

ULI Americas Trends *National Perspective*

George “Mac” McCarthy | Lincoln Institute of Land Policy
Tom Murphy | ULI

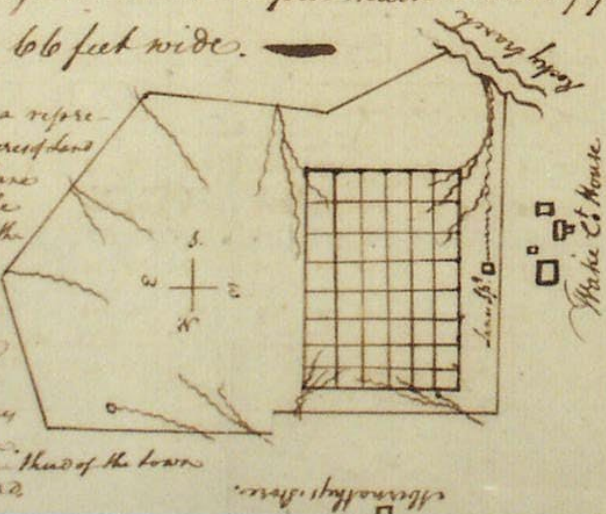
Annual Emerging Trends in Real Estate
Program + Housing Summit

November 8, 2018

lands a view of the town, and a fine prospect of the surrounding country. in the centre of this square the State house will be placed. B. Four Groves of young oaks and Hickory containing an acre each, neatly trimmed & grubbed. C. four open squares reserved for publick purposes. that in the N.E. corner is supposed to be a proper situation for the Governors House. a. b. c. d. Halifax, Newbern, Fayette & Millsborough Streets. e. f. g. Lane Jones & Edenton Streets. h. i. k. Morgan Harpeth & Martin Sts. l. m. n. Davie, Cabarrus & Lenoir Streets. o. p. q. r. Bloodworth Person, Blount & Wilmington Sts. s. t. v. w. Salisbury, McConall Saxton & Harrington Streets. The four main Streets 99 feet and the others 66 feet wide.

The annexed plot is a representation of the 1000 acres of land purchased from Ind. Lane for the State, showing the relative situation of the city to the Court House. The line on the west runs so near the E. House as to be in lanes & stony houses.

The City contains 400 acres and each lot an acre. A little better than one third of the town on the west side is cleared.



| | | | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 |
| | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 |
| | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 |
| | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 |
| | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 |
| | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 | 101 |
| | 102 | 103 | 104 | 105 | 106 | 107 | 108 | 109 | 110 | 111 | 112 | 113 | 114 |
| | 115 | 116 | 117 | 118 | 119 | 120 | 121 | 122 | 123 | 124 | 125 | 126 | 127 |
| | 128 | 129 | 130 | 131 | 132 | 133 | 134 | 135 | 136 | 137 | 138 | 139 | 140 |
| | 141 | 142 | 143 | 144 | 145 | 146 | 147 | 148 | 149 | 150 | 151 | 152 | 153 |
| | 154 | 155 | 156 | 157 | 158 | 159 | 160 | 161 | 162 | 163 | 164 | 165 | 166 |
| | 167 | 168 | 169 | 170 | 171 | 172 | 173 | 174 | 175 | 176 | 177 | 178 | 179 |
| | 180 | 181 | 182 | 183 | 184 | 185 | 186 | 187 | 188 | 189 | 190 | 191 | 192 |
| | 193 | 194 | 195 | 196 | 197 | 198 | 199 | 200 | 201 | 202 | 203 | 204 | 205 |
| | 206 | 207 | 208 | 209 | 210 | 211 | 212 | 213 | 214 | 215 | 216 | 217 | 218 |
| | 219 | 220 | 221 | 222 | 223 | 224 | 225 | 226 | 227 | 228 | 229 | 230 | 231 |
| | 232 | 233 | 234 | 235 | 236 | 237 | 238 | 239 | 240 | 241 | 242 | 243 | 244 |
| | 245 | 246 | 247 | 248 | 249 | 250 | 251 | 252 | 253 | 254 | 255 | 256 | 257 |
| | 258 | 259 | 260 | 261 | 262 | 263 | 264 | 265 | 266 | 267 | 268 | 269 | 270 |
| | 271 | 272 | 273 | 274 | 275 | 276 | 277 | 278 | 279 | 280 | 281 | 282 | 283 |
| | 284 | 285 | 286 | 287 | 288 | 289 | 290 | 291 | 292 | 293 | 294 | 295 | 296 |
| | 297 | 298 | 299 | 300 | 301 | 302 | 303 | 304 | 305 | 306 | 307 | 308 | 309 |
| | 310 | 311 | 312 | 313 | 314 | 315 | 316 | 317 | 318 | 319 | 320 | 321 | 322 |
| | 323 | 324 | 325 | 326 | 327 | 328 | 329 | 330 | 331 | 332 | 333 | 334 | 335 |
| | 336 | 337 | 338 | 339 | 340 | 341 | 342 | 343 | 344 | 345 | 346 | 347 | 348 |
| | 349 | 350 | 351 | 352 | 353 | 354 | 355 | 356 | 357 | 358 | 359 | 360 | 361 |
| | 362 | 363 | 364 | 365 | 366 | 367 | 368 | 369 | 370 | 371 | 372 | 373 | 374 |
| | 375 | 376 | 377 | 378 | 379 | 380 | 381 | 382 | 383 | 384 | 385 | 386 | 387 |
| | 388 | 389 | 390 | 391 | 392 | 393 | 394 | 395 | 396 | 397 | 398 | 399 | 400 |
| | 401 | 402 | 403 | 404 | 405 | 406 | 407 | 408 | 409 | 410 | 411 | 412 | 413 |
| | 414 | 415 | 416 | 417 | 418 | 419 | 420 | 421 | 422 | 423 | 424 | 425 | 426 |
| | 427 | 428 | 429 | 430 | 431 | 432 | 433 | 434 | 435 | 436 | 437 | 438 | 439 |
| | 440 | 441 | 442 | 443 | 444 | 445 | 446 | 447 | 448 | 449 | 450 | 451 | 452 |
| | 453 | 454 | 455 | 456 | 457 | 458 | 459 | 460 | 461 | 462 | 463 | 464 | 465 |
| | 466 | 467 | 468 | 469 | 470 | 471 | 472 | 473 | 474 | 475 | 476 | 477 | 478 |
| | 479 | 480 | 481 | 482 | 483 | 484 | 485 | 486 | 487 | 488 | 489 | 490 | 491 |
| | 492 | 493 | 494 | 495 | 496 | 497 | 498 | 499 | 500 | 501 | 502 | 503 | 504 |
| | 505 | 506 | 507 | 508 | 509 | 510 | 511 | 512 | 513 | 514 | 515 | 516 | 517 |
| | 518 | 519 | 520 | 521 | 522 | 523 | 524 | 525 | 526 | 527 | 528 | 529 | 530 |
| | 531 | 532 | 533 | 534 | 535 | 536 | 537 | 538 | 539 | 540 | 541 | 542 | 543 |
| | 544 | 545 | 546 | 547 | 548 | 549 | 550 | 551 | 552 | 553 | 554 | 555 | 556 |
| | 557 | 558 | 559 | 560 | 561 | 562 | 563 | 564 | 565 | 566 | 567 | 568 | 569 |
| | 570 | 571 | 572 | 573 | 574 | 575 | 576 | 577 | 578 | 579 | 580 | 581 | 582 |
| | 583 | 584 | 585 | 586 | 587 | 588 | 589 | 590 | 591 | 592 | 593 | 594 | 595 |
| | 596 | 597 | 598 | 599 | 600 | 601 | 602 | 603 | 604 | 605 | 606 | 607 | 608 |
| | 609 | 610 | 611 | 612 | 613 | 614 | 615 | 616 | 617 | 618 | 619 | 620 | 621 |
| | 622 | 623 | 624 | 625 | 626 | 627 | 628 | 629 | 630 | 631 | 632 | 633 | 634 |
| | 635 | 636 | 637 | 638 | 639 | 640 | 641 | 642 | 643 | 644 | 645 | 646 | 647 |
| | 648 | 649 | 650 | 651 | 652 | 653 | 654 | 655 | 656 | 657 | 658 | 659 | 660 |
| | 661 | 662 | 663 | 664 | 665 | 666 | 667 | 668 | 669 | 670 | 671 | 672 | 673 |
| | 674 | 675 | 676 | 677 | 678 | 679 | 680 | 681 | 682 | 683 | 684 | 685 | 686 |
| | 687 | 688 | 689 | 690 | 691 | 692 | 693 | 694 | 695 | 696 | 697 | 698 | 699 |
| | 700 | 701 | 702 | 703 | 704 | 705 | 706 | 707 | 708 | 709 | 710 | 711 | 712 |
