



U.S. Chamber of Commerce



# Strong Foundations

## A Playbook for Housing and Economic Growth

Yadkin County, North Carolina



# Overview

Housing has long been a cornerstone of the American dream and the nation's economy, but a supply–demand imbalance has pushed the U.S. market into crisis, driving up prices and limiting workforce mobility. Addressing this shortage is essential to stabilize the market and sustain economic resilience, so the U.S. Chamber of Commerce and the AEI Housing Center\* have released *Strong Foundations: A Playbook for Housing and Economic Growth*, a guide that gives state and local leaders actionable solutions. The playbook is backed by location specific data on affordability, net migration, and homeless displacement pressure. These data allow officials to make informed decisions to reinforce housing stability and spur growth.

We thank our data providers – First American, Intercontinental Exchange, U.S. Parcel Labs, Zoneomics, and Cotality – our analysis would be impossible without their data. We also acknowledge the use of data from Bureau of Labor Statistics, Bureau of Economic Analysis, SafeGraph, U.S. Census, Overture Maps, OpenStreetMap, ESRI Community Maps, Microsoft, Freddie Mac, U.S. Department of Housing and Urban Development, IRS, and the U.S. Geological Survey.

## The Key to Housing Abundance

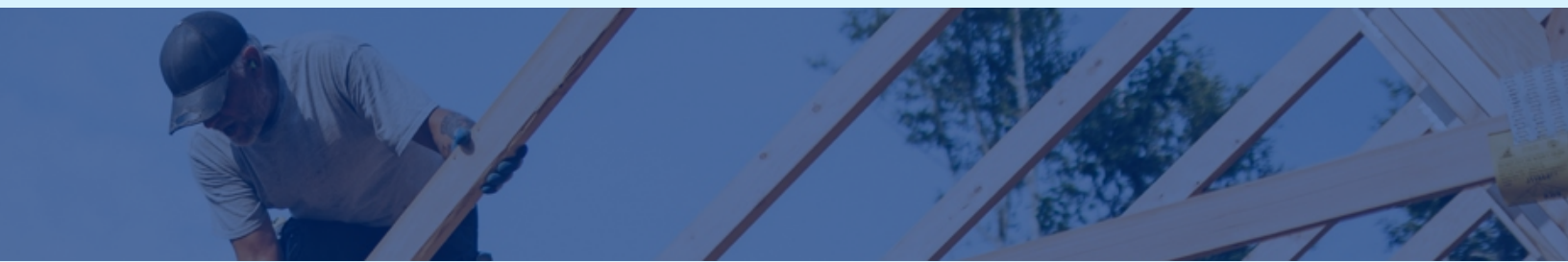
Small lots, small lots, small lots. Enabling small lots are essential to building more family-sized starter homes.

### Key ways to unlock smaller lots and new housing supply

- **Lot size flexibility in new subdivisions:** allow the building of homes on small lots instead of only large lots. Small lots enable the construction of starter single-family homes and townhomes.
- **Home dwelling type and lot split flexibilities on existing lots:** allow the construction of a variety of dwelling types and sizes, including duplexes, triplexes, quadplexes, townhomes, and ADUs.
- **Flexibility to build homes near jobs:** allow for a residential overlay by-right in non-residential districts such as commercial/retail, bringing people closer to jobs and amenities.

Building in flexibility for lot size and density will help unleash new housing supply, restore affordability for buyers and renters alike, and reopen the path to ownership for working families.

\* AEI Housing Center scholars Edward Pinto, Tobias Peter, and Arthur Gales.



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# Executive Summary

## Options Communities Should Consider to Add Up to 6 Homes Annually in Yadkin County, North Carolina

While every community has differences in infrastructure such as road, schools, and sewer and water availability, and local laws vary, our Housing Playbook offers strategies to help add more housing supply to meet growing demand.

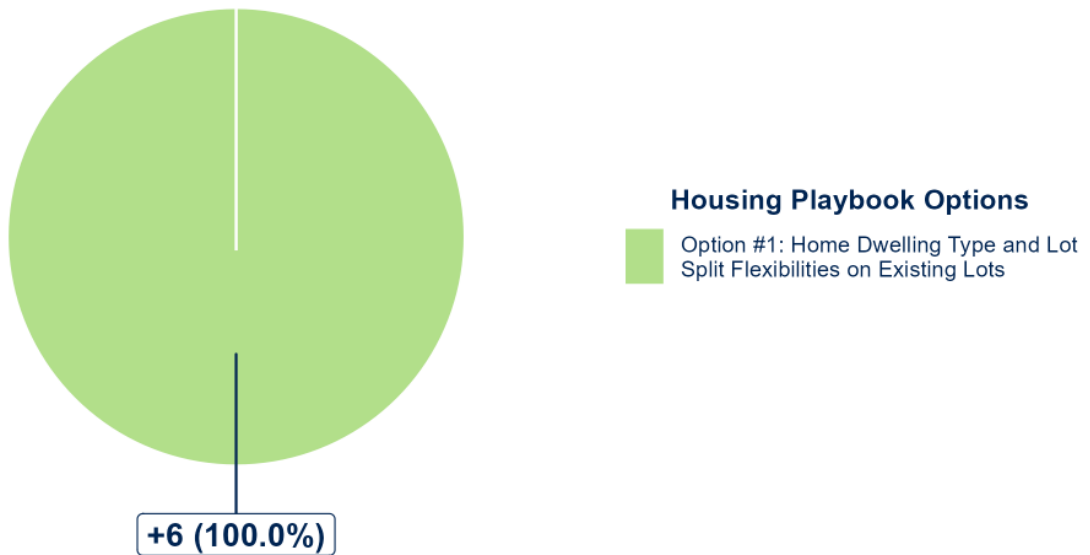
### Option 1: Home Dwelling Type and Lot Split Flexibilities on Existing Lots

- Counties should consider allowing duplexes, other multiplexes, townhomes, or accessory dwelling units (ADUs) on single-family lots and allow lot-splits by setting a minimum lot size of no more than 1,200 square feet for new lots.

**Projection: 6 net new homes annually.**

### How Yadkin County Could Add 6 Homes Per Year

Following the AEI Housing Success Playbook Would Increase New Homes by 8%\*



\* Compared to new single and multi-family homes built from 2010-2023. Source: 2023 5-year ACS and AEI Housing Center, <https://aeihousingcenter.org/playbook>.

# Impact of the Housing Shortage

Recent studies estimate that the national housing shortage ranges from around 4 to 8 million homes. In this shortage analysis, we use the mid-point of about 6 million homes.<sup>1</sup> The map below shows where that shortage lies.

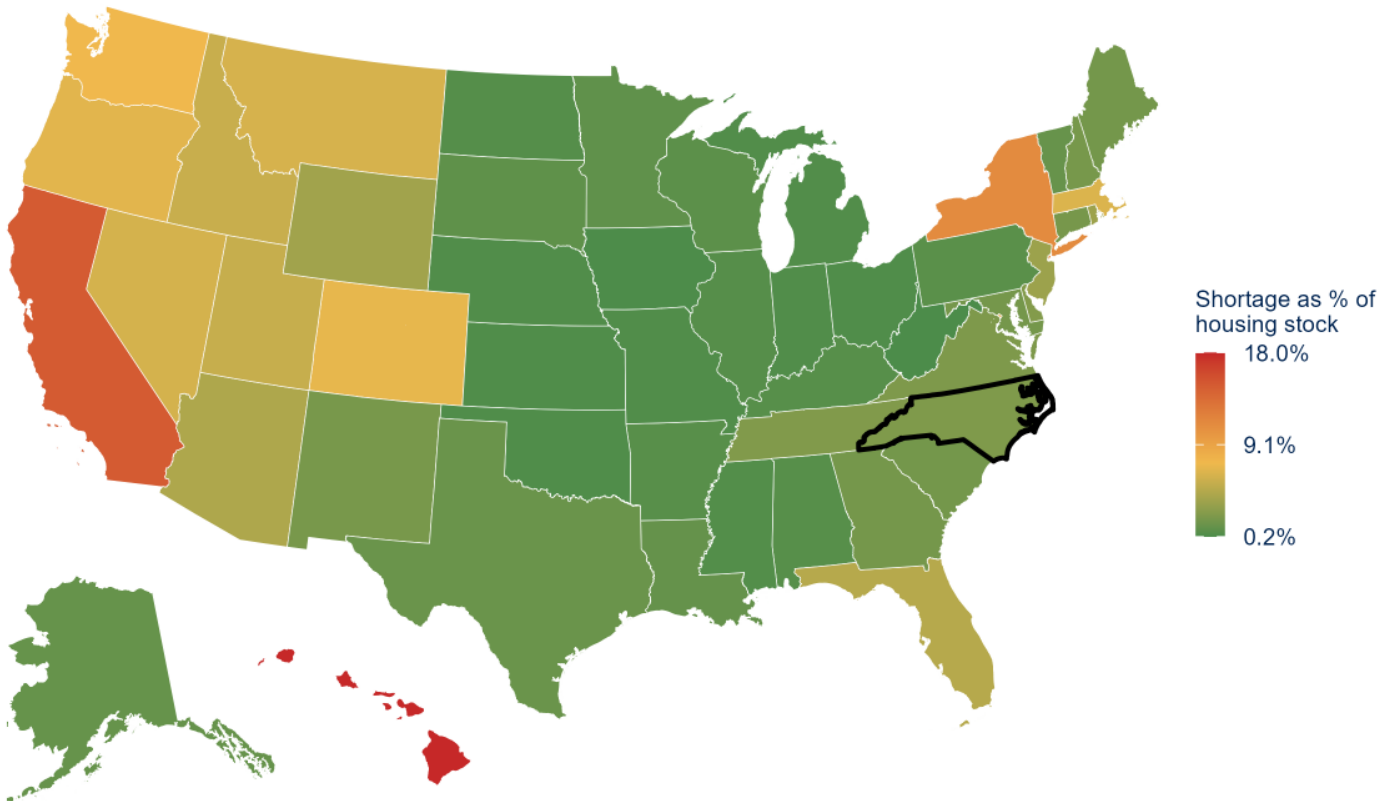
Yadkin County is short **1.7** homes—roughly **0.0%** of its entire housing stock. That shortage is an invisible hand squeezing families out of home ownership, pushing rents higher, and forcing workers to commute farther from jobs and schools. Every year we fail to close it, prices climb faster than wages, overcrowding worsens, and the dream of a starter home slips further away.

