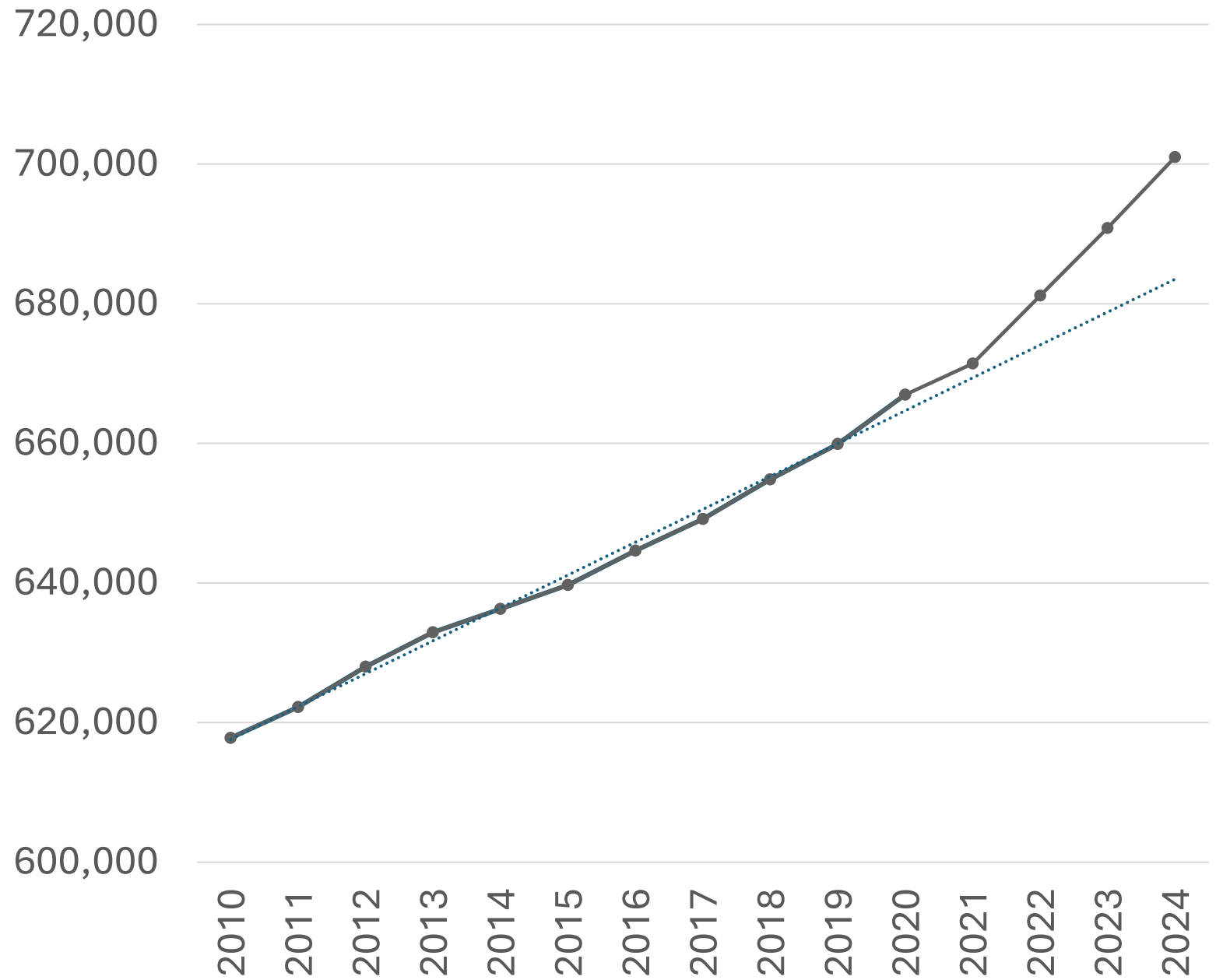




Planning for Growth: Housing Trends and Regulatory Tools

Southeast Tennessee Development District
2025 Planning Commissioner and BZA Member Training
Ashley Gates, Senior Planner