| | 713 | 714 | 715 | 716 | 717 | 718 | 719 | 720 | 721 | 722 | 723 | 724 | 725 |
| | 726 | 727 | 728 | 729 | 730 | 731 | 732 | 733 | 734 | 735 | 736 | 737 | 738 |
| | 739 | 740 | 741 | 742 | 743 | 744 | 745 | 746 | 747 | 748 | 749 | 750 | 751 |
| | 752 | 753 | 754 | 755 | 756 | 757 | 758 | 759 | 760 | 761 | 762 | 763 | 764 |
| | 765 | 766 | 767 | 768 | 769 | 770 | 771 | 772 | 773 | 774 | 775 | 776 | 777 |
| | 778 | 779 | 780 | 781 | 782 | 783 | 784 | 785 | 786 | 787 | 788 | 789 | 790 |
| | 791 | 792 | 793 | 794 | 795 | 796 | 797 | 798 | 799 | 800 | 801 | 802 | 803 |
| | 804 | 805 | 806 | 807 | 808 | 809 | 810 | 811 | 812 | 813 | 814 | 815 | 816 |
| | 817 | 818 | 819 | 820 | 821 | 822 | 823 | 824 | 825 | 826 | 827 | 828 | 829 |
| | 830 | 831 | 832 | 833 | 834 | 835 | 836 | 837 | 838 | 839 | 840 | 841 | 842 |
| | 843 | 844 | 845 | 846 | 847 | 848 | 849 | 850 | 851 | 852 | 853 | 854 | 855 |
| | 856 | 857 | 858 | 859 | 860 | 861 | 862 | 863 | 864 | 865 | 866 | 867 | 868 |
| | 869 | 870 | 871 | 872 | 873 | 874 | 875 | 876 | 877 | 878 | 879 | 880 | 881 |
| | 882 | 883 | 884 | 885 | 886 | 887 | 888 | 889 | 890 | 891 | 892 | 893 | 894 |
| | 895 | 896 | 897 | 898 | 899 | 900 | 901 | 902 | 903 | 904 | 905 | 906 | 907 |
| | 908 | 909 | 910 | 911 | 912 | 913 | 914 | 915 | 916 | 917 | 918 | 919 | 920 |
| | 921 | 922 | 923 | 924 | 925 | 926 | 927 | 928 | 929 | 930 | 931 | 932 | 933 |
| | 934 | 935 | 936 | 937 | 938 | 939 | 940 | 941 | 942 | 943 | 944 | 945 | 946 |
| | 947 | 948 | 949 | 950 | 951 | 952 | 953 | 954 | 955 | 956 | 957 | 958 | 959 |
| | 960 | 961 | 962 | 963 | 964 | 965 | 966 | 967 | 968 | 969 | 970 | 971 | 972 |
| | 973 | 974 | 975 | 976 | 977 | 978 | 979 | 980 | 981 | 982 | 983 | 984 | 985 |
| | 986 | 987 | 988 | 989 | 990 | 991 | 992 | 993 | 994 | 995 | 996 | 997 | 998 |
| | 999 | 1000 | 1001 | 1002 | 1003 | 1004 | 1005 | 1006 | 1007 | 1008 | 1009 | 1010 | 1011 |
| | 1012 | 1013 | 1014 | 1015 | 1016 | 1017 | 1018 | 1019 | 1020 | 1021 | 1022 | 1023 | 1024 |
| | 1025 | 1026 | 1027 | 1028 | 1029 | 1030 | 1031 | 1032 | 1033 | 1034 | 1035 | 1036 | 1037 |
| | 1038 | 1039 | 1040 | 1041 | 1042 | 1043 | 1044 | 1045 | 1046 | 1047 | 1048 | 1049 | 1050 |
| | 1051 | 1052 | 1053 | 1054 | 1055 | 1056 | 1057 | 1058 | 1059 | 1060 | 1061 | 1062 | 1063 |
| | 1064 | 1065 | 1066 | 1067 | 1068 | 1069 | 1070 | 1071 | 1072 | 1073 | 1074 | 1075 | 1076 |
| | 1077 | 1078 | 1079 | 1080 | 1081 | 1082 | 1083 | 1084 | 1085 | 1086 | 1087 | 1088 | 1089 |
| | 1090 | 1091 | 1092 | 1093 | 1094 | 1095 | 1096 | 1097 | 1098 | 1099 | 1100 | 1101 | 1102 |
| | 1103 | 1104 | 1105 | 1106 | 1107 | 1108 | 1109 | 1110 | 1111 | 1112 | 1113 | 1114 | 1115 |
| | 1116 | 1117 | 1118 | 1119 | 1120 | 1121 | 1122 | 1123 | 1124 | 1125 | 1126 | 1127 | 1128 |
| | 1129 | 1130 | 1131 | 1132 | 1133 | 1134 | 1135 | 1136 | 1137 | 1138 | 1139 | 1140 | 1141 |
| | 1142 | 1143 | 1144 | 1145 | 1146 | 1147 | 1148 | 1149 | 1150 | 1151 | 1152 | 1153 | 1154 |
| | 1155 | 1156 | 1157 | 1158 | 1159 | 1160 | 1161 | 1162 | 1163 | 1164 | 1165 | 1166 | 1167 |
| | 1168 | 1169 | 1170 | 1171 | 1172 | 1173 | 1174 | 1175 | 1176 | 1177 | 1178 | 1179 | 1180 |
| | 1181 | 1182 | 1183 | 1184 | 1185 | 1186 | 1187 | 1188 | 1189 | 1190 | 1191 | 1192 | 1193 |
| | 1194 | 1195 | 1196 | 1197 | 1198 | 1199 | 1200 | 1201 | 1202 | 1203 | 1204 | 1205 | 1206 |
| | 1207 | 1208 | 1209 | 1210 | 1211 | 1212 | 1213 | 1214 | 1215 | 1216 | 1217 | 1218 | 1219 |
| | 1220 | 1221 | 1222 | 1223 | 1224 | 1225 | 1226 | 1227 | 1228 | 1229 | 1230 | 1231 | 1232 |
| | 1233 | 1234 | 1235 | 1236 | 1237 | 1238 | 1239 | 1240 | 1241 | 1242 | 1243 | 1244 | 1245 |
| | 1246 | 1247 | 1248 | 1249 | 1250 | 1251 | 1252 | 1253 | 1254 | 1255 | 1256 | 1257 | 1258 |
| | 1259 | 1260 | 1261 | 1262 | 1263 | 1264 | 1265 | 1266 | 1267 | 1268 | 1269 | 1270 | 1271 |
| | 1272 | 1273 | 1274 | 1275 | 1276 | 1277 | 1278 | 1279 | 1280 | 1281 | 1282 | 1283 | 1284 |
| | 1285 | 1286 | 1287 | 1288 | 1289 | 1290 | 1291 | 1292 | 1293 | 1294 | 1295 | 1296 | 1297 |
| | 1298 | 1299 | 1300 | 1301 | 1302 | 1303 | 1304 | 1305 | 1306 | 1307 | 1308 | 1309 | 1310 |
| | 1311 | 1312 | 1313 | 1314 | 1315 | 1316 | 1317 | 1318 | 1319 | 1320 | 1321 | 1322 | 1323 |
| | 1324 | 1325 | 1326 | 1327 | 1328 | 1329 | 1330 | 1331 | 1332 | 1333 | 1334 | 1335 | |