Fixing the nation's housing shortage would:

- Bring home price growth in alignment with wage growth.
- Give renting families a path to home ownership.
- Relieve upward pressure on homelessness and displacement.

## U.S. Housing Shortage by State in 2023

North Carolina shortage: 107,800 homes



Source: 2023 1-Year American Community Survey (ACS) and AEI Housing Center, [https://heat.aeihousingcenter.org/toolkit/housing\\_shortage](https://heat.aeihousingcenter.org/toolkit/housing_shortage).

<sup>1</sup> We assume a national housing shortage of 6 million homes - a midpoint between various studies estimating a shortage of between 4 and 8 million (see for example: [Up for Growth](#), [Zillow](#), [Realtor.com](#), [McKinsey](#)). We then allocate that shortage to counties (or cities) using the ratio of median home price to income.

# Why Allow for Lot Size and Location Flexibility?

This gives owners the right to build homes that most people can afford—whether in new neighborhoods, existing communities, or near jobs. It increases supply and affordability by allowing people to build starter homes on smaller lots in new residential subdivisions, and by allowing duplexes, triplexes, fourplexes, townhomes, or ADUs on single-family lots. It also refers to location – allowing homes near jobs and amenities in commercial and other non-residential areas.

It creates more affordable starter homes by using land more efficiently. This approach reduces sprawl, infrastructure costs, and energy use. By building smaller homes on smaller lots, we can significantly increase the supply of lower-priced, family-sized homes while freeing up existing housing stock.

It creates more workforce housing since single-family detached homes and townhomes average about 3.5 and 2.8 bedrooms respectively and are suitable for raising a family and naturally affordable shared living arrangements (42% of renters live in single-family homes).

## What is the flexibility to build homes near jobs?

Legalizing single-family, multifamily, and mixed-use residential by right in all commercial, industrial, and mixed-use areas. This allows people to live near their jobs and amenities if they choose.

By-right housing can transform underused commercial and industrial properties into owner-occupied and rental homes, helping cities make better use of land and infrastructure. Combined with small lots, this helps give people of all incomes greater choice in where and how they choose to live.

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## The Housing Affordability Trifecta: Why Smaller Lots Mean Lower Home Prices

- **Smaller lots** → lower land costs
- **Smaller homes** with standard finishes → more affordable per home
- **More townhomes** → efficient land use, lower cost per square foot



# Diving Deeper: Option 1: Home Dwelling Type and Lot Split Flexibilities on Existing Lots

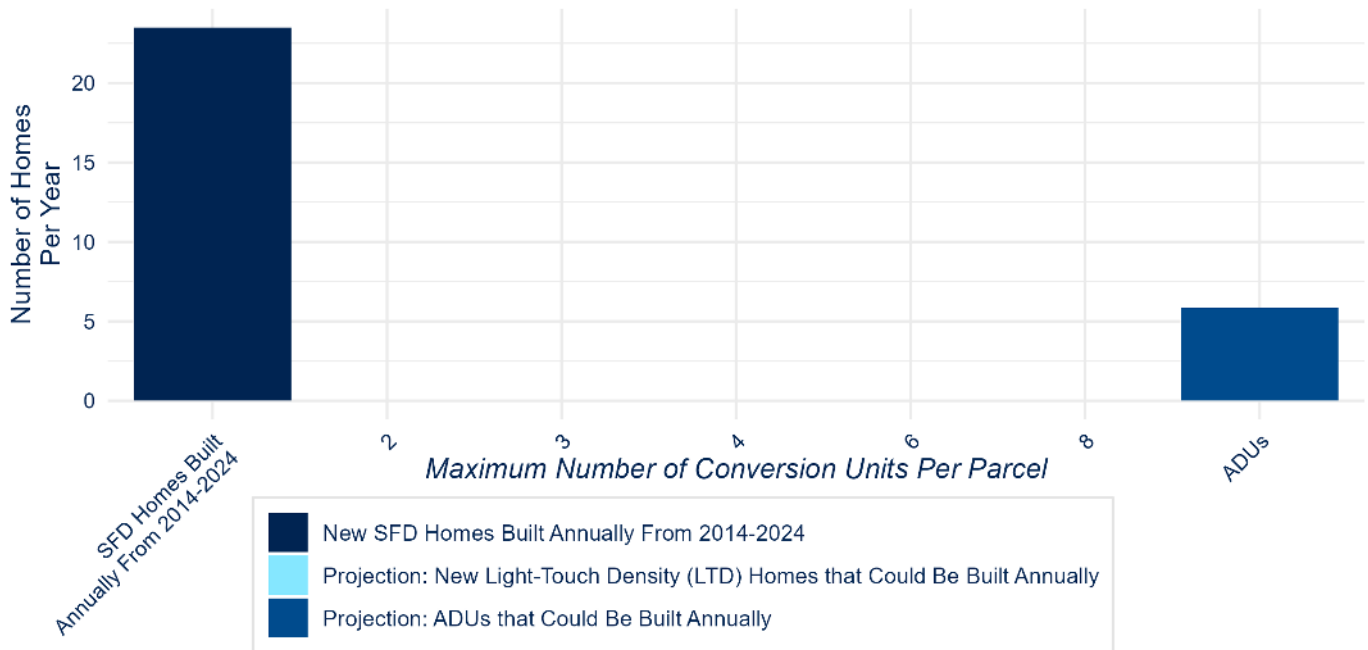
Allowing home dwelling type and lot split flexibilities on existing lots in single-family neighborhoods in Yadkin County could add 6 homes per year, or an increase of about 25% over the current rate of SFD construction in Yadkin County.

These new homes are created through the legalization of home dwelling types or by splitting existing lots into smaller parcels. They can take the form of smaller lot SFD homes, townhomes, 2–8 home multiplexes, and ADUs in neighborhoods currently restricted to single-family detached homes.<sup>2</sup> To achieve this outcome, Yadkin County should set a minimum lot size of no more than 1,200 sq.ft. for new lots created through single-family lot splits.

This bar chart compares the number of new SFD homes built in Yadkin County from 2014-2024 (shown in dark blue) to the potential number of homes that could be created by these flexibilities.

## Homes by Allowable Density in Yadkin County

*New Single-Family Detached (SFD) Homes (2014-2024) vs. Projected Light-Touch Density (LTD) Homes*

