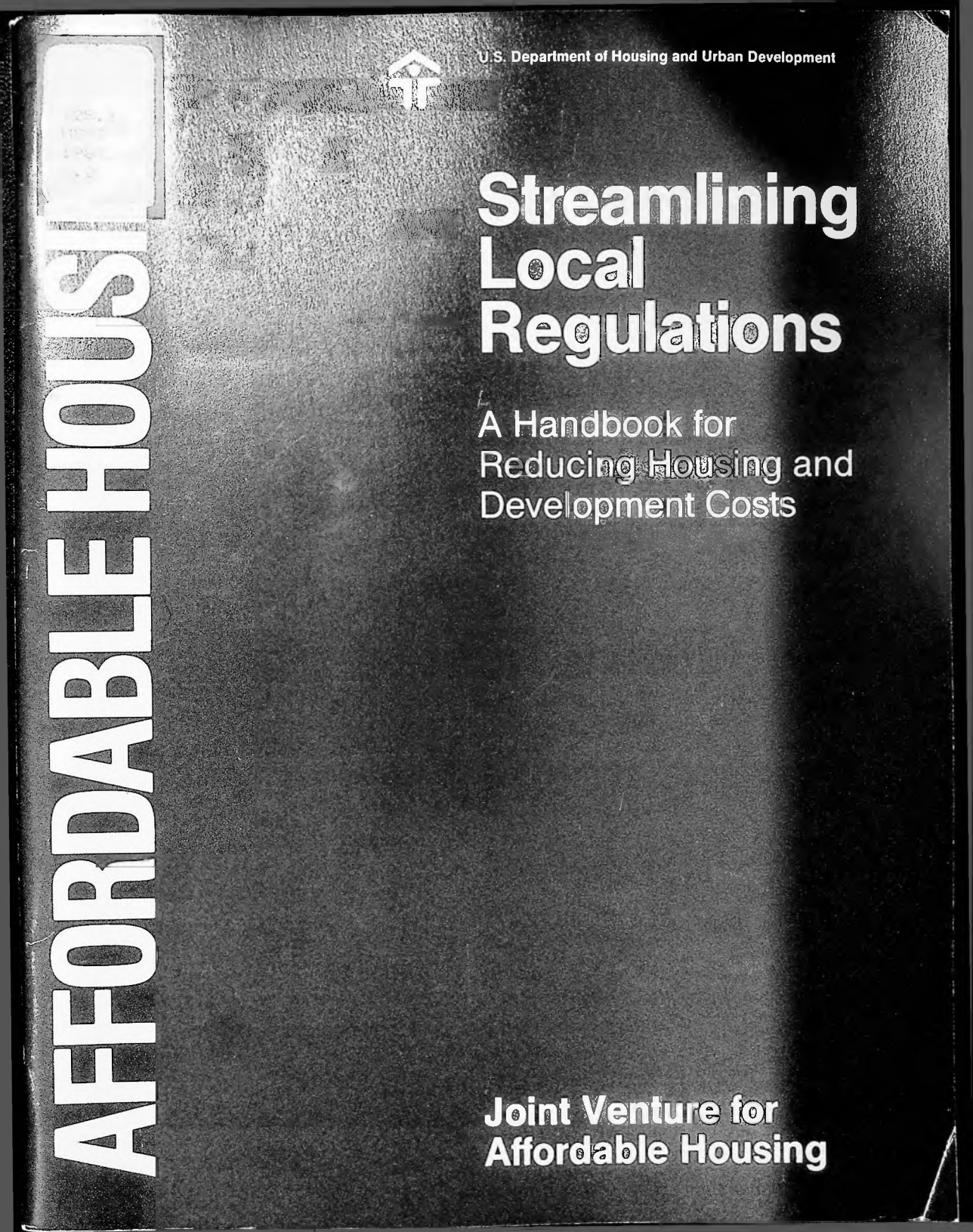

U.S. Department of Housing and Urban Development

Streamlining Local Regulations

A Handbook for Reducing Housing and Development Costs

Joint Venture for Affordable Housing

Management Information Service SPECIAL REPORT
May 1983, No. 11

STREAMLINING LOCAL REGULATIONS:
A Handbook for Reducing Housing and Development Costs

by

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The material contained in this document was developed through funding provided by the Office of Community Planning and Development (U.S. Department of Housing and Urban Development). The views and opinions contained herein are those of ICMA, and do not necessarily reflect the position of HUD on these matters.

Acknowledgements

The authors wish to acknowledge various individuals whose assistance and advice helped make this Report possible. Cheryl Farr, Deputy Director of ICMA's Affordable Communities Project and Michael Murphy, Deputy Director of ICMA's Management Development Center, were both key members of the project team. As such they provided invaluable assistance in formulating the initial scope and outline for this Report. In addition, each wrote individual chapters.

Julian Graubart did an excellent job of editing the initial draft, as did Dennis M. Kouba, who edited the final version.

Special thanks are due Josephine Barrett, ICMA's Project Secretary, who oversaw the production of numerous drafts.

Finally, we would like to express our appreciation to the literally hundreds of local government officials across the country who participated in ICMA's Affordable Communities effort, either as providers or recipients of information and assistance. Without their enthusiasm, commitment, and expertise this project would not have been as successful as it was. □

Foreword

Affordable housing is everyone's concern. We must ensure that the new generation of young Americans have the same kind of housing opportunities, availabilities, and affordabilities to home ownership that previous generations have enjoyed.

We must make every endeavor to reduce the product cost of housing through the removal of unnecessary impediments that currently exist in many communities across our country. This ICMA publication is an effort to confront these problems and offer local government administrators practical suggestions to help create affordable housing, rehabilitation, and community development.

This manual was developed as part of HUD's Joint Venture for Affordable Housing. The Joint Venture is a public/private initiative that helps state and local governments remove roadblocks to affordable housing and community development through local deregulation, streamlined procesing procedures, and recognition of the need for providing higher density, smaller-sized living units.

I commend the local government managers who are participating directly in our Joint Venture and the International City Management Association as a whole for the excellent work that is being done.

I trust this publication will be a valuable tool to help you serve the housing needs of the American people and to ensure for the future the American dream of home ownership.

Donald I. Hovde
Under Secretary
United States Department of Housing and Urban Development
Chairman, HUD Task Force on Affordable Housing

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Part One
Why Bother Reforming Regulations

Inflation and high interest rates continue to push housing prices beyond the reach of most first-time home buyers and restrict commercial and industrial development. Local development codes, often created to slow growth, now contribute to this dangerous cycle. Communities need to play their part in reducing housing costs. They must begin to permit higher density projects, to allow and encourage projects that mix housing with commercial and light industry, and to streamline regulations that stifle both residential and business development.

Stephen J. Bollinger
Assistant Secretary for
Community Planning
and Development
United States Department of
Housing and Urban Development

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Introduction

Today, unless a family already has a home to sell, it is unlikely that they will be able to afford to buy one. Only 15 percent of potential first-time home buyers can now afford the average home compared to 50 percent of first-time buyers 10 years ago. Without using the equity in their homes, 61 percent of those who own a home currently could not afford to buy the same house today.[1]

A survey conducted by the U.S. League of Savings Associations revealed that in 1981 the median home price in the West was $94,985.[2] While this price reflects high regional demand fed by shifts in population, the statistics from other regions are no more encouraging. According to the same 1981 study, the median house price in the South was $72,000, an increase of nearly 40 percent since 1979.[2] Of course the effective cost is even greater when high interest rates are taken into account.

Many factors influence the cost of housing and economic development: the national economy, interest rates, land and construction costs, market pressures, as well as regulatory costs. Local governments have little influence over many of these variables. The costs associated with local land use regulation, however, clearly are under local government domain and do have a major affect on land and construction costs.

Through the creative use of regulatory controls, some local governments are demonstrating their ability to reduce development costs. Many are finding that more efficient regulatory procedures can also cut local governments' administrative costs. Moreover, some communities that reform their regulatory process may gain a competitive advantage in development over their neighbors. This manual focuses on techniques for local regulatory reform and the local administrator's role in that process.

THE HIGH COST OF REGULATIONS

Many local government regulations and procedures affect land use and development costs in a community. They include:

- ***Zoning ordinances***, which govern density and the placement and mix of residential, commercial, industrial, and other uses
- ***Subdivision regulations***, which impose site development expenses for roads, parking, water, sewer, parks, and schools
- ***Building codes***, which require that newly constructed buildings meet certain minimal structual, fire, plumbing, and electrical standards
- ***Environmental regulations***, which control air, noise, and water pollution
- ***Design and sign ordinances***, which control the aesthetics of building exteriors and the visual impact of signs
- ***Historic preservation requirements***, which seek to protect significant buildings and neighborhoods by restricting an owner's right to alter materially or destroy historic structures and areas
- ***Regulations required by other levels of government***, including state health codes and federal safety and health standards
- ***Permit and paperwork procedures*** necessary to implement the various regulations, which include obtaining rezonings or variances, submitting design and engineering plans for approval, and obtaining building occupancy permits.

Of course, there are positive reasons for the quantity and variety of local land development regulations: protection of public health and safety, protection against nuisances from neighbors, development and maintenance of community infrastructure at reasonable costs, and protection against inappropriate land use. But, regulations also can produce negative side affects. A study done in the Twin Cities (Minneapolis/St. Paul) area of Minnesota found that government regulation was one of the major contributors to the rise in housing costs. Different levels of regulation—federal, state, regional, and local—resulted in duplication of work, delay, decreased production, and increased prices.[3] A study in Jacksonville, Florida, covering 1970 to 1976, revealed that increased regulatory standards were responsible for a 4.4 percent increase in housing prices.[4]

Local regulations can affect the cost of development in the following ways:

- ***Land prices***, as a rule, escalate when the demand for development is high and land supply is limited. Developable land supply can be limited through regulatory constraints such as large minimum lot sizes or by curtailing the expansion of water and sewer systems. Land constitutes from 8 percent to 25 percent of the cost of new housing (depending on the market area and the

location), and a rise in land prices clearly will cause a rise in overall development costs.

- ***Developers' costs*** are increased through local government fees for filing the necessary applications and plan reviews and obtaining required inspections.
- ***Site improvement costs***, which constitute approximately 10 percent to 20 percent of the cost of new single-family housing, are increased through unreasonably high standards for streets, lot width and coverage, parking, and land dedication requirements for parks and schools.

HOW REGULATORY REFORM CAN HELP

Reforming regulations may promote affordable development in the following ways:

Saving Time

Reforming regulations may help reduce procedural delays by speeding up the application and review process. Prolonged processing time raises costs in different ways: by extending the length of time developers must pay carrying costs; by increasing the probability that costs such as labor, materials, and interest rates will rise due to inflation; and by increasing the chance of the developer losing financing commitments. When interest rates are high, time is especially costly.

In Fort Collins, Colorado (64,600) city officials estimate that five months can be saved in processing time as a result of changes in their zoning ordinance. This translates into a savings of $2,000 in carrying costs alone on a typical $65,000 home in Fort Collins.

Increasing Efficiency in City Hall

Many local governments now are being pressured to become more efficient and economical. Regulation reform may help save staff time and administrative costs through increased efficiency. Processing delays are not only expensive for home buyers and developers, but waste in city or county hall also can be expensive for the community.

In Phoenix, Arizona (790,000) the city now has general inspectors conduct all residential inspections, rather than requiring four separate inspectors. This saves the city $750,000 per year.

Clarifying Regulations

Some regulations are written in technical or complicated language. Others start out clearly written but become obsolete or amended into confusion. Developers sometimes use middlemen to help them manage the maze of complex regulations. Hiring additional workers adds costs to the final development product.

THE PROS AND CONS OF REFORM

It is difficult to say how much regulation is too much, as Salinas, California (80,500) can attest. Although the city is making concerted efforts to cut many regulations, recently it enacted an ordinance requiring new subdivisions to be energy efficient—homes have to be oriented so as to take maximum advantage of the sun. In enacting the new law, the city needed to decide if the advantages of the new reform—possible decreases in energy usage and monthly energy costs—outweighed the "con" of adding one more "red tape" requirement to the regulation maze. Similarly, after the number of public hearings was reduced in Salinas to speed up the development review process, certain single interest groups objected because they felt they could no longer be heard.

Local officials need to weigh the trade-offs involved as they change their local regulations. For example, relaxing certain standards such as minimum pavement thickness requirements may save construction costs, but could increase long-term repair costs.

Regulation reform is not easy. As with most other decisions with which public officials grapple, there are both pros and cons. But there are many actions that local governments can take to reform development regulations and reduce development costs while still protecting the community's health and safety. These actions include such things as modifications to the zoning ordinance to allow well-designed, increased density development; subdivision regulations that reflect new technology in construction materials; and streamlined in-house review procedures. These innovations and others will be discussed in Part Three of this Report. Before that, Part Two will highlight ways in which communities can get their regulation reform process started. □

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[1] U.S. Department of Housing and Urban Development, "Joint Venture for Affordable Housing," press packet, January 1982, p. 1.

[2] "Southern Housing Prices Topped North Last Year," *The Washington Post*, July 17, 1982.

[3] "Modest Cost Housing in the Twin Cities Metropolitan Area," (St. Paul: Metropolitan Council of the Twin Cities Area, 1976), pp. 7-8.

[4] Urban Land Institute and Gruen & Gruen & Associates, "Effects of Regulation on Housing Costs: Two Case Studies," (Washington, D.C.: Urban Land Institute, 1977).

Part Two
Getting Started

Regulatory reform involves strategic planning. It means knowing where you want to go, planning actions to get there, and recognizing opportunities to implement the actions.

Curt Smith
Director of Planning
and Development
Fort Collins, Colorado

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The Initial Steps of Regulatory Reform

The initial process of regulatory reform involves two major steps: determining whether there is a regulatory problem, and making sure that regulations are consistent with the community's development objectives. This chapter suggests techniques for these steps.

IS THERE A REGULATORY PROBLEM?

Regulations *per se* surely are not bad; excessive or outdated regulations are. But how does a community know when it has crossed that fine line separating regulations that are necessary from those that should be changed? How can you assess whether or not your regulations are reflective of modern building technology and techniques? How can you determine whether your system is as efficient as possible? How do you know whether your system is fair, consistent, and predictable? How can you evaluate whether your regulatory process guides and controls or hinders development?

The first step in regulatory reform is to establish whether the community has a system with a major problem or a system that works satisfactorily but could be better. This initial evaluative stage may be informal or formal (involving consultants or a task force).

"Yes" answers to the following questions may point the finger at current or potential problems. This is, by no means, a scientific evaluation of your current regulatory system. But it may help you to evaluate quickly and informally your current regulatory climate.

Q. Are you getting constant complaints from developers and home builders about excessive red tape, long processing times for applications, or an overly complicated process?

A. If so, you may very well have unnecessary delays built into your system that are driving housing and other development costs unnecessarily high.

Q. Do you get complaints from builders that your building codes are out of date?

A. Your building codes may not be reflective of the latest technology in building materials and construction methods.

Q. Are you receiving hundreds of requests for zoning variances?

A. This may mean you have a major problem with an outdated zoning ordinance.

Q. Has there been much leapfrogging of development in your community?

A. If you find that developers and home builders are passing up areas that already have water, sewer, and other infrastructure in favor of outlying areas where infrastructure has to be built, you may have too many restrictions on land use in the areas being bypassed.

Q. Is there little variety in the kind of new housing being built in your community?

A. If you find that home builders continue to put up single-family housing, but little cluster housing such as townhouses or garden apartments, don't shrug your shoulders and say: "There must be no market for the other kinds of housing." In almost every community, there are people with different housing needs—newly married couples who need an apartment, or senior citizens who would prefer a townhouse to a large detached house. When there is no variety in the kinds of housing being built, it may be that your zoning and subdivision regulations are not flexible or modern enough.

Q. Are local housing prices or rents higher than in comparable areas?

A. The lack of housing opportunities due to high cost may force potential residents, such as young adults in the area who reach the homebuying age, to leave the community. If people who work in your community live elsewhere, the housing costs in your community may be too high, and reforming your regulations may help.

Q. Are businesses and industries reluctant to locate in your area because of high housing costs?

A. Businesses and industries tend to avoid areas with high housing costs because of the resultant employee demand for higher wages. If you are trying to encourage community growth, consider the role that affordable housing plays in the process.

Q. Do you have numerous big parking lots that are almost always more than half vacant?

A. Local parking requirements for shopping centers and businesses often are so demanding that huge parking lots basically go unused except for during the Christmas shopping season. This drives up development costs and may be a poor use of valuable land. It also may make it impossible to draw development that cannot meet the strict parking requirements.

Q. Do builders complain about waiting around on the job site for several different inspectors to arrive?

A. If you have three or four inspectors who have to visit a job site to give their approval before work can proceed, construction may come to a standstill while workers wait for the next inspector to make a call. Unless multiple inspections are coordinated very carefully, the system can cause a lot of delay.