Southeast Tennessee Population Growth



2020 to 2024 Total Population Change **+35,617**



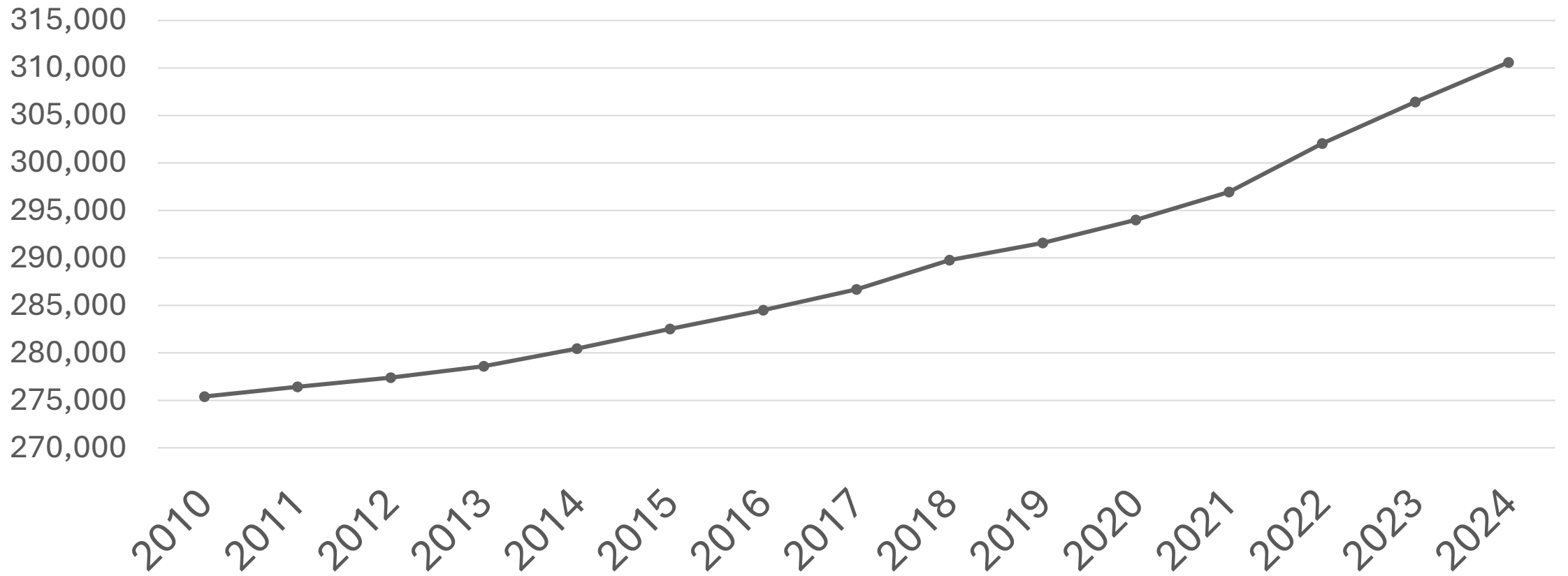


Origin of New Residents

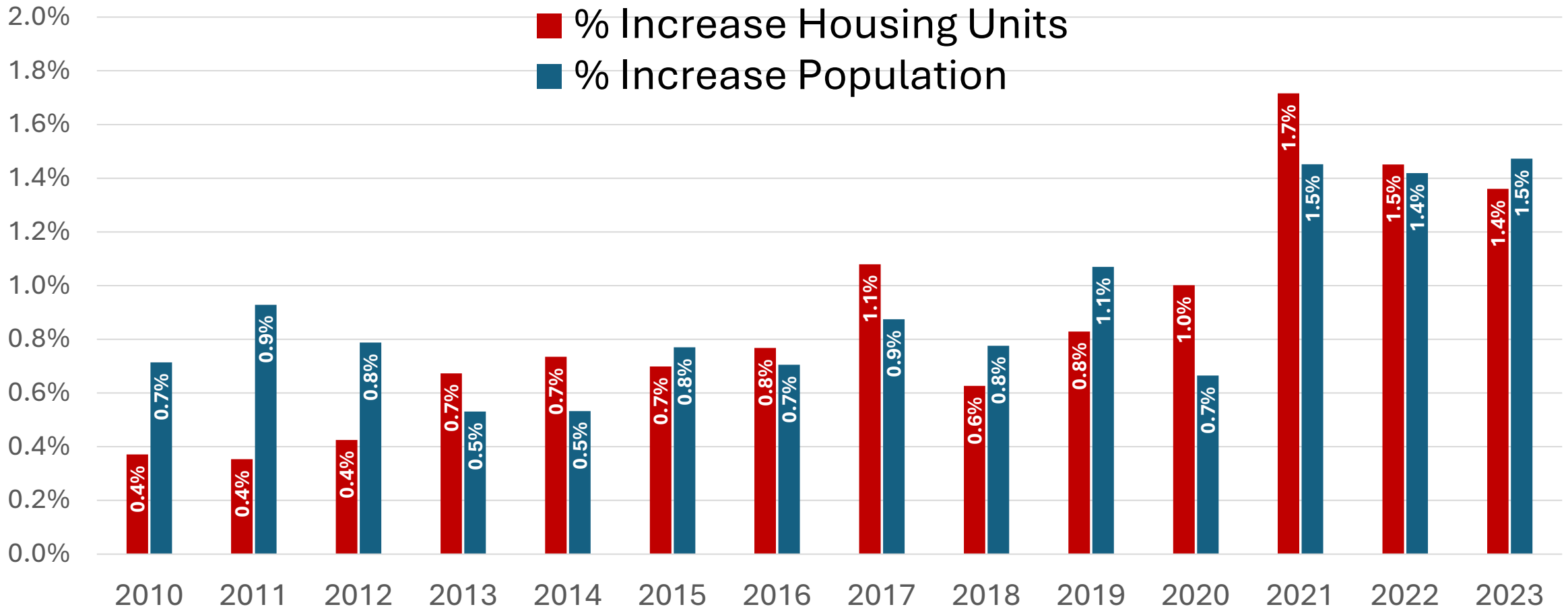
2021-2022

State	In-migration
Georgia	3,623
Florida	1,057
California	802
Alabama	487
