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POLICY SPOTLIGHT

Tennessee's HPR Law and How It Enabled an Infill Boom in Nashville

The Music City provides a model for expanding the housing supply elsewhere

CHARLES GARDNER AND ALEX PEMBERTON | JULY 2025

Since the mid-2000s, Nashville, Tennessee, has undergone a housing boom that created tens of 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 attached and detached single-family homes for sale within five miles of the central business district. We examined the state law that helped rejuvenate Nashville's aging neighborhoods and suggest that other states can boost their housing supply through passing similar legislation.¹

Meeting Market Demand for Urban Housing

Tennessee's Horizontal Property Regime (HPR) is a state law² addressing common interest ownership that has been crucial in enabling the construction of for-sale infill housing in Nashville. The HPR allows the reuse of existing duplex zoning for the construction of owner-occupied homes. The law

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

¹ See Charles Gardner and Alex Pemberton, "Tennessee's HPR Law and Its Transformation of Nashville's Housing Market: A Model for Other States" (Mercatus Special Study, Mercatus Center at George Mason University, September 24, 2024). Scan the QR code below for the full analysis, including sources.

² The relevant law is Pub.Acts, ch. 823 § 7, codified at Tenn. Code Ann. §§ 66-27-102-802 (2023).



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The HPR has unlocked the 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 living in the city. Through analyzing over 300,000 Davidson County property records, this study finds that the HPR has spurred the construction of more than 20,000 for-sale homes in Nashville neighborhoods from 2010 to 2023.

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 construction of more than one for-sale home on the same lot quickly, simply, and at relatively low cost. As an alternative to minimum-lot-size and subdivision reform, a law like Tennessee's can provide 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 promote the delivery of more new owner-occupied 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.