LINCOLN INSTITUTE
OF LAND POLICY

Agenda

- I. Affordable housing—where does it come from, where does it go?
- II. Protecting and preserving affordable housing
- III. Subsidy—where can we get more?
- IV. Thoughts on Triangle Region
- V. Questions and comments?

My Key Messages

- **Affordable housing shortages are stubborn, require creative, coordinated, & committed responses**
- **You can't build your way out of affordable housing crisis, but you won't get out without building**
- **Subsidy is necessary to provide affordable housing for many HHs—the real challenge is how to make subsidies smart**
- **More important to protect your housing market and preserve the AH stock than to build.**

Affordable Housing

Where does it come from?

- **Production?**
 - Subsidized – the ironies
 - Inclusionary
- **Filtering?**
- **How do we meet unmet need?**
 - **ADUs** (*Land Lines* July 2016)

More Cities Say Yes to Granny Apartments, ADUs

EfficientGov, Nov 7, 2017

**Affordable Housing Is
Your Spare Bedroom**
NYT June 12, 2018



AH: Where does it go?

- **60 % of low-cost units in 1985 lost by 2013** (JCHS, 2018)
 - Permanent removals (27%)
 - Conversions (18%)
 - Upgrading to higher rents (12%)
- **2.5 million units priced <\$800/mo (in real terms) lost between 1990 and 2016** (JCHS, 2018)
- **500k LIHTC units will be lost by 2030**

Vancouver's Skyrocketing Housing Prices: Are Mainland Chinese Investors To Blame?

BY PALASH GHOSH

ON 12/17/13 AT 5:04 AM

Wealthy buyers taking advantage of loopholes by putting homes in the name of relatives or corporations

[KATHY TOMLINSON](#)

The Globe and Mail | Last updated: Wednesday, Oct. 07, 2015 5:22PM EDT



How much have foreign buyers affected Toronto's housing market?

JILL MAHONEY >
JULY 14, 2017

After months of intense speculation about the role of foreign buyers in the Toronto area's overheated real estate market, this week marked an important milestone: the first detailed release of actual data.

But economists and industry watchers who analyzed the Ontario government's numbers came to very different conclusions.

San Jose and Raleigh are Zillow's Hottest Housing Markets for 2018

[PR Newswire](#) January 9, 2018

REAL ESTATE

Foreign investors like Seattle real estate.

BY: JEANNE LANG JONES | FROM THE PRINT EDITION | DECEMBER 2013



While names like Boeing, Microsoft, and Starbucks have helped Seattle build a global brand, the reality for commercial real estate investors has been that Seattle has largely remained a second-tier market for foreign investors. That situation has begun to change as new workers pour into the region and well-known tech giants like Amazon, Google and Facebook expand their operations here to tap local talent. Some 200 companies have moved in or set up operations in the region in the past year.

