

## RESEARCH SUMMARY

# How a State Law Rejuvenated Nashville's Aging Neighborhoods

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Since the mid-2000s, Nashville, Tennessee, has undergone a housing boom that created thousands of new homeownership opportunities in established urban districts. Among the nation's 50 largest metropolitan areas, Nashville now ranks second for having the most recently built, single-family, attached and detached homes for sale within five miles of the central business district. In "Tennessee's HPR Law and Its Transformation of Nashville's Housing Market: A Model for Other States," Charles Gardner and Alex Pemberton examine the obscure state law that rejuvenated Nashville's aging neighborhoods and show how passing similar legislation might boost housing supply in other cities and states as well.

### Meeting Market Demand for Urban Housing

Tennessee's Horizontal Property Regime (HPR) is a state law that has been crucial in enabling the construction of family-sized, ownership-oriented housing in the state capital of Nashville. The HPR allows for zoning to repurpose small multifamily structures inexpensively and easily as detached, owner-occupied homes. The HPR unlocked value latent in Nashville's urban lots and opened the door to an influx of small-scale infill developers eager to meet a growing demand for city living. Tennessee's HPR law

- avoids costly and time-consuming subdivision regulations,
- provides a simpler alternative to condominium and typical HOA laws while using conventional mortgage financing, and
- promotes lower-cost housing options through economizing on urban land.

### A Model for Other States and Cities

In response to housing shortages, some states are permitting the construction of multiple homes on a homeowner's property through state laws that broadly legalize accessory dwelling units, duplexes, triplexes, and quadplexes in areas zoned for residential use.

These states would also benefit from a law like Tennessee's HPR, which allows the building of more than one home on the same lot quickly, simply, and at low cost. As an alternative to minimum-lot-size and subdivision reform, a law like this provides builders with a wider range of options to meet market demand for urban housing.

### Key Takeaway

Nashville's experience suggests that other states may also have an opportunity to deliver more new urban housing if their statewide zoning reforms are accompanied by an inexpensive, simple, and reliable method for offering multiple dwelling units for sale on one lot using conventional financing.