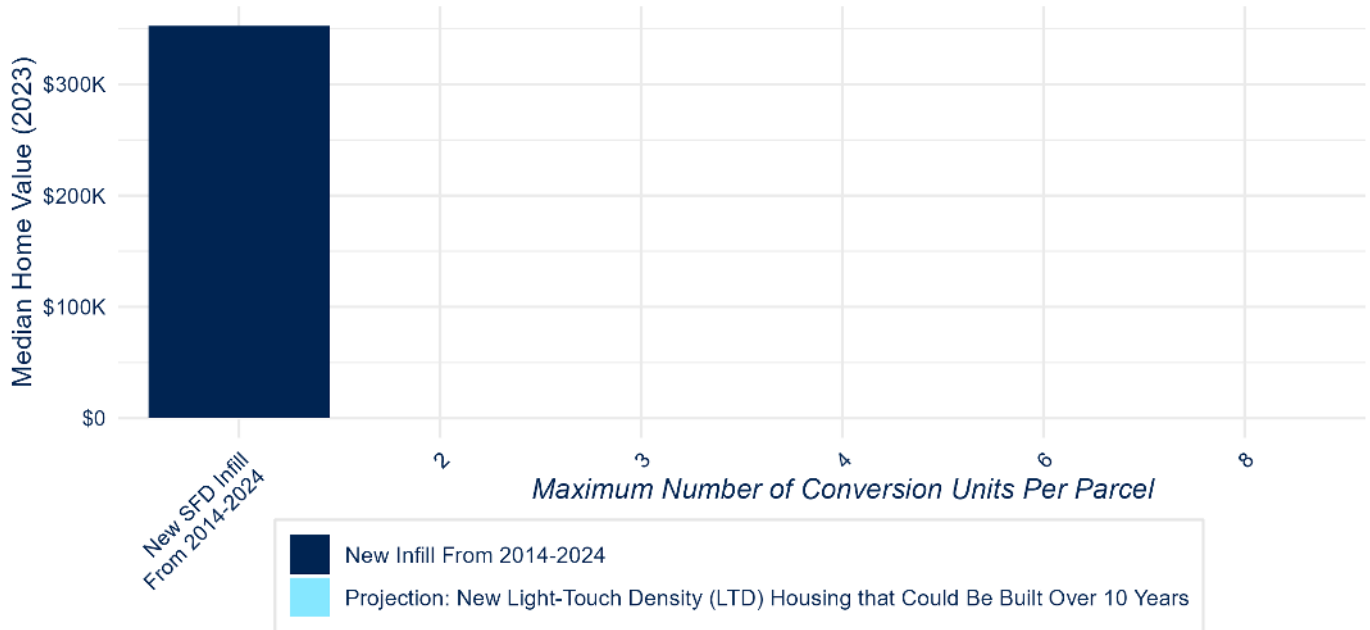


Source: First American and AEI Housing Center, [https://heat.aeihousingcenter.org/toolkit/ltd\\_chart](https://heat.aeihousingcenter.org/toolkit/ltd_chart).

<sup>2</sup> Projections for ADUs are given only in cases when they are the highest and best use of land. In areas with high land values, duplex, triplex, and townhome conversions are typically the higher and better land use. If both ADUs and small multiplexes make financial sense, we assume the option that produces the most homes on that lot. [Light-Touch Density: Housing Supply and Affordability Estimates](#).

# Median Estimated Home Value in 2023 by Allowable Density in Yadkin County

*New Single-Family Detached (SFD) Homes (2014-2024) vs. Projected Light-Touch Density (LTD) Units*



Source: First American and AEI Housing Center, [https://heat.aeihousingcenter.org/toolkit/ltd\\_chart](https://heat.aeihousingcenter.org/toolkit/ltd_chart).

# A Path to Housing Abundance: Implementation Strategy

The three most important things in addressing housing abundance and affordability: “**small lots, small lots, small lots.**” Smaller lots allow more homes to be built on the same amount of land. This reduces land costs, leads to smaller, but usually still family-sized homes, and promotes townhomes, which cost less to build than a similarly sized detached home. They also provide home-sharing opportunities for service workers.

Across the country—and around the world—[case studies](#) consistently reveal a formula for successful housing supply reform:

- **Allow small lot flexibility for new subdivisions, home dwelling type and lot split flexibilities on existing lots, and the flexibility to build homes near jobs** by adopting one or more of the reform options outlined above,
- **Enable by-right zoning**, so projects don’t get delayed or killed by discretionary reviews,
- **Follow the Keep it Short and Simple (KISS) principle** instead of micromanaging the process.

## How Does the KISS Principle Unlock Housing Supply?

**The KISS principle refers to eliminating unnecessary complexity in the homebuilding process.** Simplicity brings certainty, lowers costs, and makes small-scale infill and larger-scale development both feasible and attractive. See *Full List of KISS Reforms to Consider* for more details.

## Others Are Doing it, and Model Legislation Is Available

Several states—including Texas, California, Montana, Vermont, Oregon, and Washington—have recently enacted legislation to support housing abundance.

The key to successful reform lies in adhering to the Housing Abundance Success Sequence while avoiding unnecessary micromanagement. A range of legislative templates and model bills are readily available to guide this process. [Texas SB-15](#) (lot size flexibility for new residential subdivisions in larger cities) and [Texas SB-840](#) (residential and mixed-use housing on all commercial and light industrial land in larger cities) were enacted in mid-2025. Taken together, these two bills implement Playbook Options 1 and 3. Implementation of Option 1 and 2 can be accomplished through a single model bill: the [AEI Model Starter Homes Act](#), which sets minimum lot sizes for both residential subdivisions and home dwelling type and lot split flexibilities on existing lots. A second model bill, [AEI Model Multifamily and Mixed-Use Residential in Certain Zoning Classifications](#), covers Option 3. It would allow for a residential overlay by-right in commercial, industrial, and mixed use zones.

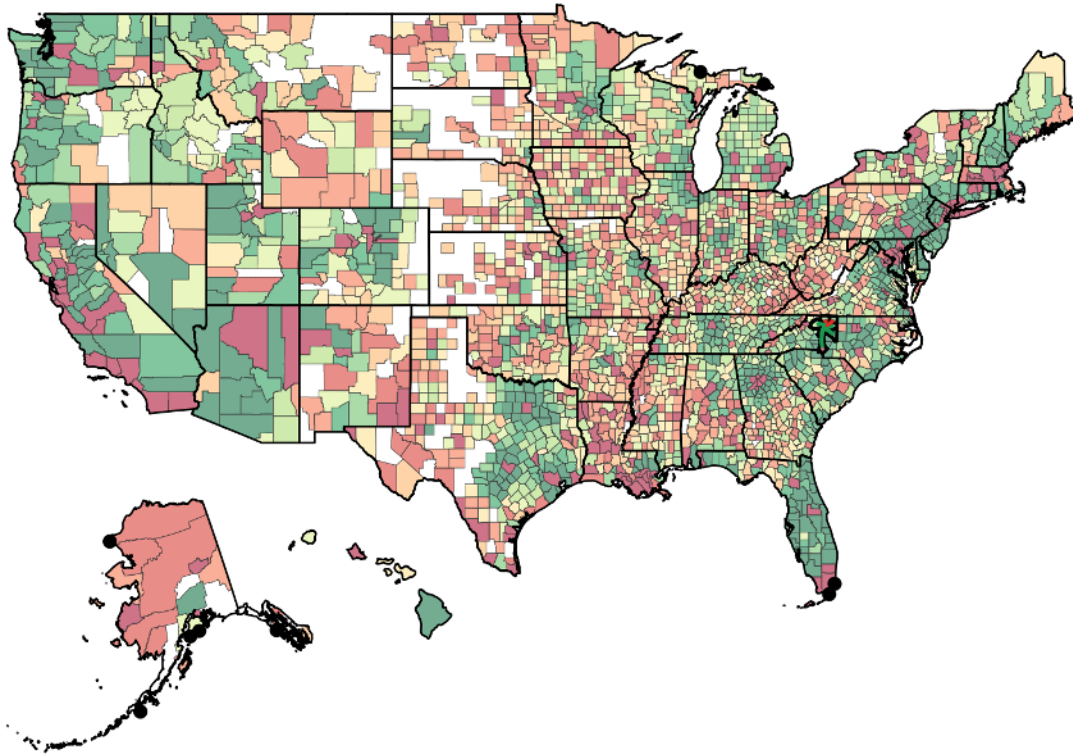
# The Yadkin County Migration Map: Who's Coming and Going?

This map shows net domestic migration flows to and from Yadkin County from 2021–2022, based on IRS data.

- Yadkin County's net in-migration from other counties (shown in green) has been largely from Mecklenburg County, North Carolina and Davidson County, North Carolina. Net out-migration has been largely to Stokes County, North Carolina and Surry County, North Carolina.<sup>3</sup>
- Yadkin County had a net inflow of about 190 individuals from 2021-2022.

## Top Migration Connections with Yadkin County

190 net domestic migration from 2021-2022 (latest year)



Change from 2021-2022    ■ Net Outflow    ■ Net Inflow

Source: IRS Domestic Migration and AEI Housing Center, <https://heat.aeihousingcenter.org/migration>.

<sup>3</sup> For more detail, see: [AEI Housing Center's HEAT: IRS Domestic Migration Map](https://heat.aeihousingcenter.org/migration).

## Domestic Migration Into and Out Of Yadkin County

Sorted by absolute net migration from 2021-2022

County	Net Moves	Moves In	Moves Out
1. Mecklenburg County, North Carolina	46	46	0
2. Davidson County, North Carolina	45	45	0
3. Forsyth County, North Carolina	41	379	338
4. Iredell County, North Carolina	36	114	78
5. Davie County, North Carolina	31	121	90
6. Wilkes County, North Carolina	31	200	169
7. Stokes County, North Carolina	-3	40	43
8. Surry County, North Carolina	-34	204	238

Source: IRS Domestic Migration and AEI Housing Center, <https://heat.aeihousingcenter.org/migration>.

