

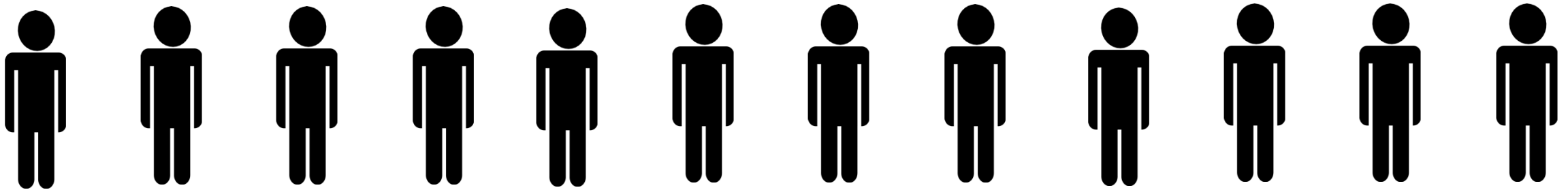
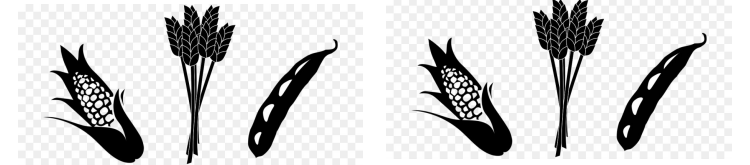
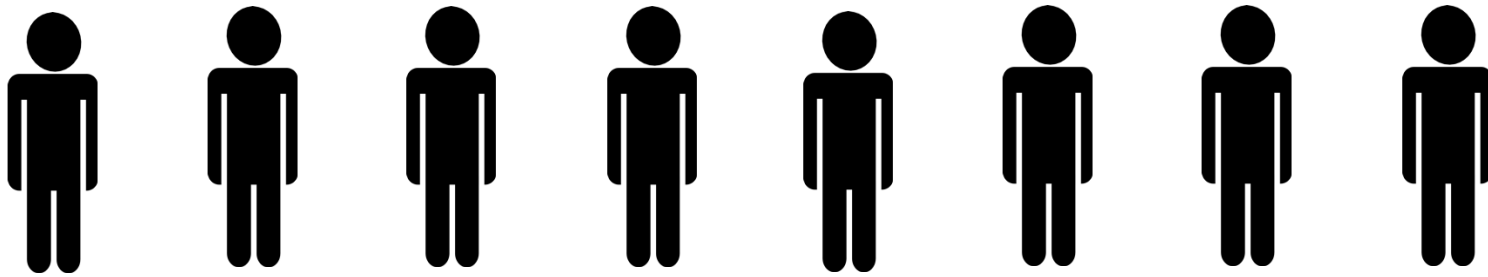
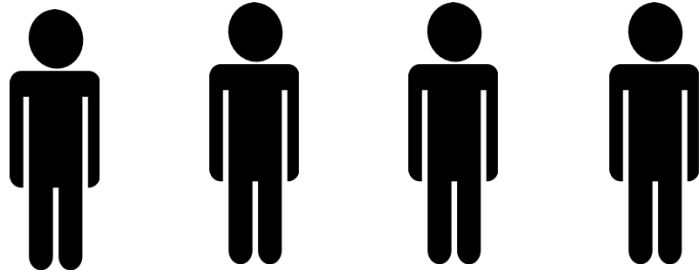


Breaking Out of the Housing Trap

Charles L. Marohn, Jr.

@clmarohn | @strongtowns

Agriculture Trap



Complex, Adaptive Systems







Complex



Complicated



Complex



Complicated









“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



Fannie Mae[®]

