Testimony of Steve Lawson

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On Behalf of the

National Association of Home Builders

Before the

House Financial Services Committee

Hearing on

"Housing in America: Assessing the Infrastructure Needs of America's Housing Stock"

April 30, 2019

Housing in America: Assessing the Infrastructure Needs of America's Housing Stock

Introduction

Chairwoman Waters, Ranking Member McHenry, I am pleased to appear before you today on behalf of the National Association of Home Builders (NAHB) to share our views regarding barriers to constructing affordable housing and infrastructure. My name is Steve Lawson and I am a third-generation home builder from Virginia Beach, Virginia. As president of The Lawson Companies, I oversee a portfolio of more than 5,000 apartments and $15 million in annual construction and development. I am proud to say the Lawson Companies serve the full range of housing needs, from low-income renters to home buyers in the luxury market. I am also the immediate past Chairman of NAHB's Multifamily Council, which represents NAHB members who build market-rate and affordable rental apartment buildings, condominiums, student rental housing and mixed-use development projects.

NAHB represents more than 140,000 members who are involved in building single-family and multifamily housing, remodeling and other aspects of residential and light commercial construction. NAHB's members construct approximately 80 percent of all new housing in the United States each year.

Many of our builders, including myself, rely on both government and private programs and financing sources to help provide decent, safe and affordable single-family and multifamily housing to our fellow citizens. Today, I would like to discuss factors that inhibit new housing construction and reduce housing affordability. This hearing offers a valuable opportunity to examine the costs associated with the infrastructure needed to support new single-family and multifamily developments.

Housing Affordability Is a Major NAHB Priority

Safe, decent and affordable housing provides fundamental benefits that are essential to the well-being of families, communities and the nation. For these reasons, housing affordability is among NAHB's top advocacy issues this year. We are calling on Congress and the Administration to make housing affordability a national policy priority. Likewise, federal, state and local officials should work in partnership with the private sector to help hard-working Americans purchase or rent affordable homes. Through these actions, we will also create jobs and move the economy forward.

NAHB's research shows that housing affordability in the single-family market is at a 10-year low.[1] Only 56.6 percent of new and existing homes sold in the fourth quarter of 2018 (October through December) were affordable to families earning the U.S. median income of $71,900. Although the national median home price decreased from the third quarter of 2018 to the fourth quarter, average mortgage rates rose by 17 basis points over the same period. This was the fourth straight quarterly rate hike and the highest rate level since the second quarter of 2011.

Owning or renting a suitable home is increasingly out of financial reach for many households. In fact, almost a third of the nation's households are cost burdened and pay more than 30 percent of their income for housing.[2]

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[1] Rose Quint, "Housing Affordability Holds Steady at a 10-Year Low in the Fourth Quarter," NAHB Eye on Housing Blog, February 14, 2019.
[2] "The State of the Nation's Housing 2018." Joint Center for Housing Studies of Harvard University. 2018.

As a nation, we can and must do better. American home buyers and renters at all socioeconomic levels should have a choice in securing safe, decent and affordable housing in quality neighborhoods. Low-and moderate-income families, including members of the armed forces, teachers and first responders should be able to afford to live in a home or apartment in the communities they serve. NAHB strongly believes that increasing the inventory of new single-family and multifamily housing is a key to improving housing affordability. Builders simply have not been able to construct the necessary number of units to balance the supply and demand for affordable housing.

Overview of the Land Development Process

Creating vibrant communities is no easy task. The dream begins with a lengthy, costly and inherently risky land development process. The development approval process varies greatly from one place to another, and often requires several layers of local, state, and occasionally federal permits and approvals. A flow chart at the end of my written statement provides an overview of the steps that are common to the process in many jurisdictions.[3] I would emphasize that the time needed to obtain all of the approvals and permits to begin development can span from several months to many years. All the while, the developer's financial investment is at risk.

Developers incur substantial costs at every step in the land development process, even before they secure their loans. Some examples of development and construction costs are:[4]

Types of Costs Incurred During Development:

- Pure cost of delays in process;
- Cost of applying for zoning / subdivision approval;
- Costs incurred after approval / before construction (impact fees, environmental mitigation, etc.);
- Value of land dedicated / left unbuilt; and
- Costs of complying with changes in development standards (setbacks, road widths, etc.).

Types of Costs Incurred During Construction:

- Pure cost of delays in process;
- Added costs due to changes in construction codes and standards over the past 10 years; and
- Permit, hook-up, impact, or other fees paid by builder.