Q. Do your city council meetings run until the wee hours, with council members debating issues such as a variance to allow Mr. Jones to build a garage?

A. It is easy for city councils to spend a lot of time on land use trivia. The issues are often emotional and become attractive debating material. But this kind of discussion is usually a waste of time for a city council, which should have the more important role of setting policy and direction for a community's development. Long debates can create backlogs of development applications, and can inject politics and uncertainty into what should be straightforward administrative reviews.

Q. Do most development proposals have to go through four or five boards and commissions before they can get final approval?

A. Do you have a zoning board that takes forever to make a decision or a historic commission that does not want any new buildings unless they look 200 years old? When many approving bodies have oars in the water, the development boat may move in different directions —or not at all.

CLARIFYING DEVELOPMENT OBJECTIVES

Once a community knows that there are serious problems somewhere in its regulatory system, the next step is to decide where to put the heaviest emphasis in reforming its regulations. The logical way to make this decision is in the context of the community's overall development objectives. If the most important objective is to attract new industry to the community, the kinds of regulatory obstacles to be concerned about may be very different than where the principle objective is increasing the number of garden apartments.

Most communities adopt overall development goals in their comprehensive development plans. But often the local government finds that these goals are shifting before the ink is dry on the comprehensive plan. And, these goals can be very lofty and long term. So some local government administrators have found it necessary to use additional mechanisms to clarify their short-term development objectives and identify what kind of regulatory reform, if any, is appropriate. These are discussed below.

Working with Elected Officials

In Arvada, Colorado (85,000) the staff works closely with the local elected officials to keep the city's short-term development objectives up to date. Every two years city officials go through a goal-setting process in a two-day retreat. At that time, the planning commission and city council examine jointly the comprehensive plan and set short-term development targets for the staff. The process is based partly on a citizen survey conducted by the planning staff. The survey includes questions such as: "Do you support development on smaller lots?" and "Do you support higher density?" The resultant development targets are adopted officially by the city council. The process is called Arvada Targets.

As one example, Arvada decided in a recent targeting effort that it would attempt to have a regional shopping center developed in the community. The staff believe that the goal-setting exercise has been an integral part of the city's regulatory reform effort. And Arvada Targets has helped develop political support for regulatory changes in the community.

Working with the Community

In Charlotte/Mecklenburg County, North Carolina (140,000) the city and county governments worked together to get the community involved in setting development goals. Three years ago the planning commission staff in Charlotte/Mecklenburg began an urban symposium process in which the planning commission held meetings with community groups and finally held a town meeting with 2,000 residents to develop community goals. Although a comprehensive plan already existed, it had been developed with minimal citizen input and was not widely accepted.

After an enormous amount of discussion in the community about the pros and cons of local development issues, the final report summarizing the five-month urban symposium process showed that members of the community felt they had to offer alternative, affordable forms of housing for their young people if the area was to grow and prosper.

The urban symposium was viewed as extremely useful. The elected officials believed it was important that they go on record as supporting the concept of affordable housing, and the symposium offered the opportunity to do that. Furthermore, zoning changes, now under discussion (including increased density and cluster development) would not be possible had the community not agreed during the symposium to support these concepts. All segments of the community—the elected officials, city and county staff, neighborhood groups, and developers—felt a part of the process and a sense of ownership of the process and goals.

CONCLUSION

The ultimate test of worth of development regulations is what they do toward achieving the community's overall development objectives. Regulations are tools for safeguarding and promoting community objectives. Where they work at cross purposes to these objectives, they need to be changed or eliminated. □

3

Facilitating the Reform Process

This chapter presents strategies for easing the process of regulatory reform. Techniques will be discussed relating to selling reforms to the community and political leaders, working with the business community, and easing the effect of changes on staff. The discussion focuses on general techniques that communities may use in reforming their regulations, taking their own political climate into account.

SELLING REFORMS TO THE COMMUNITY

To be effective, regulatory reform must have the support of the community. Homeowners are often very much aware and highly protective of those regulations that can affect them. Some communities find that providing opportunities for citizen participation slows the reform process. But bypassing meaningful citizen involvement eliminates the opportunity for legitimate complaints and invites community opposition. A balance between implementing a speedy regulation reform process and protecting the public's interest must be found if reform efforts are to succeed.

Using Citizen Committees

Several techniques may be used to prevent confrontations and help allay citizens' concerns about development reform efforts. Citizens can be used as resources to advise the local government about residents' concerns. In Phoenix, Arizona citizens participate on boards and commissions (the zoning ordinance review commission, the building and safety advisory board, the housing commission) as part of the regulatory reform process. Also, ad hoc citizen committees supplement these formal committees. A subcommittee of the Chamber of Commerce, composed of engineers, architects, developers, bankers, and lawyers, has been reviewing the internal administrative practices of several city departments. The subcommittee's purpose is to identify regulations that can be modified or eliminated to reduce turn-around time and costs on major development projects.

Workshops for Citizens

In Tucson, Arizona (330,500) the city planning department conducted a two-day community conference to encourage citizen participation in the zoning code revision process. Hoping to increase the community's awareness of current issues in zoning, the city invited experts in land-use regulation to speak. The major part of the program, however, was devoted to obtaining citizen viewpoints through discussions, evaluations, and question and answer periods.

Community Meetings

Another way to avoid citizen opposition is to use public forums to explain clearly both the benefits and disadvantages of the reform efforts. One approach is informal neighborhood meetings that are used to clarify the changes being proposed. Citizens can air complaints and voice constructive recommendations. Brochures, slide shows, and articles explaining the issues allow citizens to examine all the possible affects of the changes more leisurely, and to reach a more informed decision.

When Phoenix began implementing Phoenix Concept Plan 2000, it informed the public about it in various ways. (The Concept Plan 2000, adopted in July 1979, created a new development concept called urban villages. The city was divided into nine urban villages, each with a mix of housing types; a variety of employment, shopping, recreational, and educational facilities; and a core that is the focal point of the area and contains the most intensive land uses.) Staff members spoke before community organizations about once a week, and the city distributed a pamphlet describing the urban village concept. When farmland was to be transformed into the nucleus of one of the urban villages, the city met with property owners to resolve how best to implement the change.

In the city of Cleveland Heights, Ohio (56,400) city staff members have arranged neighborhood meetings on behalf of developers proposing specific new developments. Residents' fears were listened to, and the developer of one major project was able to make modifications in his plan in response to the residents' concerns. This made it possible to get a "green light" from the city council to go ahead with this much needed commercial project, which was in danger of being turned down by the council before the neighborhood meetings calmed the opposition.

SELLING REFORMS TO THE COUNCIL

Bringing about change is difficult sometimes and often not welcome. Local government administrators need to involve the community's political leaders at the beginning of the reform process, so that they will embrace, it is hoped, the

idea of reform on their own and then become advocates. Communities use various techniques to make reforms more acceptable to political leaders.

Sunset Clauses

In Salinas, California regulation reforms include a sunset provision; a new regulation is considered temporary and has an ending date. If it is successful, then it can be made permanent; if unsuccessful, it ends automatically. This has made regulatory reform more palatable to the political leaders because it has enabled them to make politically difficult decisions knowing that the law would expire automatically if they thought it hadn't worked.

Councilmembers Site Visits

Some city and county managers have arranged visits for key elected officials to other communities that have already met with success in regulatory reform efforts. If a councilmember is dubious about using a new approach, such as cluster housing or manufactured housing, often his or her reluctance is based on a strong image of such housing approaches as leading to "tacky" development. Sometimes the best way to overcome such images is not by discussion, but by letting them see successful examples of such affordable housing approaches. "A picture is worth a thousand words"—and a visit by councilmembers to communities that have done a first-class job in affordable development may go a long way toward getting them to buy into their own community's reform efforts.

Presenting Proposed Changes to the Council

Another technique for selling reforms to the council is to bring a few proposed changes several times a year, rather than trying to get the entire ordinance package rewritten at once. In Salinas, California the director of community development keeps a "hit file" of zoning regulation problems—a file of problems that the department staff encounters during day-to-day development review work. When several of these have been accumulated, a member of the staff drafts the appropriate zoning ordinance amendments and these are taken to the planning commission and city council as a clean-up package. This is done as often as necessary, usually three or four times a year. In this way, the director keeps the zoning ordinance current without undertaking the politically difficult task of a massive rewrite of the entire document.

WORKING WITH THE BUSINESS COMMUNITY

The development and business community must be involved during the regulatory reform process. Cooperation increases the likelihood that their concerns will be met and it helps build support for the process.

One common technique that communities have used to solicit the advice and support of local developers and business leaders is for the locality to form an advisory committee. This is comprised typically of key public and private sector leaders who advise local elected and appointed officials on regulatory and process changes. Other communities have used more informal methods. In Minnetonka, Minnesota (39,000), for example, local officials simply asked selected business leaders to comment on written drafts of the city's unit development ordinance. The approach was viewed favorably by both public and private sector officials.

Finally, some communities have undertaken joint development projects on a demonstration basis with one or more local developers. Demonstration projects can be an effective method for marshaling enough public and private sector momentum for a project, and will get an actual development built. But it also can do more. It can encourage other public sector leaders and developers to undertake similar efforts in which they might otherwise have been hesitant to get involved.

In Wichita, Kansas (279,000), for example, the city wanted to encourage infill development. It undertook an infill demonstration project with one developer. Two close-in units have since been built on city-owned land. Through the effort, the city was able to identify what city rules could be eased to promote infill development and was able to educate and encourage other developers to undertake similar projects. A similar effort is being undertaken in Columbus, Ohio (565,000), but with a consortium of developers that are each building one or more infill homes in a "Parade of Homes" format. (For more information on how to encourage infill development, see Chapter 5.)

EASING THE EFFECT OF CHANGES ON THE STAFF

Some members of the local government staff affected by regulatory changes may be opposed to, or fearful of, the changes underway.

In the early stages of implementing regulatory reform, coordinating the staff is imperative, yet most difficult to do. Staff training meetings may be needed to disuss problems and plan changes to make the new system work. Staff members, as representatives of the local government, must be kept abreast of all regulatory changes so that they know what they can promise and what they have to deliver.

To implement regulatory reform successfully, a local administrator must employ the political savvy to involve all the key players—the citizens, developers, staff, the council, and political leaders—and to find common ground for all. □

Part Three

Regulatory Reforms

Local government zoning, building codes, subdivision regulations, and their accompanying permit procedures often are confusing and inefficient. Each of these rules was enacted originally for good reason—to protect the health and safety of the community. But when taken together, the red tape can cause delays that drive up development costs and sometimes even discourage it completely.

Mark E. Keane
Executive Director
International City
Management Association

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Zoning Regulations

This chapter presents information on the use of zoning regulations to achieve the goal of affordable housing. It discusses ways to increase density, to use incentives in zoning regulations, and to increase the flexibility of ordinances.

THE POTENTIAL PAYOFF

When zoning was introduced in 1916, it represented the first major public effort to regulate private land. Today zoning remains one of the most important functions of local government. Through adoption of a local zoning ordinance a community has the power to ensure that new development and redevelopment are in accordance with its development goals and objectives.

Traditional zoning ordinances (also called euclidean or pyramidal zoning) were enacted to protect the community's public health, safety, and welfare. The approach of euclidean zoning is to segregate commercial, industrial, and residential areas because such uses were believed incompatible. In many communities, however, a gap has grown between zoning (the means) and community goals (the end result desired). Although zoning often is successful in prohibiting dangerous or incompatible uses, it sometimes fails to assure that desired community goals will be implemented. And sometimes, localities are so concerned that their ordinance is legally sound enough so they can avoid being taken to court, that they keep innovative development out.

Innovative zoning techniques can pay off. They can provide opportunities to promote specific community goals, to use cost-saving development methods, and to consider unique site characteristics.

Local governments that wish to encourage economic growth and lower housing costs, without sacrificing tax revenues, publicly owned land, and needed public improvements, may turn to zoning reform. Communities may find modernizing their zoning ordinance a relatively low-cost, effective incentive for development. To help communities think about upgrading their local ordinances, this chapter will look at ways to encourage higher residential density and mixed uses, the use of bonuses or incentives, and flexibility in ordinances.

DENSITY INCREASES

Increasing density and reducing lot sizes is an effective way to reduce housing costs. In the Twin Cities area of Minnesota, reducing lot size requirements from 11,000 square feet to 7,500 square feet decreased basic lot costs from $6,327 to $4,091.

Density issues are at the heart of many arguments today between neighborhood groups and developers of new residential properties. Developers argue that today's homes must be built on smaller lots to keep the land price and site development costs per unit reasonable. But, neighborhood groups worry about the effect of increased density on roads, water and sewer capacity, schools, and other facilities, not to mention property values.

Although there is no easy way to alleviate neighborhood resistance to increased density, local officials can point to these benefits:

- Increased density may promote affordable housing through savings in the cost of raw land per housing unit, and by spreading overall project costs for site improvements, infrastructure, construction, and utilities over a greater number of units.
- Increased density cuts the per unit cost of providing amenities such as recreational areas and community centers.
- Increased density may preserve land resources such as farmland, and environmentally fragile areas such as floodplains, by reducing the amount of raw land needed for development.
- Increased density may encourage diversity in the housing market by keeping unit costs at levels that allow for a broader range of structural and design options.
- Increased density may decrease energy consumption because of the benefits of common walls.
- Increased density is often associated with smaller housing units, which may be more sensible for today's smaller-size family. Between 1950 and 1970, floor space in new homes increased more than 70 percent. From 1950 to 1976, lot sizes nearly doubled. Yet during the same years, the average number of people in a household decreased from 3.37 persons to 2.86 persons. Many of today's existing larger homes may be too expensive and too big for today's home buyer.

Zero Lot Lines

Permitting zero lot line development is one way localities can encourage increased density development. Zero lot line developments solve one common problem associated with increased density: When densities are increased and lot sizes reduced, side yards tend to become so narrow that

they are almost useless, and neighbors' windows are often too close. With zero lot lines, homes are sited flush against one side of the lot, rather than set back from both side lot lines or centered on the lot. Some communities allow zero lot line housing to be sited on a common side lot line; others permit siting only on alternate lot lines. The variety of ways that homes with zero lot lines can be sited is shown in *Figure 4-1*.

Zero lot lines create larger side yards, which mitigates the problem of smaller yard space that higher density development often creates. Most communities that allow this technique do not allow the wall adjacent to the lot line to have windows or doors in order to ensure the resident's privacy.

Conditional Uses

A second technique a community can use to ease the shift to higher densities is to identify specific types of higher density development (e.g., townhouses) and classify them as conditional uses within single-family zones.

Conditional uses refer to uses deemed appropriate in some locations within a zoning district, but only if specified conditions are met. Conditional uses may be particularly valuable in encouraging development of small infill sites, where building to existing densities may be unprofitable. Also, conditional uses are sometimes more palatable politically than full-fledged zoning changes.

Allow Accessory Dwellings

Sometimes existing surplus space can be converted into an apartment, or a separate "granny flat" unit can be constructed in the yard of a single-family home. Martinez, California (22,500), for example, passed an ordinance in January 1982 allowing (and encouraging) such secondary housing units. These units are especially promising in older sections of the city where larger homes are no longer appropriate for today's smaller households. Although the ordinance allows additions to existing homes and new construction on developed lots, it also contains measures to assure the aesthetic and environmental quality of neighborhoods.

Demonstration Projects

If a community decides that higher density does make economic sense, the local government may wish to test the idea in a limited way before considering across-the-board changes in residential density. Selecting a neighborhood amenable to the idea or an area with expandable services (e.g., areas with excellent accessibility to mass transit) may be best. A well-designed project with good public/private cooperation may help generate support for density increases in other residential zones.

If outright density increases won't work for you, using density bonuses is an alternative worth considering.

DENSITY BONUSES

Communities that have a demand for higher density developments, but are unable or unwilling to make an across-the-board change, may find a bonus system valuable. In return for specific contributions of the developer (e.g., public plazas or parks), the city grants a density bonus, usually specified as a percentage of the total density allowable under existing zoning regulations.