# Boosting Housing Supply Keeps Home Prices in Check – Especially in High Job Growth Markets

In fast-growing metros, home prices tend to rise sharply when housing supply doesn't keep pace with job growth.<sup>4</sup>

This graphic shows that metros with high employment growth, but low new construction shares, experienced the steepest increases in home prices between 2012 and 2019 (before the pandemic).<sup>5</sup>

This trend is measured by home price appreciation (HPA)—the percentage increase in constant-quality home values over time. When demand for housing rises but new construction lags behind, prices appreciate faster.

Building more homes in high job-growth areas helps slow home price increases, making housing more naturally affordable. This highlights how boosting supply can relieve affordability pressures.

From 2012-2019, metros in North Carolina state had **above cumulative employment growth** and **above average share of new home construction**, compared to national averages. As a result, home price appreciation of 60% was below the national average of 62%.

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<sup>4</sup> [AEI Housing Center's HEAT: Metro Supply & Demand](#).

<sup>5</sup> Although more recent data are available, we use data through 2019 to avoid the atypical market disruptions caused by the pandemic. This approach allows us to better capture the relationship between home prices, new housing supply, and job growth under more typical, pre-pandemic conditions.

# How New Construction Affects Home Prices: Comparing Job Growth and 1-4 Unit Housing Supply in Major Metros

Data from 2012-2019

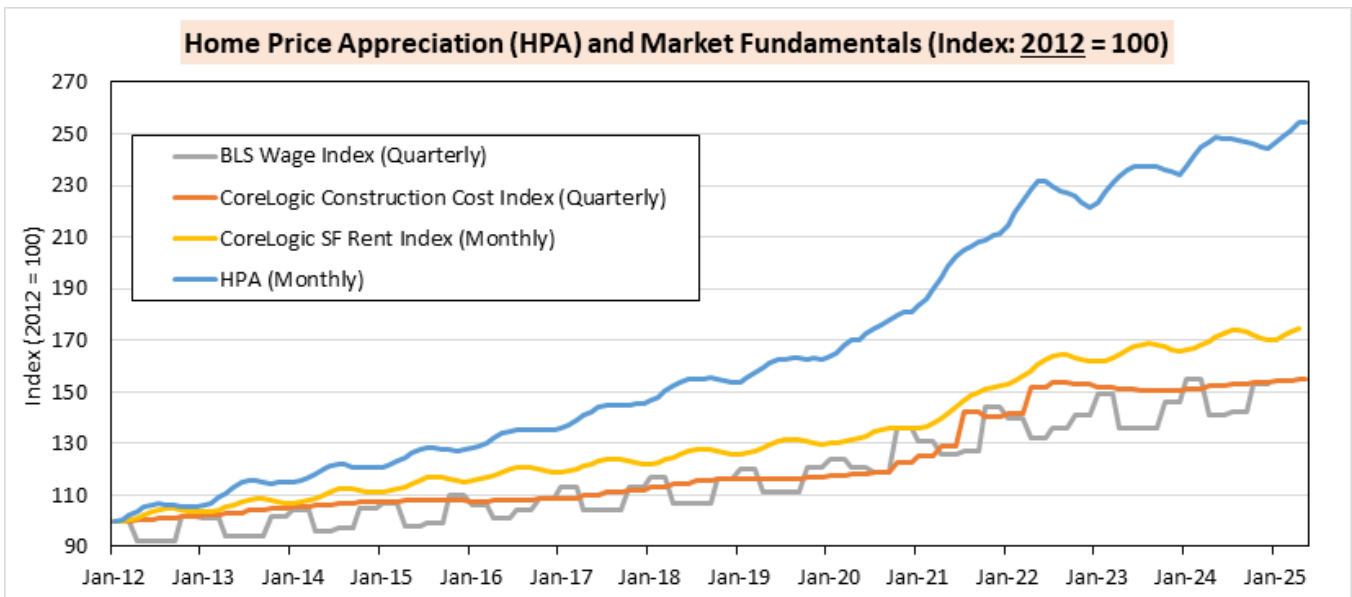


MSA	Job Growth	Home Price Growth	New Homes as % of 1-4 Unit Sales
Charlotte, NC	24%	71%	25%
Raleigh, NC	26%	54%	33%
Durham, NC	16%	52%	27%
Greensboro, NC	8%	36%	13%
National	12%	62%	14%

Source: Freddie Mac, Bureau of Economic Analysis (BEA), and AEI Housing Center, [https://heat.aeihousingcenter.org/toolkit/supply\\_demand](https://heat.aeihousingcenter.org/toolkit/supply_demand).

- At the national level, home prices have become disconnected from fundamentals**
- Home prices have nearly tripled since 2012, with many areas having risen much faster than incomes for decades.
  - Wages, rents, and construction costs have risen much more slowly.

**The growing disconnect between construction costs and home prices suggests the main force behind higher prices is regulation that makes land scarce and adds to building costs.**



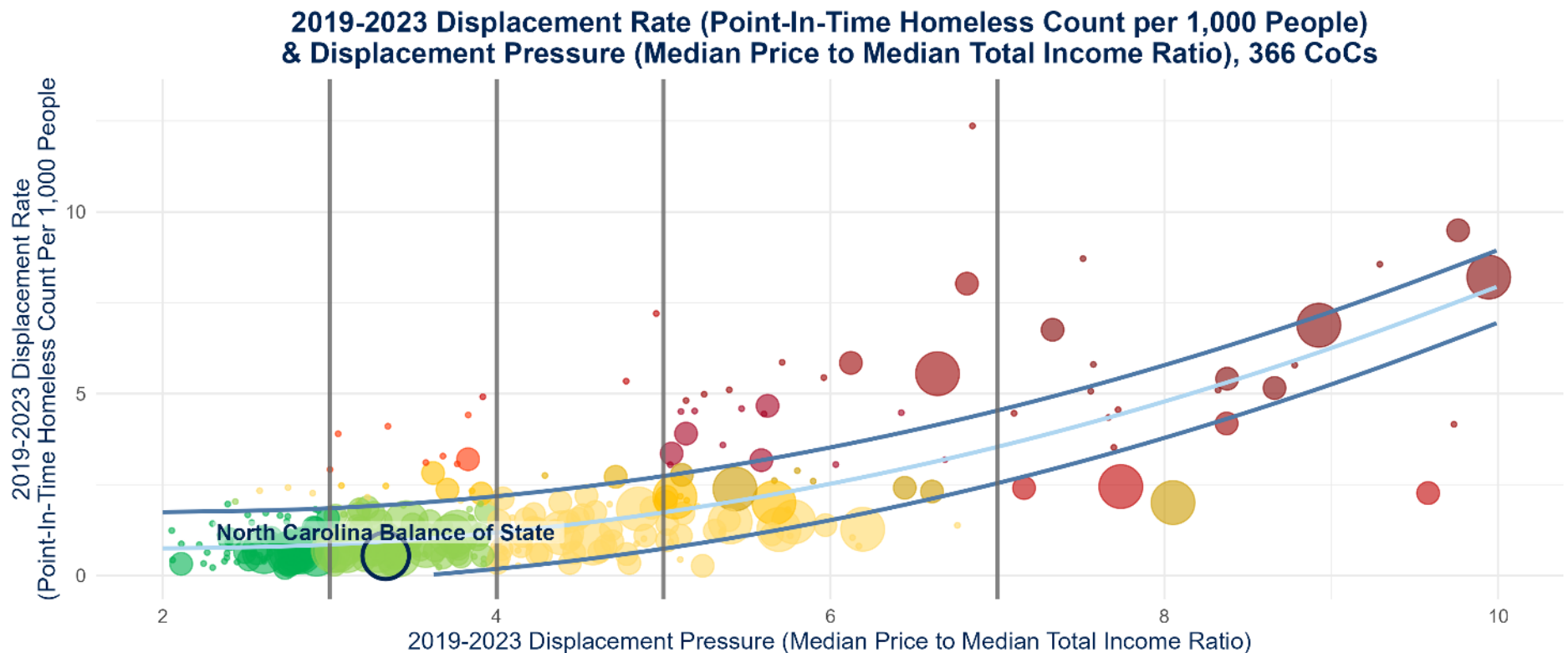
Source: Bureau of Labor Statistics (BLS), Cotality, and AEI Housing Center, <https://www.aei.org/housing>.

# Rising Home Prices Drive Displacement and Homelessness

When home prices rise faster than incomes, displacement pressure increases—and with it the risk of homelessness. Communities that fail to keep housing supply in line with demand experience the steepest price hikes, making even modest apartments unaffordable and pushing out those on the margins.<sup>6</sup>

The solution is clear: **legalize and enable the construction of more homes in the middle price range** so that more older homes “filter down” to lower-income households over time. This is important as it provides more rapid rehousing opportunities for formerly homeless individuals and families.

The chart below shows that as housing becomes less affordable—measured by the ratio of home prices to income—homelessness tends to increase sharply, especially once that ratio exceeds 5.0. Communities that build too little housing face the highest displacement rates.