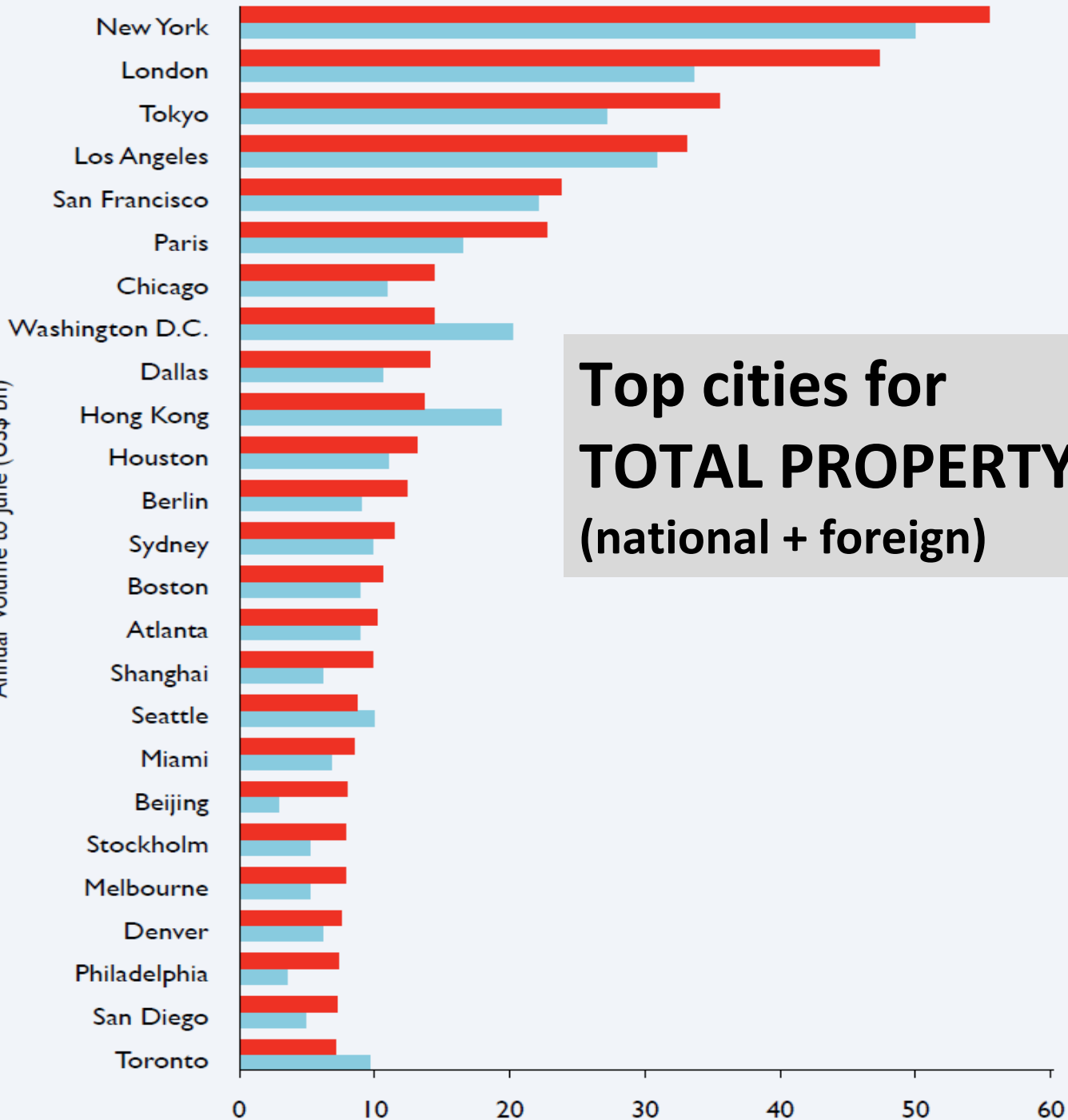
THE TOP 100 CITIES

(BY PROPERTY INVESTMENT)


ACCOUNT FOR:

- **10% OF THE WORLD'S POPULATION**
- **30% OF THE WORLD'S GDP**
- **76% OF PROPERTY INVESTMENT**

Annual Volume to June (US\$ bn)



Top cities for TOTAL PROPERTY INVESTMENT (national + foreign)



TOWERS OF SECRECY

Stream of Foreign Wealth Flows to Elite New York Real Estate

By LOUISE STORY and STEPHANIE SAUL FEB. 7, 2015

In 2014, 54% of sales over \$5 million in Manhattan were to shell companies.



How do we protect AH?

Direct action

- **Surcharges on foreign purchase**

Indirect Action:

- **Permanently affordable housing**
 - **Shared equity**
 - **Deed Restricted/Inclusionary**
 - **Permanently affordable subsidized rental**

Canada

Toronto to impose 15% tax on foreign home buyers to regulate housing costs

Measure part of initiative to make one of Canada's most expensive housing markets more affordable for residents after Vancouver enacted similar legislation

In Vancouver, a Housing Frenzy That Even Owners Want to End

Facing a crisis of affordability, officials are trying to reduce real estate demand through a package of tax measures, some aimed at foreign buyers.

“The message we have sent the world is, ‘Come and buy our real estate, but do not try to make a living here,’” said Tom Davidoff, an economist at the University of British Columbia. Alana Paterson for The New York Times, June 2, 2018

Vancouver's housing 'bubble' may be finally deflating

CityNews Oct 2, 2018

How do we protect AH?

Direct action

- Surcharges on foreign purchase

Indirect Action:

- Permanently affordable housing

Singapore is one of this study's few cities whose affordability has improved over the past decade

There has been no difference between house price and income growth in Singapore over the last 30 years

Where can we find new subsidy?

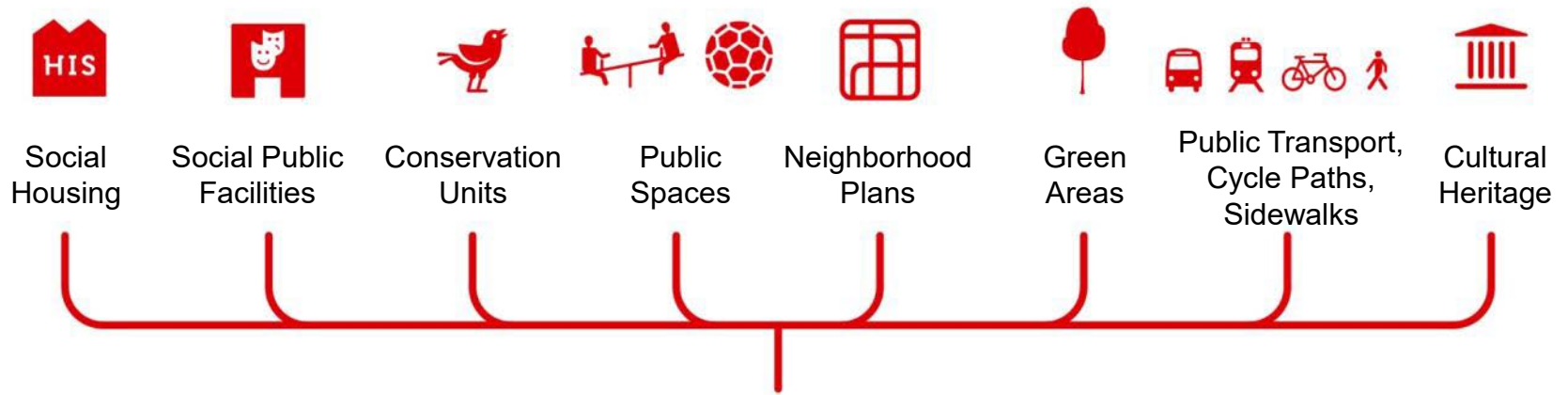
Land-Based Revenues:

- Inclusionary Zoning
- Special Assessments
- Exactions/Impact Fees
- Sale of Development Rights
- Land Readjustment