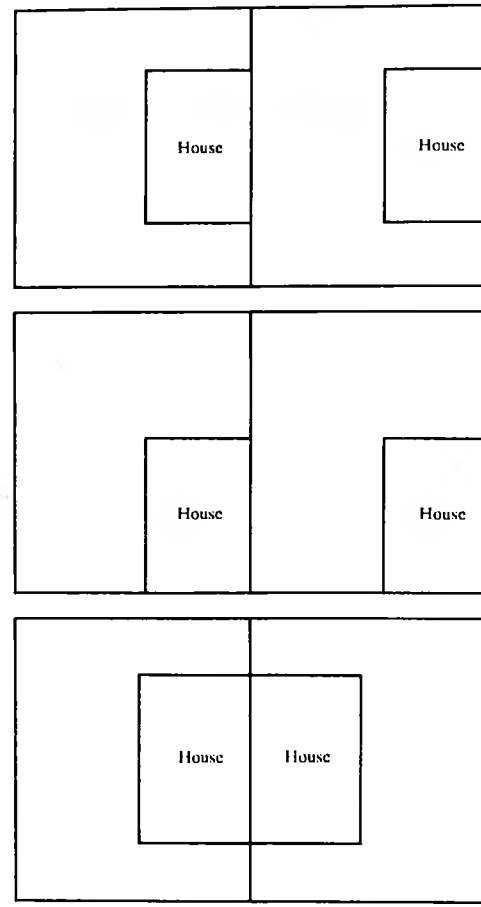

Figure 4-1. Zero Lot Line Development Options

CLUSTER AND PLANNED UNIT DEVELOPMENT

One of the most common techniques used to increase the flexibility of an ordinance is to allow clustering of units on lots smaller than those normally allowed in a specific zone, provided that the land that is saved is set aside permanently for common use, usually as open space. In such a cluster subdivision the overall site's density and use comply with the existing zoning requirements. The savings come from concentrating development on the portion of a site most conducive to building in its natural state rather than disturbing natural drainage systems and other natural

DEVELOPMENT OPTIONS IN PHOENIX

Phoenix, Arizona, has revised its residential zoning provisions to reduce the need for frequent rezoning. The city has reduced the number of residential classification districts from 27 to 10, with attention focused on density rather than on specific design. The zoning ordinance amendment is regarded as an important tool for implementing Phoenix's Comprehensive Plan, called the Concept Plan 2000.

The revisions include four development options for each zoning district: the traditional subdivision, a zero lot line subdivision, an average lot size subdivision, and planned development. For example, the last option allows any residential housing type in any district, and offers an automatic 5 percent density bonus and up to a 20 percent bonus for providing a greater amount of open space than the minimum. Thus, the option encourages innovations in design and housing type. The average lot size option, also available in all districts, allows design flexibility and a choice of public streets or private access ways without requiring a site plan or common open space. The zero lot line option encourages attached single family homes by allowing two homes to be sited on a common lot line.

The major goals of the development options are:

- To emphasize density rather than specific design
- To reduce the number of districts and thus the need for frequent rezoning
- To ensure compatability with adjoining development by exchanging design flexibility within a project for conformance to density guidelines and design standards.

With development options, development can proceed without the need for rezoning, provided basic density and performance standards are met. In this way, developers can respond quickly to changing market demands.

The new zoning provisions have contributed to a housing cost reduction estimated at 22 percent. This is attributable to four factors: (1) less land per unit, (2) reduced construction costs, (3) more compact floor plans, and (4) reduced off-site costs. Typical single family homes on 7,000 square-foot lots are selling for $54,000 to $80,000. One developer has been able to sell a 680 square-foot attached townhouse unit for a price in the mid $30s.

features. This is a practice that also protects the environment. Concentrating development also reduces costs by cutting the length of streets, sidewalks, and utility lines required to serve the units.

A planned unit development (PUD) also clusters units on a site, but this is a broader concept. As a rule, a PUD includes mixed uses, density increases over those allowed in the zoning ordinance in exchange for project amenities, and modifications in public improvement standards in return for better project design.[2]

Both the PUD and cluster development concept offer the developer a greater opportunity to confront concerns about the site in a cost-effective manner. All the units or buildings in a project can be shifted about the site so that attractive natural features can be used to best advantage and the problem areas can be avoided. The bulldozing of many acres to create a level site that will accommodate the maximum allowable number of rectangular lots can thereby be avoided.

Minnetonka, Minnesota is drafting an amendment to its zoning ordinance to establish a planned unit development district. The PUD is intended to facilitate development consistent with the comprehensive guide plan. The PUD district is being proposed to encourage:

- Good design by allowing, through a minimum number of substantive development standards, flexibility in land development and redevelopment
- Affordable housing
- Energy conservation through efficient building design and clustering
- Preservation of open spaces and sensitive environmental features
- Efficient use of land, open space, and public facilities.

PUDs are distinguished not by their size but by their flexibility. In Minnesota's Twin Cities area it was found that PUDs ranged in size from 5 acres to 8,000 acres, increased the variety of available housing types, and that homes in PUDs were less expensive than comparable single-family homes in conventional developments. Open space comprised 20 percent to 50 percent of the PUD developments.[3]

The flexibility of PUDs is the result of public/private negotiations—during the site plan review process—over the specifics of the site's development. Effective PUD ordinances set standards for density, open space, and landscaping. This helps the public and private sectors determine the framework for negotiations.

PERFORMANCE ZONING

Performance zoning, another flexible approach to zoning, is particularly effective in handling the issues of the environment, the capacity of public facilities, and compatibility with sites surrounding new development. Performance criteria—specific, quantifiable measures of impact—dictate under what conditions a project is allowed.

Performance zoning allows the marketplace to decide how to meet the specified standards that the community sets. It is a conscious legislative attempt to protect the interest of all parties involved while providing the basis for compromise and flexible criteria for development.

Fort Collins, Colorado, a growing city, has created a new system that uses performance standards to guide the development of private land.[4] The system replaces the city's old PUD ordinance and gives developers considerable flexibility as long as their projects conform to criteria designed to protect the health, safety, convenience, and general welfare of the community. Under this new system, called the Land Development Guidance System, the development potential of each particular site is evaluated on its own merits—size, shape, location, natural features, and site development concept—rather than according to a

predetermined zoning district classification. The system assures that developments are consistent with the community's overall development goals and policies, and that they meet the physical, social, economic, and aesthetic needs of the city.

Under the Fort Collins' system, a proposed development being evaluated is classified into an Activity Category, such as residential, community/regional shopping center, auto related and roadside commercial, or industrial. A series of criteria, which are used in evaluating the development, have been developed for each activity. An additional set of criteria is used for all developments regardless of activity.

There are both absolute and variable criteria. Absolute requirements must be satisfied before development approval can be granted. These include compliance with official plans, neighborhood compatibility, and certain engineering, public service, and environmental requirements. Variable criteria include open space, pedestrian circulation, landscaping, and design considerations. Points for each criteria are given and a maximum number of dwelling units (for residential uses) that will be permitted on the site is calculated. (All residential development must be a *minimum* of 3 units per acre to ensure efficient use of public services and facilities.)

See Appendix A for Fort Collins' list of criteria for each

TABLE 4-1. THE OLD AND THE NEW IN FORT COLLINS

Old Zoning Regulations	Land Development Guidance System
Land Use Zoning changes were occurring site-by-site rather than being based on a community plan. Some uses were barred from districts where similar uses had been permitted previously.	No land use is excluded from a particular site. Performance criteria ensure that adjacent land uses will be compatible. The site plan allows the city to evaluate whether the criteria are met.
Density The density of residential areas and allowable uses was bound by rigid limits under the planned unit development ordinance	The Guidance System has a defined *minimum* density that will ensure efficient service delivery. The maximum density depends upon how well the site plan matches the city's specific criteria.
Design There were no incentives or rewards for creative design.	A high quality of design is required. To reach the minimum number of points for approval, a developer has the flexibility to choose from a variety of design criteria. Land development is regulated on the basis of energy conservation, housing price, amenities, accommodation of alternative transportation modes, and public fiscal impact.
Use Criteria The system was unclear and inconsistent.	The use of performance criteria permits more objective decisions, and the basis for those decisions can be understood clearly. Data from different development proposals can be compared more easily. The precise criteria provide the support needed to defend all decisions.
Compatibility Adjoining land owners were not always protected from the adverse affects of new development (in part because the negative effects were not anticipated).	Obvious and less obvious effects are identified early because of the system's comprehensive approach.
Confrontation vs. Compromise Landowners were always at odds with developers. Because the system offered little room for compromise, one group had to lose. The city council and planning and zoning board, which had to decide the cases, often made unpredictable decisions.	Landowners and developers both win as a result of design factors that ensure neighborhood compatibility. All or nothing decisions are avoided.
Infill Development The regulations were imprecise in dealing with infill projects, and they retarded infill development	A balanced set of criteria is provided for all types of development, including infill.
Flexibility Conventional zoning requires that all land be zoned. Land was zoned for low density as a holding zone to retard development. As the low density areas were developed, pressure to maintain the low density ensued.	Land is developed according to the needs and goals of the community, not in an arbitrary way.

of the "Activity Categories," their final tally sheet, and a chart summarizing their review process.

The Land Development Guidance System is based upon the following assumptions:

- Any land use likely to occur in Fort Collins can, in most cases, be made compatible with neighboring land uses through careful design and buffering.
- Site and architectural design review are critical for quality development.
- The private market is in a better position to determine the appropriate location of industrial uses and regional/community shopping centers than the city. The city should be concerned with the performance of particular uses rather than their location on a zoning map.
- Higher density can be an incentive for residential developers to incorporate measures promoting larger community needs—such as low-income housing and energy conservation—which otherwise might be ignored.
- There are trade-offs in quality attributes of a project and in city objectives.

Fort Collins adopted the Land Development Guidance System in order to improve the quality, quantity, and process of development. While its old zoning and subdivision regulations had been successful in preventing uncontrolled growth, the regulations had weaknesses. These weaknesses, and the ways in which they were reduced or eliminated with the new system, are summarized in *Table 4-1*.

CONCLUSION

A variety of innovative approaches to zoning have been discussed in this chapter. Each of them can help reduce the cost of development and provide effective incentives for the kind of development that a community wants.

Changing zoning ordinances is rarely easy. Attempts at change usually generate an extensive amount of discussion (and sometimes concern), among residents, businesses, and developers. But, the payoff can be substantial in terms of reduced development costs and increased development that is consistent with the community's overall goals and objectives. □

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[1]Modest Cost Housing in the Twin Cities Metropolitan Area, *op. cit.*

[2]Welford Sanders, "The Cluster Subdivision: A Cost Effective Approach," *Planning Advisory Service Report* 356, (American Planning Association, 1980), pp. 1-3.

[3]"Modest Cost Housing in the Twin Cities Metropolitan Area," *op. cit.*

[4]The information that follows on Fort Collins' Land Development Guidance System was adapted from "The Land Development Guidance System," City of Fort Collins Planning and Development Department, 1981.

5

Infill Development

This chapter discusses some of the advantages of infill development, chiefly the revitalization of vacant or under-used areas and cost savings from the use of existing infrastructure. This chapter also explains and illustrates how communities can encourage infill development by making the development community aware of infill opportunities, using flexible regulations, allowing mixed uses, and maintaining an efficient processing system.

THE PROS AND CONS OF INFILL

In most mid-sized and large American cities, there are thousands of vacant sites in built-up areas. These sites represent a major opportunity for development at relatively low cost. In most cases, infrastructure is already in place, so new development can be far less expensive than in areas requiring new streets, sewers, and other facilities and services. For one reason or another, these sites have been bypassed by development or under utilized (e.g., parking lots that are excessively large for the actual needs of adjoining businesses).

Development on this land, often called infill development, is attractive for several reasons:

- Usually it is located in areas with existing streets, schools, sewers, and water, so additional costs for facilities and services are relatively low. Infill houses can be sold for $45,500 in Albany, New York (102,000), because the infrastructure is already on the sites. Similar houses in suburban Albany, where infrastructure has to be put in, cost $10,000 more per unit.
- Usually the land is in an already urbanized area, and therefore does not require the preparation of raw land, thus saving agricultural or other open land. Using this land does provide an opportunity for revitalizing marginal areas.
- Usually this land is located close to work, shops, and entertainment, so residents would require less gas and time for commuting.

Infill development, however, also poses problems to developers. First, land costs for infill development are often high, which may not be offset by the cost advantages of higher densities or existing infrastructure. For some infill locations, the per unit land price is as much as 15 times higher than for land in the urban fringe.

Second, infill parcels are often small. The type of development required may be unfamiliar to large-scale developers and the development may be difficult to market to the public. It is often difficult to assemble large parcels because land may be owned by several different persons. Infill parcels may be hard to obtain, because some owners may prefer to hold onto them in anticipation of higher prices.

Third, neighborhood groups often resist such development, which can cause delays that increase a project's costs. Residents express concern about various conditions that may result: incompatibility in design of the new buildings and existing structures, higher densities, increased traffic, parking problems, and the displacement of existing residents.

Fourth, public costs of servicing the additional population with schools, recreation, sanitation, and police and fire services may be higher than the incremental tax revenues. Current service capacity may determine the type of infill development that is most desirable in a particular community.

Despite these problems, infill sites offer an important source of potentially buildable land. In San Jose, California (637,000), for example, approximately 50 percent of new housing recently built is infill housing.

ENCOURAGING INFILL DEVELOPMENT

Below are four techniques that local governments can use to encourage infill development.

Increasing Developers' Awareness

Developers and financial institutions usually have more experience building on raw land at the fringe of a community. They prefer to repeat that experience rather than try something new, which they may view as more risky. Local officials, however, may be able to foster infill development by providing incentives, or simply by making developers aware of opportunities they might not have noticed.

Wichita, Kansas, where a short commute to downtown and inexpensive land at the city's fringe encourages sprawl, is promoting infill development with the help of experts. Top city staff recently held a one-day workshop at which two outsiders, familiar with infill (a planning director from another city and a developer who focuses on affordable infill housing projects), discussed infill opportunities with Wichita's key public and private sector officials. Later in the day, the city provided a bus that toured potential infill sites and an infill demonstration project being run by a local builder in which the city is helping cut red tape (see "Close Public/Private Cooperation," below).

Using Flexible Regulations

A community that is willing to be flexible with its regulations improves its chance of fostering infill development.

San Jose, California uses a flexible planned unit development approach in each new housing project, no matter how small. Careful design is emphasized so that the infill housing is compatible with the neighborhood and with adjacent properties. Residential projects on parcels of two acres or less are allowed to use the next higher, or lower, density specified in the general plan.

There is an interesting postscript to the concept of reducing standards for infill development. If certain requirements can be waived for some developments, it may be inferred that they are not essential to the health, safety, and welfare of the community; perhaps then, it is assumed, the requirements can be waived for *all* projects. When considering the use of reduced standards, it behooves a local official to question the reason for their use and to decide if some existing requirements could be eliminated completely.

Allowed Mixed Uses

Mixed use areas may have multiple uses within a given building (a ground floor business with a living unit above) or within a specific geographic area. Mixed use zoning contradicts a basic assumption of traditional, or euclidean, zoning—that different uses must be separated for mutual protection. Instead, it reinforces the goal of a balanced community with many uses interacting for the benefit of the area. Mixed use zoning can be a vehicle for many community goals: integrating land uses, encouraging residential uses in downtown commercial areas which help keep them "alive" after working hours, providing economic incentives to developers, and creating a sense of community and safety in less desirable neighborhoods.

In Brattleboro, Vermont (12,000), a community with an increasing daytime workforce and large amounts of undeveloped land, there are few parcels of vacant land with available water and sewer service. Recently, the city changed the zoning ordinance to allow light industrial and manufacturing uses in the commercial zone (which has available water and sewer service). In this way, the community has served the dual goal of providing jobs by offering more attractive sites to industries and bringing new customers into a sluggish commercial area.

Close Public/Private Cooperation

If a local government really wants to encourage infill development, it needs to work closely with the private sector and be willing to be flexible.

In Wichita, Kansas the city worked in close cooperation with a local home builder, who eventually constructed two affordable housing units on city-owned infill land.

The city government was instrumental in working flexibly with the developer to make the project a reality. First, to help reduce the costs of the homes, the city agreed to accept payment for the land when the housing units were sold. This allowed the developer to save interest costs for the period before the units were available for sale.

The units, 800-square foot duplexes with a shared garage, are built on a 50 foot by 120 foot lot, or 6,000 square feet. (This is equivalent to a density of 12 units per acre.) The units vary somewhat in design, so there is a slight difference in price—$41,700 for one, $42,500 for the other. Because the homes were built on an infill site, the homes' buyers will save $70 to $100 per month in special taxes for new infrastructure.

Since the building site was owned by the city, the process of transferring title was complex, and caused the project's longest delay. The city staff alleviated this problem, however, by allowing the builder to begin development before the transfer process was completed.

Wichita is offering strong support and incentives to developers interested in building affordable housing on infill sites. It is doing so through a commitment to being flexible with its codes and helping ease the local acquisition process to make the project financially feasible for the developer.

CONCLUSION

Infill development is not easy. Close-in land costs may be high and parcels can be small and difficult to assemble. But, development costs can be much less expensive on infill land since sites usually are served with existing infrastructure. This chapter highlighted several techniques communities can use to stimulate infill development. The key for local officials is to decide if infill development is right for their locality, and if so, to work with the development community and neighborhood groups to help make it a reality. □

6

Manufactured Housing

This chapter discusses what manufactured housing is and what it is not. It describes why manufactured housing is becoming an increasingly important affordable housing option, and discusses the impact on localities of recent federal and state requirements concerning manufactured housing. Finally, it discusses what local governments can do to encourage the development of manufactured housing in their communities.