1938

Freddie Mac

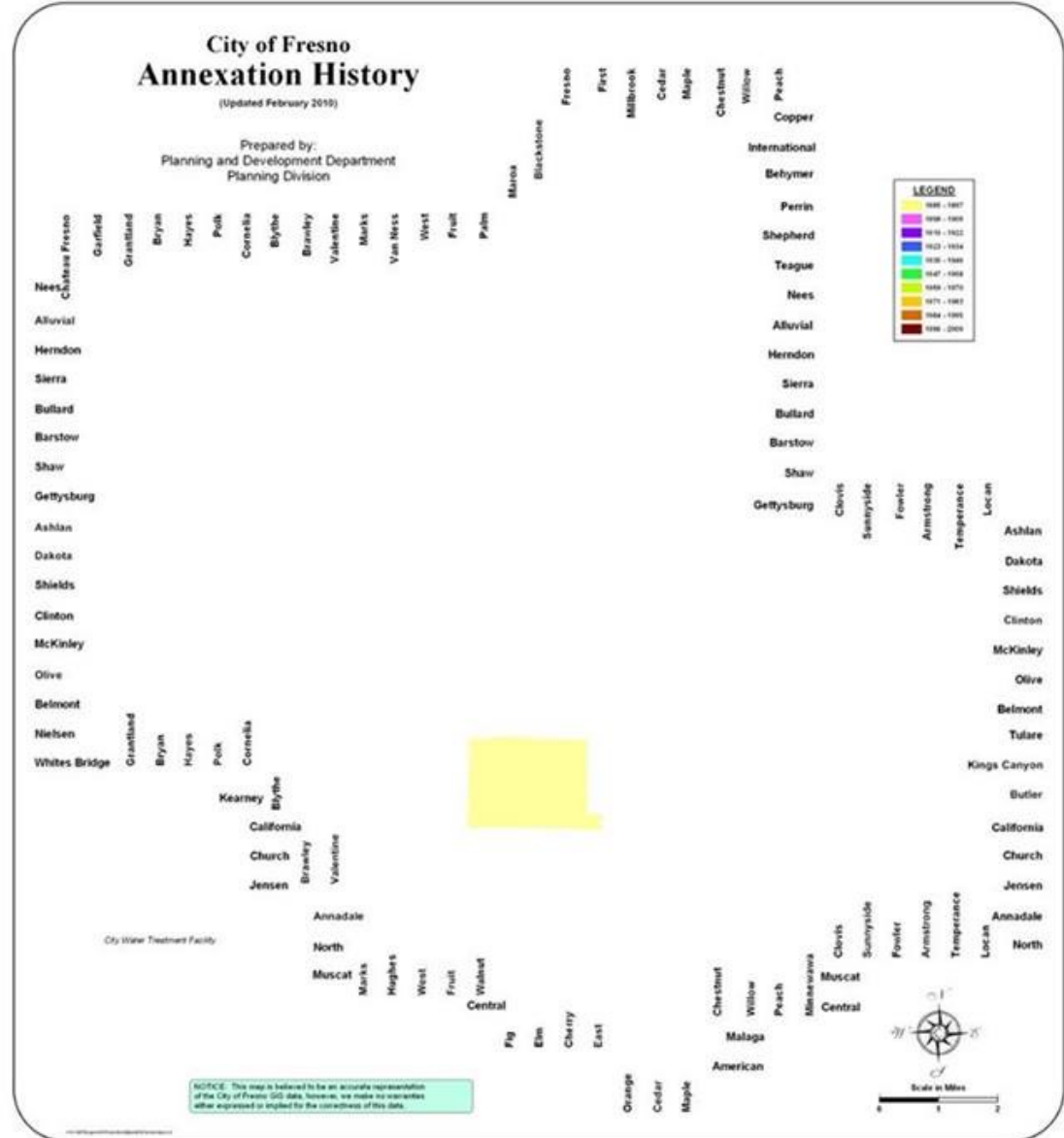
1970



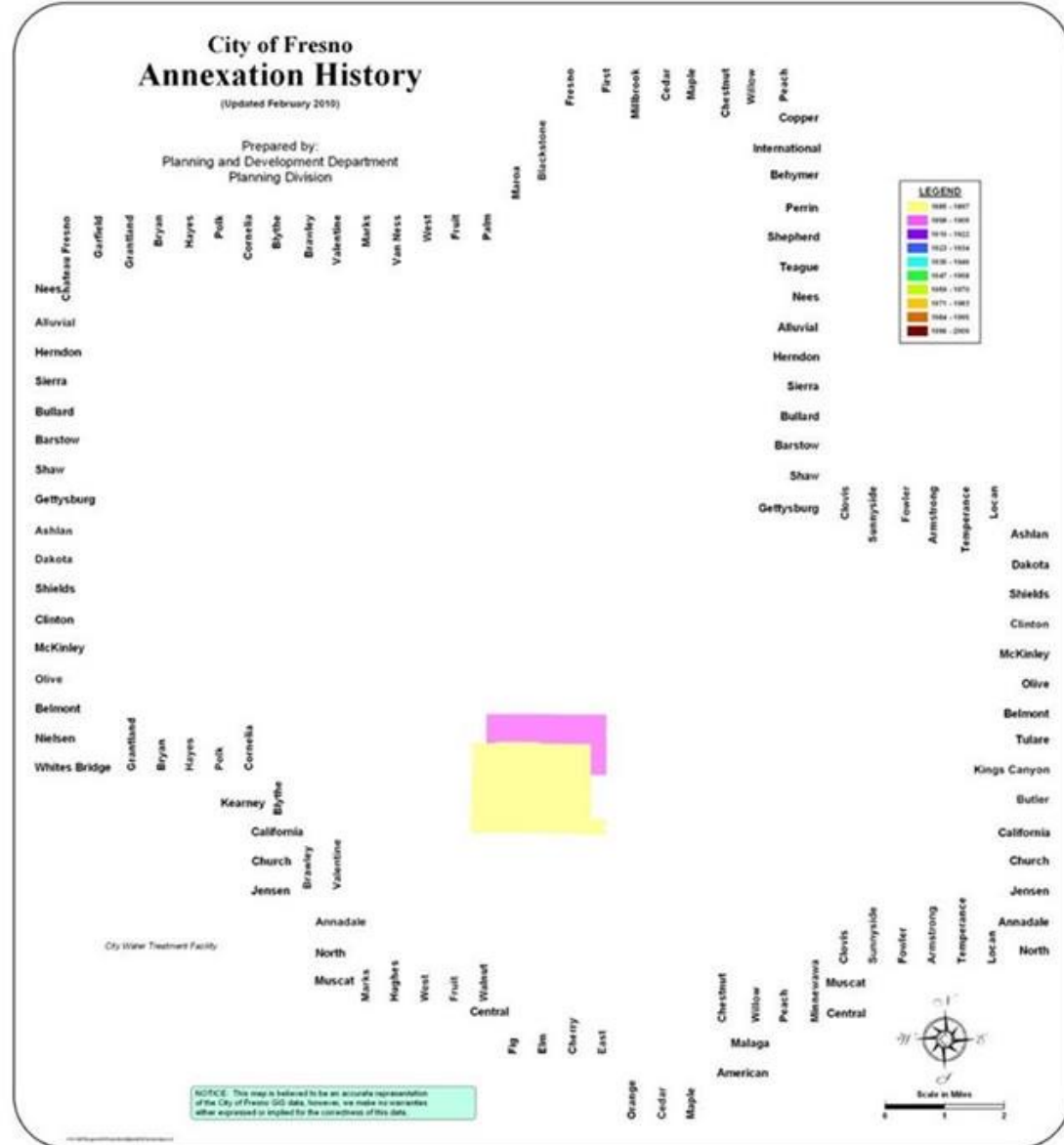
“Were the war to end suddenly...there would be ushered in the greatest period of unemployment and industrial dislocation which any economy has ever faced.”