International Experience

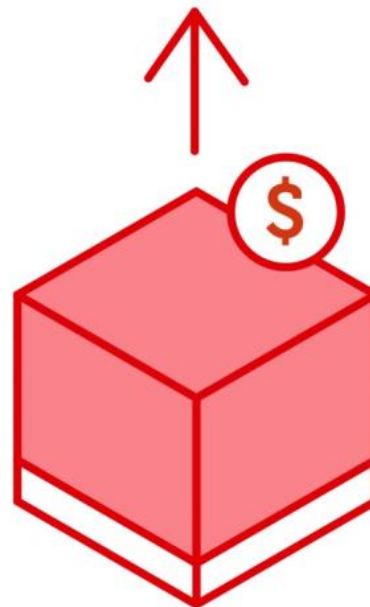
- **Sao Paulo: sale of building rights to finance redevelopment ~\$4 billion in revenues**
- **Colombia: partial plans finance redevelopment of Fenicia Triangle in Bogota**
- **Seoul: 50+ self-financed land readjustments redevelop land and produce 500k housing units**
- **Indonesia: land readjustment used to redevelop Banda Aceh after 2004 tsunami**





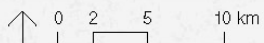
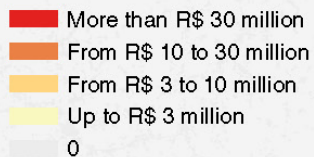
FUNDURB

Municipal Fund for Urban Development



**MORE LAND VALUE
IS CAPTURED VIA
ONEROUS GRANT OF
BUILDING RIGHTS**

**REVENUES FROM
ONEROUS GRANT OF
BUILDING RIGHTS, 2014**



Source: SMDU
Cartographic Base: MDC/SMDU; Emplasa, 2007
Preparation by: SMDU, 2016

**FUNDURB'S
INVESTMENTS BY
SUBPREFECTURE
(BOROUGH), 2015**

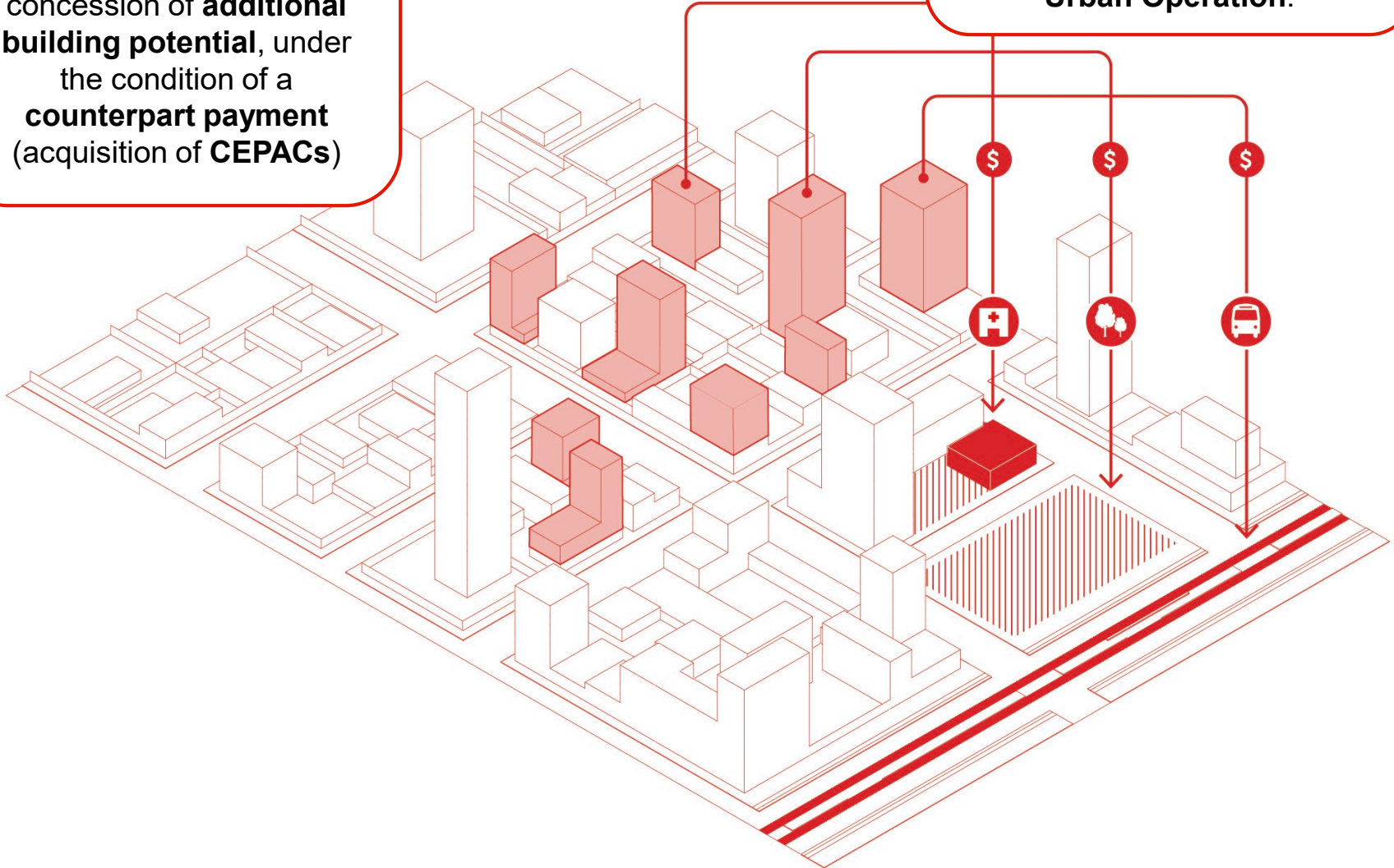
- More than R\$ 30 million
- From R\$ 10 to 30 million
- From R\$ 3 to 10 million
- Up to R\$ 3 million