DEFINING MANUFACTURED HOUSING

Manufactured housing is a generic term that refers to housing built in a factory rather than on site, but there are some important differences among factory-built shelter products. At the risk of oversimplification, this report separates manufactured housing into two major groups: manufactured homes and modular/panelized homes.

A manufactured home is designed, engineered, and assembled in a factory and then towed to its site. It is designed to be used with or without a permanent foundation and comes complete with plumbing, heating, air conditioning, electrical wiring, major appliances, and often furniture. Manufactured homes must meet certain federally imposed minimum quality standards. (These federal requirements are discussed in a subsequent section of this chapter.)

Modular or panelized units are also factory built but do not have a chassis or wheels attached. They are transported on flat bed trucks to sites where they are placed on a permanent foundation (which is built on site). As a rule, local government ordinances consider modular/panelized homes to be equivalent to site-built houses. The modular/panelized unit and its permanent foundation must comply with state and local building codes. Pre-cut, pre-fabricated, component, shell, modular, and panelized are some of the terms used to refer to the products in this category.

This chapter focuses its attention on the manufactured home, although some of its points are applicable to modular/panelized homes.

The term "mobile home" sometimes is used interchangeably with manufactured housing. Actually, as a result of the federal standards (discussed below), today's manufactured home is far safer, better insulated, and better designed than the trailers that often come to mind when the term "mobile home" is mentioned. In fact, in 1980, Congress legislated the term "mobile home" out of existence. In the omnibus Housing Act of 1980, any mobile home larger than 320 square feet was defined as a "manufactured house." (Any mobile home smaller than that was to be called a "camping trailer, recreational vehicle, or park model.") Since 97 percent of all manufactured homes are placed on a permanent foundation and never moved again, the new term "manufactured home" is clearly more appropriate than "mobile homes."

An integral part of each manufactured home is a wheeled chassis. Although the axle, wheels, and a connecting "tongue" can be removed, the two I-beams of the chassis remain a basic structural element.

Most manufactured homes are structurally complete when they leave the factory and include all four walls, floor, and roof completely joined. However, about one-third have two or more structural components that are joined at the site. The width of manufactured housing components is limited by maximum permissible highway loads. Since most states permit loads up to 14 feet wide on their highways, this is the most frequent component width. As a result, some buyers prefer manufactured homes called "double-wide" or "multiwide," which have two or more sections joined together.[1]

MANUFACTURED HOUSING: AN INCREASINGLY POPULAR AFFORDABLE HOUSING OPTION

Manufactured homes are proving to be a viable, affordable alternative to site-built homes, and they are becoming increasingly popular for home buyers. In 1979, manufactured housing accounted for 85 percent of all homes built for under $30,000 and 76 percent of all homes built for under $40,000. More than one-third of all new homes sold in the country in 1981 were manufactured homes, up from 29 percent in 1980, as reported by an industry trade group, the Manufactured Housing Institute.[2]

Manufactured housing buyers tend to be either young couples purchasing their first home, or older individuals or couples seeking a retirement residence. This market segment continues to be a major element in the manufactured housing buying population. However, as the proportion of multisection units increases, an increasing number of middle-aged households (ages 30 to 55) are choosing to live in manufactured homes. This new market group tends to have a higher socioeconomic profile, with higher incomes and more education than the typical younger or older manufactured home buyer, and this new market group is likely to increase.[3]

There are several reasons for the increasing popularity of manufactured homes, including their attractive price, improved design and safety standards, and more attractive financing options.

Price

In November 1981 the typical price for a double-wide manufactured home of 1,152 square feet (including land, transportation from factory to site, and set-up) was $31,690.[4] The manufactured housing industry estimates a $17.80 per square foot construction cost, excluding land, for the typical home. That's more than 40 percent below the National Association of Home Builders estimated national average of about $30.00 per square foot for conventional homes.[5]

There are several reasons for manufactured homes being less expensive than site-built homes. First, efficient factory production of these homes cuts the number of hours of labor in half. Builders can work independent of weather conditions and, since all materials are in stock, construction does not stop as it can in a single site operation while waiting for materials.[6] In addition, the builder saves financing costs which, it is hoped, can be passed along to the buyer. This is because the unit can be set up and finished immediately after it arrives at the site, which shortens the interim financing period necessary for the unit, the land, and the site improvements.

One commonly held misconception about manufactured homes is that they depreciate in value over time. In fact, this simply is not the case. According to the Manufactured Housing Institute, mobile/manufactured homes built since 1973 actually appreciated in value from 5 percent to 27 percent on a national basis.[7]

Federal Regulations Mean Higher Standards

Another reason for the increasing popularity of manufactured housing is the vast improvement in the product itself. Much credit for this must go to the Federal Mobile Home Construction and Safety Act of 1974.[8] The legislation provides for a national, uniform set of construction and safety standards to which all manufactured homes must be built. It gives the U.S. Department of Housing and Urban Development (HUD) responsibility to establish and enforce these standards.

The HUD code was derived largely from a set of voluntary industry standards adopted by the American National Standards Institute (ANSI). Under the new, national, pre-emptive code, no state can alter it by making its requirements either more or less stringent.

The HUD code, which became effective in 1976, covers the design and construction process. It also establishes certain procedures concerning consumer complaints regarding construction defects. In each manufactured housing and construction plant, HUD-approved inspectors review all manufacturers' designs, specifications, and quality control programs. They conduct in-plant inspections of each manufactured housing unit to determine if it is being constructed in conformance with the standards. A HUD inspection sticker appears on approved units, and homes without the sticker cannot be sold. The HUD approved inspectors may be either from private firms or state agencies.

The HUD code requires that all manufactured homes sold in the United States today must include the following:

- An electrical system that conforms to the National Electric Code
- Fire retardants for furnace and hot water heater surfaces and other interior surfaces
- Smoke detectors, audio alarms, and adequate egress
- A permanent anchoring system that can withstand wind up to 90 MPH in hurricane prone areas
- Adequate design and quality control in the plant to assure the product's durability during transportation and set-up
- Adequate insulation in the ceiling, roof, walls, and floor to keep heat losses in the winter at specified levels.

The HUD code is one national standard that appears to benefit both builders and consumers. In addition to protecting buyers' health and safety, the code has helped dispel negative consumer perceptions concerning the quality of manufactured housing. It has also saved manufacturers from having to adapt production lines to meet standards of the more than 1,800 local building codes across the country.[9]

Financing

Recent changes in the national financing picture have also brightened the future of manufactured housing. Change in the legal status of manufactured housing was the first milestone. Prior to 1980, mobile homes were considered personal property only. This was changed with the 1980 Housing and Community Development Act, in which the term "mobile home" was officially changed to "manufactured housing." Under the new law, when a manufactured home is placed on privately owned land it is now considered real property, to be taxed and financed as real estate.

In January 1981, the Federal Housing Administration (FHA) announced that manufactured housing would be accepted for long-term financing and insurance under FHA (Title II, 203b and 245) programs. Now, loans can be made for manufactured homes with 30-year amortizations by FHA-approved lenders, rather than the typical 15 to 20 year terms for similar homes in the past.

The maximum loan amounts on the HUD-administered manufactured home and lot loan program was raised with the 1981 Omnibus Reconciliation Act. The loan guarantee ceiling is now $35,000 for a single section manufactured home with lot (up $7,500) and $47,000 for a "double-wide" (up $11,500). The insurable loan limits for a lot rose to $12,500 (up $2,685).

In addition, now that manufactured housing can be financed and taxed as real estate, the Mortgage Guarantee Insurance Corporation (MGIC) has been issuing Private Mortgage Insurance (PMI) since 1980 on manufactured homes that are placed on private property and treated as real estate. As a result, loans can be offered with 5 percent to 10 percent down payments rather than the 20 percent or more down payments required earlier. Finally, the Federal National Mortgage Association (Fanny Mae), the huge secondary market corporation that buys mortgages to stimulate housing lending, began buying mortgages for houses assembled off site.[10]

STATE GOVERNMENT AND MANUFACTURED HOUSING

Several states have enacted legislation that affects the way city and county governments can regulate manufactured housing. For instance, several states, including California, Vermont, Indiana, and Kansas, have enacted legislation that prohibits cities and counties from arbitrarily exclud-

ing manufactured homes from their communities through local zoning ordinances. For instance, in California, the Rains Bill (Senate Bill 1960) was enacted in 1981. Under this law, cities or counties cannot prohibit manufactured homes built to HUD standards from being placed on lots zoned for single-family dwellings. Local governments may subject these manufactured homes to the same set-back requirements that would apply to site-built, single-family dwellings. The homes also may be subjected to reasonable architectural standards concerning roof overhang, roofing material, and siding material.[11]

In Michigan, the State Supreme Court ruled that local exclusionary zoning against manufactured housing is unconstitutional. In its 1981 ruling, the court found that a single mobile or manufactured home "is not in itself a nuisance," and that a community's zoning cannot restrict a home's location simply because it is a manufactured home.[12]

Some states have moved beyond prohibiting the *exclusion* of manufactured homes to promoting their *inclusion* in communities. In Nebraska, for example, all communities must provide at least one zone where manufactured homes can be located on individually owned lots.

THE ROLE OF LOCAL GOVERNMENT OFFICIALS IN MANUFACTURED HOUSING

Some local governments have begun to reform their local development regulations to remove the disincentives for manufactured housing. Others have developed ways to make manufactured housing more compatible with surrounding neighborhoods. Still others have included incentives for manufactured housing development in their ordinances. Finally, many local officials have begun to work cooperatively with local members of the manufactured housing industry to help dispel the negative perceptions that citizens often have about manufactured housing.

Reforming Local Regulations

A number of communities have removed impediments to manufactured housing development from their local ordinances, either in response to state mandates (see above) or simply on their own. For example, prior to the passage of state legislation in Indiana prohibiting zoning discrimination for manufactured housing, Greenwood City (16,000), an Indianapolis suburb, allowed manufactured homes only in mobile home communities. Now that the state legislation has been adopted, Greenwood City revised its ordinance to allow multisection homes built to the HUD standards on a permanent foundation onto any building lot as long as the home had siding and roofing that was compatible with site-built homes in the community. Single-section "residentially designed" homes put on permanent foundations are permitted in many residential areas with the approval of the zoning board.[13] In California, several cities have enacted architectural compatibility standards in accordance with the state's Rains Bill, enacted in 1981, which prohibits localities from discriminating against manufactured homes.

Iowa Park, Texas (6,000) is one community that revised its zoning ordinances on its own because local officials felt there was a need for more affordable housing, especially for the young and elderly. The city, which previously allowed manufactured homes only in parks designed for that purpose, created a new residential zone that allowed the siting of manufactured housing outside of these parks. This new zoning district was established in an area adjacent to several manufactured housing parks, but was designed to be mixed between manufactured homes and site-built homes. City officials feel that the new zone has helped stabilize the neighborhood and was the proper response to the changing attitudes about, and increased public demand for, manufactured housing.

Several communities have adopted design standards and architectural criteria for manufactured homes in recognition of one of the most commonly expressed concerns about that form of housing: the inability to harmonize successfully with traditional site-built housing nearby. In Maine, for example, a group of local officials joined together and developed specific size, appearance, and foundation standards for manufactured homes in a variety of residential neighborhoods. For instance, a 12 foot long manufactured home with a roof pitched at only 14° would be permitted in mobile home subdivisions or multifamily residential zones. But, the unit would need to have a minimum length of 20 feet and the roof must have a pitch of at least 28° if the unit is to be permitted in a historical or single-family village residential area.[14] A summary of these standards appears on *Table 6-1*.

Some communities have added incentives to their ordinances to encourage manufactured housing development, particularly to meet the housing needs of special groups, such as the elderly. Plymouth, Massachusetts (35,900), for example, has developed regulations for a manufactured home zone for the elderly. Others have adopted a concept currently used in Australia called "mother-in-law" units or "granny" flats. In areas where back yards are large enough, but homes are too small to accommodate a separate apartment, small manufactured homes may be placed on temporary foundations in the yard. This is done with the proviso, for example, that the unit's permit be renewed at a specific time and only under specified circumstances. The additional unit usually is occupied by one or two elderly persons, often but not necessarily members of the extended family of the owner/occupant of the initial unit on the lot.

Helping to Change the Public's Negative Perceptions of Manufactured Housing

As this chapter has pointed out, today's manufactured housing product is far better than many consumers realize.

It is crucial that local officials help dispel the negative, inaccurate perceptions the public has about manufactured housing. To do this, local officials need to act as catalysts by initiating contacts with manufactured housing industry officials in their communities. Local officials that are interested in promoting this alternative form of affordable housing in their communities can solicit the help of manufactured housing industry officials in conducting a general citizen education and consumer promotion campaign. Local government managers can encourage their local manufactured housing industry officials to undertake some of the following activities in their communities.

Showcasing the product. One of the strategies that has been very effective in promoting manufactured housing is showcasing today's product in well-trafficked public loca-

TABLE 6-1. POSSIBLE STANDARDS FOR SITING VARIOUS TYPES OF MANUFACTURED HOUSING, ACCORDING TO VISUAL CHARACTER

	Village Residential	Suburban or Developing Residential	Multi-family Residential	Historical Areas	Rural - Restrictive	Rural - Non-Restrictive	Mobile Home Parks*	Mobile Home Subdivisons	Shoreland: Limited Residential
Proportions									
Minimum horizontal dimension 20'	P	P	P	P	P	P	P	P	P
Minimum horizontal dimension 14'	—	C	P	—	C	P	P	P	C
Minimum horizontal dimension 12'	—	—	P	—	C	P	P	P	—
Minimum horizontal dimension under 12'	—	—	—	—	—	—	—	—	—
Single Section unit designed, by manufacturer, to accept T or L addition	P	P	P	P	P	P	P	P	P
Appearance and Materials									
Minimum roof pitch of 6/12 or steeper (about 28°)	P	P	P	P	P	P	P	P	P
Minimum roof pitch of 3/12 (about 14°)	—	P	P	—	P	P	P	P	P
Rounded or flat roof	—	—	—	—	—	—	P	—	—
Roofing shingle or shingle-like**	P	P	P	P	P	P	P	P	P
Roofing smooth or corrugated surface	—	—	—	—	—	—	P	—	—
Exterior walls or traditional site-built appearance	P	P	P	P	P	P	P	P	P
Exterior walls not of traditional site-built appearance	—	—	—	—	—	—	P	—	—
Treatment Below Unit									
Frost Wall	P	P	P	P	P	P	P	P	P
Grade Beam or Floating Slab (with masonry-type skirting)	—	P	P	—	P	P	P	P	P
Gravel pad only	—	—	—	—	—	—	P	—	—
Construction Standards									
Not certified as meeting HUD or State standards	—	—	—	—	—	—	P	—	—

P = Permitted
— = Not Permitted
C = Conditional upon the narrow sections being attached in T or L shapes
** Traditional "standing seam" metal roofs are permissible

Criteria for Rural Restrictive Zone: moderately densely settled areas, or areas where smaller lots (1 acre or less) predominate, or areas with concentrations of traditional or significant architecture.

Criteria for Rural Non-Restrictive Zone: fairly thinly settled areas with lots having larger dimensions (including longer frontages and greater setbacks), and areas with mixed housing types with no significant architecture.

DEFINITIONS

Frost Wall: A masonry foundation wall extending below the ground surface, supported by footings located below the frost line, to protect structures from frost heaves.

Grade Beam: That part of a foundation system (usually in a building without a basement) which supports the exterior wall of the superstructure; commonly designed as a beam which bears directly on the column footings, or may be self-supporting. The grade beam is located at the ground surface and is well-drained below.

Floating Slab: A reinforced concrete slab which is designed to withstand pressures both from below and above.

Exterior Walls of Traditional Site-Built Appearance: Siding materials such as clapboards, shingles, and shakes, including synthetic or metal siding manufactured to closely resemble clapboards, shingles and shakes. This term shall also include masonry, wood board-and-batten, and "Texture III" exterior plywood, but shall not include artificial masonry, or fake board-and-batten made from metal.

Masonry-type Skirting: This refers to concrete blocks which are arranged to resemble a foundation, but which are not necessarily mortared.

Mobile Home Subdivison: A subdivision designed and intended to accommodate mobile homes, either exclusively or primarily. Lots in such a subdivision would normally be sold to individuals wishing to live there.

**Any such approach must be adopted to local needs and problems. This should NOT be cut out and put into your zoning ordinance.*

SOURCE: *Maine Townsman*, Maine Municipal Association, July 1982.

tions—regional shopping centers are a particularly effective location. One manufactured home dealer says that his shows of this type in a southern Virginia regional mall had heavy traffic and lines of interested viewers continuously during the three-day show period.