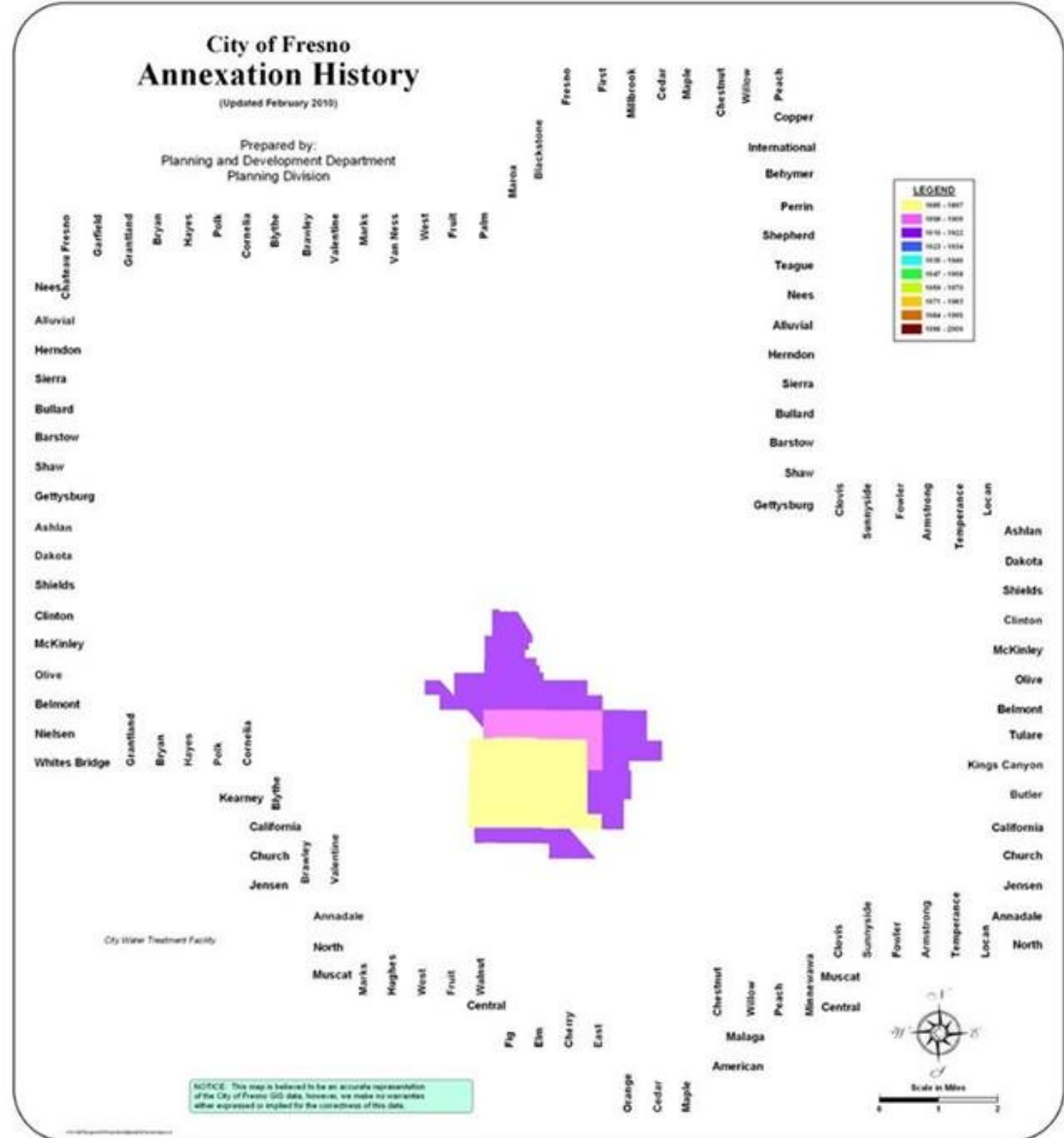
1897



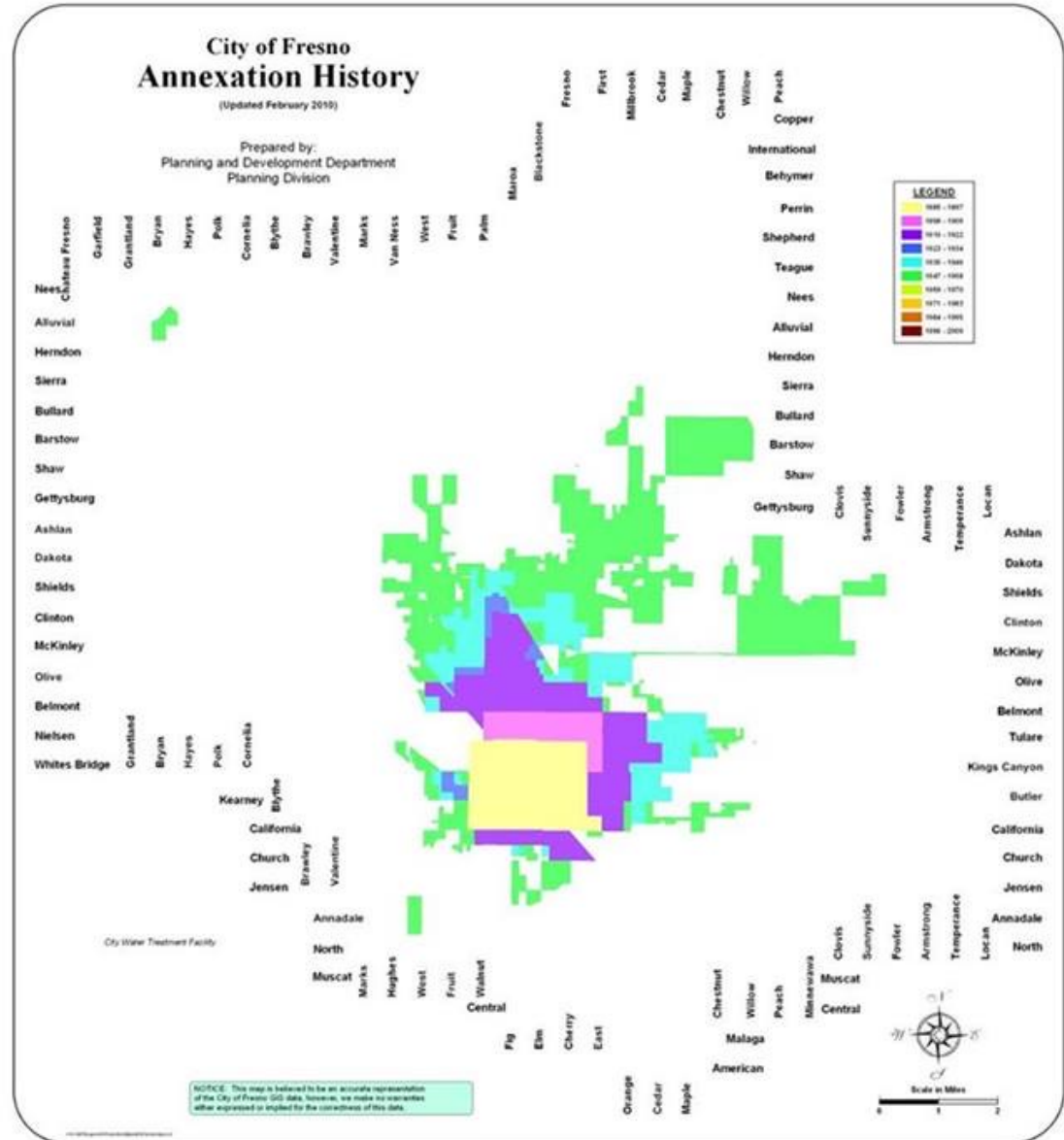
1909



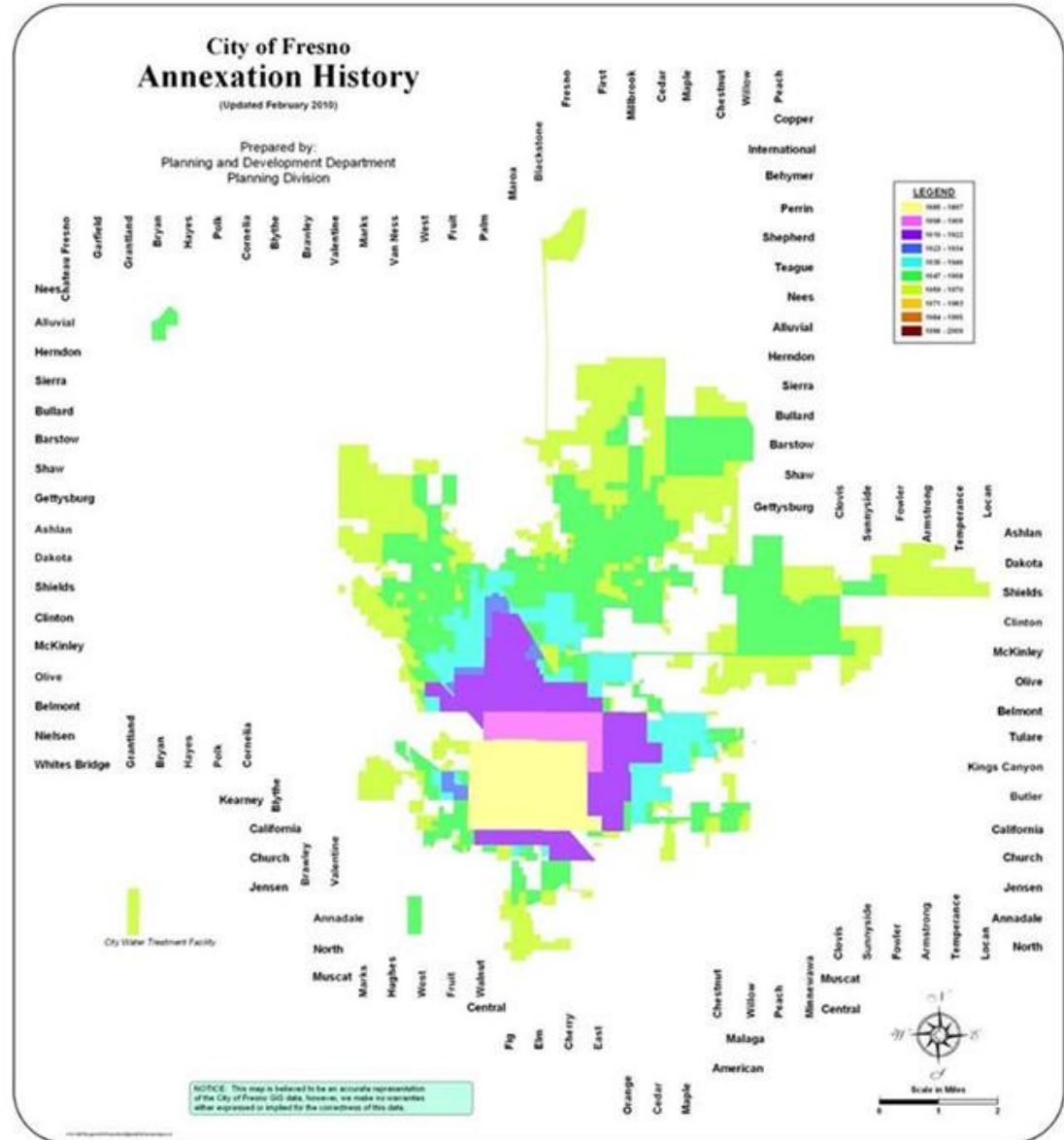
1922



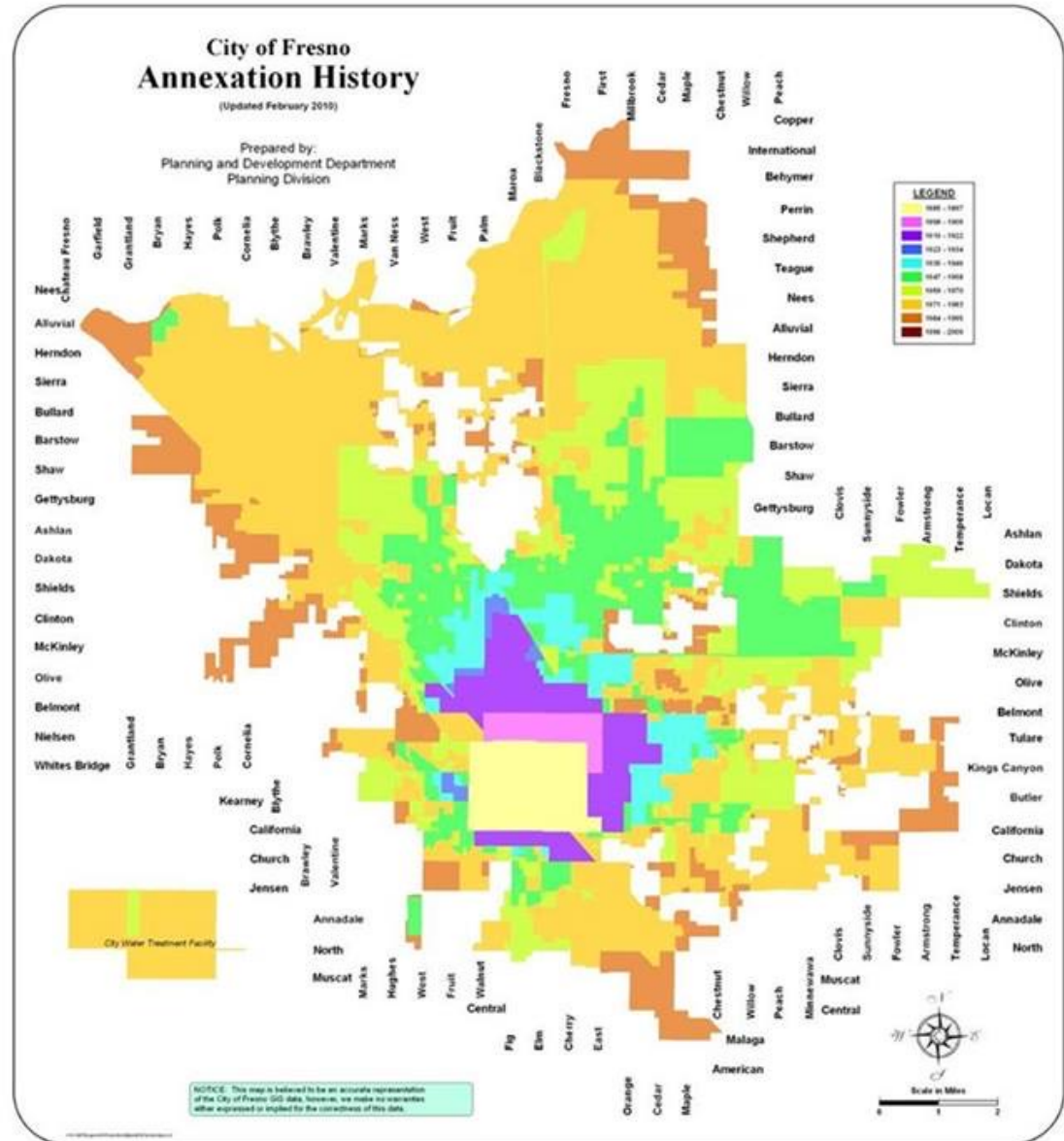
1958