Texas	302
Illinois	238
Colorado	185
North Carolina	145
Arizona	140

Housing Unit Growth



Housing Unit Growth



Housing Unit Growth

2020 to 2024

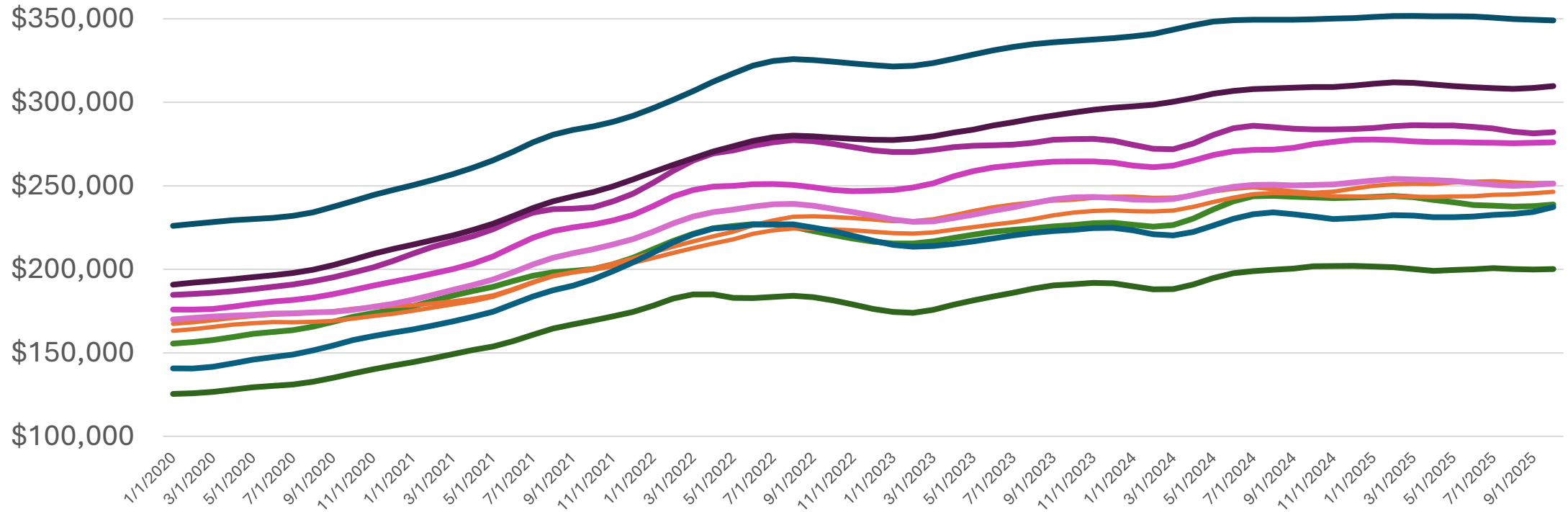
- 16,590 New Housing Units for 34,027 New People
- 2.1 new residents for every one new housing unit