Source: 2023 5-Year American Community Survey (ACS), HUD Annual Homeless Assessment Report (AHAR), and AEI Housing Center, [https://heat.aeihousingcenter.org/toolkit/gni\\_toolkit](https://heat.aeihousingcenter.org/toolkit/gni_toolkit).

Source: 2023 5-Year American Community Survey (ACS), HUD Annual Homeless Assessment Report (AHAR), and AEI Housing Center, [https://aeihousingcenter.org/good\\_neighbors\\_toolkit/](https://aeihousingcenter.org/good_neighbors_toolkit/).

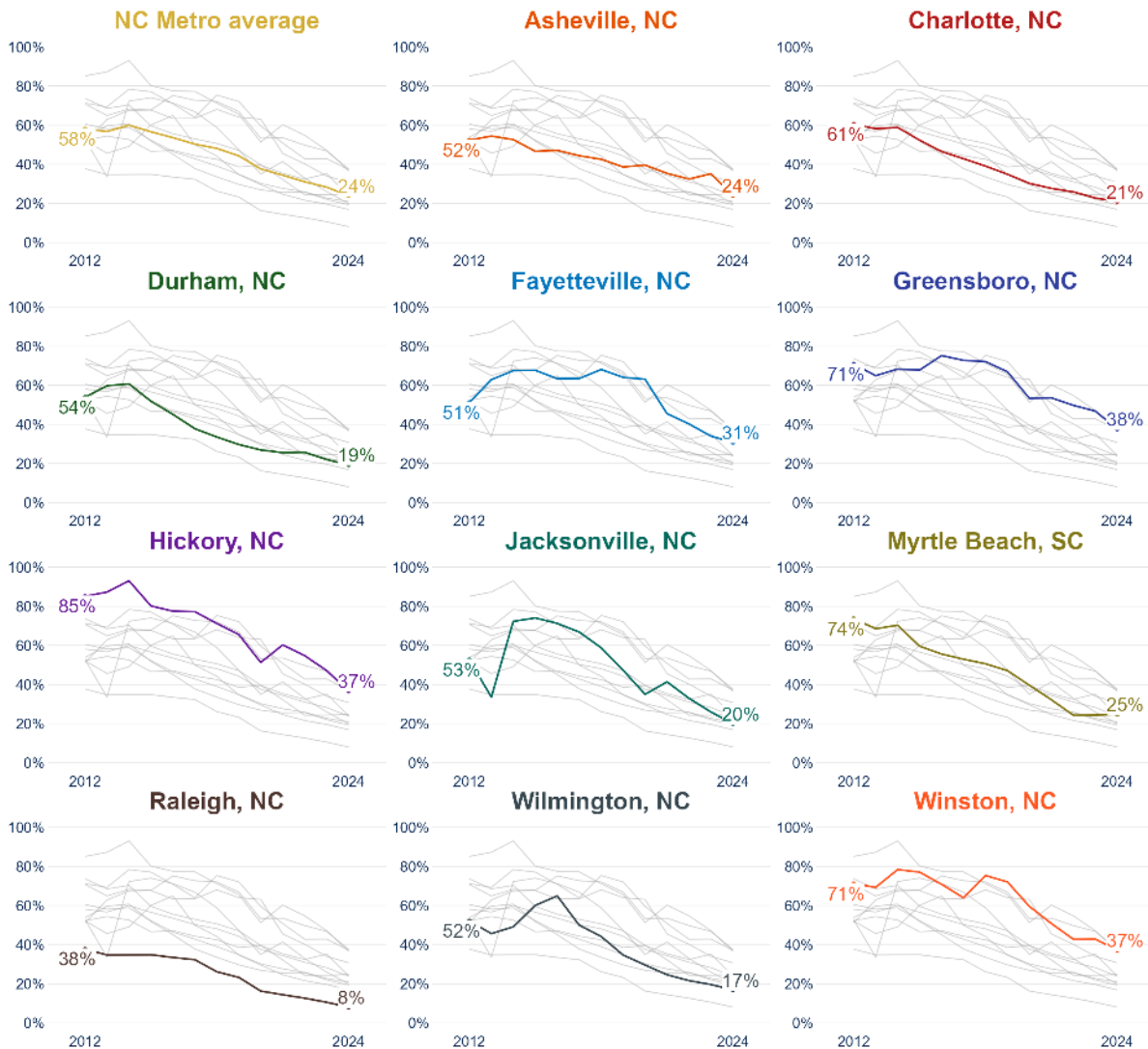
<sup>6</sup> Of 54 variables tested, the ratio of median home price to median income had the greatest explanatory power. [AEI Housing Center Good Neighbors Toolkit](https://aeihousingcenter.org/good_neighbors_toolkit/)

# Carpenter Index: Declining Affordability for Working-Class Households

The Carpenter Index measures the percentage of entry-level homes in a metro that a carpenter-headed household can afford. It offers a clear snapshot of how home ownership is becoming increasingly out of reach for blue-collar workers across many metro areas.

Affordability for carpenter households (a proxy for blue-collar workers) has generally declined across North Carolina's metros. The median carpenter household was able to purchase the bottom 24% of entry level homes across North Carolina's metros, down from 58% in 2012. Over the same period, the Winston Carpenter Index declined from 71% to 37%.<sup>7</sup>

**Carpenter Index Across North Carolina Metros**  
*Each panel highlights one metropolitan area with others shown in gray*



Data are limited to the largest 11 metros out of 16 in North Carolina. North Carolina contains 1 metro that crosses state boundaries: Myrtle Beach, SC (with 28% of its population in North Carolina). The state average is a population-weighted average of the Carpenter Index for the largest metros in the state, using only the in-state portion of each metro's population. We rank metros based on their purchase home sales from 2012 to 2019 in the Public Records. The Carpenter Index is available for all 12 years (2012-2024) for 320 of the largest 400 metros nationally. The remaining metros are missing the index for 1 to 9 years (26 metros) or for all years (54 metros) due to the unavailability of wage data or sale records. Source: First American, Intercontinental Exchange (ICE), Bureau of Labor Statistics (BLS), and AEI Housing Center, [https://heat.aeihousingcenter.org/toolkit/hmi\\_400](https://heat.aeihousingcenter.org/toolkit/hmi_400).

<sup>7</sup> For more detail, see [AEI Housing Center's HEAT: Housing Market Indicators \(Largest 400 Metros\)](#)

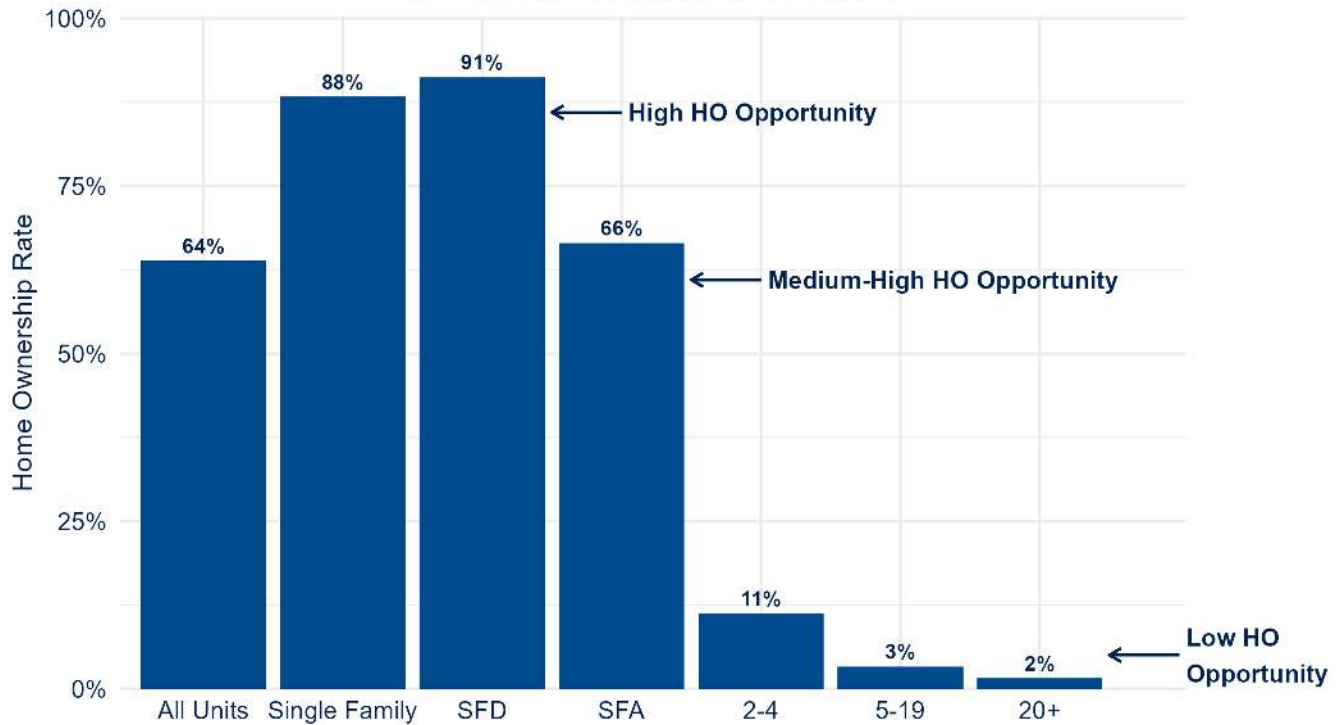
# Home Ownership and Number of Bedrooms by Property Type

**North Carolina's home ownership rate for homes built from 2010-2023 is 64% – 2 percentage points below the national average of 66%.<sup>8</sup>**

The bar chart below shows the North Carolina home ownership rate by property type for homes built from 2010-2023 and bedroom count by home type, for properties built from 2010-2023 and all properties.