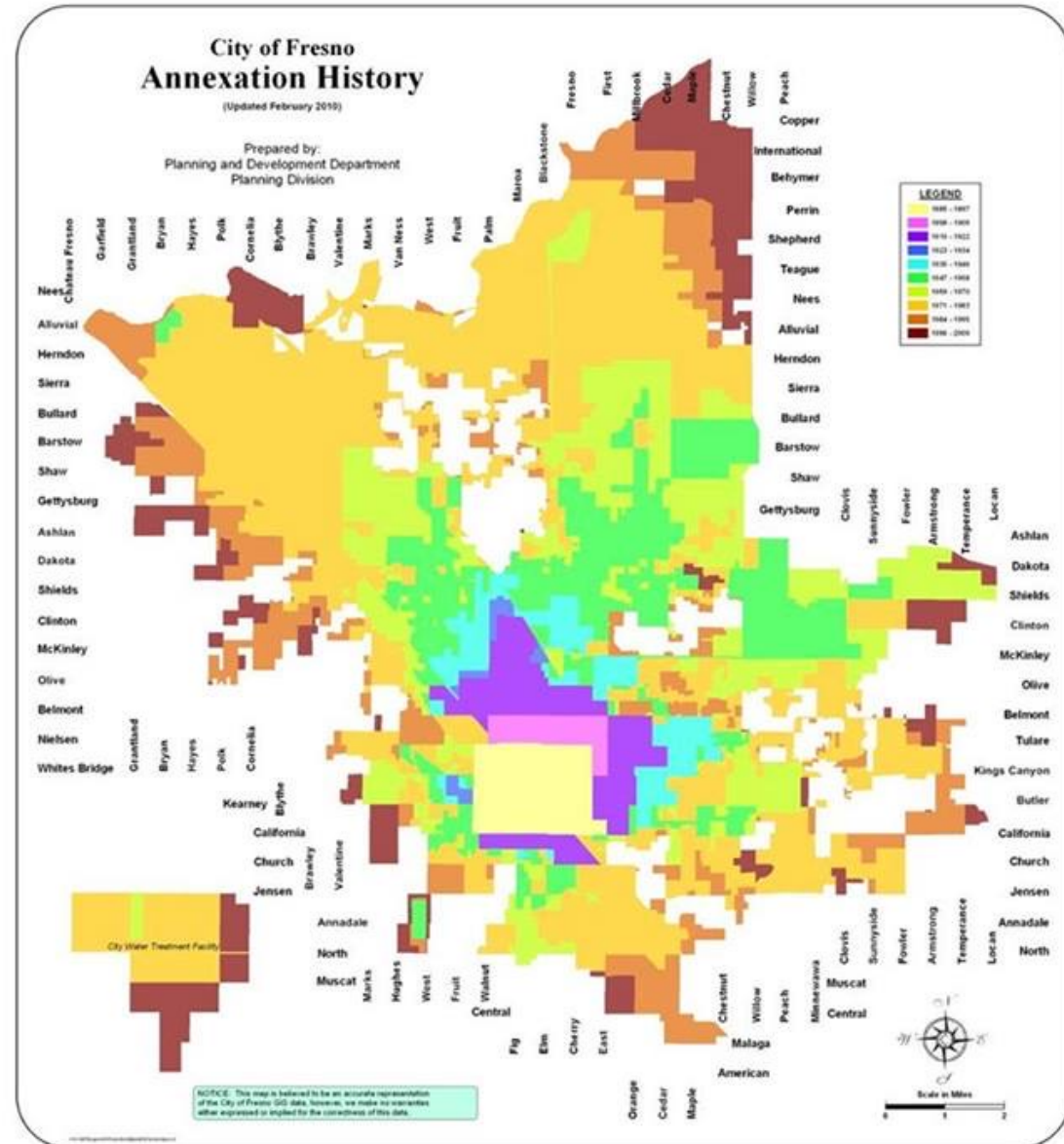
1970



1995



2010





Population

1949
33,500

2015
121,000

Urban³

3.5x



Population



Feet of pipe/person

1949

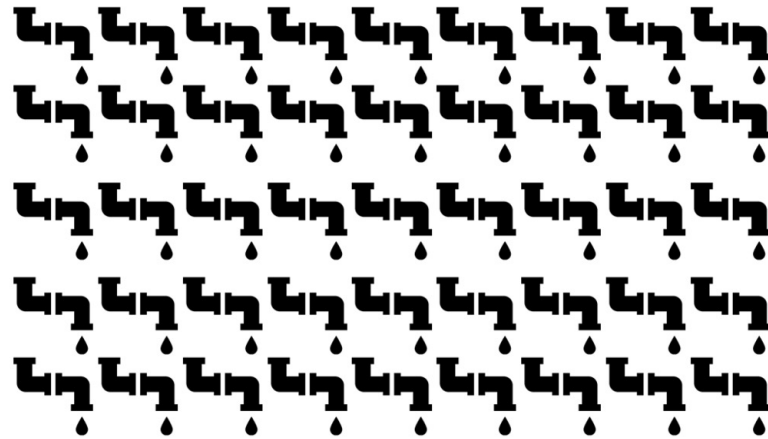
33,500



5