Regional average is 2.25 residents per housing unit as of 2024

Housing unit growth has kept up with population growth across our 10-county region

Average Sales Price per Housing Unit 2020 - 2024

Polk County Marion County Rhea County McMinn County Bledsoe County
Sequatchie County Grundy County Meigs County Bradley County Hamilton County



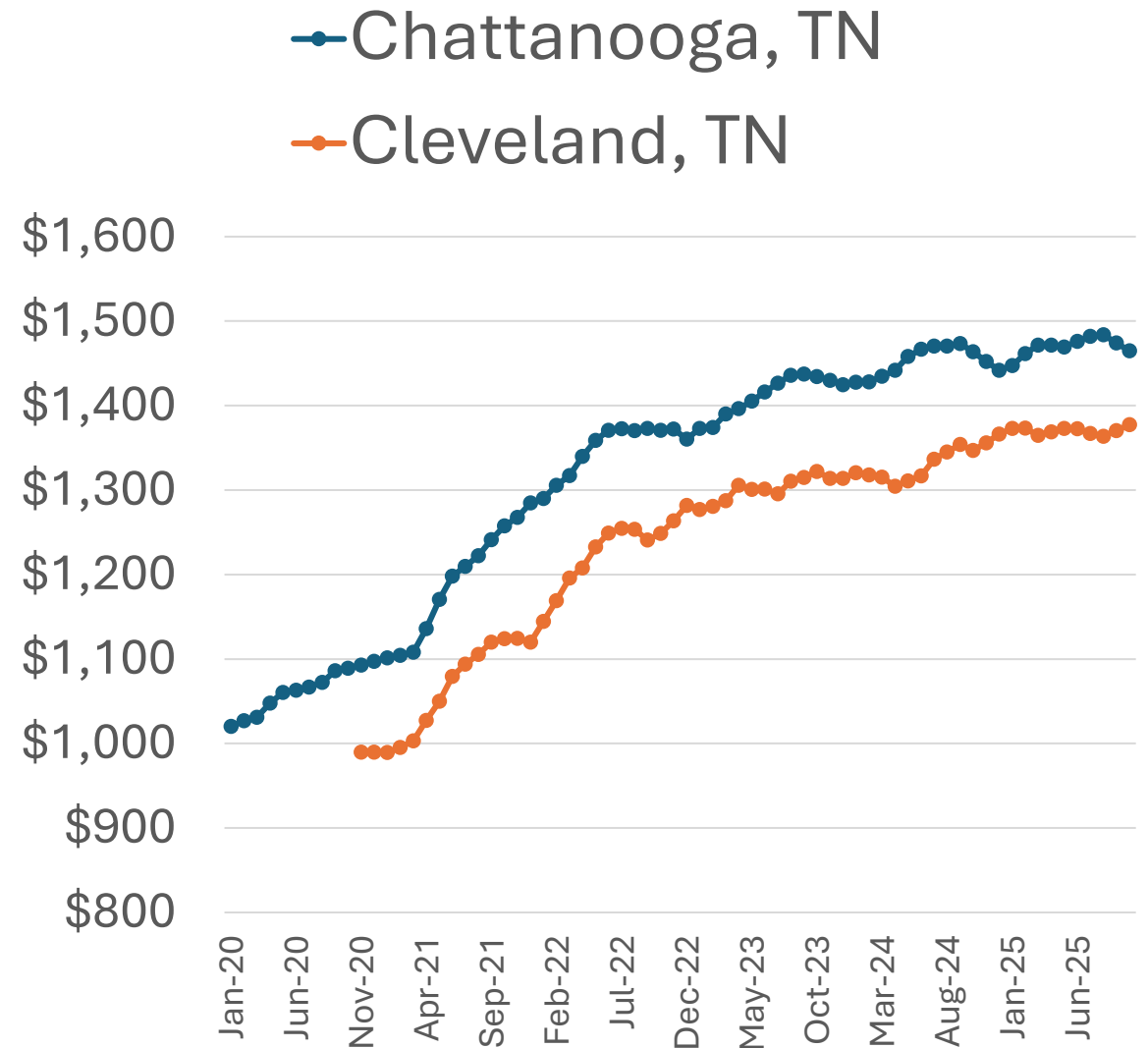
Average Sales Price per Housing Unit 2020 - 2025

