



REBUILDING THE HOUSING LADDER IN NORTH CAROLINA

Carolina Forward's Plan to Fight Housing Costs

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A WORKING HOUSING MARKET IS LIKE A LADDER.

Different rungs meet different needs:

Young, single workers who want apartments downtown.

Dual-income families who want room for their kids.

Working professionals who trade smaller floorplans for shorter commutes and walkable retail.

High income households seeking premium amenities and custom design.

Downsizing retirees who want to be close to their families, doctors, and friends.

People across North Carolina can't find what they want at a price that they like. The ladder is missing rungs. Carolina Forward has a plan to fix that.

Here are eight ways to get more attainably priced housing choices in your community—whether that's a first purchase, a spacious family home, a way to downsize, a cool downtown apartment, or a cheap one bedroom you can call your own.

THE SOLUTION:

- More Accessory Dwelling Units (ADUs) and Tiny Homes
- More Townhomes and Historic Housing Types
- More Single-Stair Buildings
- More Housing in Commercial Zones
- Legalize Single Room Occupancy Residences (SROs)
- No (or Low) Minimum Lot Sizes
- No Arbitrary Parking Requirements
- No Poison Pills

More Accessory Dwelling Units (ADUs) and Tiny Homes

Accessory dwelling units (ADUs) and tiny homes are different types of small homes. Tiny Homes are typically stand-alone single household buildings (what practitioners call “detached” housing). ADUs can be attached or detached, meaning they might share a wall with another structure.

Smaller houses cost less than big houses in the same market. When you combine smaller houses with smaller lots, you get much more attainable prices.

In most of our cities and towns, people who are looking for good options to downsize have too few choices. Allowing ADUs and tiny homes creates smaller options for downsizing as you age, living with family, generating rental income, hosting guests, or even creating small for-sale starter homes.

Legalizing these homes is especially helpful for seniors who aren't ready for assisted living but have too much property and no place to go in the community they love. Being stuck with large properties means paying large property tax bills. Smaller housing choices like these are a healthy intermediate step between a big, empty house and a retirement community—and a solid starter option for a first-time buyer.

More Townhomes and Historic Housing Types

Townhomes, rowhouses, duplexes, and 4-plexes are all historic housing types that propelled the first great American towns—including here in North Carolina.

You may not recognize the term “4-plex.” A 4-plex is a group of four homes, for sale or for rent, in a single building. You can describe any configuration of homes like this by calling them a #-plex. Duplexes and triplexes are 2- and 3-unit homes. A 6-plex is a 6-unit home.

These kinds of homes are called “attached” housing because they share walls and/or floors. These homes were very common in America before the automobile, and helped create safe, walkable neighborhoods with corner stores, coffee shops, and other kinds of neighborhood retail we’re largely missing today.

Attached housing splits land, labor, and material costs between more households per project, which makes each home cheaper for the consumer. That enables historic housing types like these to create more attainable prices for first-time home buyers, mid-career moves, and families looking to downsize.

Legalizing and encouraging these homes across North Carolina will make home ownership attainable for many more households.

More Single-Stair Buildings

Our current building code regulations require two staircases for any buildings with more than three floors and more than four units per floor. This increases the size of multi-unit buildings, limits the possible layouts of their floor plans, adds construction costs, and makes infill development on oddly-shaped parcels of land hard to work out.

Single-stair buildings allow more light and air into homes by changing the possible floorplan configurations. They make it possible to fit homes onto oddly-shaped parcels of land, and reduce the construction and land costs per unit.

Legalizing single-stair buildings can introduce more kinds of housing at more price points to communities across North Carolina, creating fairly-priced options for all sorts of people.

More Housing in Commercial Zones

If you've ever driven past enormous empty parking lots day after day and wondered why all of that space is always sitting empty—this policy will help fill it.

Commercial zones hold existing retail or other kinds of commercial activity. Allowing property owners to convert under utilized land to housing along existing water/sewer infrastructure reduces costs to residents and rate payers for local utilities. This flexibility can also help create housing near jobs.

Legalize Single Room Occupancy Residences (SROs)

Once upon a time, Americans could find cheap housing in single room occupancy dwellings called boarding houses. Also known as co-living, homes like these give each resident a private bedroom and shared amenities like washrooms and kitchens.

Homes at these prices are simply not available for most people in most places. Legalizing them would reduce homelessness among low-income residents who are priced out of all other options and reduce the cost burden on residents whose finances are strained by other available rentals.

SROs create options for people who need them at prices they can afford. They give people a chance to get their legs under them, move up the income ladder, and transition into other kinds of housing as their finances improve.

No (or Low) Minimum Lot Sizes

Land costs are major contributors to housing costs. In cities with deeply inefficient zoning, land prices may be up to 50% of the total sale price. Reducing the amount of land required per household saves each household money.

When paired with other reforms, this makes it possible to recreate the starter home market for first-time buyers while also legalizing downsizing options, like tiny homes, or community-oriented options, like cottage courts.

Reducing or eliminating minimum lot sizes can also help enable neighborhoods to sustain greenways, bus routes, and neighborhood retail-amenities like daycares, coffee shops, and self-employed businesses that simply won't be built and can't survive without sufficient clients nearby.

Eliminating or dramatically reducing minimum lot sizes cuts costs for consumers and opens up options for all kinds of households to find homes that are the right size and price for their needs.

No Minimum Parking Requirements

Cars are important, but they're also expensive. The average cost of car ownership annually is now around \$13,000. That's not including the cost of parking, which is priced into rent for residents and businesses, passed on to customers at the cash register, and shouldered by tax payers in towns and cities.