2015

121,000



50

Urban3

3.5x

10x



Population



Feet of pipe/person



Fire Hydrants/1,000 people

1949

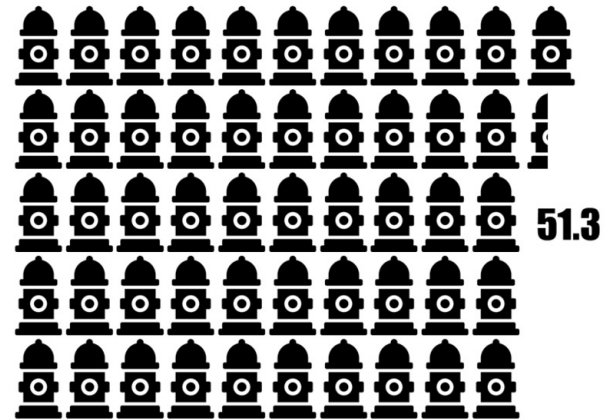
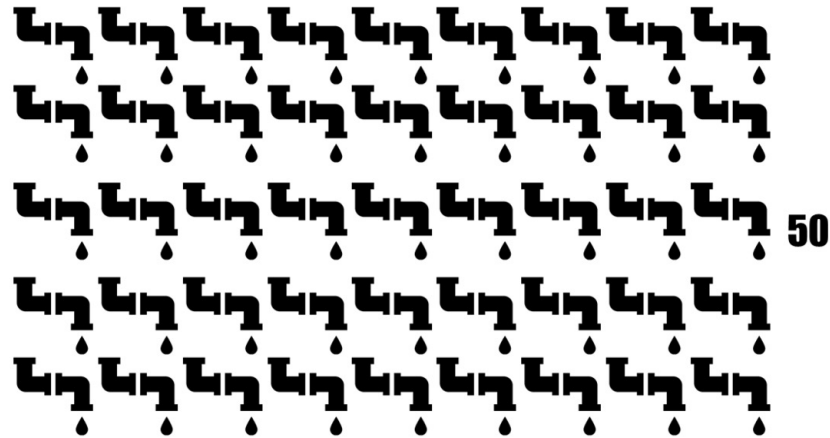
33,500