County	% Price Increase since January 2020
Bledsoe County	68.7%
Bradley County	62.3%
Grundy County	59.6%
Hamilton County	54.4%
Marion County	50.4%
McMinn County	51.0%
Meigs County	52.7%
Polk County	53.6%
Rhea County	47.9%
Sequatchie County	56.9%

Monthly Rent per Housing Unit

Since November 2020, rent has increased:

- 34.1% in Chattanooga Metro to \$1,465
- 39.2% in Cleveland Metro to \$1,377



Rent Affordability

County	Wage needed to Afford 2-bedroom Rental Unit	Estimated Mean Renter Wage
Bledsoe County	\$17.29	\$12.42
Bradley County	\$23.27	\$16.54
Grundy County	\$17.29	\$15.35
Hamilton County	\$27.42	\$20.60
Marion County	\$27.42	\$14.48
McMinn County	\$18.19	\$15.73
Meigs County	\$17.29	\$16.80
Polk County	\$23.27	\$7.37
Rhea County	\$17.29	\$13.48
Sequatchie County	\$27.42	\$13.25



Impact of housing cost growth

- Increased homelessness
- Young adults unable to build wealth
- Forgoing other expenses to afford housing
- Longer commutes
- Larger households, potential overcrowding

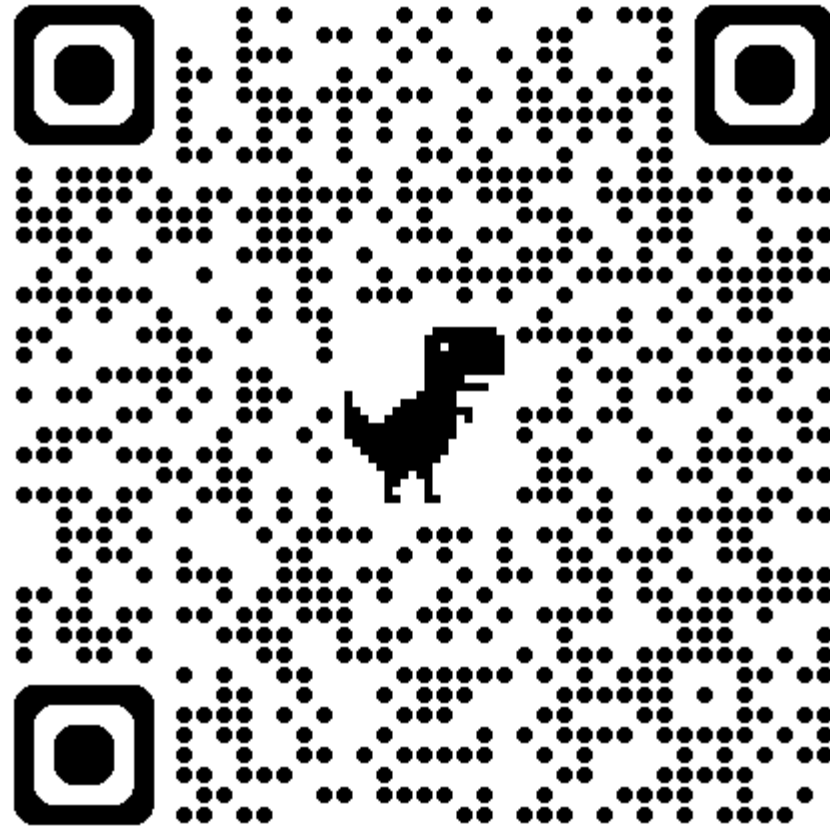
Housing Costs

If construction has kept up with population growth, why have prices increased so dramatically?