Developing a model site. A second alternative is for local government staff to identify a developer who can create a small subdivision site that can be used as a model for a longer period of time than a shopping center-type display. This may be a temporary site or a small permanent demonstration project with manufactured homes for sale. Such demonstrations can help show how manufactured homes can fit into neighborhoods with site-built homes and can encourage greater local acceptance of manufactured housing as a viable shelter alternative.

CONCLUSION

Manufactured housing may not be right for all communities. But, in areas where local officials are committed to increasing the supply of affordable housing, manufactured housing is a viable and increasingly popular option. Local officials in those communities need to look for opportunities to increase the use of manufactured housing in their area. The old perceptions about manufactured housing—that they are all simply "trailers"—may be hard to change, but today's manufactured housing product is one with a far improved design, safety record, and financing options. Local officials in these communities need to enact sensible regulations to permit and even encourage the use of manufactured housing. This, combined with a practical program to improve citizens' understanding of today's manufactured home, can be an effective avenue for local officials who wish to provide affordable housing opportunities. □

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[1] Thomas E. Nutt-Powell, *Manufactured Homes: Making Sense of a Housing Opportunity*, (Boston: Auburn House Publishing, 1982), pp. 1-7.

[2] Robert Galano, "Mobile Homes Given Boost," *The Washington Post*, February 27, 1982, p. F-1.

[3] Thomas E. Nutt-Powell, *op. cit.*, pp. 157-158.

[4] Thomas E. Nutt-Powell, "Mobile Homes are Getting Classier," *Planning* 48, February 1982, p. 21.

[5] Fran J. Donegan and Walter C. Updegrave, "Is Factory Built Housing Ready to Deliver?" *Housing* 59:3, March 1981, pp. 49-63.

[6] "Housing for the Eighties," (a booklet), Manufactured Housing Institute, Arlington, VA, 1980.

[7] *Ibid.*

[8] The material in this section was adapted from Donegan and Updegrave, "Is Factory Built Housing Ready to Deliver," and Nutt-Powell, *Manufactured Homes: Making Sense of a Housing Opportunity*. (See notes above.)

[9] Donegan and Updegrave, *op. cit.*

[10] This material adapted from Galano, *op. cit.*, and John Pollis, "Advances for Manufactured Housing in the 1980s," *Housing*, (date unknown).

[11] Thomas E. Nutt-Powell, *op. cit.*, p. 121, and Joseph E. Donabed, "Zoning: Mobile Home Options and Opportunities," *Western City*, July 1981, pp. 6-7.

[12] Arthur D. Jenkins, ed. *Jenkins Manufactured Housing/Recreational Industry Business Management*, (newsletter), March 1981, p. 1.

[13] "Perspective," *Mobile/Manufactured Housing Merchandiser*, May 1982, p. 10.

[14] Randall Arendt, "Manufactured Homes: An Innovative Approach to Municipal Siting Standards," *Maine Townsman*, July 1982, p. 15.

7

Subdivision Standards and Building Codes

This chapter discusses two areas for potential reform: subdivision standards and building codes. It highlights ways that communities can reduce development costs by changing subdivision requirements, and discusses the key issues involved in developing an effective building code enforcement program, given today's realities of high-priced development. The chapter identifies ways to modify subdivision standards and building codes and reduce development costs without sacrificing the community's overall health and safety.

SUBDIVISION STANDARDS

Communities can help lower the cost of housing and development by reevaluating their subdivision ordinance and modifying the regulations where necessary and possible. In many cases, minimum requirements can be lowered to reflect current usage and needs. For instance, many communities' standards for parking space sizes have not been updated to reflect the proliferation of smaller-sized cars. Similarly, if the locality's minimum acceptable standards for such items as curbs, sidewalks, or streets are lowered, housing costs should be reduced, assuming the cost for these items is paid by the developer and passed along to home buyers.

There are a number of areas of subdivision regulations that communities can address.[1] First, localities have found that housing costs can be lowered if sidewalk requirements are reduced or eliminated. A number of localities have eliminated completely requirements for public sidewalks on cul-de-sacs or courts. Others have found that four-foot wide sidewalks on only one side of the street, especially non-through streets, are adequate. In Scottsbluff, Nebraska (14,000) local officials estimate that an average of $350 would be saved by home buyers if sidewalk widths were reduced from five feet to four feet and only required on one side of the street.

Street width is another issue that needs to be reevaluated. The U.S. Department of Housing and Urban Development and the National Association of Home Builders estimate that streets alone can account for 25 percent to 45 percent of the total land development costs for a subdivision.[2]

Reducing street widths can be beneficial to everyone involved in a development process. The local government stands to benefit because one benefit of reduced street widths is that more land is available for development; and this can add to the local tax rolls. Builders clearly like the fact that they have more land to sell. And owners benefit because narrower streets add to a human scale in their neighborhoods.

In some communities, city and county engineers and fire departments balk at narrower streets, arguing that emergency vehicles have a difficult time maneuvering. In Charlotte, North Carolina the city has an enlightened view of narrower streets, permitting narrower streets in certain instances. The fire department understands that, under the rare occasions that there is a fire and their equipment cannot get through a narrow street, they can drive over front lawns and bushes.

Streets should not be built any wider than their average daily traffic flow would require. HUD and the National Association of Home Builders have developed a set of street standards for various types of uses. These are shown in *Table 7-1*.

Average daily traffic and the required street widths can be reduced in several ways. First, communities can reduce the number of subdivision entrances from arterial streets or highways, which would reduce street width requirements on all non-entrance streets. Utilizing one way streets is another way to minimize street and paving widths. Finally, reducing requirements for parking space on streets will permit narrower residential streets.

Another way that localities can reduce housing costs by modifying their subdivision regulations is in the area of curbs and gutters. In Shreveport, Louisiana (205,800) a HUD demonstration project concluded that $135 per housing unit could be saved by eliminating gutters.[3] Scottsbluff, Nebraska is considering a proposal to permit the use of one-piece rolled curbs rather than the typical vertical or "L" type curbs that normally are used. Rolled curbs are less expensive than vertical curbs, they can be driven over, and they blend nicely with driveways, which eliminates the need for expensive driveway curb cuts.

BUILDING CODES*

There are two categories of codes enforced at the state or local level that pertain to buildings: those dealing with

* This section was developed with the assistance of David Hattis of Building Technology, Inc., Silver Spring, Maryland. BTI specializes in building codes issues, and was instrumental in developing HUD's 1980 voluntary Rehabilitation Guidelines.

building construction and those dealing with building maintenance and use.

Construction codes in a jurisdiction may include some or all of the following:

- Building code (regulating structural stability, fire safety and health)
- Electrical code
- Plumbing code
- Mechanical code
- Energy conservation code
- Gas code
- A variety of specialty codes, such as elevator or boiler codes.

A jurisdiction frequently may attach a variety of special interest statutes onto one or more of its construction codes. Examples in this area are accessibility to persons with disabilities and historic preservation provisions.

To accomplish their objectives of safety, health, welfare, and property protection, the codes regulate design, construction and construction materials, repairs, use, maintenance, moving, and demolition of buildings. Codes also contain administrative provisions for code enforcement, as well as licensing requirements for contractors and construction trades.

TABLE 7-1. RESIDENTIAL STREET DESIGN STANDARDS

Street Description

	Place	Lane	Sub-collector	Collector	Arterial
Service	Very light	Light	Local traffic	Local & thru	Thru only
Traffic ADT[1]	0-200	201-500	501-1000	1001-3000	3001+
Pavement width					
No parking	18′	18′	26′[2]	28′	([3])
Parking 1 side	18′	18′	28′	36′	([3])
Parking 2 sides	26′	26′	36′	36′	([3])
R.O.W. width	24′-30′	24′-30′	44-′60′	44′-60′	([3])
Street slope[4]	0.5% to 15%	0.5% to 10%	0.5% to 10%	0.5% to 8%	([3])
Maximum speed	20 mph	25 mph	39 mph	35 mph	([3])

[1] Average daily traffic.
[2] Two nine-foot moving lanes plue one eight-foot emergency stopping lane.
[3] Arterial streets shall be designed for specific traffic and roadway conditions as well as other related factors.
[4] Adequate cross slope of at least two percent is required to prevent ponding.
SOURCE: NAHB Research Foundation, Inc., *Building Affordable Homes: A Cost Savings Guide for Builder/Developers*. (Washington, D.C.: Department of Housing and Urban Development, 1982), p. 10.

Construction codes may be adopted at the state or local level, depending upon state law. The various codes (building, electrical, plumbing, etc.) may be enforced by one agency or several. The enforcement of construction codes usually is triggered by an application for a permit (e.g., building, electrical, plumbing) to construct.

Building maintenance and use codes apply to existing buildings and may include some or all of the following:

- Housing code
- Fire prevention code
- Health code
- Hazard abatement codes.

Housing codes traditionally have been used to establish minimum levels of safety, health, and sanitation in existing residential buildings, and to provide a means for eliminating substandard housing. Fire prevention codes are intended to control fire hazards in buildings of various occupancies through proper operation and maintenance procedures, and to assure the proper functioning of a building's fire safety features such as exits, standpipes, fire alarms, and automatic sprinklers.

Various health codes control cleanliness and sanitation in food handling and preparation areas in hotels, restaurants, and places of public assembly. Hazard abatement codes ensure that an enforcing body acts legally when it deems a building to be dangerous and requires its repair, evacuation, or demolition. Health and hazard code enforcement usually results from complaints, inspections, or other actions that bring the potential hazard to the attention of the authorities.

There has been a growing trend toward regional or national model codes, rather than having autonomous, locally developed codes. Today there are three principal model code groups: Building Officials and Code Administrators International (BOCA), International Conference of Building Officials (ICBO), and the Southern Building Code Congress International (SBCCI). Each publishes a set of construction codes and maintenance and use codes. Several single model codes, such as plumbing and electrical, also are published by other organizations.

Codes have long been recognized as contributing directly and indirectly to the increased cost of building, housing and community development. This potentially adverse impact of codes can be related to several direct issues, each of which is discussed briefly.

Proliferation of Codes and Building Regulations

A variety of codes, standards, and regulations promulgated at a variety of government levels—construction codes, housing codes, health codes, fire prevention codes, etc.—all must be enforced by local code enforcement personnel.

Some of these codes are inconsistent with others. Some are updated more frequently than others. Some may be based on national models, while others may be locally developed. Finally, the adoption and amendment of some of these codes may be under the sole jurisdiction of a higher level of government, such as county or state.

For all of these reasons, the proliferation of codes and regulations makes it difficult to develop a consistent set of codes and regulations responsive to a clear set of community development policies. Not infrequently one hears the

anecdote of the local building department issuing a certificate of occupancy one day, and the local fire inspector citing the same building for noncompliance with another code the next.

Using model codes. The process of review and amendment necessary to assure the consistency of a wide range of codes and regulations may tax the resources of even the most sophisticated local jurisdiction. One solution is offered by the model code groups that publish models of most, if not all, of the codes needed to regulate buildings, and that update each code and assure its consistency with the other codes. By adopting all or most of the codes of a single model code group (BOCA, ICBO, or SBCCI), a local jurisdiction will be sure to have a set of consistent codes. Model codes also are revised and amended periodically to take advantage of new information on technological advances or input from product manufacturers, trade unions, and professional associations.

By their very nature, model codes cannot be sensitive to every local jurisdiction's conditions and needs. Model codes may be adopted by local governments with modifications and amendments, and usually are, but attention should be paid to retain the model's basic logic and consistency.

State codes. In some areas, the state government has stepped in to assure consistency. Since the early 1970s, many states have promulgated statewide building regulations for voluntary or mandatory adoption by local jurisdictions. States often, but not always, find it easier to develop expert staffs for code development work. Michigan and Indiana both have large staffs responsible for code promulgation. Here too, however, sensitivity to local conditions and needs may be a problem, especially when dealing with existing buildings and rehabilitation.

Proliferation of Enforcement Bodies and Activities

In most jurisdictions in the United States, responsibility for the regulation of buildings, especially existing buildings, falls on no one administrative department. Often three or more departments have overlapping regulatory functions. In some cases, these departments are relatively small entities within larger departments whose primary concerns are very different from those of building regulation (for example, the fire prevention bureau within the fire department). Occasionally, one or more of these departments may belong to a different level of government (county or state). For these reasons it is very difficult for a local government to develop and implement a building regulatory program that is responsive to a clear and consistent set of community development policies.

Attitude of Code Enforcement Officials

Codes generally allow the enforcement official to accept alternative solutions to those required by its code, if in his or her judgment the alternative meets the intent of the code. This exercise of discretion is a potentially strong instrument in achieving policy-responsive code enforcement. However, the specific intent of codes is often unclear. Naturally, most codes are designed to protect the building occupants' health and safety. But, beyond that, codes generally focus on technical and engineering standards, and not on the intent, such as *why* corridor lengths or window areas are limited.

In addition to the problem of assessing code intent, the attitude of code enforcement officials is also critical to achieving this potential. Generally, building regulators view themselves as involved in public health and safety, not in planning and development. It is not uncommon for a public safety official, a building official, or a fire marshal to view a building (new or existing) as an accident waiting to happen. By contrast, an economic or community development official may view the same building as a community resource, or a capital investment in shelter and physical plant. Still others may view the same building as expressing an aspect of social or cultural heritage. Each of these views may lead to different regulatory judgments and decisions.

While each of these views clearly reflects valid concerns, it is only by a community's chief executive officials, and ultimately through its political process, that conflicts may be resolved and a consistent perception of buildings be developed.

There are two attitudinal features that are essential to an effective building regulatory system:

Perception. Some general consensus about local development policies must be formulated as well as consensus about how buildings are perceived. This perception will vary from one community to the next as a function of local conditions.

Positive attitude. All regulatory officials should have a positive professional attitude toward their work, and it is hoped, enthusiasm for their job. Such an attitude may be encouraged by appropriate compensation, incentives, and continuing education programs, as well as by strong managerial support, the specific forms of which are also likely to vary from one community to another.

Code Official Liability

Liability of code officials is related to the previously discussed problem of attitude in the exercise of discretion. The exercise of discretion by enforcement officials is often constrained by the officials' fear of liability related to future damage or injuries attributable to the discretionary decision. For instance, code officials often argue against using any discretion in enforcing the code because, they say, they could be held personally liable in a suit if the home burned and an occupant was injured or killed. This leads to extreme conservatism in code enforcement.

This fear was identified by the National Institute of Building Sciences as a major code enforcement problem in a 1979 study for HUD.[4] The study found that in many states such liability does not exist. Where it does, a local jurisdiction may be able to make its code officials immune from these liability suits and/or to indemnify them. Even if an official is not in fact exposed to liability, his or her fear of liability may be as constraining as the actual exposure. For this reason, an information program should be developed by the locality's attorney or general counsel to fully explore the issue with code officials.

The "Guidelines for Managing Official Liability Associated with Building Rehabilitation," part of the HUD series "Rehabilitation Guidelines 1980,"[5] addresses this issue at

length, and the concepts discussed are actually applicable to all codes, not just rehabilitation.

Training

As in most technical professions, in order to remain effective, code enforcement personnel require good technical training and continuing education, such as in the latest building techniques, materials, and technologies. State universities and community colleges recently have begun to offer courses in various aspects of code enforcement. A local jurisdiction may require its code enforcement personnel to take a minimal number of courses over a period of time. Such a program also may be established on a statewide basis. The state of New Jersey has initiated a formal program of certification of code enforcement personnel, which involves both technical training and continuing education.

Additionally, the three model code groups, and other standard setting organizations, such as the National Fire Protection Association (NFPA), have an extensive educational program that may be of use to a local jurisdiction wishing to upgrade its code enforcement staff.

Building Rehabilitation

Many of the issues discussed above also exist in building rehabilitation. But, rehabilitation also creates a variety of code enforcement issues of its own. The Introduction to HUD's *Rehabilitation Guidelines 1980* states:

> A developer, for example, who wants to return a 19th or early 20th century building to productive use often runs into a nightmare of building code frustrations. Building codes oriented toward new construction can turn an estimated 12-month rehab project into a two- or three-year battle with city hall, cutting or totally eliminating profits and discouraging future rehab projects. Rehabbers of older buildings find it sometimes expensive, time consuming, or even impossible to comply with new construction requirements in building codes. The reasons are abundant:
>
> - Many older buildings currently being rehabilitated were constructed prior to the existence of building codes, and, therefore, don't meet many of the requirements in the current code
> - The applicable building code may impose upon the rehabilitation project requirements that prescribe materials or dimensions that may be very suitable for new construction but do not match the materials or the configurations of older buildings.
> - Existing buildings about to undergo rehabilitation frequently contain materials and building elements that are no longer used in new construction, but are otherwise perfectly suitable. New construction-oriented building codes no longer contain technical data that would permit the ready evaluation of these "archaic" materials and elements.
> - The building code usually contains administrative procedures developed for the review and approval of new construction. When these procedures are applied to rehabilitation projects, they often work poorly or not at all.
> - The fear of personal liability acts as a strong deterrent to building officials and inspectors in deviating from the letter of the building code. This reduces the flexibility in code enforcement that rehabilitation projects generally need . . .