Source: Sanborn Maps and LCG Records

2015

121,000



Urban3

3.5x

10x

21.4x

Population



3.5x

Feet of pipe/person



10x

Fire Hydrants/1,000 people



21.4x

Your Median Household income



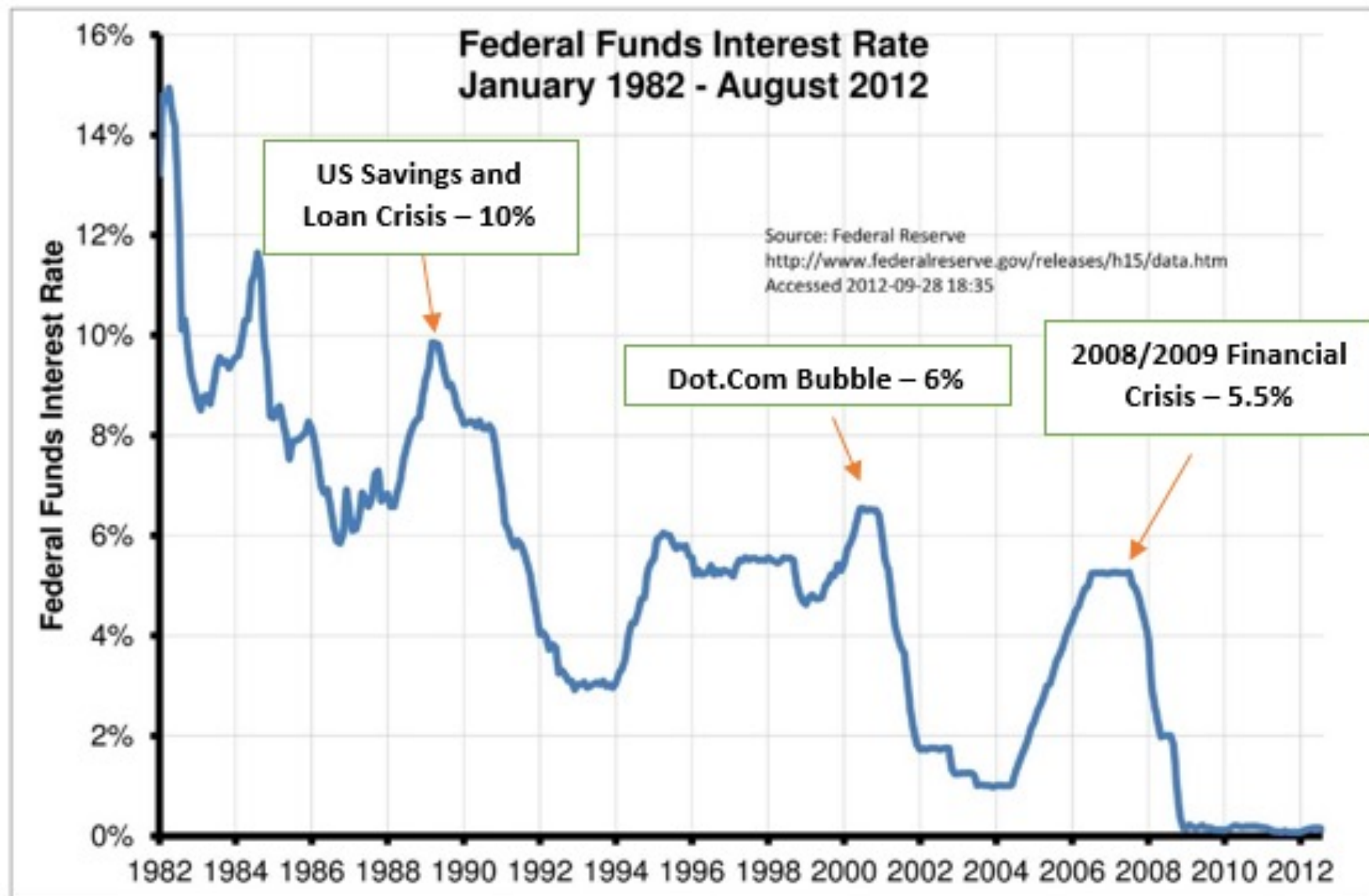
\$27,700

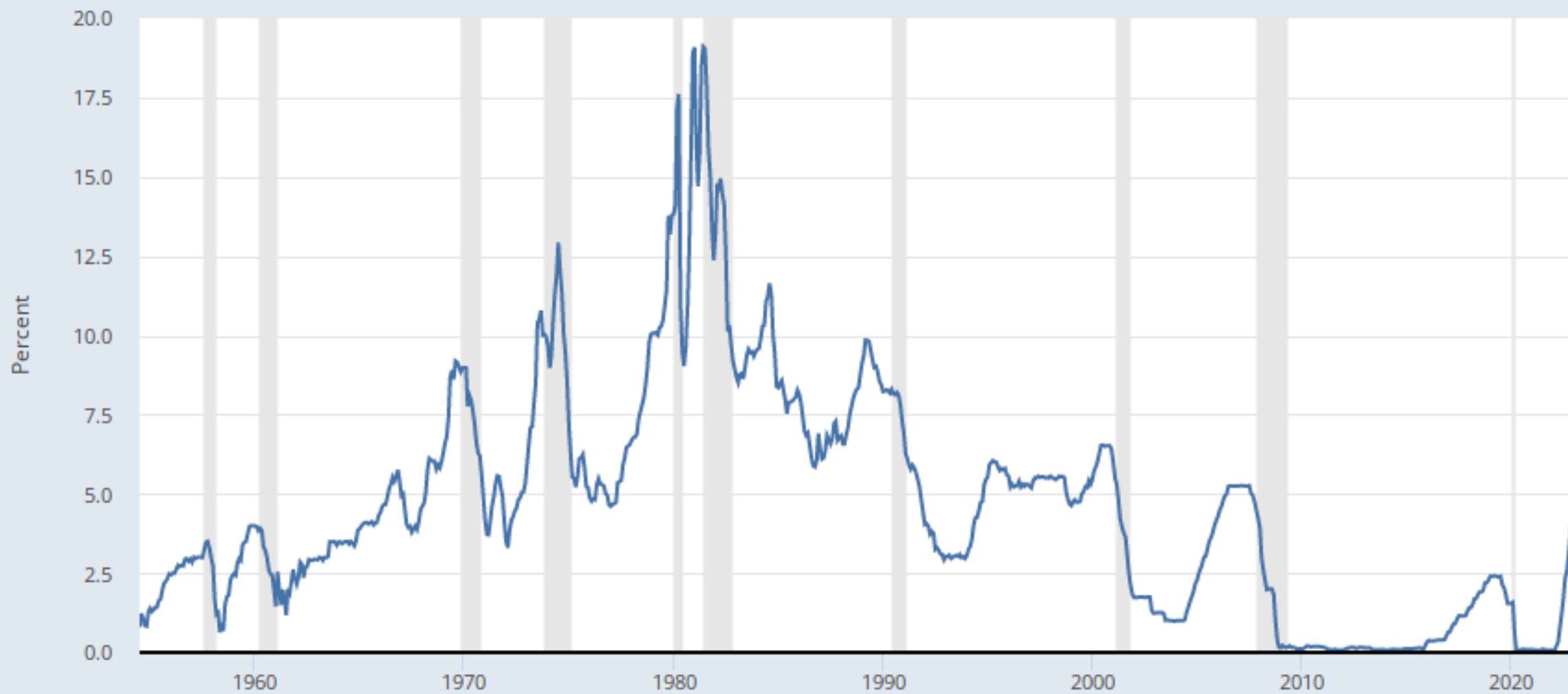


\$45,000

1.6x

Source: US Census Bureau and Stanford University adjusted to 2015 net present value.

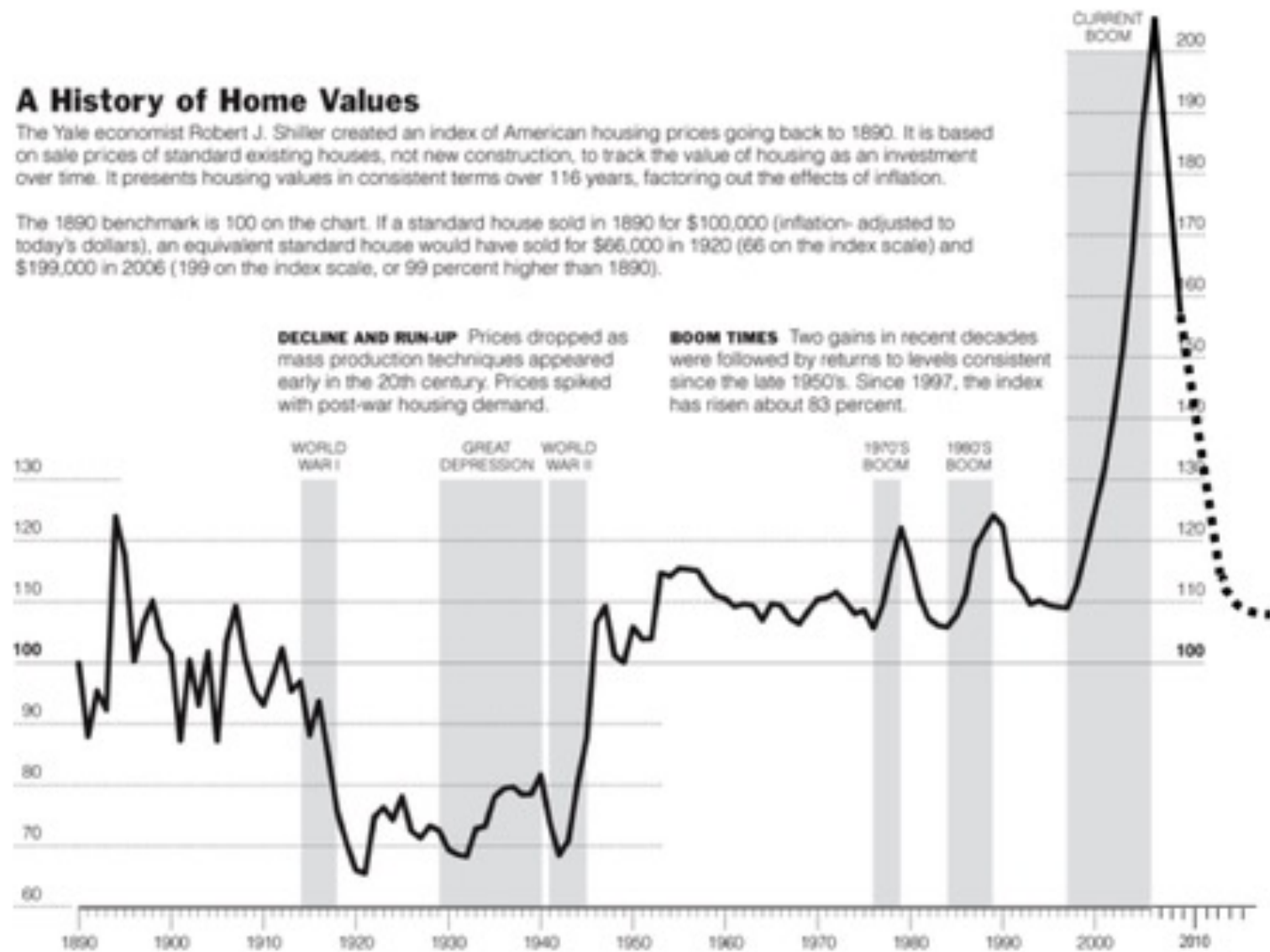




A History of Home Values

The Yale economist Robert J. Shiller created an index of American housing prices going back to 1890. It is based on sale prices of standard existing houses, not new construction, to track the value of housing as an investment over time. It presents housing values in consistent terms over 116 years, factoring out the effects of inflation.