0 2 5 10 km

Source: SMDU
Cartographic Base: MDC/SMDU; Emplasa, 2007
Preparation by: SMDU, 2016

The **Urban Operation Consortium** law allows the concession of **additional building potential**, under the condition of a **counterpart payment** (acquisition of **CEPACs**)

The revenue from selling CEPACs must be used to finance **urban interventions and public social facilities within the perimeter of the Urban Operation.**





Agua Espraida Bridge & Jardim Edith Slum



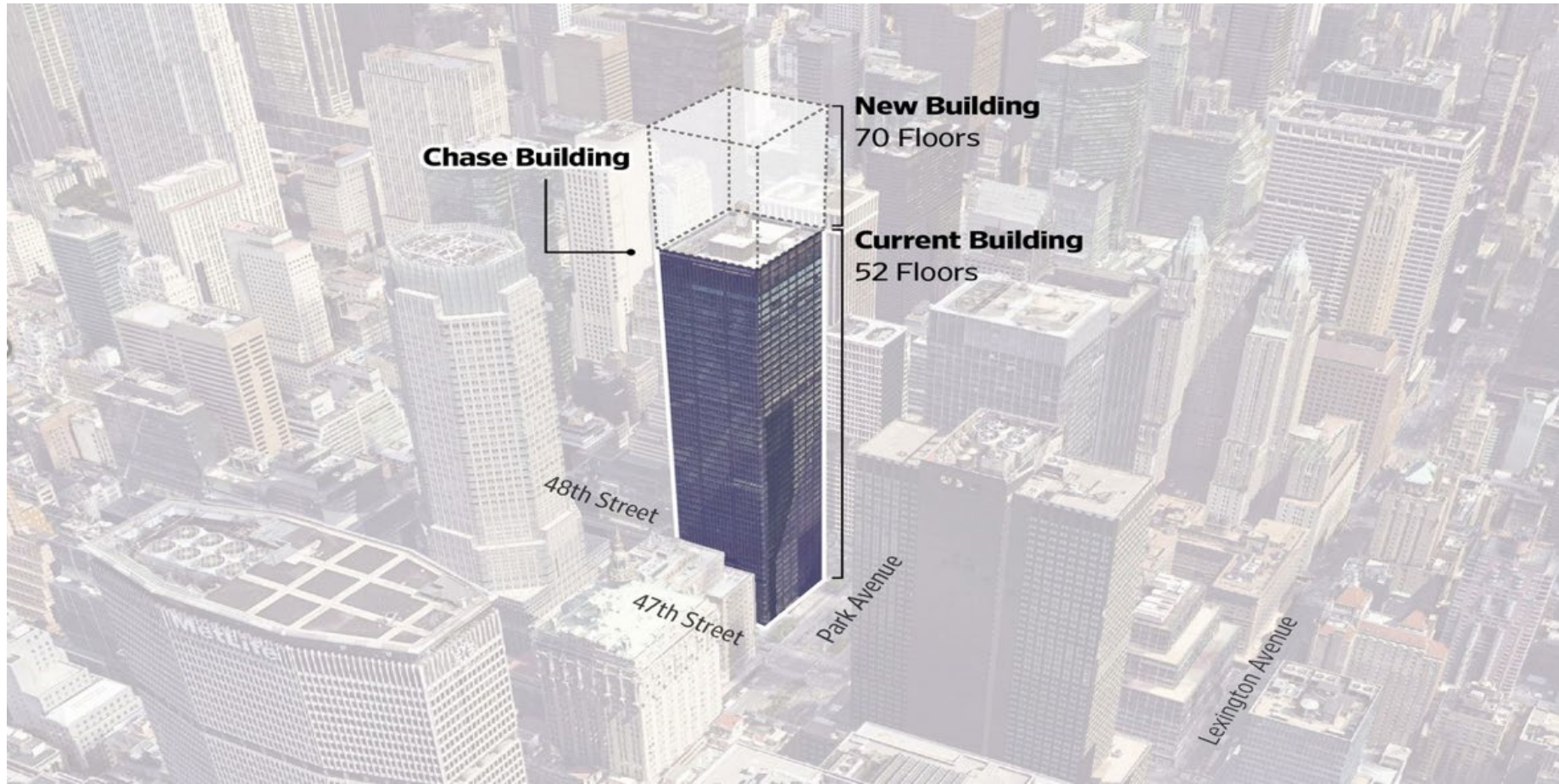
Social houses in former Jardim Edite slum



Metro line 17 seen from 15th floor Jardim Edith



New York: Transfer of Development Rights



Synopsis: Acquisition of TDRs from landmarked buildings in 78 block zone
Select Outcome: Expected Yield for Public Improvement Fund is \$20 million USD