Although building codes are intended primarily for new construction, they are also applied to rehabilitation projects through two widely used regulatory "trigger mechanisms"—the so-called "25-50% rule" and change of occupancy requirements.* These are called trigger mechanisms because they "trigger" compliance with new construction code requirements on to a rehabilitation project. Once a code's new construction requirements have been "triggered" on to a rehabilitation project, compliance may become costly, time consuming, or even impossible.

Witnesses before the Senate Committee on Banking, Housing and Urban Affairs testified that the costs of rehabilitation projects are increased 10 percent to 20 percent by unnecessary code requirements.** In addition, the requirements of building codes oriented to new construction and associated procedures can add additional review and approval processing time to rehab projects. One study found that in one northeastern city, rehabilitation projects take as much as 16 months longer to review and approve than similar-sized new construction projects.

Rehabilitation guidelines. In 1980, HUD published a series of eight documents called the Rehabilitation Guidelines.[6] The Rehabilitation Guidelines series was developed to assist local jurisdictions in carrying out successful rehabilitation programs. The purpose of the guidelines is:

- To contribute to the overall policy of encouraging rehabilitation
- To provide guidance to localities for voluntary modification of existing codes and regulatory practices
- To function as a general guide in jurisdictions that do not adopt the guidelines
- To raise rehabilitation issues for long-term regulatory efforts
- To serve the regulator and the regulated
- To provide alternative, state-of-the-art solutions in clear, non-regulatory language.

The eight guideline volumes deal with topics such as setting and adopting rehabilitation standards, public official liability, and electrical, plumbing, and fire safety guidelines. The guidelines are intended to be used in conjunction with existing building codes, not in place of them. They are neither a rehabilitation code nor a rehabilitation standard. But if a local government determines that it needs a rehabilitation code to best meet its rehab/

* The "25-50% rule" usually stipulates that if the cost of the alterations or repairs exceed 50 percent of the building's market or replacement value, then the *entire building* must comply with new construction code requirements. If the alteration costs are less than 25 percent of the building's value, then the *alterations* must only be restored to at least their original condition. If the costs of repairs is between 25 percent and 50 percent, then the building officials can use their own discretion to determine which percentage of the building being altered must comply with new construction codes. The change of occupancy trigger stipulates that when the use or occupancy classification changes, it must comply with all of the code's requirements for new construction of the new occupancy.

** "Impact of Building Codes on Housing Rehabilitation." Hearing before Committee on Banking, Housing and Urban Affairs, U.S. Senate, 95th Congress, March 24, 1978.

building code problems, the guidelines will be useful in the development of such a code.

The guidelines suggest that jurisdictions will vary in their needs. Some may need to develop a separate rehabilitation code from scratch. Others simply may need to sanction officially code officials' use of discretion.

Using existing flexibility. Spartanburg, South Carolina (44,000) and Gainesville, Florida (81,400) have both begun to use the guidelines to develop a regulatory approach to rehabilitation which builds on provisions already existing in the model code they both use. These provisions allow for the officials' use of discretion in accepting alternative solutions. In Spartanburg, the code allows enforcement officials to deviate from the exact "letter of the law" in certain areas, so long as they adhere to the overall "intent" of the law, to protect health and safety. Specifically, the code allows the use of this discretion in specially designated historic districts to encourage rehabilitation.

CONCLUSION

Subdivision regulations and building codes clearly have a critical impact on the cost of housing and development. Local governments need to reevaluate their codes and standards to assess whether or not they meet today's needs. There are a variety of steps local government officials can take to update these standards, to take advantage of the latest technology in building materials and construction techniques, and to administer them as efficiently as possible. In other cases, local officials may need to consider the trade-offs that may be involved. Communities must decide whether the advantages of reducing some standards, which will result in more affordable housing and development, will outweigh any health and safety considerations. These difficult balancing decisions concerning housing affordability must be made by the community's top elected and appointed officials. □

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[1] NAHB Research Foundation, Inc., *Building Affordable Homes: A Cost Savings Guide for Builder/Developers*, (Washington, D.C.: Department of Housing and Urban Development, 1982), pp. 5-16.

[2] *Ibid.*, p. 11.

[3] U.S. Department of Housing and Urban Development, *Approach '80*, 1980.

[4] National Institute of Building Sciences, *Code-related Rehabilitation Problems: Problem Identification/Certification/Feasibility Reports*, Unpublished, 1979.

[5] National Institute of Building Sciences, *The Rehabilitation Guidelines*, (Washington, D.C.: Department of Housing and Urban Development, 1980).

[6] *Ibid.*

Part Four
Procedural Reforms

. . . the need has arisen to further refine and streamline development procedures, without sacrificing quality.

Development Coordination Office
Policies and Procedures Manual
Phoenix, Arizona

8

Streamlining In-House Review Procedures

This chapter discusses how localities can expedite and improve each of the basic stages of the development approval process: pre-application, application, staff review, public hearings, and final decision. Examples of ways cities and counties have streamlined each of these stages are discussed.

The old adage, "time is money," is certainly true in the development business. The cost of money to acquire land options or the actual land itself, and the money needed to undertake construction, can be astronomical. Low interest rates are a relic of the past, and every extra day a developer needs to wait before finishing construction, sell the final product, and repay interim financing, adds considerably to the developers' cost. Naturally, the cost of these delays is passed along to home buyers and consumers.

Local governments can do their part to help minimize these delays by streamlining their in-house development review procedures. Doing so will not only help reduce the cost of development in the community; a more efficient development review process will improve staff productivity, and may help to keep local governments' costs down as well.

The development process can be slowed down at any of the stages in the development review process: pre-application, application, staff review, public hearing and final decision, or inspection. Streamlining techniques will be discussed for each.

PRE-APPLICATION

Many communities have found it beneficial to meet with developers before the developers submit a formal application. This can save the developer time and money by providing the opportunity to present proposals informally, without the need for formal, expensive engineering work and architectural drawings. In this way, developers do not need to invest substantial sums of money for formal engineering or architectural work before they know if the local government will consider the proposal seriously. This also gives the locality an opportunity to discuss their requirements early in the process in an informal setting so that the developer can shape plans accordingly.

Potential obstacles, such as insufficient capacity in public facilities or aspects of a project that may evoke public opposition, can also be identified at pre-application meetings. Developers can then make informed decisions about the risk involved in proceeding.

Pre-application meetings can be helpful particularly the first year or two after adoption of a new ordinance or review procedure. Clark County, Washington (155,000) has a new ordinance, and pre-application conferences are mandatory and cost $25. Anyone who submits an application to the planning department by a Friday is scheduled for a conference on the following Thursday.

In Salinas, California development applications are reviewed by project planners, the zoning administrator, and department heads within one week of submission. Comments are then given in writing to the developer at no charge, allowing the developer to identify potential problems without excessive expense.

APPLICATION

In this phase of the approval process, different approaches can be taken to expedite operations, including reforming application forms, developing a one-stop processing procedure, and instituting permit fee incentives.

Application Forms and Materials

Reforms can be made in application forms. This can simplify application screening, focus review efforts, guide decisionmakers, and streamline recordkeeping. Whenever possible, application forms should list the criteria that will be used to evaluate the application.

It is important that communities do not ask developers for information that the community does not absolutely need. Local government administrators need to make sure that different local government agencies work together to assure that the information they are requesting of developers is not duplicative. One master form can be developed that calls for the information required by all the agencies involved. This has been done in Fremont, California (132,000). Master forms allow developers to complete only one form, with copies forwarded to relevant agencies. A standardized form also facilitates the review process.

Materials accompanying the application forms must also be clear and to the point. Local officials, perhaps in conjunction with developers, must consider carefully the kinds of materials that will expedite the application process. The following materials may be useful to developers:

- A directory or checklist of all required permits
- Permit fee schedules

- Information about departments and regulations
- Copies of ordinances
- Manuals, flow charts, or instruction sheets describing the steps necessary for approvals and their time frames.

One-Stop Permit Processing

Aside from the written materials and forms, the application *procedures* themselves can be structured to assist rather than deter the developer. One-stop permit processing is a procedural reform that has become a popular technique, implemented in a variety of ways. Although some communities have abandoned it as a gimmick, others have found it to be a particularly useful streamlining procedure. Rockville, Maryland (44,000), for example, has found that a large project now takes 9 months to go from concept to groundbreaking, compared to 33 months in neighboring jurisdictions.

Some of the more common variations of one-stop permit processing are as follows:

- Reshuffling offices to locate all permit functions in one geographic area.
- Establishing a central information center where staff members provide materials and explain procedures to developers and answer general questions. By cross training the staff so that everyone is familiar with the application requirements of each department, staff members can take shifts in carrying out this rather burdensome responsibility.
- Assigning to one department or office the primary responsibility for accepting and processing all applications and maintaining files. This central department coordinates all reviews, schedules hearings, and serves as the sole contact for the developer. A variation is to reorganize city departments so that all development review functions—zoning and subdivision reviews, engineering, public works, and building inspection—are consolidated in one department.

The following are examples of one-stop permit processing.

Jacksonville, Florida (541,000) created a one-stop permit processing facility in January 1982 through an Executive Order. In one office on the first floor of city hall a person can apply for and obtain all the needed permits. The public works department was responsible for setting up the facility and for establishing liaison with the heads of participating departments to ensure adequate staffing and support. Initially the facility represented only a physical consolidation of departments. No city requirements had changed; only the logistics for applying had changed. But success was immediate. On the first day one contractor went through the permit process in 10 minutes. Additional efforts are now being directed toward ways to reduce, or eliminate, duplications of effort and information in the permit processing and licensing activities of the various departments. Additionally, the city is planning to accept permit applications in neighborhood tax collector offices. The applications will be delivered to city hall, processed, then returned to the neighborhood offices.

Permit Fees

The following communities are using permit fee incentives as a tool to achieve community development goals.

Simi Valley, California (77,500) cut its permit fees for one year from $350 to $1 per permit for industrial and commercial projects. Although the developers' savings were not substantial, the action made a strong statement about the city's concern for business growth.

Phoenix had the policy that fees must be high enough to cover the cost of processing, reviewing, and holding hearings on development proposals. It was clear, however, that if fees covered all these costs, they would be burdensome to the developer. City staff members who felt the fees should be reduced argued that although citizens use the development review system (such as when they object to development proposals), they do not pay fees. To keep development fees and costs down, the city now requires developers to cover only two-thirds of the in-house cost; general funds cover the remainder.

STAFF REVIEW

The staff review phase of the development approval process can be smoothed through the following techniques: the use of permit expeditors and joint review committees, contracting out, site plan reviews, using deadlines, and fast-track processing.

Permit Expeditor

In some communities, one staff person, known as a permit expeditor or ombudsman, gives development applications through the review process and serves as the developer's prime contact person. The ombudsman can assist in the preparation of the application and serve as a go-between during the review and approval stages.

Martinez, California is one community that is using a permit expeditor, with the housing coordinator serving in this function. The position, created originally in response to developer's requests to shorten processing time, was paid for by developers' contributions ($35 for each unit proposed). The role of the expeditor was not to move things faster than required by the regulations, but to ensure that they moved on time. Martinez's expeditor bridged the gap in communications between the city's staff and developers.

Concurrent and Joint Review Committee

The typical procedure for staff review—separate, consecutive departmental reviews that are consolidated eventually by one department—has been inefficient and costly in many communities. Concurrent reviews, where copies of an application are given simultaneously to each department involved, tend to minimize delay. This is true particularly when one person or department is appointed to coordinate the entire operation.

An effective variation of concurrent reviews is a joint review committee, where representatives of each department involved meet regularly to review proposals. It is important that the committee be composed of department heads or persons authorized to make decisions so that the group itself can decide on applications. The effectiveness of a joint review committee depends upon prior analysis by

individual departments. The committee on its own, however, can reduce total processing time through realistic deadlines and, where one individual is delaying the entire process, peer pressure. Joint review committees can resolve disagreements more immediately, and evaluate a project in its entirety, rather than in separate pieces.

This process is carried out very effectively in Salinas, California. In Salinas, one planner in the community development department is assigned to each development proposal. The staff of the community development department meet together each Monday to discuss all current projects that require discretionary approval by the city. Under the coordination of the zoning administrator, each project planner presents findings and recommendations on his or her projects. Questions and comments from other members of the staff are discussed and a staff consensus position is reached on each proposal. The next day, these recommendations are presented to a development review committee, consisting of the director of community development, director of public works, fire chief, and police chief. As part of the process, these departments are given one week to review each proposal and, at the next week's meeting, the comments and concerns of each department are brought out and discussed. The consensus of this development review committee then becomes the official city staff position, which is relayed by the project planner to the applicant, and subsequently presented to the planning commission and city council. Every effort is made to ensure that all concerns of all departments are brought out at the development review committee meeting, so there are no surprises later for the staff, the applicant, or the decision-making bodies.

Contracting Out

Some communities contract out site plan reviews to consultants to relieve backlogged departments. This practice may be cost-effective not only in planning departments with a high volume, but in departments where activity is so slow that it does not pay to employ a full-time staff.

Phoenix, Arizona is one city that contracts out reviews. The city has established an ad hoc citizens' committee to screen qualified local consultants for augmenting city staff members in site plan reviews and field inspections. Before a consultant is placed on a certified list, the committee obtains assurance from the firm that there is no conflict of interest, and then briefs the firm fully to assure that the consultants' decision will reflect accurately city policy.

Developers who wish to use the contracting out procedure simply declare their preference for an expedited review. Although they may pay 20 percent to 30 percent more for the service, they are assured of competent decisions with a faster processing time. Politics is minimized in the process as the ad hoc screening committee is exclusively a citizens' group and the council is not involved in the selection of reviewers or inspectors.

PAC-MAN IN SALEM

Salem, Oregon (89,200), the state capital and county seat, often has high demands on its permit processing system, issuing 35,000 permits and licenses a year. To consolidate the system, the city established a Permit Application Center (PAC), a one-stop permit shopping center. All permits issued by the city are applied for, paid for, and issued at one location. Typically, it takes 5 to 10 minutes to file an application.

Before the PAC, Salem issued 90 types of permits and licenses from 11 different city agencies. These departments employed 23 full- and part-time staff members to handle the issuing. Each department had its own application forms, filing system, revenue accounting system, and public information. Although the PAC has neither reduced the number of city agencies involved in permit processing nor centralized administrative functions, it has reorganized these diverse and independent agencies into a single center.

An important task of the PAC was standardizing the various permit applications into one consistent format. A catalogue also was developed listing all permits alphabetically by responsibile agency with a one-page description of the permit and its enabling legislation. The original catalogue was an information document for the city's staff; a similar one developed later was for public use. The catalogue was designed with a system to identify each category of permit to allow for computerization of the permit system.

Although permit processing time has not been reduced, the PAC has contributed to the cost effectiveness of both the permit application process and individual departments. Employees formerly responsible for application functions in their department have now been shifted to other activities. Four trained staff members can handle the permit application duties for most of the city. Currently, the PAC employs three full-time clerks, and to answer questions, a public works technician, and a planner.

The PAC has been received warmly by its users. A random survey has shown that the number of trips required to obtain a permit has been reduced. The number of persons who have to make one or no trips has increased by five percent, and the number who have to make two or three trips has decreased by three percent.

Part of the success of Salem's PAC is attributable to the strong support of the city manager and the cooperation of the city's departments. The city made the effort early to make the departments aware of the PAC's value and to involve them in its design. Extensive research and analysis of pre-existing systems took place before the PAC was designed.

The PAC cost $12,119 to implement and $56,175 to operate during its first year. The reduction in staff necessary to handle the permit duties to four persons saved $74,000 the first year. At the same time, the number of permits issued increased by 17 percent for an annual revenue increase of 34 percent.

Deadlines for Processing

No matter which method of staff review is employed, it is essential to establish realistic deadlines. An estimated processing schedule can give the staff guidelines for performance and can stimulate productivity, as well as approximate for the developer the amount of time required.

In Fremont, California, development proposals go to a municipal development office. When the city staff receives a development proposal, it is reviewed to see if it is complete. If not, it is returned with specific instructions about what is missing. Once a proposal is accepted for review, action is guaranteed within 21 days.

Some communities have incorporated mandatory time frames in ordinances, which stipulate that proposals be approved automatically if the staff does not respond within that amount of time. Mandatory time limits for the review of plats are required by Texas state law, and automatic approval is granted if reviewing agencies do not make a decision within the specified time.

Fast-Track Processing

Fast-track procesing is an extreme form of expediting the staff's response. In its pure sense, fast-track processing is defined as special, accelerated treatment of selected proposals or types of proposals.

Several variations of the process will accomplish the goal of accelerating the approval process. It is particularly successful for minor, noncontroversial applications. Applications that are simple or that are for a specific type of project being encouraged by the community can be given priority treatment.