Factors that Affect Housing Affordability

Ongoing job creation and solid household formations are driving strong demand for housing. Unfortunately, rising costs are constraining builders' ability to construct new homes and apartments at affordable prices to meet the demand. NAHB believes that an insufficient supply of housing is at the root of much of the affordability crisis.

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[3] National Association of Home Builders, "Land Development Checklist," December 2013, pgs. 8-9.
[4] Paul Emrath, Ph.D. "How Government Regulation Affects the Price of a New Home." *Housing Economics*, 2011.

Several factors account for the increased building costs and insufficient supply of new housing, such as regulations, availability of buildable lots, lack of skilled labor, cost of building materials and financing expenses.

These costs are having a direct negative effect on housing affordability. NAHB's "Priced Out" Estimates for 2019 show that 127,560 households would be priced out of the housing market if the median U.S. new home price rises by $1,000.[5] In other words, based on their incomes, 127,560 households would be able to qualify for a mortgage to purchase the home before the price increase, but not afterward. Similarly, a $1,000 increase in the cost of building a new rental unit will price out almost 20,000 renters for that apartment;[6] the household would be rent-burdened after the rent increase, but not before. (These calculations are explained in greater detail in a later section of this statement.)

In order for developers who plan to build new single-family homes or apartments to move ahead with a project, they must be sure that there is demand for new housing in the local market area and that they can build homes buyers or renters can afford. A developer must demonstrate that these factors can be achieved in order to obtain financing.

Multifamily developers cannot secure financing unless they can demonstrate to lenders that the rents will be sufficient to cover costs and pay off the loans. The builder / developer needs the mortgage to construct the property, and the loan underwriting requires rents that produce enough revenue to pay the mortgage. If the builder / developer cannot charge the rents that are necessary to pay back their construction loans, cover costs and ensure the properties are financially sustainable over the long term, the deal is infeasible, and it simply will not be done. This dynamic explains why the majority of new multifamily construction over the past several years has been limited to luxury properties in strong markets.[7]

The single-family market presents similar challenges to building for low- to moderate-income home buyers. Construction costs are high, and interest rates are increasing, which leaves many low- and moderate-income buyers on the sidelines, unable to afford new homes. If the builder cannot sell the new homes at the projected price points, he or she faces considerable financial losses.

I cannot stress enough that the shortage of new housing units affordable to low- and moderate-income families reflects market realities, not a lack of interest in serving low- to moderate-income renters and home buyers. Builders and developers would be glad to serve families at all income levels if they could simply make the numbers work.
Unfortunately, it is impossible to build new apartments affordable to low-income families without some type of government assistance to increase equity, such as the Low Income Housing Tax Credit, or deep rental subsidies.

[5] Na Zhao, Ph.D. "NAHB Priced-Out Estimates for 2019," NAHB Economics and Housing Policy Group Special Studies, January 2, 2019.
[6] Based on the 2018 median rent of $2,189, a $1000 increase in the cost of building a new apartment unit would price out 19,617 renters.
[7] Only 6 percent of the unfurnished apartments completed in 2017 has asking rents under $850 per month. U.S. Census Bureau, Characteristics of Apartments.

Substantial Upfront Development and Building Costs Reduce Housing Affordability

Regulations at All Levels of Government Exceed Safety and Soundness

Regulations at all levels of government now account for 24.3 percent of the final price of a new single-family home built for sale[8] and 32.1 percent of multifamily project costs.[9] Overregulation of the housing industry is felt at every phase of the building process. It results from local, state and federal mandates and includes the costs of applying for zoning and subdivision approval, environmental mitigation, and permit, hook-up, impact and other government fees paid by the builder. These added costs result in reduced affordability. In many cases, upfront regulatory costs make projects financially infeasible and they are not built.

As a small business owner operating in a heavily regulated industry, I understand how difficult, and often costly, it can be to comply with the myriad of government regulations that apply to my day-to-day work. This is particularly noteworthy in an industry where margins are so thin and consumers' sensitivity to price fluctuation is so acute.

I would emphasize that NAHB does not believe ***all*** regulation is bad. Reasonable people would agree that there is a role for sensible regulations to protect health, safety and fair housing rights. However, mandates at all levels of government have expanded beyond basic safety and soundness considerations and morphed into complicated compliance regimes, expensive code changes, energy efficiency mandates and / or restrictive land use policies. The compliance costs and fees associated with such policies are exacerbating the difficulty of providing safe, decent and affordable housing.

