Comments on Katz and Willen, "Housing Supply, Parcel Size, and the Distribution of Buildable Land" as presented on March 12, 2026

This paper studies how the distribution of buildable land affects housing supply. The central idea is that larger parcels allow developers to spread fixed costs, generating returns to scale. Using parcel level data from New England, the authors show that large parcels are scarce, becoming scarcer over time, and that places with fewer large parcels experience higher price growth and weaker supply responses.

The paper makes a useful contribution by focusing on how land is packaged rather than just how much land exists. The empirical work is careful and the use of historical assessor data is a strength. The facts are intuitive and clearly presented.

My main concern is interpretation. Parcel size may not be the fundamental constraint. What can be built depends on development capacity, not just lot size. Parcel size may therefore proxy for underlying constraints rather than directly determining outcomes.

Evidence from other settings suggests that fragmented parcels do not necessarily prevent supply growth. In Tokyo, housing expands largely through continuous redevelopment of small parcels (Gleeson 2018). Housing units increased about 15 percent from 2008 to 2018 while land devoted to housing grew only modestly, and the city adds roughly 80,000 to 100,000 homes per year (Tokyo Metropolitan Government 2018).

Similarly, redevelopment of small parcels can be an important margin in built out areas. In Seattle, older single-family homes are routinely replaced with multiple townhomes on the

same lot.[1] Case study evidence suggests that such infill conversion can add between 1 and 2.5 percent in supply per year.

Chart 1: An example of a conversion of older single-family homes to townhomes in Seattle
Source: Redfin, Zillow, and Google.

These examples point to an alternative mechanism. Development can occur along the intensive margin through many small projects rather than relying on large sites. In such cases,

[1] For more, see: Tobias Peter, Edward Pinto, and Joseph Tracy, "Low-Rise Multifamily and Housing Supply: A Case Study of Seattle," *Journal of Housing Economics* 69 (2025): 102082, https://doi.org/10.1016/j.jhe.2025.102082

height and density substitute for land area, allowing supply to expand even when parcels remain fragmented. This, however, depends on what is allowed to be built. More generally, the binding constraint is political rather than parcel size.

Our research on Seattle shows substantial infill potential, with many parcels able to accommodate additional units.[2] The data also indicate that infill activity is often carried out by small scale builders, suggesting that supply responses do not require large consolidated sites.

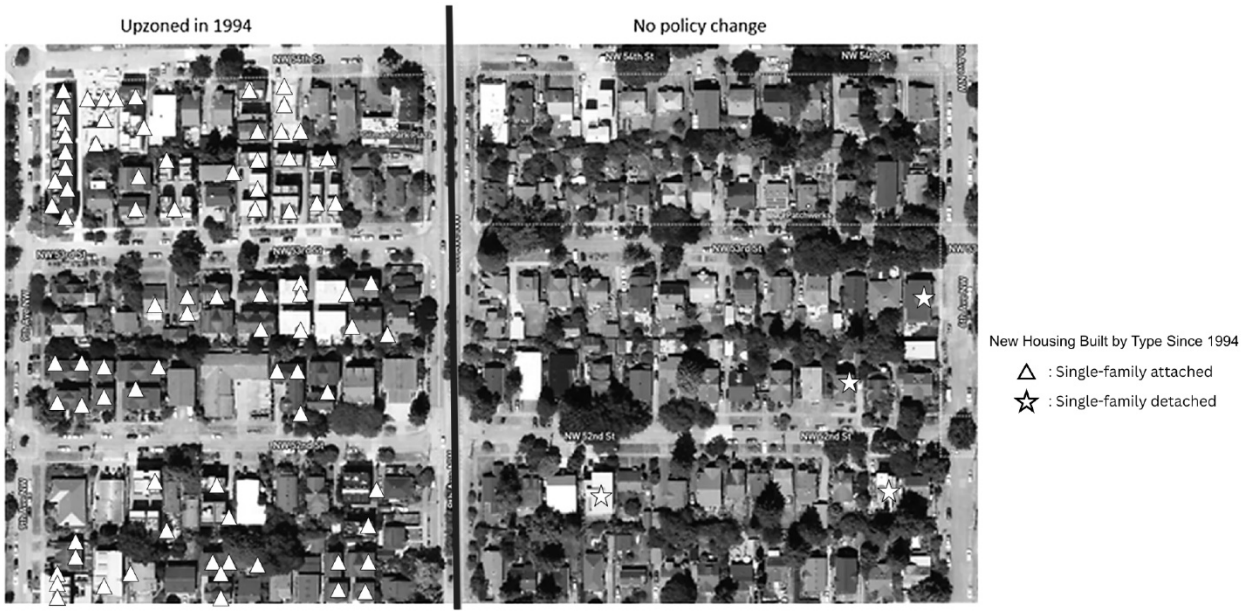


Chart 2: Comparison of two Seattle neighborhoods under different regulatory environments
Source: OpenStreetMap, Google and AEI Housing Center.
Maps like these are available for free at for the entire country at: AEI Housing Center, Housing Equity Assessment Tool (HEAT), https://heat.aeihousingcenter.org/