Excessive parking requirements increase stormwater runoff. They add an expense to new construction which gets passed on to consumers. Eliminating them can save money for residents and reduce runoff.

Remove Poison Pills

Some of the most significant contributors to high housing costs, and to limited housing choices, are buried deep in local land use ordinances.

Complex dimensional standards restrict the supply and type of housing, acting as deliberate or accidental poison pills. Easing or removing some of these rules can improve home prices. Here are some of the key culprits.

Setbacks create a minimum distance between buildings and the edges of the property. They make it harder to build on unusually shaped lots, and make small homes on small lots difficult or impossible.

We recommend eliminating setback requirements.

Stepbacks reduce buildable floor area after a certain height. They encourage builders to increase the cost per square foot to compensate for lost space, and split the cost of land over fewer usable square feet in the whole building.

We recommend eliminating stepbacks.

Floor-area ratios set a maximum buildable square footage, found by multiplying the total lot size and the floor-area ratio. They can heavily restrict viable housing types and sizes, forcing each household to pay higher costs per dwelling and restricting housing choices.

We recommend eliminating floor-area ratios in neighborhood residential zones.

Height limits establish a method of measuring building heights (e.g., from the lowest point on the property, or from the lowest point of the structure—very different starting points!) and a limit on those heights. Poorly calibrated height limits block housing that is considered appropriate by the fire marshals and the state building code (like certain types of single-stair buildings designed to fit into neighborhoods).

We recommend matching height limits to the state building code for neighborhood residential and measuring from the base of the structure, not the lowest point on the property.

Density regulations specify minimum and maximum numbers of dwelling units per acre. They can kill small homes, starter homes, and rowhouses by setting a maximum number of homes per acre, which raises the per household cost of land.

We recommend eliminating density regulations.

Tree canopy regulations require a certain percentage of the lot to provide tree cover. These can be good when calibrated realistically. When calibrated poorly, they can make tiny homes and small lot starter homes much more difficult to actually build by requiring too high a percentage of an already small lot to be devoted to tree cover. They can also increase the per-home cost of attached multifamily, like townhomes or rowhouses, by limiting the number of homes per lot.

We recommend setting regional or neighborhood tree canopy goals and allowing small-lot construction to meet goals offsite or through modest payment in lieu.

GETTING STARTED

Ordinary citizens can play a role in getting local and state governments to fight housing costs.

Here are some steps you can take to diagnose how your town or city might be contributing to high costs.

Start by looking for permitted use tables, dimensional standards, and the zoning map. These three resources tell you a lot about what is possible in your community. Permitted use tables will tell you how your town or city classifies different types of buildings and which zones they are permitted in. If there are zones in which you are only allowed to build detached single family homes, that is an immediate red flag on housing costs.

The dimensional standards table gives you information on things like minimum lot sizes, setbacks, height restrictions, floor area ratios, and other regulations. Today, you can find new 3 bed 2 bath homes that are under 2,000 square feet. Look for residential zones with large minimum lot sizes. 10,000 square feet is too large a minimum lot size for neighborhood residential. While getting rid of minimum lot sizes entirely is the best move, cutting the existing minimum by 25-50% is a decent starting goal.

You should also check for commercial zones that allow retail but don't allow residential (we wouldn't put residential in industrial zones, generally speaking, but there's no reason you can't put apartments or condos over or next to a shopping center).

GETTING STARTED

Once you've looked at the permitted uses and the dimensional standards, take a look at your zoning map. It'll help if you have two computer monitors, but it isn't essential. Maybe your town has one or two zones that only allow single family detached housing, or single family detached housing with ADUs, and a bunch of zones that allow more attainable construction types.

If 50% of the map is zoned for single family only, it doesn't matter how many zones encourage attainable housing. Most of the land is locked up for more expensive options.

If that's the case, you'll have to work on building relationships with your elected officials. They will need to either rezone that land to allow more attainable housing, or update the permitted uses in the existing zones to allow more attainable housing.

CHECKING FOR BOTTLENECKS

Once your community has adopted changes intended to legalize more attainable kinds of housing, it's time to monitor outcomes. **The work isn't over when the code is reformed.** Sometimes, the first round of reforms reveals other bottlenecks in the rules or the process that are blocking things.

Here's how you can check for those.

Let's say your town legalizes attached and detached ADUs in all residential zones. That's a great start!

Six months later, you should ask how many ADUs have entered the permitting process. Ask the same question every six months until the new reforms are two years old.

If you only get a handful, or none at all, then something isn't working the way it's supposed to. Tell your elected officials and ask them to request a report on why things aren't getting built. The same strategy can work for any kind of housing reform—if you legalize duplexes and don't get any duplexes, this playbook will work for that, too.

Sometimes, the bottleneck is in the process, not the rules. Is the permitting and inspections department adequately staffed? Is there a rogue inspector exercising arbitrary and capricious authority to block or delay projects because they had their own way of doing things for the last twenty years and aren't about to change it now?

These kinds of bottlenecks can be tricky to find, but it's absolutely critical that you create an accountability structure that lasts beyond text amendments and zoning map changes.

MOVING FORWARD

More attainable housing that meets the diverse needs of our communities across North Carolina is possible. It takes all of us, working together, to get there.

The staff at Carolina Forward are here to help.

Reach out to our policy Director, Theo Nollert, at theo@carolinaforward.org if you need help diagnosing the needs in your community.

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