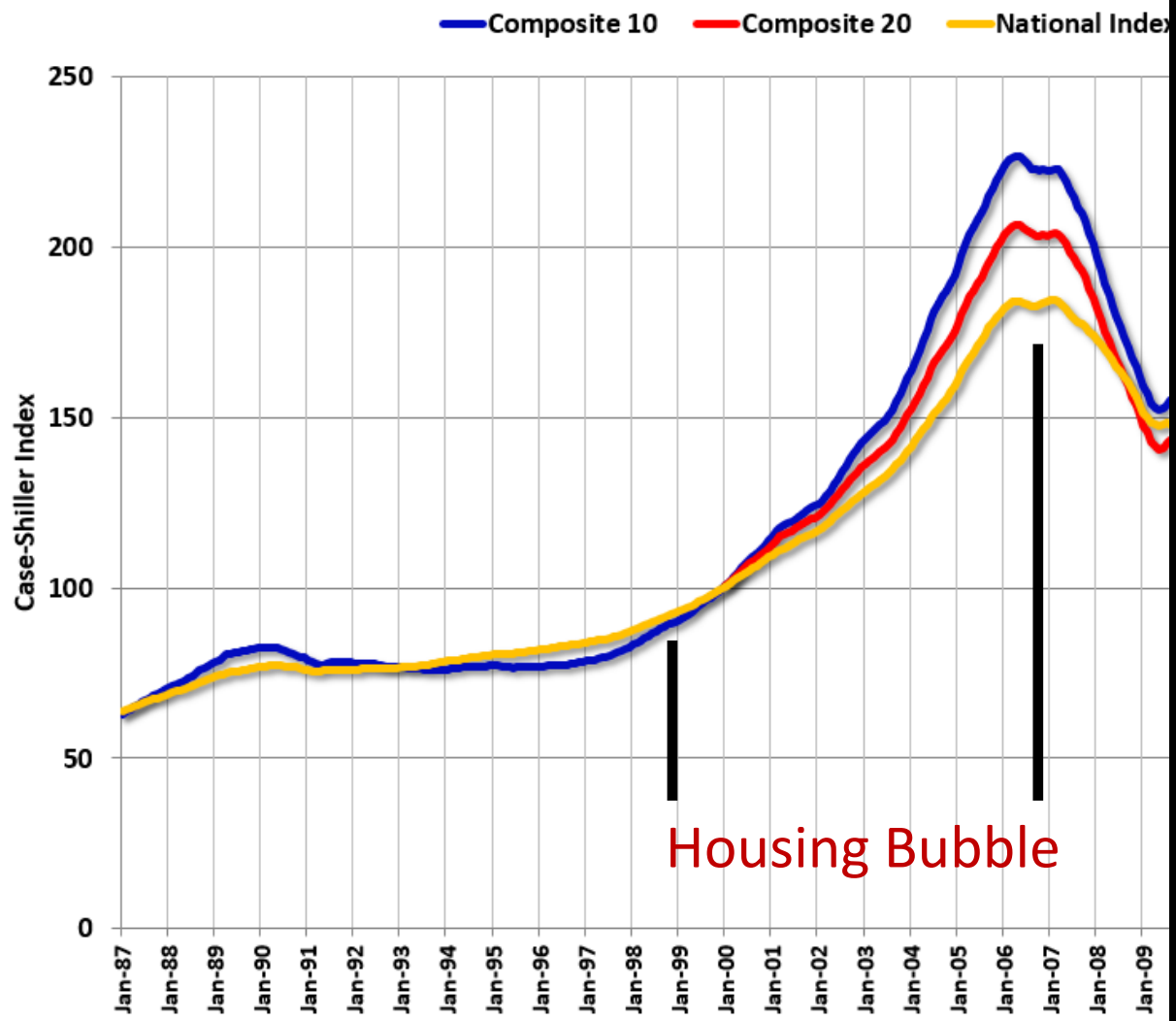
The 1890 benchmark is 100 on the chart. If a standard house sold in 1890 for \$100,000 (inflation-adjusted to today's dollars), an equivalent standard house would have sold for \$66,000 in 1920 (66 on the index scale) and \$199,000 in 2006 (199 on the index scale, or 99 percent higher than 1890).



Source: "Irrational Exuberance," 2nd Edition, 2006, by Robert J. Shiller

Bill Maris/The New York Times

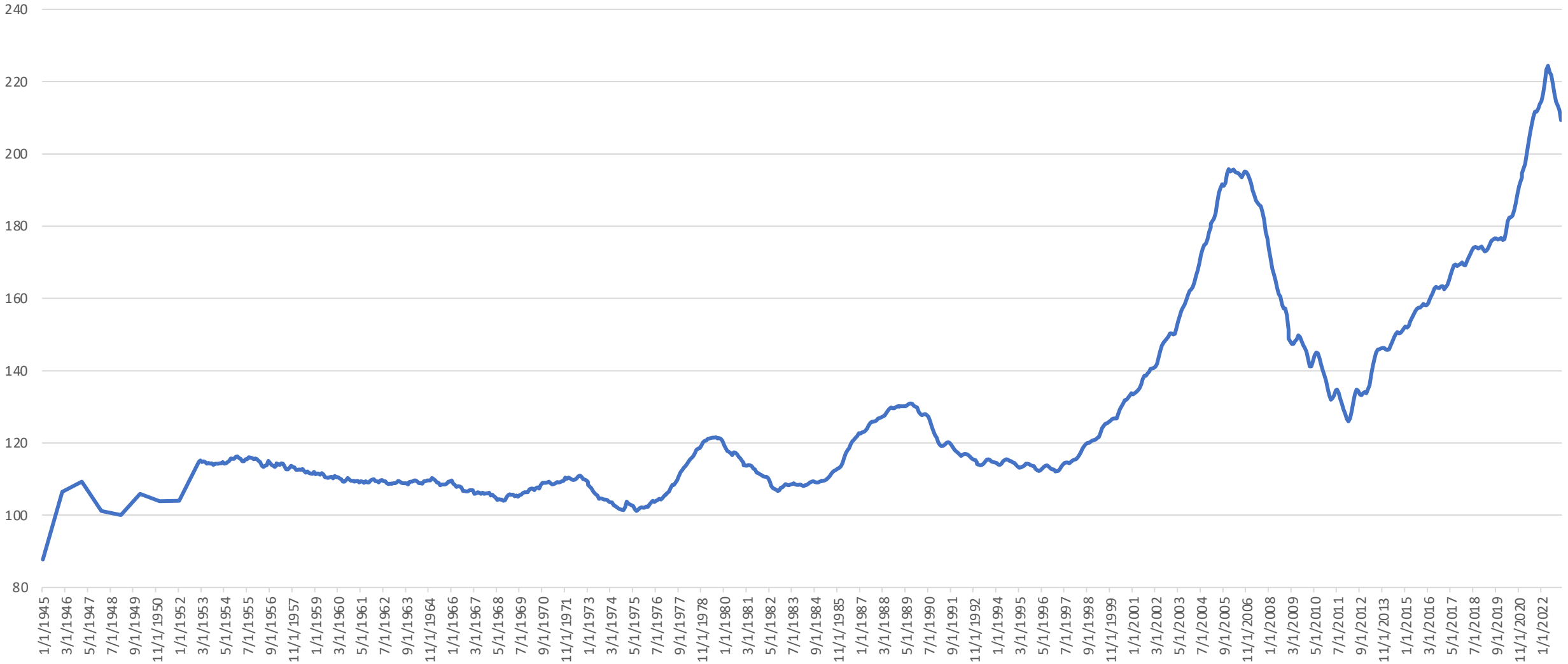
Case Shiller National and Composite Indices SA (Nor