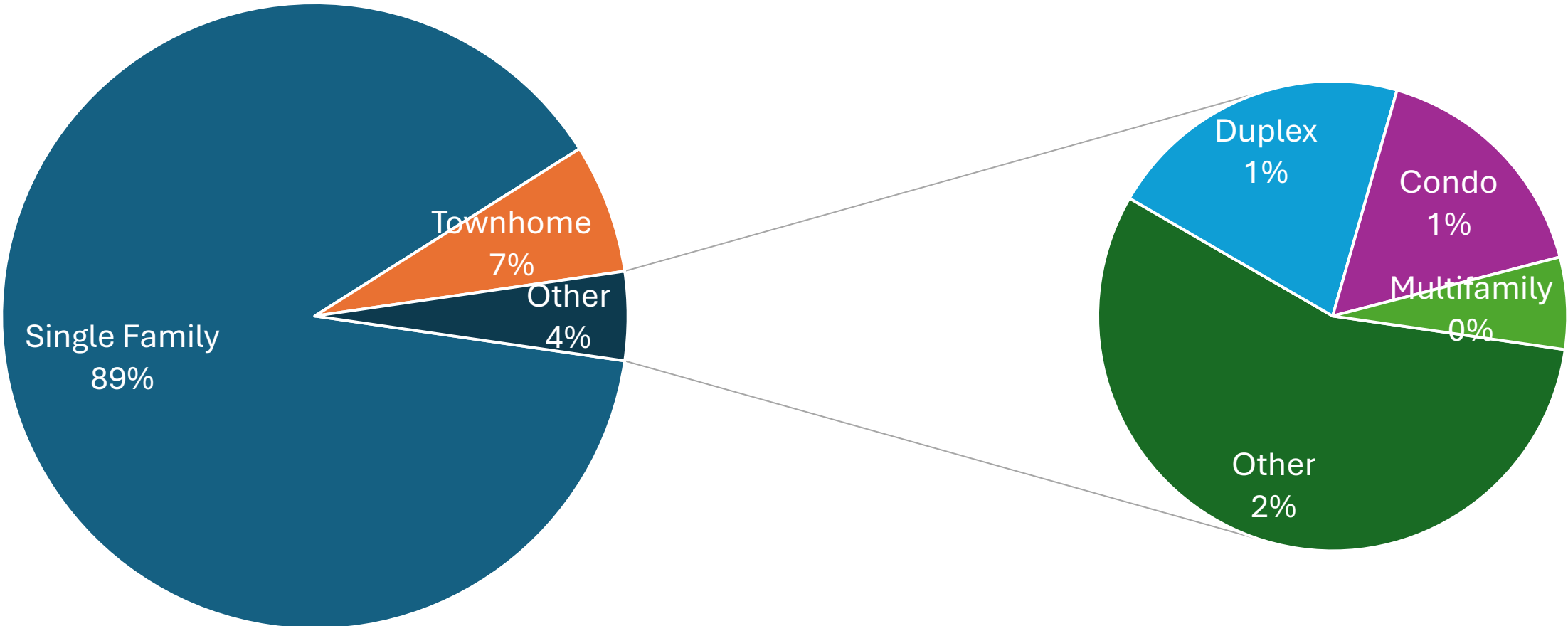
- Mismatch of what is being built vs. what people can afford
- Investment properties / Short-term rentals
- In-migration from higher COL areas
- More seniors aging in place, not selling their homes
- Market conditions like business cycle, inflation, interest rates, etc.



Where is housing being built?



What kind of housing is being built?



What size of housing is being built?

County	Square Footage Existing Homes	2020 -2025 New Builds	Difference
Bledsoe	1,572	1,704	132
Bradley	1,789	2,169	380
Grundy	1,531	1,401	-130
Hamilton	2,154	2,406	252
McMinn	1,679	1,847	168
Marion	1,607	2,340	733
Meigs	1,670	1,910	240
Polk	1,519	1,630	111
Rhea	1,737	1,879	142
Sequatchie	1,675	1,962	287

Solutions

Planning Commission solutions to housing affordability focus on:

- Encouraging density in the right locations
- Allowing many different types of housing
- Reducing costs of land and infrastructure
- Encouraging infill, adaptive reuse, and renovation of vacant units
 - Including Accessory Dwelling Units
- Allowing a mix of residential and non-residential uses in higher density areas
- Keeping up with infrastructure needs as new housing is constructed
- Identifying and protecting land best suited for agriculture and conservation

Not all solutions work for all communities or even in all locations within a community!





New Zoning Designations

Using a land use plan as a guide, new zoning designations can be designed to:

Allow for higher densities

- Tall skinny, zero-lot line
- Smaller lots
- Narrower roads

Allow mixed housing: Townhomes, duplex, triplexes alongside single-family residential

Allow Mixed use

- Allow residential in commercial districts – upper floors, rear of structures

Example: New Zoning Designations in Chattanooga

Increasing density

4 new single-family zones in Chattanooga

RN-1-7.5

Minimum lot size: 7,500 sq. ft.

