Nashville's Gulch is an excellent example of a new community on a thoroughfare once lined with vacant parcels. Lenox Village is another local example of denser development along a major transportation



The Gulch



Lenox Village



Gale Park

corridor, which includes a mixture of housing types and commercial services. An in-town example is Gale Park – a development of cottages abutting the Melrose shopping center, near Franklin Road and Gale Lane.

Two issues in particular will need thought and creative policy solutions that should be discussed during the NashvilleNext planning process. The first is that the depth of properties along main corridors may not be sufficient for new residential development. The second is treatment of the transition between dense corridor or center development and adjacent single family developments. One transition technique is to flank the higher density development along corridors and centers with lower-intensity townhouses, transitioning into single-family housing in the surrounding neighborhoods. It is also possible that transition areas could include bike and walking paths that pull these transportation modes off of the busiest corridors and provide a calmer transition for adjacent neighbors. Allow housing by right in more zoning districts. A memo by the Metropolitan Planning Department to Metro Council in 2009 regarding the distribution of affordable housing indicated that Commercial Services (CS) and office zoning districts could be expanded to allow a greater mixture of uses in development rather than separating usage into strips of commercial development located a distance from residential. This can be accomplished through the utilization of the “Adaptive Reuse” tool in the Metro

Transit Oriented Development:

a mixed-use residential and commercial area designed to maximize access to public transportation. Many of the developments have features that encourage ridership. These developments usually incorporate a transit stop at the core of the community that is surrounded by higher density that progressively decreases as the distance from the station increases.

Zoning code. The next frontier of housing may come in the form of accessory dwellings or alley homes, which allow for single family lots to contribute to increased density without destroying the character of the existing neighborhood.

The ULI Rose Center report suggested that incentives be included in land use regulations to make denser, mixed-use, pedestrian oriented development allowable by right in appropriate places rather than by exception. It further suggested that development be concentrated at key commercial centers or cross roads.

Improve the transit corridors and infrastructure.

Business improvement districts or grants for corridor improvements could help direct development to specific areas or nodes. Incentives and increased density by right could be given to transit oriented developments along rapid bus transit routes. Corridor improvements should include the latest high speed wireless technology.

Public investment in infrastructure and early infusion of tax increment financing were critical to setting the stage for successful redevelopment in the Gulch. This public investment leveraged millions of private investment and will be repaid many times over in coming decades.

Put policies in place to help reinvent obsolete industrial and retail sites.

Redeveloping malls, strip centers and industrial sites has been done in Nashville, the nation and the world. Residences can add critical mass to adaptive reuse of such sites.

The redevelopment of 100 Oaks Mall and office tower is a great example, which would be even more powerful had there been a residential component to it. Vanderbilt’s medical clinics and the surrounding retail businesses are at the heart of an urban center that stretches from the Thompson Lane underpass to Franklin Pike, and includes Berry Hill (outside Met-

ro's zoning jurisdiction), Sidco Drive and Powell Avenue. The area is home to hundreds, if not thousands of jobs and has an extensive array of restaurants, banks, retail services and transit connections. It is ripe for housing that fits the urban experience it offers. Offering Tax Increment Financing (TIF) in exchange for development that is for the public good (libraries, community centers, parks, etc..) along with residential is one approach that could be residential.

Marathon Village has a sense of place that is uniquely Nashville. This eclectic and creative reuse of an old manufacturing site could be even better if new residences surrounded it, complementing the extensive work done to redevelop John Henry Hale Homes.



Marathon Village

Provide a source of technical assistance. Help may be needed in dealing with environmental concerns related to reuse of commercial and industrial sites for housing. Programs like the Brownfield Program, created by MDHA, need to be utilized and promoted. This would help to address concerns and costs of residential adaptive reuse.

The number of households with children is going to be coming down until it's in the 20 percent range and stabilizes there for as far as the eye can see. If we're building homes for families with children, we're missing the boat."

—Arthur C. Nelson in *On Common Ground* published by the National Association of Realtors

Increase variety of housing types to accommodate changing demographics.

Incorporate a variety of housing types in every community plan.

Nashville has spacious mid-century single family suburbs, which are an asset worth preserving. However, a broader range of single family and multi-family housing types are needed to accommodate the households of the future.

Development of denser housing along the pikes will bring many more opportunities for a wider variety of housing types beyond single family houses or huge apartment complexes. Also, allowing housing by right in more zoning districts will lead to a richer variety of housing options.

As part of the community planning process, citizens should be encouraged to find places that are suitable for older people who want to down-size, singles, and young families at a variety of price points. Every community plan should have residential zoning densities that allow for townhouses, court-yard style single family, co-housing and accessory dwelling units.

Use inclusionary zoning. Many communities, most notably Montgomery County, Maryland, use inclusionary zoning ordinances to provide for a wider geographic dispersion of affordable housing. Each new development must include a small percentage of lower cost housing. Over the 25 year time horizon of the General Plan, this would use market activity to increase the stock of lower cost housing in a wide variety of locations. There could be an inclusionary zoning component of more intense corridor developments that may be allowed by right. Franklin, Tennessee recently adopted a limited form of inclusionary zoning.

Help reduce housing cost burdens

Housing has become less affordable for a wider range of household income groups. Those households with the most modest income have been hardest hit.

Maintain and expand property tax relief programs for older homeowners with low income, which reduces or postpones payment of property taxes. Program income limits should keep up with increases in the Consumer Price Index. The three major programs are Tax Deferral, Tax Relief, and Tax Freeze. (See Table 8)

Create a Housing Trust Fund. Nashville should join the ranks of hundreds of other municipalities such as Columbus, Ohio and Charlotte, North Carolina, in setting aside a small dedicated source of public revenue to fund creation of housing opportunities for those with very low income. Public funds can be leveraged to create housing targeted to households earning less than 60 percent of the HUD area median family income, which is currently \$26,800 for a single person household in Nashville. Housing Trust Fund proceeds could be used for rent supplement payments for to lower the housing cost burden for very low income persons or to help build new units for low income persons.

Incentivize Improvement in Energy Efficiency. Continue rebate programs for residential energy improvements, which help lower housing costs over the long term.

Provide low cost mass transit. Improve mass transit system to facilitate movement from homes to jobs and cultural activities. Some European cities are experimenting with very low or no cost local transit systems.

Table 8: Tax Deferral Programs

Program	Eligibility	Income Limit	Summary	Applicants
Deferral	Age: 65+ or permanently and totally disabled	\$25,000	-Taxes may be deferred until property is sold -Deferred amount is subject to interest. -Mortgage holder must agree	31
Relief	Age: 65+ or permanently and totally disabled Eligible disabled Veteran or spouse of deceased disabled Veteran	\$26,830 No limit for disabled Veteran	-Tax reimbursement paid by State -Tax relief is limited to first \$25,000 of market value for elderly or disabled, \$175,000 of value for disabled veteran	7,042
Freeze	Age: 65+	\$38,300	-Freezes taxes due on property to the amount of tax for the year they qualify	7,323

Source: State of Tennessee