- Single-family detached (SFD) and attached (SFA) have high or medium home ownership opportunity (91% and 66%, respectively), while multifamily (MF) properties with 20+ units have low home ownership opportunity (1.5%).

**Home Ownership (HO) Rate by Property Type in North Carolina for Homes Built 2010-2023**



**Average Number of Bedrooms by Property Type in North Carolina**

Bedroom Opportunity	High						Low
	All Units	Single Family	SFD	SFA	2-4	5-19	20+
Homes Built 2010-2023	3.0	3.5	3.6	2.9	2.1	1.8	1.5
Total Housing Stock	2.9	3.2	3.2	2.6	1.9	1.8	1.5

Note: All results are calculated using Census-created household weights. Source: 2023 American Community Survey (ACS) 5-Year Microdata and AEI Housing Center, [https://heat.aeihousingcenter.org/toolkit/median\\_rent\\_value](https://heat.aeihousingcenter.org/toolkit/median_rent_value).

<sup>8</sup> FRED.

# Rent Burden on Food Preparation and Food Service Workers

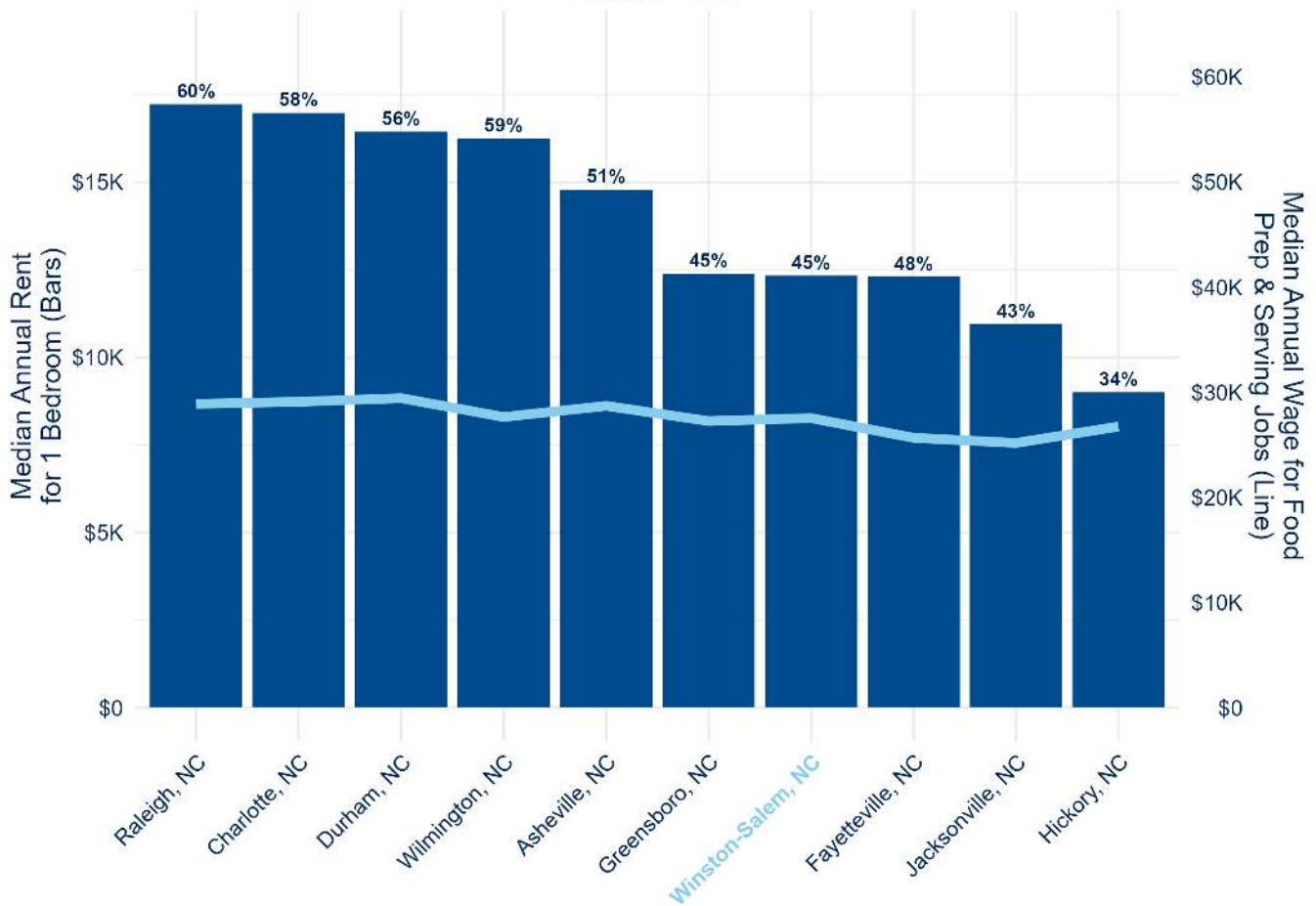
Across metropolitan areas, rent and home prices vary dramatically - but wages by occupation barely budge.

In high-cost metros, land use limits on home and apartment construction directly create **heavier rent burdens for low wage service workers**.

Occupations like food preparation and food serving (14M workers), cleaning and maintenance (6M), personal care (4.6M), sales (14.3M), office and administrative support (19M), production (9M), and transportation (15M) make up nearly half of all U.S. jobs – yet these workers typically earn about **80% of the national median wage**.

**Rent for a One-Bedroom Home as a Percent of Wage Income Among Food Prep and Food Serving Workers Across North Carolina Metros**

Data for 2023



Note: The chart shows Winston-Salem, NC and the top 9 metros in North Carolina with available data. Percentages are the share of income spent on rent annually. Source: 2023 1-Year American Community Survey (ACS), Bureau of Labor Statistics (BLS), and AEI Housing Center, [https://aeihousingcenter.org/good\\_neighbors\\_toolkit/](https://aeihousingcenter.org/good_neighbors_toolkit/)

The chart above highlights the wage/1-bedroom relationship across North Carolina’s 10 largest metros. While wages for food preparation and food service workers remain relatively flat across metros, rent burdens increase substantially in higher-cost areas.

## Raleigh, NC and Winston-Salem, NC MSAs:

- **Median wage for food preparation and food serving workers:** \$28,910 (30% of AMI) in Raleigh, NC vs \$27,550 (43% of AMI) in Winston-Salem, NC.
- **Median annual rent for a 1-bedroom apartment:** \$17,220 in Raleigh, NC (40% higher) vs \$12,324 in Winston-Salem, NC.
- **Resulting rent burden:** A one-bedroom apartment in Raleigh, NC costs **60% of the income of food preparation and food serving workers**, compared with **45%** in Winston-Salem, NC.