Previously the standard for single-family homes

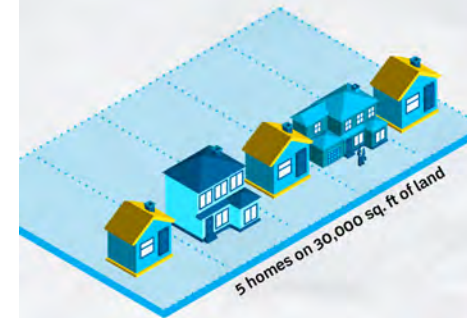
Most of Lookout Valley and Mountain Creek will have this zone now



RN-1-6

Minimum lot size: 6,000 sq. ft.

Most single-family neighborhoods in Chattanooga will have this zone



RN-1-5

Minimum lot size: 5,000 sq. ft.

Neighborhoods in or close to Chattanooga's urban core will have this zone



RN-1-3

Minimum lot size: 3,000 sq. ft.

Initially no neighborhoods will have this zone, but it'll be an option for developers





Planned Unit Developments (PUDs)

A development project that is considered comprehensively at one time.

“A PUD is a development that has been approved in a process that requires the comprehensive review of project design and that can include a variety of project types, including infill developments, housing developments, and mixed-use developments, such as master-planned communities.

-APA

An aerial photograph of a suburban residential neighborhood. The houses are arranged in a grid-like pattern with a central road. The houses vary in size and style, including single-family homes and townhomes. There are many trees, some with autumn foliage, and a few commercial buildings in the distance. The lighting is bright, suggesting a sunny day.

Planned Unit Developments (PUDs)

- Provides greater oversight to Planning Commissions
- Good for a mix of housing types and uses
- Can be used in communities with few zoning options

Conservation Subdivisions

A specific type of PUD that retains the same overall density of the underlying zone, but allows homes to be concentrated in a smaller area with the remaining land having more limited uses



Existing Landscape

Subdivision Sprawl

Conservation Neighborhood

Farmland protection

For communities without zoning:

- A large lot size minimum for ALL lots will create sprawling development, leading to further loss of farmland
- Allowing cluster developments, with smaller lots, may preserve more farmland





Farmland protection

For Communities with Zoning:

- Establish an Agricultural Zone with large lot size minimums
- Include the preservation of farmland in your adopted land use or general plans
- Create zoning options that allow more dense development in areas with existing development and infrastructure, including infill
- Area Based Allocation Zoning
- Transfer or Purchase Development Rights



Adaptive Reuse / Infill Development

- Identify neighborhoods where infill is likely to occur
- Decide if incremental density increase would be compatible with neighborhood
- Pair with historic zoning to preserve historic neighborhoods
- Allow for re-use of functionally obsolete buildings
- Accessory Dwelling Units can incrementally increase density while retaining the overall neighborhood development pattern



Covering the Cost of Development

1. Impact fees

Municipalities incorporated under the general law mayor-aldermanic charter and the general law modified city manager-council charters have authority to levy impact fees. See T.C.A. § 6-2-201(15) and § 6-33-101(a)

Purpose: Regulate development by requiring growth to pay for the needs it creates in the same area.

- Must be tied to needs of new development and spent in the affected areas.

Counties may not implement new impact fees.



Covering the Cost of Development

2. Adequate facilities taxes (privilege taxes on development)

Purpose: raise revenue, primarily to fund growth-related school capital needs.

- Governed exclusively by the **County Powers Relief Act** (T.C.A. § 67-4-2901 et seq.).
- Only “**growth counties**” (defined by population increases) may levy this tax, and they must adopt a **capital improvement program** first.
- Tax rates are capped, require a supermajority vote at two consecutive meetings, and have four-year freeze periods between rate increases.



Covering the Cost of Development

2. Adequate facilities taxes (Continued)

- Revenues must be used only for school capital expenditures and related debt.
- Counties already collecting development taxes or impact fees under a private act cannot also levy the County Powers Relief Act school facilities tax.



Covering the Cost of Development

3. Special assessments

- Charged only to properties that directly benefit from a specific public improvement (roads, utilities, drainage, etc.).
- Authorized for counties under T.C.A. § 5-1-118 and § 7-32-101.
- New laws (2024–2025) allow **special districts** to finance residential and infrastructure improvements and use special assessments to repay costs.