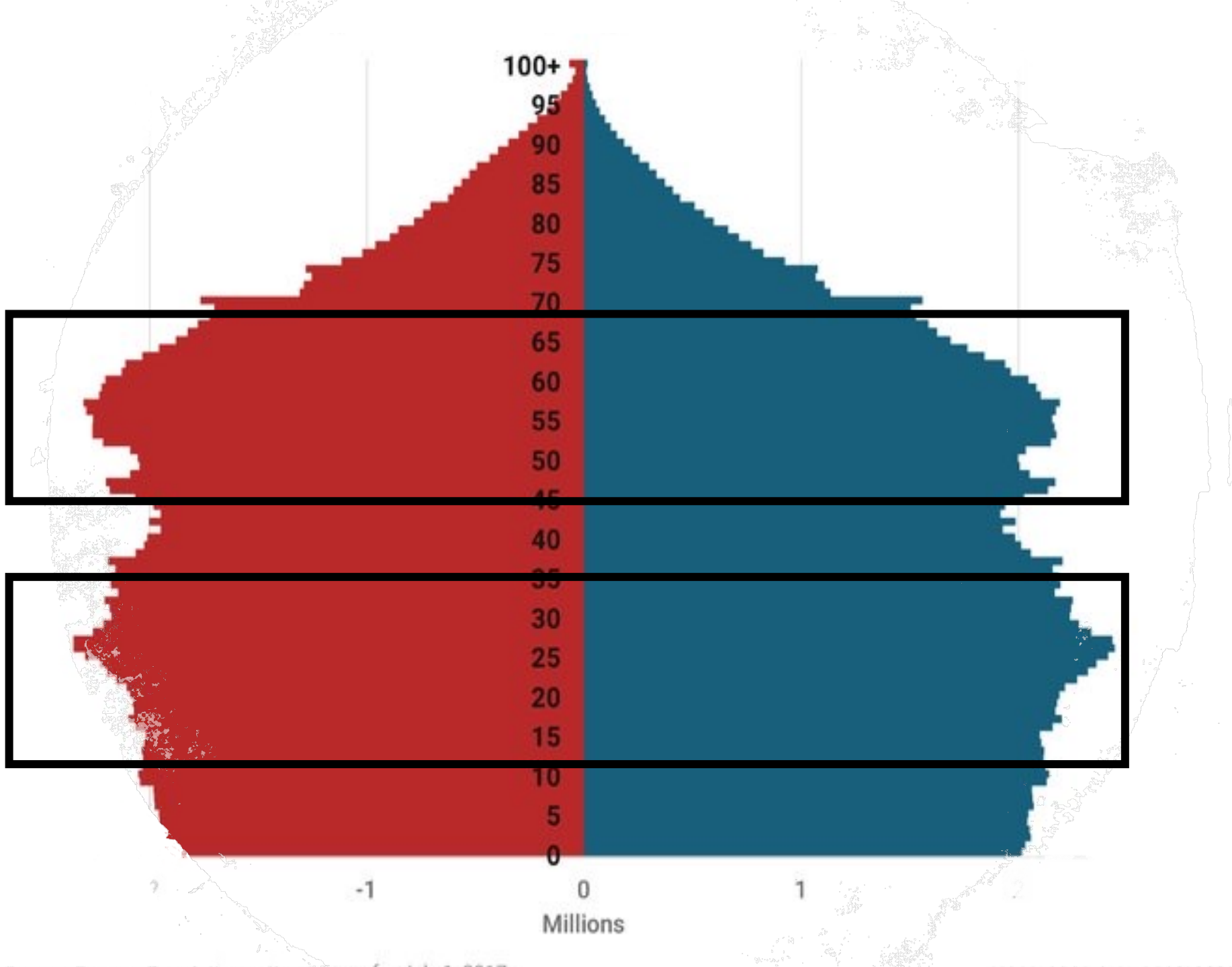


Housing Bubble

<http://www.calculatedriskblog.com/>

Case Shiller Home Price Index January 1945 to December 2022



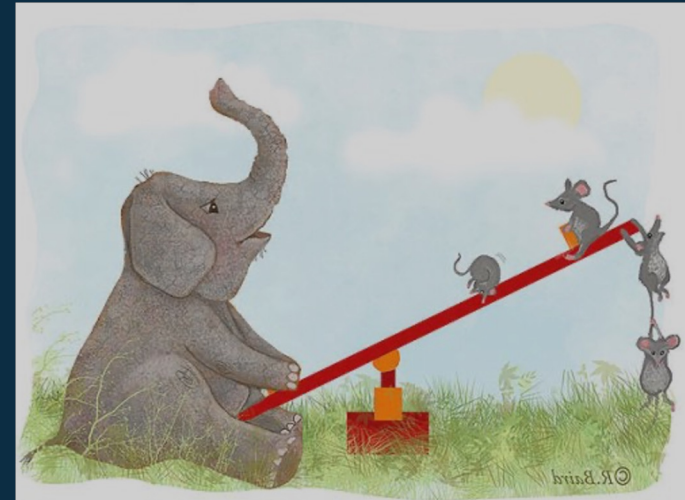


Who benefits from high house prices?

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

Who Doesn't?

- Renters
- The Poor







Allow the Next Increment by Right

No neighborhood should
experience radical change.

No neighborhood should be exempt from change.



Single Family Home

Vacant Lot



Condo Building

Value: \$200,000



Single Family Home

Value: ???

Vacant Lot

Value: \$10,000,000



Condo Building

Value: \$200,000
Land: \$30,000
Building: \$170,000



Single Family Home

Value: ???

Vacant Lot

Value: \$10,000,000
Land: \$1,500,000
Building: \$8,500,000



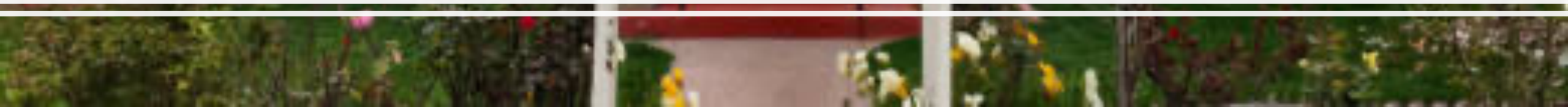
Condo Building



Lower the Bar of Entry



Lower the Bar of Entry





Lower the Bar of Entry



Respond to how people use the city.

Public investment process for a Strong Town



Humbly observe where people in the community struggle.



Ask the question: What is the next smallest thing we can do right now to address that struggle?



Do that thing. Do it right now.



Repeat.

A man in a dark suit and glasses lies on his back on a yellow double line in the middle of a wide, empty asphalt street. The street stretches into the distance under a clear blue sky. In the background, there are commercial buildings, including one with a sign that says "150 C. GUNZ.COM". Streetlights and utility poles line the road. The overall scene is desolate and emphasizes the isolation of the man.

www.strongtowns.org

A Bottom-Up Revolution to Rebuild American Prosperity