Fast-track processing can be achieved by eliminating some or all public hearings. Application approval can be granted administratively by department heads rather than by city councils or planning commissions. Finally, proposal approval can be accelerated by having simultaneous public notice of hearings, eliminating the delay inherent in multiple notification periods.

Salinas performs fast-track processing on routine proposals that clearly will have no negative effects on the surrounding area, that conform to the city's comprehensive plan, and that have no public opposition. In such cases, the council has given the community development director the authority to waive requirements for conditional use or special zoning permits. Although the director has used this authority sparingly (on about 10 percent of such applications), it has saved time on straightforward projects. Fast-track processing is used also on projects that have a special significance for the city, such as industrial development projects.

Anaheim, California (225,100) has a number of fast-track procedures. Two fast-track procedures, superstamp and overtime plan checking, allow a three- to five-day turnaround time. The plans are still checked on a first in-first out basis, but the developer, paying normal fees, can get permits and begin development while plans are being checked. The superstamp system allows the building division to accept certification by a registered architect or engineer that the development plans comply with city codes and ordinances, and that he or she will be responsible for making any needed changes in the field. A statement signed by the architect or engineer, which must be attached to each page of the plans, allows plans to be processed in fewer than 15 working days.

As can be seen from these examples, fast-track processing can accelerate the approval process. But, to provide one word of caution, Bob Christofferson, city manager of Salinas, notes that when one project is put on a fast-track schedule, others in line are put on a somewhat slower track. He believes that all projects should be handled as quickly as possible, and that fast-track procedures should be used only in exceptional cases—very routine proposals or projects of extreme importance to the city.

PUBLIC HEARINGS AND FINAL DECISION

Local governments need to provide citizens with an opportunity to be heard on most development proposals. But, localities interested in affordable development also need to do their part to make sure that the public hearings are not duplicative and that the process is as streamlined as possible.

The following suggestions can help reduce approval delay, improve the quality of the public hearing, and assure the purpose of the hearing is achieved.

Public Hearing Participants Should be Well Briefed

The planning staff must supply to the planning board or commission accurate and thorough reports that anticipate potential questions. Members of the commission should visit the site before the hearing if possible, read the relevant reports, use subcommittees to smooth over rough spots with the developer, and make sure that the appropriate staff members attend the meeting. Preparation improves the potential for productive hearings.

In addition, many planning commissioners are lay people who may not be experts in development issues. It is also important that planning staffs keep their lay planning commissioners up-to-date on general planning concepts and techniques. In Arvada, Colorado, for example, this is done in a closed 90-minute work session with planning commissioners before each commission meeting. In Scottsbluff, Nebraska the staff conducts an annual day-long intensive training session for planning commissioners.

Hearing Officers Can Replace Traditional Lay Reviewers

Some communities employ hearing officers for certain types of reviews in order to free up commissioners' time and speed up the review process. Some communities use a trained hearing officer or a trained staff person such as the director of planning or public works.

The decision reached by a hearing officer may take the form of a recommendation to the planning commission or council or may be a final approval subject only to appeal. Hearing officers speed up the review process, increase objectivity and professionalism, and reduce political pressures in decisionmaking.

Four counties in Maryland, for example, created a zoning hearing examiner system. The hearing examiner, usually an attorney experienced in zoning and land-use law, performs quasi-judicial functions for which local officials and staff members do not have the time or proper

skills. The hearing examiner maintains absolute neutrality, and remains relatively free from political pressure because decisions must be based on evidence and become part of the public record.

Joint Public Hearings Can Save Time

Some approvals can be consolidated into the same hearing or can be delegated to the staff, subject to appeal to the council. For example, to reduce rezoning processing time, Beaumont, Texas (118,000) has instituted a joint planning commission and city council public hearing. Following the hearing, the planning commission votes on the application and forwards the decision to the council, which makes a decision at its next meeting, usually the day after the hearing. This procedure saves one to two weeks in processing time, with most zoning requests being processed within 30 days.

Alachua County, Florida (151,300) uses a development review committee (DRC) for the simultaneous review of separate development projects. The DRC is composed of two county commissioners and the county staff members involved in development. The DRC's meetings are public, with a written agenda, recorded minutes, and the press and public invited to attend (which they do regularly). Although the format of the weekly meetings is formal, the content and tone are relatively informal. Developers present plans before the DRC, committee members comment, and action is recommended to the full board of county commissioners by official vote of the two county commissioners. A report is prepared by the county staff and presented to the county commission to formalize final action.

Adjusting the Planning Commission's Responsibilities May Facilitate the Process

The planning commission can be eliminated from the approval process or split into two bodies, one dealing with project approvals and one with planning policy. In Charlotte/Mecklenburg County, North Carolina subdivision reviews are now completed by the staff rather than by the planning commission. The reviews are read into the planning commission minutes. This frees the commission to deal with larger policy issues.

TIME-SAVING INNOVATIONS IN PROCESSING: SAN JOSE, CALIFORNIA

San Jose, California, a rapidly growing metropolitan city, decided to reform its current permit processing system. Based upon interviews of users of the system, the city found that processing was perceived as taking too long, was arbitrary, and confusing. The time from permit application to issuance could take anywhere from six months to four years. Although much of the delay was caused by federal and state laws rather than local regulations, the city found specific steps it could take to shorten and improve the processing procedures. Its recommendations included the following:

Subcontract the Overload to Save Four to Six Weeks

In 1980, 45 to 50 sets of building permit plans were awaiting review, an 8 to 10 week backlog (4 weeks is the normal backlog). During one fiscal year, the number of plans submitted had increased only four percent, so this was not the major reason for a large backlog. Instead, it was determined that the type of plan submitted had changed (more commercial/industrial plans) and become more complex. Turning to subcontractors, the city asked potential firms to review a set of plans, already knowing the plan's deficiencies, and thereby made up a list of qualified subcontractors.

Predict Future Workloads

Meetings between city officials and developers' associations were held to gain a better perspective on the other's viewpoint and plans.

Docket Projects Simultaneously

Scheduling projects simultaneously on the planning commission's and city council's agendas would save two to six weeks. Notice periods could be shortened by running them concurrently rather than sequentially.

Install a Computer System

Increased automation would streamline data processing needs. Computer equipment could increase efficiency, shorten delays, and reduce personnel.

San Jose has put the folllowing time-saving recommendations into operation:

- Ordinances and policies have been amended to allow concurrent processing of annexation, environmental clearance, zoning, architectural and site approval, and tentative subdivision maps. Planned development permits (architecture and site approval) and tentative subdivision maps can be approved subject to annexation.
- Most rezoning in conformance with the general plan and not expected to be controversial can be sent directly to the city council for approval, bypassing the need for the planning commission's review.
- A procedure has been established to place final subdivision maps and improvement plans and contracts on the council's consent agenda. These items can be placed on the consent agenda one week before the council's meeting rather than the 14 to 21 days normally required.
- As a result of a recent ordinance change, the city council can initiate a planned development rezoning of a given property or area. This will establish allowed uses, development standards, and public improvement requirements. Architectural and site approval is then granted through a staff-administered process without further action by the planning commission or city council.

INSPECTIONS

During a project's construction, the city's staff must make sure that the development is proceeding according to the approved specifications. This is done through the inspection process. Many communities have several separate inspections, and this can add to delays during construction, which is another contributor to higher development costs. Some communities have found it advantageous to seek innovative alternatives to this cumbersome practice.

In Fort Collins, inspectors are cross trained so that one inspector can accomplish in one visit what used to require several visits by separate trade inspectors (e.g., structural, plumbing, electrical). The city is now trying to train building inspectors to inspect public works.

Both Salinas, California and Cleveland Heights, Ohio use team inspections wherever possible. Salinas tried single inspections but found that the building inspectors were uncomfortable with zoning inspections. In Cleveland Heights, as in most communities, all building department inspectors are trained in one trade (such as plumbing or electrical), which makes single inspections impractical. During construction, the city conducts multiple inspections at the same time whenever possible. The final inspections required before a certificate of occupancy is issued are always done at one time.

In Clark County, Washington inspection time deadlines are specified in a procedural manual. Although the inspection schedule is the same as it was before the manual was produced, the existence of deadlines in writing reduces the perception of inspection delays. Fairfax County, Virginia (600,000), with computerized inspection services, is extending the system. A pilot program equipped each permit inspector in the field with a portable, hand-held computer terminal. The terminals, which are able to gain access over the phone to information in the master project file, can help reduce the paperwork associated with the estimated 400,000 inspections annually.

CONCLUSION

There are a variety of steps a local government can take to streamline its in-house review process. The benefits of making a community's review process work more efficiently are many; develoment costs will be reduced as a result of the time and money saved. In addition, a more efficient internal process system should increase productivity for local government staff and should help reduce local administrative costs as well. Undoubtedly, cost reductions can be found throughout the various steps in the review process. Local officials need to assess each step in their review procedures and identify and implement cost saving measures wherever possible. □

Part Five
Conclusion

A city manager must compromise without being put in a compromising position.

Richard Robinson
City Manager
Cleveland Heights, Ohio

9

The Role of the Local Government

Regulation reform is rarely easy. As this handbook has demonstrated, there are a variety of process steps and techniques for regulation reform that local governments can undertake. In the final analysis, though, local government administrators must assess the trade-offs—the pros and the cons—of potential regulation reforms as they attempt to make development in their communities more affordable.

THE STEPS FOR REFORM

This handbook has listed a whole host of local regulations that clearly affect the cost of development. Local government administrators need to approach the affordable housing and regulation reform problem just as they do other problems in their communities—through a rational, problem-solving process. As this handbook has pointed out, local government administrators need to go through a step-by-step process of:

- Clearly identifying the problems that their regulations create in terms of affordable development
- Setting realistic objectives for achieving affordability through regulation reform
- Assessing how useful the techniques for regulation reform discussed in this handbook would be in their community.
- Involving private sector builders, businesspeople, neighborhood groups, and staff and working through their community's elected leaders in the process.
- Developing an action plan, implementing it, and evaluating its success.

A FEW FINAL TIPS FOR SUCCESS

There are several overriding points that all local governments that are considering regulation reforms need to consider.

Balancing the Trade-Offs

Regulations usually have been enacted for good reason—to protect the community's health and safety, but sometimes they also raise the cost of housing and economic and community development. The key task for local administrators is to assess whether the benefits of the regulations, in terms of the community's health and safety, are outweighed by the negative effects on affordability. Or, put another way, local officials need to decide if the advantages of reforming regulations in terms of housing affordability are worth the possible sacrifice to health and safety. There are clearly cases where the negative impact of reforming regulations are minimal or non-existent, such as when building codes are modified to reflect new technology in the construction industry or the size of parking spaces is reduced to reflect today's smaller cars. But in other cases local administrators must assess the pros and cons, and must work with the key elected officials in the community who make the final decision.

Changing Perceptions

Misperceptions are often at the root of resistance to regulation reform. Neighborhood groups, for instance, often fear that increased density in their community automatically will lower property values. Local government staff worry that using more discretion in code enforcement will open them up to personal liability suits if someone is injured. And, local elected officials are sometimes concerned that streamlining local procedures will give the community the impression that they simply are selling out to developers. Local government managers, as they attempt to sell the reforms to the local government staff, community, and its elected leaders, need to do their part to make sure that the community is realistic about what regulation reform will and will not accomplish.

Involving a Public/Private Team

A wide range of local leaders are affected by regulation reform. These include local builders, merchants, realtors, and bankers, among others, in the private sector, and public sector officials, such as local government staff. Last but not least, neighborhood residents clearly have a stake. Public and private leaders all need to be involved in a regulation reform effort to insure that the changes meet the community's needs.

Taking a Risk

Finally, local government officials need to accept the fact that regulation reform, like all change, is difficult to accomplish. A local government administrator's task is to tackle these issues, involve key public and private sector leaders, help facilitate a rational problem-solving process, and insure that the trade-offs are assessed clearly. Through careful analysis of the community's current status, thoroughly developed goals and objectives, and creative application of regulatory controls, regulation reform and affordable communities can be achieved. □

Appendix A

Point Charts
Land Development Guidance System
Fort Collins, Colorado

The following "point charts" are from the Land Development Guidance System used in Fort Collins, Colorado. As discussed in Chapter 4, a proposed development being evaluated is classified into an Activity Category such as residential, community/regional shopping center, auto-related and roadside commercial, industrial, etc. A series of criteria, which are used in evaluating the development, have been developed for each activity. An additional set of criteria is used for all developments regardless of activity.

There are absolute and variable criteria. Absolute requirements (for which a minimum number of maximum applicable points on an activity chart must be met) must be satisfied before development approval can be granted. Absolute requirements include compliance with official plans, neighborhood compatibility, and certain engineering, public service, and environmental requirements. Variable criteria include such things as open space, pedestrian circulation, landscaping, and design considerations.

Points for each criteria listed on an activity sheet are scored. The final tally for an activity will help to determine if the development can be approved; or for residential development, the points scored will help determine the maximum number of dwelling units that will be permitted on a site.

The charts that follow are:

- Point Chart A: For all development projects
- Point Chart B: For neighborhood service centers
- Point Chart C: For community/regional shopping centers
- Point Chart D: For auto-related and roadside commercial
- Point Chart E: For business service uses
- Point Chart F: For industrial uses
- Chart G: For extraction, salvage, and junk yard uses
- Chart H: For residential uses
- Density chart
- A diagram of the Fort Collins' review process.

All DEVELOPMENT — POINT CHART A

All Criteria			Applicable Criteria Only					
			i		ii	iii	iv	
CRITERION	Is the Criterion Applicable Yes	No	Circle the Correct Score Yes VW* No		Multiplier	Points Earned	Maximum Applicable Pts	SCORE
PHASING								
a Urban Contiguity			X	2	0	5		
URBAN DESIGN								
b Building Variety			1	2	0	2		
c Clustering			1	2	0	3		
d Solar Orientation			1	2	0	4		
e Slopes / Solar Access			1	2	0	3		
f Height / Solar Access			1	2	0	4		
g Outdoor Space			1	2	0	3		
h Access to Recreation			1	2	0	3		
i Range of Open Space			1	2	0	2		
j Entrances / Wind			1	2	0	2		
k Entrances / Walkway			1	2	0	2		
l Entrances / Crossings			1	2	0	1		
m Entrances / Nodes			1	2	0	2		
n Entrances / Open Space			1	2	0	2		
o Works of Art			1	2	0	1		
p Architecture			1	2	0	3		
CIRCULATION								
q Street System Design			1	2	0	2		
r Joint Driveways			1	2	0	3		
s Sidewalk / Non-local			X	2	0	2		
t Sidewalk / Local			X	2	0	1		
u Pedestrian Convenience			1	2	0	2		
v Building Connection			1	2	0	1		
w Pedestrian / Auto			1	2	0	1		
x Low Interest Areas			1	2	0	2		
y Path Landscaping			1	2	0	1		
z Path Lighting			1	2	0	1		
aa Street Landscaping			1	2	0	4		
bb Bikepaths			1	2	0	3		
RESOURCE PROTECTION								
cc Historic / Environment			1	2	0	2		
dd Historic / Character			1	2	0	2		
ee Historic / Adaptive Use			1	2	0	2		
ff Energy Landscaping			1	2	0	3		
gg Solar Landscaping			1	2	0	3		
hh Gardens			1	2	0	1		
ii Structured Parking			1	2	0	1		
jj Steep Slopes			1	2	0	2		
kk Water as an Amenity			1	2	0	2		
ll Water Quality			1	2	0	1		
mm Water Conservation			1	2	0	2		
nn Air Quality			1	2	0	1		
PUBLIC SERVICES & FACILITIES								
oo Fire Protection			1	2	0	2		
pp Police Protection			1	2	0	2		
qq Major Drainage			1	2	0	2		
*VW very well done						Subtotals		

Add the subtotals from Point Chart A to the totals from Point Charts B through F that apply

The project must earn 65% of the maximum applicable points

	Points Earned (col iii)		Maximum Applicable Points (col iv)
A		A	
B		B	
C		C	
D		D	
E		E	
F		F	
	v		vi

$\%_{VI} = VII$

Percentage earned of maximum applicable points: ____ % (VII)

minus 65%

Quality bonus: ____

NEIGHBORHOOD SERVICE CENTER

POINT CHART B

For All Criteria

Applicable Criteria Only

Criterion	Is the Criterion Applicable		I Circle the Correct Score			II	III	IV
	Yes	No	Yes	VW*	No	Multiplier	Points Earned I x II	Maximum Applicable Points
a Transit route			X	2	0	2		
b At collector/arterial			X	2	0	3		
c "North" Fort Collins			X	2	0	2		
d From regional center			X	2	0	1		
e From neighbor. center			X	2	0	2		
f S. College corridor			X	2	0	4		
g Non-arterial access			X	2	0	3		
h Joint parking			1	2	0	3		
i Grocery store			X	2	0	3		
j Energy conservation			1	2	0	4		
k			1	2	0			
l			1	2	0			
						Totals		
						Transfer Totals to Point Chart A	V	VI