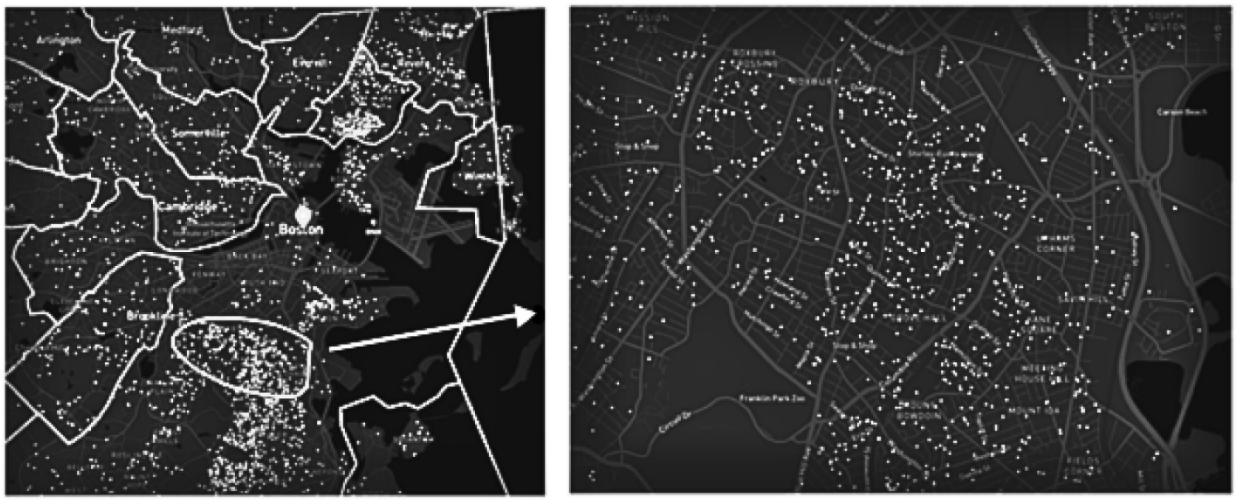
The relationship between parcel size and outcomes in the paper is therefore open to interpretation. Smaller parcels in built out areas tend to command higher prices than large

[2] For more, see AEI Housing Center's Housing Equity Assessment Tool (HEAT), American Enterprise Institute. https://heat.aeihousingcenter.org/ltd-map

subdivisions, but development can still occur, often at meaningful rates, if allowed. This is consistent with the paper's finding that price responses are stronger than quantity responses in constrained areas, but it leaves open whether parcel size is the binding constraint.

Converting older single-family homes to townhomes or multiplexes (cont.)

From a practical standpoint, assembling these parcels can be hard. In many built out areas, land is already divided into small, separately owned lots. Bringing these together into a single large site requires negotiating with multiple owners, which raises transaction costs, delays projects, and often leads to holdout problems. The structures on these parcels may also have differing remaining economic value. The example of Boston highlights this directly, showing that assembling vacant land is difficult even when parcels appear available on a map.



Map 1:Vacant Residential Parcels in the Greater Boston Area
Source: AEI Housing Center, Housing Equity Assessment Tool (HEAT), https://heat.aeihousingcenter.org/

The model assumes that larger parcels are necessary for efficient production. But if many small projects can proceed simultaneously, aggregate supply may be less sensitive to parcel size than the model implies. Infill and large site development may be complements rather than substitutes.

The paper could be strengthened in several ways. First, the scale mechanism should be tested more directly using cost data. Builder level data or subdivision level comparisons could show whether larger sites actually reduce per unit costs. One promising source is Constellation HomeBuilder Systems, a cost management platform used by production builders that tracks detailed hard, soft, and land costs across projects.

Second, comparisons within the same builder across projects of different sizes would help isolate scale effects. Large master planned communities such as Babcock Ranch near Fort Myers, Florida, where multiple builders operate across different neighborhoods, could

provide a useful setting for such analysis. Third, additional use of parcel level shapefiles over time could help track how redevelopment occurs on small versus large sites.

In sum, this is a creative and well executed paper that raises an important question. The evidence is compelling, but the interpretation would benefit from a clearer distinction between parcel size as a constraint and parcel size as a proxy. Strengthening the link between parcel size and development costs would further improve the paper.

References:

AEI Housing Center. *Housing Equity Assessment Tool (HEAT)*. American Enterprise Institute. https://heat.aeihousingcenter.org/ltd-map

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