



# Model Housing and Land Development Code Guide

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A shortage of market-rate and affordable housing units in this country, after underbuilding for decades, continues to upwardly squeeze housing costs in an unsustainable manner. Production of additional housing, and housing of all types, must increase to meet demand.

For decades, land-use policy and zoning codes have been used as a tool against housing production, justified in the name of property values, traffic concerns or community character, but our nation's essential workers (e.g., police, teachers, nurses) are being priced out. NAHB's [Priced-Out Estimates](#) for 2023 show how higher prices and interest rates affect housing affordability. The 2023 U.S. estimates indicate that a \$1,000 increase in the median new home price (\$425,786) would price 140,436 households out of the market. As a benchmark, 96.5 million households are not able to afford a new median priced new home. No area of the country is untouched by the affordability crisis.

For housing development, costs such as labor and materials are either fixed or difficult to lower, but regulatory costs added during the entitlement and development can be adjusted during a land development code revision. There are several examples of zoning and land subdivision requirements that are good models for regulating land use while avoiding overly costly and potentially harmful development standards for home builders. It is important to keep in mind that home builders respond to market forces and will produce housing that is naturally desired by those seeking for-sale or for-rent product. Regulation or development standards that add costs to the land and housing development processes will be passed on to those prospective buyers or renters. Below are a few ways to create a more pro-housing zoning and land code.

The U.S. federal government realizes this and is beginning to engage on pro-housing land use and zoning reforms. The U.S. Department of Housing and Urban Development's Office of Policy Development and Research (PD&R) released a [publication in April 2023](#) to aid in state and local development of policy reform in to help increase the supply of housing.

## **Make the Review and Approval Process as Efficient as Possible**

Most builders would trade just about anything for clarity and consistency in the development and entitlement process. Time is money, and many in the development industry deal with processes that drag for months to years. These lengthy and unpredictable processes add costs to housing development and hurt affordability. NAHB's report [Development Process Efficient: Cutting Through the Red Tape](#) is concerned with strategies for improving the land development review and approval process.

An efficient review and approval process benefits municipalities, government staff and taxpayers as well. It can result in cost savings to government agencies by reducing time-consuming procedures and improve staff morale and retention both by eliminating confusing and stressful procedures.

## **Legalize and Incentivize a Greater Variety of Housing and Lot Types**

A historical pattern of land use policy that allowed and incentivized primarily one type of housing — large single-family detached on large single-family lots — has led to a vast number of communities where this is the only type of housing product available. Naturally at a higher price point relative to smaller footprint, dense housing, this pattern of housing development can be seen as a form of exclusionary zoning or policy that blocks families from varying socioeconomic backgrounds from living in said communities.

Recent data have shown how allowing more housing with increased local zoning flexibility is related to slowing the growth of rents. A [Pew research study](#) from 2017 to 2023 noted rent costs in four municipalities that have relaxed zoning have grown an average of 3.5%, compared to 31% growth for the United States overall.

Recognizing these benefits, many cities across the country are rewriting zoning codes to promote different types of



housing in the name of housing affordability:

- In 2018, Minneapolis adopted a comprehensive plan called [Minneapolis 2040](#), which aims to increase density and housing affordability throughout the city. The plan includes several changes to zoning laws, including allowing for triplexes and fourplexes in all residential neighborhoods, eliminating minimum parking requirements, and allowing for more mixed-use development.
- Austin's [Strategic Housing Blueprint](#), adopted in 2020, is a comprehensive plan to address the city's housing affordability crisis. The plan includes several changes to zoning laws, such as allowing for more duplexes and triplexes, eliminating minimum lot size requirements, and allowing for more accessory dwelling units (ADUs).

### Remove Excessive and Burdensome Regulation

Policymakers should take a closer look at policies that add unnecessary costs to housing development and either remove them or pair them with housing incentives that help balance out the cost of the project. Inclusionary zoning tied with a density bonus is a common example of this. Other common examples are design standards that are used to artificially regulate higher housing costs. NAHB's [Residential Design Standards: How Stringent Regulations Restrict Affordability and Choice](#) report describes how regulations such as allowable materials, finishes and roof planes can add significant costs to construct and sell a home.

Parking mandates tied to housing development, or a pre-determined number of off-street parking spaces based on proposed units, can block housing production, increase costs for homes and are often mismatched to the actual demand for parking. Nearly [60% and 70%](#) of new homes in Seattle and Buffalo, respectively, were permitted after eliminating parking mandates; otherwise, more than half of new permitted homes would have been illegal under the prior code.

### Examples of Good Code

Although good models of land development and housing code exist, it is difficult to find examples that do everything well. It is important to view codes and ordinances as living documents that should be revisited and potentially adjusted every so often to make sure current housing needs are being met. It can be beneficial to work with the local building community and home builders associations (HBAs), which are most dialed into local barriers to housing production.

- [Raleigh, N.C.](#) recently passed a Unified Development Ordinance (UDO) with Zoning Codes that allows for more flexible and streamlined development regulations, which can make it easier and more cost effective to build housing.
- [Grand Rapids, Mich.](#) adopted a new UDO that allows for more types of housing and reduces parking requirements. The UDO also streamlines the permitting process and provides incentives for developers to build affordable housing.
- [Vermont](#) released *Enabling Better Places: A Zoning Guide for Vermont Neighborhoods*, a guide to code reform.
- Generally, cities that lead the nation in housing production can be looked to as models for a favorable housing environment. Large metro-adjacent cities in Texas — such as [Frisco](#) and [Round Rock, for example](#) — are leaders in housing production.

For more information, see NAHB's [Smart Codes, Smart Process](#) presentation.