*VW-Very Well Done

Percentage Earned of Maximum Applicable Points V/VI=VII ____ % (VII)

COMMUNITY/REGIONAL SHOPPING CENTER

POINT CHART C

For All Criteria

Applicable Criteria Only

Criterion	Is the Criterion Applicable? Yes	Is the Criterion Applicable? No	I Circle the Correct Score: Yes	VW*	No	II Multiplier	III Points Earned (I x II)	IV Maximum Applicable Points
a "North" Fort Collins			X	2	0	1		
b Arterial street			X	2	0	2		
c Transit route			X	2	0	2		
d Part of regional center			X	2	0	3		
e Non-arterial access			X	2	0	2		
f Joint parking			1	2	0	2		
g Energy conservation			1	2	0	4		
h			1	2	0			
i			1	2	0			
j			1	2	0			
k			1	2	0			
l			1	2	0			
						Totals		
						Transfer Totals to Point Chart A	V	VI

*VW - Very Well Done

Percentage Earned of Maximum Applicable Points V/VI = VII ____ % (VII)

AUTO-RELATED AND ROADSIDE COMMERCIAL

POINT CHART D

For All Criteria

Applicable Criteria Only

Criterion	Is the Criterion Applicable		I Circle the Correct Score			II Multiplier	III Points Earned	IV Maximum Applicable Points
	Yes	No	Yes	VW*	No		I x II	
a Not at two arterials			X	2	0	2		
b Part of planned center			X	2	0	3		
c On a non-arterial			X	2	0	4		
d Two acres or more			X	2	0	3		
e Multiple use			X	2	0	3		
f Joint parking			1	2	0	3		
g Energy conservation			1	2	0	4		
h			1	2	0			
i			1	2	0			
j			1	2	0			
k			1	2	0			
l			1	2	0			
						Totals	V	VI

*VW - Very Well Done

Transfer Totals to Point Chart A

Percentage Earned of Maximum Applicable Points V/VI = VII ____ % (VII)

BUSINESS SERVICE USES — POINT CHART E

For All Criteria — **Applicable Criteria Only**

Criterion	Is the Criterion Applicable: Yes	Is the Criterion Applicable: No	I Circle the Correct Score: Yes	VW*	No	II Multiplier	III Points Earned (I × II)	IV Maximum Applicable Points
a Transit route			X	2	0	2		
b S. College corridor			X	2	0	4		
c Part of center			X	2	0	3		
d Two acres or more			X	2	0	3		
e Multiple use			X	2	0	3		
f Joint parking			1	2	0	3		
g Energy conservation			1	2	0	4		
h			1	2	0			
i			1	2	0			
j			1	2	0			
k			1	2	0			
l			1	2	0			

*VW - Very Well Done

Totals

Transfer Totals to Point Chart A — V — VI

Percentage Earned of Maximum Applicable Points V/VI = VII ____ % (VII)

INDUSTRIAL USES

POINT CHART F

For All Criteria

Applicable Criteria Only

Criterion	Is the Criterion Applicable		I			II	III	IV
			Circle the Correct Score			Multiplier	Points Earned	Maximum Applicable Points
	Yes	No	Yes	VW*	No		I x II	
a "North" Fort Collins			X	2	0	1		
b Industrial center			X	2	0	2		
c Transit route			X	2	0	2		
d On arterial street			X	2	0	1		
e Rail access			X	2	0	1		
f Access to truck route			1	2	0	1		
g Joint parking			1	2	0	3		
h Energy conservation			1	2	0	4		
i			1	2	0			
j			1	2	0			
k			1	2	0			
l			1	2	0			
						Totals		

*VW - Very Well Done

Transfer Totals to Point Chart A — V — VI

Percentage Earned of Maximum Applicable Points V/VI = VII ____ % (VII)

ACTIVITY: Extraction, Salvage and Junk Yard Uses

G

DEFINITION:

Junk, scrap or salvage yards and all extraction uses. These are uses which create major disruptions to the area's environment, even when carefully regulated. Dust, dirt, noise, and unsightly conditions can be anticipated.

CRITERIA:

Each of the following applicable criteria must be answered "yes" and implemented within the development plan.

	Yes	No	NA*
1. Is the outdoor display and storage of vehicles at least 40 feet from any street R.O.W.?	☐	☐	☐
2. Have all necessary precautions been taken to prevent all lubricant and fuel oil substances which are stored on the site, from leaking or draining into the groundwater system, streams, creeks, or other water bodies?	☐	☐	☐
3. Are all hazardous materials to be stored in a safe manner?	☐	☐	☐
4. Are all exterior portions of buildings provided with security lighting?	☐	☐	☐

continued

ACTIVITY: Residential Uses

H

DEFINITION:

All residential uses. Uses would include single family attached dwellings, townhomes, duplexes, mobile homes, and multiple family dwellings; boarding and rooming houses; fraternity and sorority houses; nursing homes; public and private schools; public and non-profit quasi-public recreational uses as a principal use; and uses providing meeting places and places for public assembly with incidental office space.

CRITERIA:

Each of the following applicable criteria must be answered "yes" and implemented within the development plan.

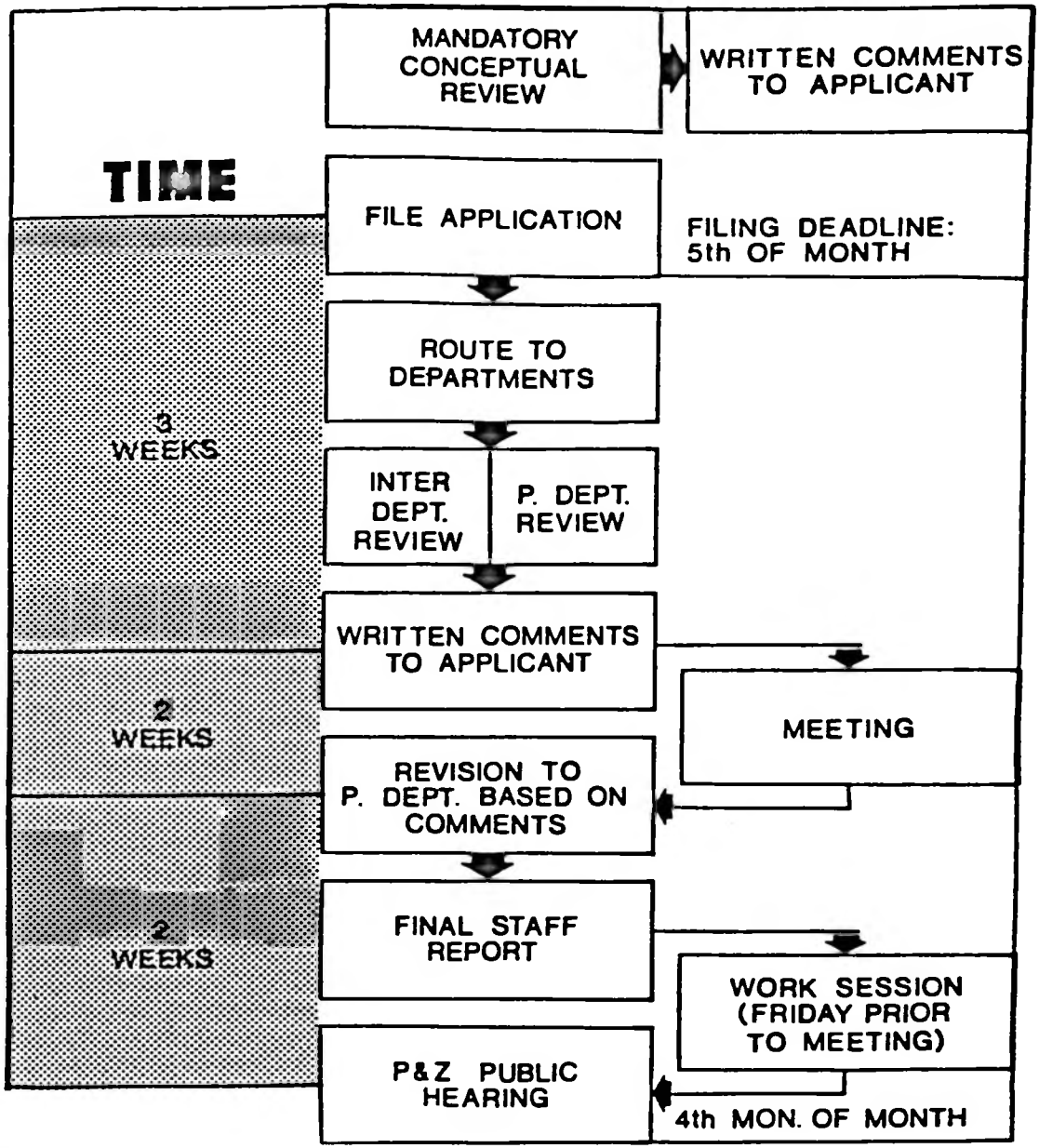
	Yes	No	NA*
1. On a gross acreage basis, is the average residential density in the project at least three (3) dwelling units per acre (calculated for residential portion of the site only)?	☐	☐	☐
2. IS THE TOTAL NUMBER OF DWELLING UNITS PROPOSED FOR DEVELOPMENT NO MORE THAN THAT CALCULATED IN THE "DENSITY CHART" THAT FOLLOWS?	☐	☐	☐

continued

Density Chart

		I		II	III
	Criterion	Multiplier	Measurement		Base Units I X II
BASE	a	.75	The minimum number of dwellings required under Criterion #2 of this section.		
	b	.2	THE NUMBER OF PROPOSED DWELLING UNITS THAT WILL BE WITHIN: 2000 feet of an existing or approved neighborhood shopping center.		
	c	.1	660 feet of an existing transit stop.		
	d	.2	4000 feet of an existing or approved regional shopping center.		
	e	.2	3500 feet of an existing or reserved neighborhood park, without having to cross an arterial street.		
	f	.2	4000 feet of an existing or reserved community park or community facility.		
	g	.2	3000 feet of a major employment center.		
	h	.2	1,000 feet of a child care center or school, meeting all the requirements of the compulsory education laws of the State of Colorado		
	i	.1	"North" Fort Collins		
	j	.1	The Central Business District		
BONUS	k		Calculate the Quality Bonus on Point Chart A and multiply times 2	Bonus Factor	
	l		Calculate a 1% bonus for every 50 acres included in the project		
	m		Calculate the percentage of the total acres in the project that are devoted to recreational use, enter 1/2 of that percentage as a bonus.		
	n		If the applicant commits to preserving permanent offsite open space that meets the City's minimum requirements, calculate the percentage of this open space acreage to the total development acreage, enter this percentage as a bonus.		
	o		IF A PART OF THE TOTAL DEVELOPMENT BUDGET IS TO BE SPENT ON NEIGHBORHOOD FACILITIES WHICH ARE NOT OTHERWISE REQUIRED BY CITY CODE, CALCULATE THE AVERAGE INVESTMENT PER DWELLING UNIT OVER THE TOTAL PROJECT AND: Enter a 2% bonus for every $100 per dwelling unit invested in public transit		
	p		Enter a 1% bonus for every $100 per dwelling unit invested in other approved facilities and services		
	q		If a commitment is being made to develop a specified percentage of the total number of dwelling units for low income families, enter that percentage as a bonus, up to a maximum of 30%.		
	r		If a commitment is being made to develop a specified percentage of the total number of dwelling units for Type "A" and Type "B" handicapped housing as defined by the City of Fort Collins, calculate the bonus as follows: Type "A" - .5 times $\frac{\text{Type "A" units}}{\text{Total units}}$ Type "B" - 1.0 times $\frac{\text{Type "B" units}}{\text{Total units}}$ In no case shall the combined bonus be greater than 30%.		
	s		If it can be demonstrated that the project will reduce non-renewable energy useage either through the application of alternative energy systems or through committed energy conservation measures beyond that normally required by City Code, a 5% bonus may be earned for every 5% reduction in energy use.		
				+ 100	
TOTAL			IV X III TOTAL UNITS	Subtotals %	
				IV	III

REVIEW PROCESS



Appendix B
Readings

This bibliography offers a representative sampling of documents that address many aspects of affordable housing and development. It was adapted from *Affordable Housing*, an annotated bibliography produced by the U.S. Department of Housing and Urban Development.

The organization from which the document is available is listed with each document. Please contact each organization for price and availability.

If the document is listed as being available from HUD USER, the information service sponsored by HUD's Office of Policy Development and Research, it can be obtained from:

HUD USER
P.O. Box 280
Germantown, Maryland 20874.

The reproduction charge listed with a document is the price for which the document is available from HUD USER. For those documents listed as available with a handling charge, the fees are: 1 to 3 documents—$4.00; 4 to 5 documents—$5.00; 6 to 8 documents—$7.00; 9 to 12 documents—$10.00. All orders to HUD USER must be prepaid.

Documents listed as available from HUD USER are *not* generally available from the organization that produced the work.

The original HUD annotated bibliography, *Affordable Housing*, can be obtained from HUD USER by requesting publication number HUD-PDR-716 (Dec. 1982).

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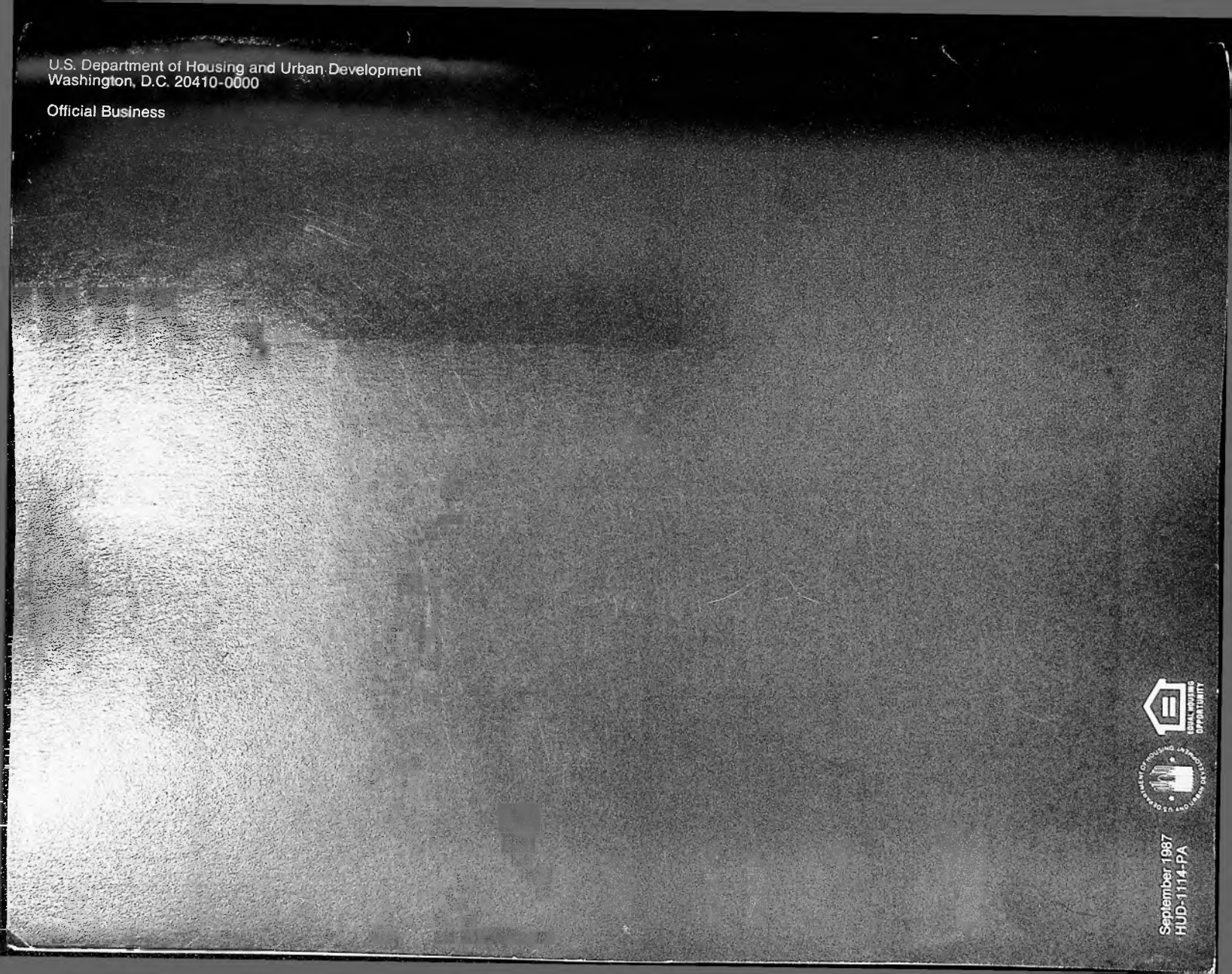

September 1987
HUD-1114-PA