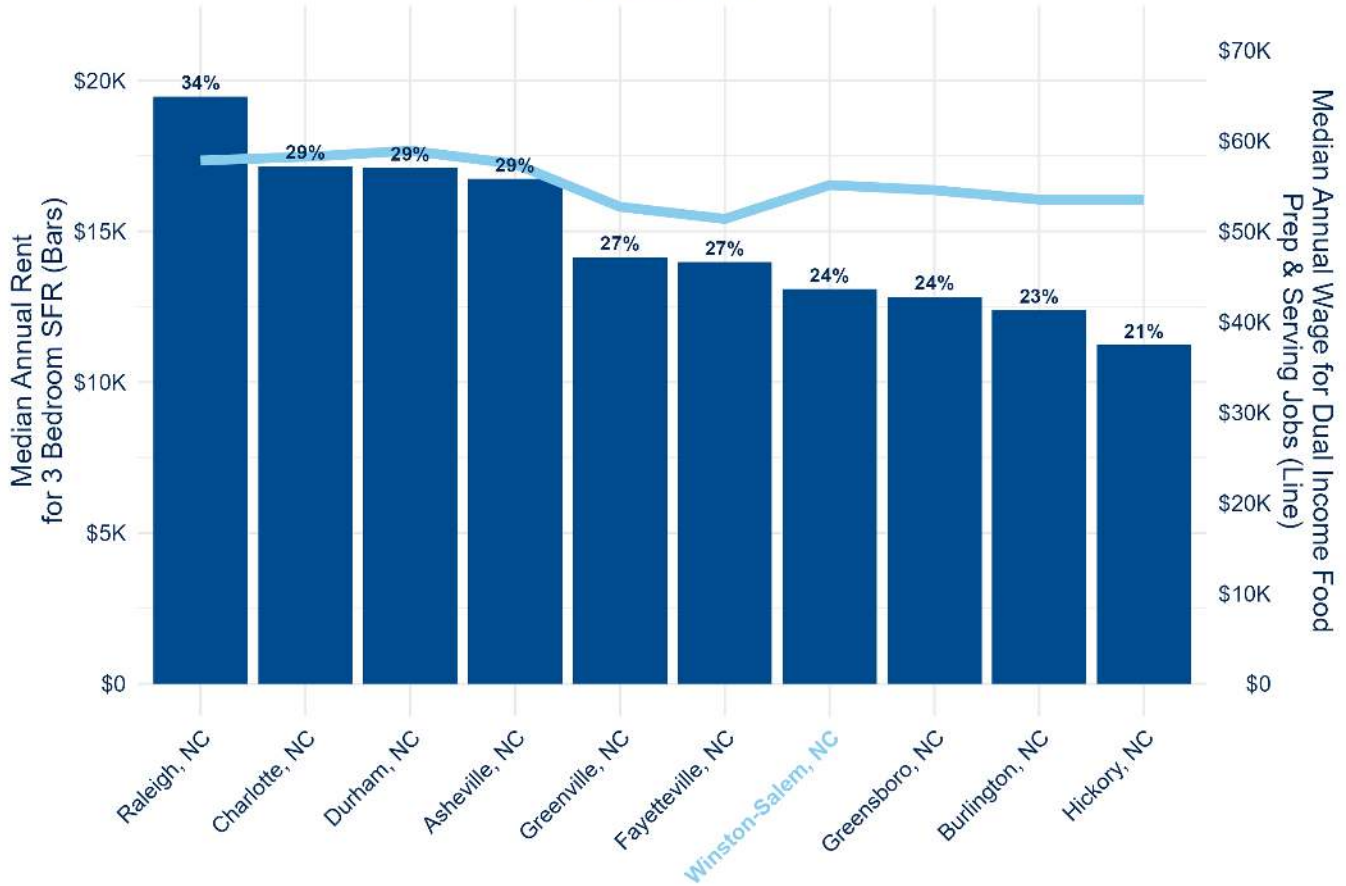
However, keep in mind that across the nation, only 32% of renters rent a 1-bedroom apartment.

## Three-Bedroom Cost Burden: A More Common Scenario

A more typical housing arrangement for lower-wage or service-sector workers is renting a multi-bedroom home. In this analysis, we examine the cost burden associated with renting a three-bedroom single-family home, which is one of the most common configurations for shared housing among these workers. While the median gross rent for a three-bedroom home is 24% higher than for a one-bedroom apartment nationally, these households generally include an average of 2.1 adults, helping to distribute costs across multiple earners.

### Rent for a Three Bedroom Single-Family Rental as a Percent of Wage for Dual Income Food Prep and Food Serving Workers Across North Carolina Metros

Data for 2023



Note: The chart shows Winston-Salem, NC and the top 9 metros in North Carolina with available data. Percentages are the share of income spent on rent annually. Earners within a dual income household are assumed to be in the same occupation. Source: 2023 5-Year American Community Survey (ACS) Microdata, Bureau of Labor Statistics (BLS), and AEI Housing Center, [https://aeihousingcenter.org/good\\_neighbors\\_toolkit/](https://aeihousingcenter.org/good_neighbors_toolkit/)

#### Raleigh, NC and Winston-Salem, NC MSAs:

- **Median wages for dual-earner food preparation and food serving households:** \$57,820 in Raleigh, NC and \$55,100 in Winston-Salem, NC, reflecting comparable earnings.
- **Median annual rent for a three-bedroom single-family home:** \$19,464 in Raleigh, NC (34% higher) and \$13,080 in Winston-Salem, NC.
- **Resulting rent burden:** A three-bedroom single-family home in Raleigh, NC costs **34% of the income of dual-earner food preparation and food serving households**, compared with 24% in Winston-Salem, NC.

This analysis underscores that even with multiple earners, rent burdens remain severe in high-cost metros, further emphasizing the need to **increase housing supply in high-rent areas** to alleviate cost pressures on service-sector workers.

# Rent Burden Across Occupations

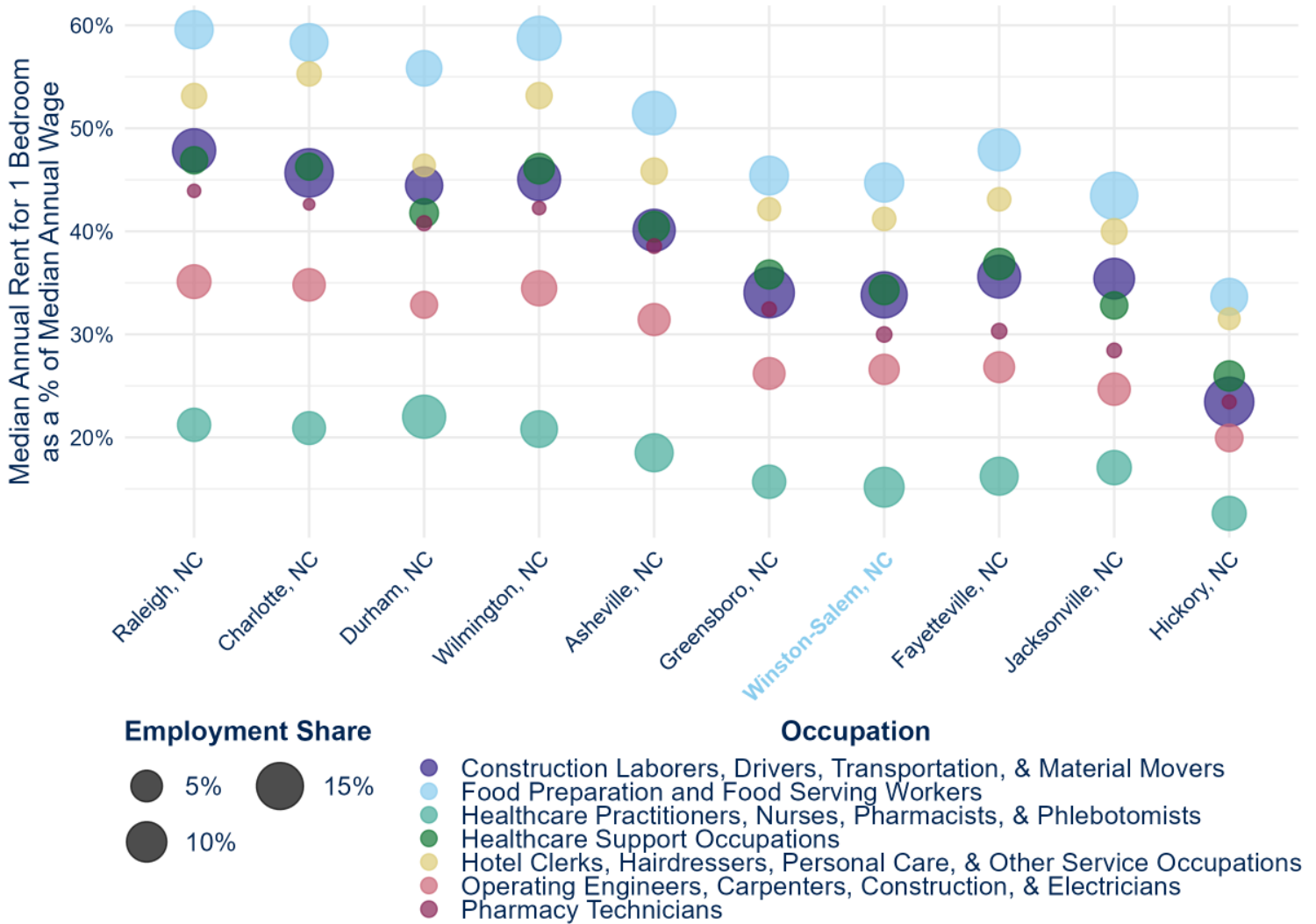
Looking beyond food preparation and food serving workers, the charts below compare median rent for 1--bedroom apartments and 3-bedroom homes to wages across a range of common occupations.

In high-cost metros, service workers – especially those in food preparation and food serving, cleaning, and healthcare support – are often paying nearly **half of their income in rent**. Even in more affordable areas, rent burdens remain high for many.

The size of each bubble shows how many workers in that metro fall into each category.

