



# Local Regulatory Reform for Affordable Homeownership

## Policy Brief for Local Elected Officials

Rising housing costs increasingly put homeownership out of reach for low- and moderate-income households. Fortunately, city leaders can support simple reforms to help increase affordable homeownership options in their communities. Each strategy below can help, but combined they will be even more effective.

**Seven strategies** to create more **affordable ownership housing** in your city:

- 1** Reduce Minimum Lot Sizes
- 2** Middle Housing Code Audit
- 3** Embrace Unit Lot Subdivision
- 4** Invest in Permit Desk Staffing
- 5** Adjust Parking Requirements
- 6** Go Easy on Impact Fees
- 7** Allow Clusters



Duplex



Cottages



Townhomes

## Middle Housing: modern starter homes

Housing costs are high for two key reasons:

- 1) there aren't enough homes, so the price of those on the market becomes inflated, and
- 2) the homes that are built tend to be oriented towards the wealthiest customers.

It's hard for a city to address #1 on its own because scarcity is a statewide problem. But cities do get to influence #2 by choosing what types of homes to allow and encourage in their city limits: high-cost housing aimed at wealthy households, or more economical housing aimed at the working and middle class.

Around the country cities are looking to **middle housing** — buildings like townhouses, cottages, duplexes, and small-lot houses — to create modern starter homes for a new generation of first-time home buyers. These types of homes have been illegal in most neighborhoods for decades, as housing costs have spiraled upwards. Middle housing spreads costs out over multiple units, creating more affordable ownership and rental options in a variety of formats that can be well-suited to parents with kids, single adults, couples, or multi-generational families.

## Why support homeownership?

Homeownership offers a few unique advantages to middle and working-class households that are not available through the rental market.

**Stability.** A mortgage payment is a consistent cost that a household can plan around. While rents can be more affordable in the short-term, they rise unpredictably with inflation and changes in the housing market.

**Wealth building.** The opportunity to invest housing payments into a long-term investment is the most feasible way for many working and middle-class households to build wealth. Household wealth creates a safety net that can blunt the impact of emergencies and provide the foundation for retirement.

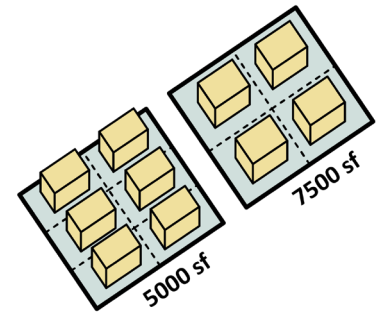
**Anti-displacement.** Too often, when communities invest in urban amenities like high-capacity transit or parks, vulnerable populations that would benefit the most are displaced by rising rents. Homeownership enables community members to remain in place and enjoy the benefits of improvements they helped to bring about.

# Seven strategies to create more affordable ownership housing

1

## Reduce Minimum Lot Sizes

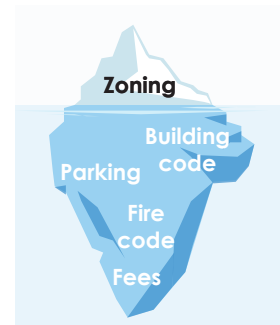
One zoning rule that can significantly increase the cost of owning a home is minimum lot size. Since land makes up a big part of the cost of any home, requiring a large amount of land with the purchase can only inflate that cost. Reducing the required minimum lot size in low-intensity (i.e. single-family) creates flexibility for lower cost homes.



2

## Middle Housing Code Audit

There are often unseen barriers that make it difficult or impossible to build middle housing, even if it is technically allowed under your city's zoning. Talk with local builders and planning staff about barriers your code creates like extra fees, complex public works standards, burdensome permitting requirements, or other potential barriers that could stymie middle housing construction in your city.

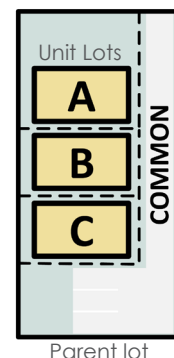


Zoning is just the tip of the regulatory iceberg.

3

## Embrace Unit-Lot Subdivision

“Unit lot subdivision” allows a household to buy one of several homes that share a “parent lot”. This lot must be developed under normal development regulations like setbacks and minimum lot size, but these rules don't apply to the subsidiary “unit lots”. Because unit lot subdivision helps reduce the land costs for each home, it is an excellent tool to support affordable homeownership. It works well for townhouses and cottages and offers an alternative to condominiums, which have become less popular with builders due to lawsuit risk.



4

## Invest in Permit Desk Staffing

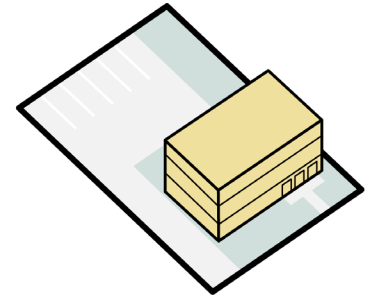
Before building a home a developer must get planning, public works, fire, and utilities permits. This process is essential to ensure the project is safe, but it can be slow, and processes often prioritize single-unit projects at the expense of more affordable multi-unit projects. Cities should make sure permit desks are well staffed to avoid expensive delays, consider lower permitting fees for more affordable projects, and review processes for undue preference given to higher-cost housing types.



## 5

### Adjust Parking Requirements

There isn't anything wrong with wanting it to be easy to park. But parking is expensive, so it helps home buyers to have the choice between convenient parking and a more affordable mortgage. When a city requires a set number of parking spaces with new housing it sends a message that parking is as important as the housing itself, while making it difficult to accommodate other amenities like trees or open space.



With two parking spaces per unit this triplex has almost no room left for open space.

## 6

### Go Easy on Impact Fees

When impact fees are used over-aggressively they have the effect of encouraging construction of high-priced homes, because the developer is more likely to be pay the fee and still make a profit. Cities should identify the types of housing that best help achieve housing goals and waive or reduce fees for those types. This can be a win-win, since affordable ownership housing, especially infill housing like townhouses, often helps reduce infrastructure costs in the long-term. It doesn't make sense to penalize the types of housing we most want to be built.

## 7

### Allow Clusters

On lots where four or more units are allowed, allowing multiple buildings will enables use of the residential (rather than the commercial) building code, which tends support more affordable construction. Allowing multiple buildings also makes it easier to add homes on a lot without tearing down an existing house. Clusters of buildings should generally not have open space requirements more stringent than the same number of units in a single building.



"Detached duplex" with a new home built in the original home's backyard.

## About Black Home Initiative

Black Home Initiative (BHI) is a multi-year, regional effort from Civic Commons that targets the racial inequities at the core of the housing ecosystem to increase home-ownership among BIPOC (Black, Indigenous, and People of Color) households. BHI's initial emphasis is to create opportunity for 1,500 new low- and moderate-income Black households to own a home in South Seattle, South King County, and North Pierce County within the next five years.

Civic Commons' role within BHI is to lay the groundwork for long-term systems change. We will do this by convening cross-sector partners who will collaboratively act on local priorities ranging from homebuyer preparation to construction financing to policy reform. By centering those most affected by this work, we will ensure the progress we make together continues well beyond Civic Commons' leadership of this initiative. The ultimate impact we seek is racial equity for everyone and an increase in intergenerational household wealth.

### Affiliate Organization

Tacoma - Pierce County  
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## Black Home Initiative

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