Sources: Photo © Wall Street Journal; TDR Figures Gerald Korngold

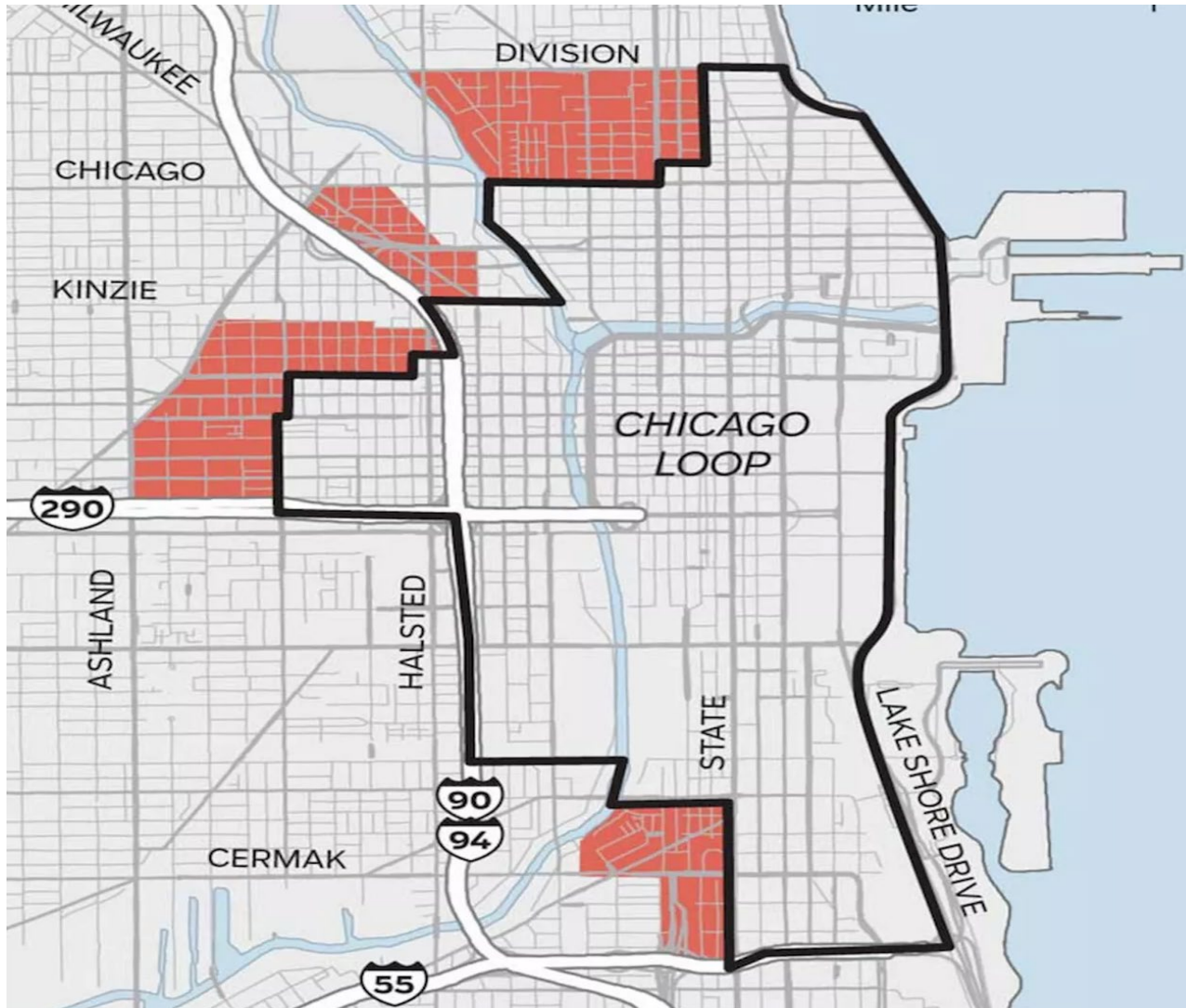
San Francisco: Development Impact Fees



Synopsis: Monetary exactions charged to developers as a condition of development approval
Select Outcome: Yield for Public Investment - \$423 million USD (FY 13-16)

Sources: Photo © City of San Francisco; Impact Fee Figures Lourdes German & Allison Bernstein; City of San Francisco, FY2014-15 & FY2015-16 Biennial Development Impact Fee Report

Chicago: Charges on Building Rights



Synopsis: 2016/2018 zoning amendments enable sale of Floor Area Ratio (via Formula)

Select Outcome: Revenues allow investment in:

- **Neighborhood Opportunity Fund (80%)**—underserved neighborhoods
- **Landmark Fund (10%)**—restoration of landmarks
- **Local Impact Fund (10%)**—public improvements within 1 mile of development site

Sources: Photo © City of Chicago; ESRI;
Figures City of Chicago; Gerald Korngold

What can be done in Triangle?

1. **“Make Room” with ADUs, especially manufactured ADUs**
2. **Coordinate transit & affordable housing development**
3. **Adopt mandatory inclusionary zoning**
4. **Grow subsidy w/charges for development rights and other value recovery tools**
5. **Fight speculators (foreign & domestic)**

What can be done in Triangle?

- 6. Protect a growing share of housing stock as permanently affordable**
- 7. Preempt local zoning w/regional plan to densify**
- 8. Establish urban growth boundaries, AND monitor land & rental markets to decide when to add serviced land**

Closing Thoughts?

There is no simple answer to confront AH problems, but we need:

- 1. Clear analysis of the problem and solutions**
- 2. Public commitment to deal with problem**
- 3. Adequate resources**
- 4. The right plan, well implemented**
- 5. Look ahead to the future—housing challenges do not need to be permanent problems—but we do have to start now with solutions.**

Thank you!

George McCarthy

Lincoln Institute of Land Policy

gmccarthy@lincolninst.edu



ULI Americas Trends *National Perspective*

George “Mac” McCarthy | Lincoln Institute of Land Policy
Tom Murphy | ULI

Annual Emerging Trends in Real Estate
Program + Housing Summit

November 8, 2018