## Rent Burdens for One Bedroom Rentals by Occupation Across North Carolina Metros

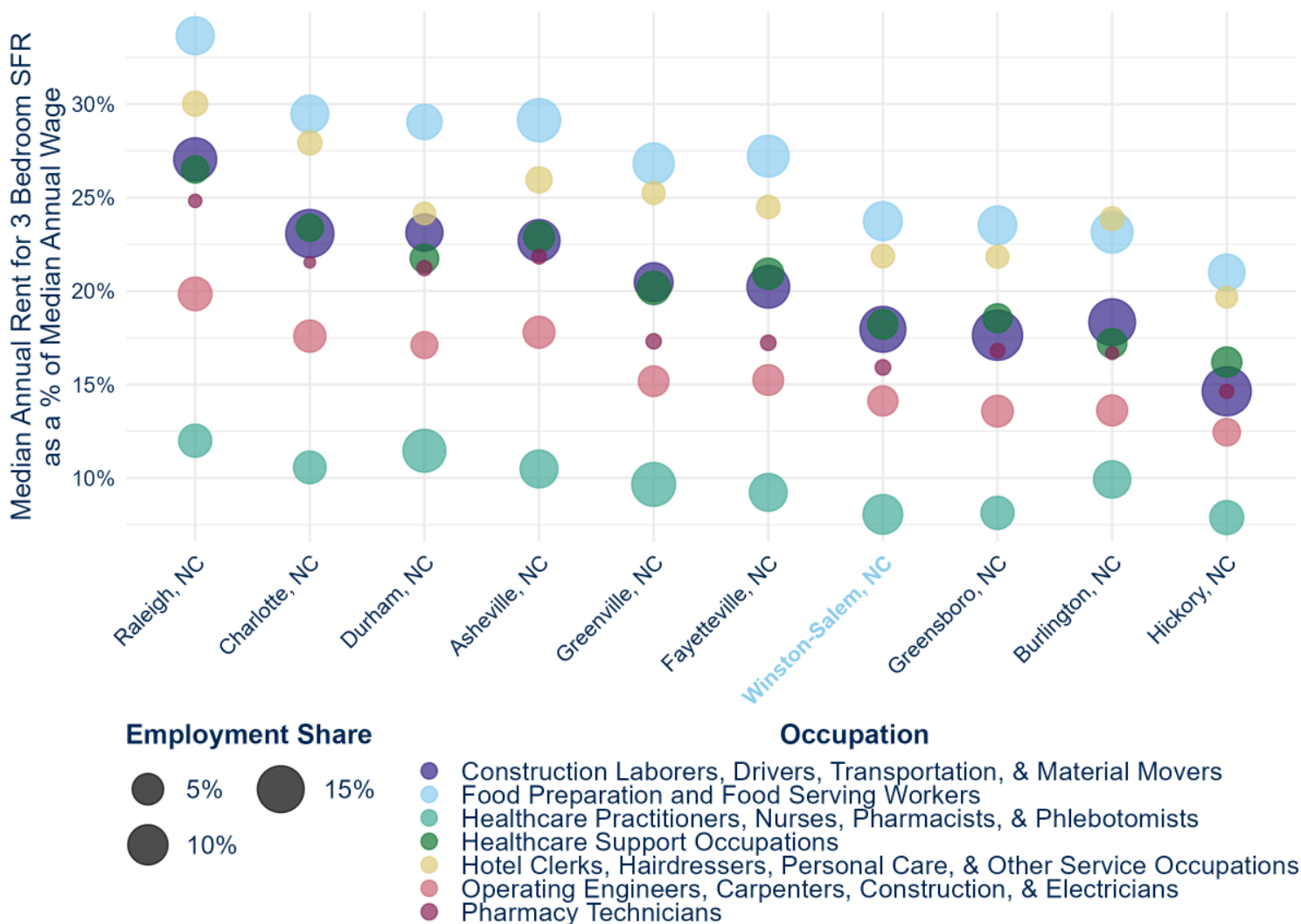
Data for 2023



Note: The chart shows Winston-Salem, NC and the top 9 metros in North Carolina with available data. Source: 2023 1-Year American Community Survey (ACS), Bureau of Labor Statistics (BLS), and AEI Housing Center, [https://aeihousingcenter.org/good\\_neighbors\\_toolkit/](https://aeihousingcenter.org/good_neighbors_toolkit/)

# Rent Burdens for Three Bedroom Single-Family Rentals by Occupation for Dual Income Households Across North Carolina Metros

Data for 2023



Note: The chart shows Winston-Salem, NC and the top 9 metros in North Carolina with available data. Earners within a dual income household are assumed to be in the same occupation. Source: 2023 5-Year American Community Survey (ACS) Microdata, Bureau of Labor Statistics (BLS), and AEI Housing Center, [https://aeihousingcenter.org/good\\_neighbors\\_toolkit/](https://aeihousingcenter.org/good_neighbors_toolkit/)

# Full List of KISS (Keep it Short and Simple) Reforms to Consider:

The KISS principle refers to eliminating unnecessary complexity in the homebuilding process. Simplicity brings certainty, lowers costs, and makes small-scale infill and larger-scale development both feasible and attractive.

- **Enable smaller lots by reducing minimum lots sizes and simplifying lot splits**
  - *Why?* Enables cost-effective infill development by reducing time and administrative hurdles.
- **Implement pre-approved design templates**
  - *Why?* Streamlines the permitting of ADUs and small-scale units like backyard cottages, giving builders and homeowners clarity and confidence.
- **Implement permitting “shot clocks” or allow third-party reviews**
  - *Why?* Permitting delays are a hidden tax on housing.
- **Clean up the zoning code**
  - Adjust standards so they are small lot friendly, like: Floor Area Ratios (FAR), setback and height limits, demolition fees, etc.
  - *Why?* It’s illogical to legalize townhomes, for example, but then cap building heights at 1.5 stories.
- **Reduce parking mandates**
  - *Why?* Parking takes up space and drives up costs. Let the market decide how much parking is needed; and if parking is really at a premium, charge for curbside parking rather than requiring costly off-street parking.
- **Lower or waive impact fees**
  - *Why?* Increased property tax revenue from more housing will offset lost upfront fees.
- **Align energy and building codes with affordability goals:**
  - Lower energy standards for small or infill projects.
  - Apply the International Residential Code (IRC) to 3–6 unit buildings (as Memphis and North Carolina have done).
  - Allow single-staircase designs in multifamily projects.
  - Allow modular or off-site construction.
  - *Why?* These changes allow more developments to pencil out without sacrificing safety or livability.
  - Reform condo defect liability laws.
  - *Why?* Reduce frivolous lawsuits and revive the construction of entry-level ownership housing.

Note: Many of these steps are included in the AEI Housing Center’s Light-touch Density [Model Bill](#).

# What is Micromanagement – and Why Does It Kill Housing?

Micromanagement in housing policy refers to layering complexity, red tape, or contradictory regulations on the building process. These rules often sound reasonable in isolation but together make new housing financially or logistically impossible to deliver.

## Common Micromanagement Pitfalls:

- **Spot upzoning**
  - *Why?* Delivers windfalls to a few rather than enabling broad affordability.
- **Reliance on subsidies to add new supply**
  - *Why?* Subsidy pipelines are slow, complex, costly, corruption-prone, and crowd out private development, especially by smaller builders. They are insufficient to meet demand on their own.
- **Inclusionary zoning & income limits**
  - *Why?* Shrinks profitability, inflates rents on market-rate units, narrows the eligible tenant pool, and adds compliance headaches, especially for smaller builders.
- **Special treatment for subsidized housing only**
  - *Why?* Creates an uneven playing field that discourages unsubsidized supply. Market-rate builders face all the red tape, while only subsidized projects are streamlined. To solve the shortage, reform must apply to all housing—not just subsidized.
- **Special programs to “jumpstart” housing construction**
  - *Why?* They’re politically driven, complex, expensive, corruption-prone, and hard to scale—distracting from broader reforms. If real needs exist, like financing for small builders, the market will respond, once it’s legal and feasible to build.
- **Permit caps**
  - *Why?* Artificially suppress supply and create political gatekeeping that deters investment.
- **Owner-occupancy mandates**
  - *Why?* Restrict the ability to build or finance ADUs and reduce flexibility for homeowners and builders.
- **Rent control**
  - *Why?* Reduces the return on investment, discourages new construction, and encourages condo conversions or disinvestment.
- **Uneven regulations**
  - *Why?* Requiring more of infill housing than single-family homes undermines housing diversity.
- **Open space and landscaping minimums**
  - *Why?* They reduce buildable area, drive up costs, and make small-scale or infill housing financially and physically unviable. They also ignore that trees regrow over time.
- **Prevailing wage requirements for small-scale projects**
  - *Why?* Applies large-project labor standards to small infill efforts, significantly raising construction costs unnecessarily.
- **Basement granny flat height limits**
  - *Why?* Blocks natural conversions of many existing basements.

- **Growth boundaries**

- *Why?* Artificially constrain land supply and increase land costs within the boundary, undermining affordability.

- **Housing needs assessments**

- *Why?* Top-down, bureaucratic exercises that drain resources and delay action—measuring the shortage and leaning on subsidies instead of enabling real solutions.

- **Exclusive focus on Transit Oriented Development**

- *Why?* Limits growth to narrow corridors while leaving most land off-limits. This results in small, high-cost units dominated by rentals, and in practice relies heavily on subsidies for affordability.

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