When regulatory and compliance costs account for nearly one quarter of a single-family home price and one-third of the multifamily project cost, it is time to take a hard look at the *cumulative* effect of regulatory requirements. It has become relatively common for proposed federal legislation or regulations to encourage local jurisdictions to adopt particular types of building codes or land development patterns. An informed discussion of these proposals should acknowledge that although not all regulation is bad, it does have an impact on the affordability of housing, and that should be a strong consideration.

Inclusionary Zoning (IZ)

Some localities have tried to address housing affordability through inclusionary zoning (IZ), which requires that a portion of new construction be designated as affordable housing for those with low or moderate incomes. Specifically, IZ policies typically require developers to subsidize a specified percentage of total units within market-rate single-family or multifamily developments and to set income-based price controls for the subsidized units. NAHB is concerned that there is too much focus on IZ as the single preferred method of achieving housing affordability.
IZ is a well-intentioned, but often counterproductive "quick fix" that seldom yields the desired results. IZ is a complex undertaking, one with many more moving parts and practical considerations than most communities realize or are equipped to administer. In the typical case where there are no or insufficient offsetting subsidies, it effectively acts as a tax, resulting in higher rents on non-subsidized apartments or higher prices for non-subsidized single-family

[8] Paul Emrath, Ph.D. "Government Regulation in the Price of a New Home," NAHB Economics and Housing Policy Group Special Studies, May 2, 2016.
[9] Paul Emrath, Ph.D. and Caitlin Walter, Ph.D. "Multifamily Cost of Regulation 2018 Special Study," National Association of Home Builders and National Multifamily Housing Council, June 12, 2018.

homes. When affordability mandates like IZ are present, complying with them accounts for 5.7 percent of multifamily development costs,[10] indicating that IZ is more often part of the problem than the solution. As previously mentioned, during the underwriting process, a builder has to prove that the overall rents will cover the cost of the mortgage. To cover the overall cost of the mortgage, when rents are decreased because of subsidized IZ units, the developer is forced to increase the market-priced units. In many instances, the middle class is no longer able to afford the market-priced units and they are ineligible for the subsidized rates. IZ simply shifts the affordability burden without solving the long-term affordability issues.

IZ may be feasible if the right incentives are available, but there are other preferable approaches such as planning and zoning changes to assess development capacity and encourage affordable housing. Expedited permitting processes and advocacy efforts to reduce NIMBYism can also have broad effects on housing affordability.

Exclusionary Zoning

At the other extreme is exclusionary zoning, whereby municipalities impose costly ordinances that make it impossible to build affordable homes in those areas. Many local ordinances imposed by municipalities serve important health, safety, and welfare purposes. Exclusionary zoning ordinances do not achieve these goals and often have the effect of restricting land usage to low density, high-cost, residential development. These restrictions can limit available housing options for low- and moderate-income families. Such ordinances take various forms, such as:

- Minimum floor area requirements;
- Minimum lot size requirements;
- Costly design or aesthetic requirements;
- Restrictions on multifamily housing; and
- Restrictions on mobile and modular homes.

For instance, a municipality may ban vinyl siding on homes or require all four sides of a house to be made of brick. These mandates do nothing to advance health or safety, but they substantially drive up construction costs and the price of homes.

Eliminating exclusionary planning and zoning practices will encourage the production of the full range of housing options for all members of the community.

Impact Fees

The United States is experiencing a public infrastructure financing deficit that is the result of increased demand for new and upgraded infrastructure systems coupled with diminished fiscal resources. Communities have turned to impact fees as a politically expedient means by which to construct public infrastructure systems. However, the use of impact fees may shift much of the financial burden away from all public infrastructure users (the general public) to a narrow segment of the public— home builders and new home buyers. Where they are imposed, impact fees levied by local governments are the price of admission for developers, and they drive up the cost of new single-family homes and apartments.

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[10] Paul Emrath, Ph.D. and Caitlin Walter, Ph.D. "Multifamily Cost of Regulation 2018 Special Study," National Association of Home Builders and National Multifamily Housing Council, June 12, 2018.

Typically, impact fees are:

- Levied on an "up-front" or "front-end" basis, usually at the time of building permit issuance or subdivision approval;
- Dedicated to a specific public use, such as transportation facilities, sewer facilities, water facilities, or parks and recreation facilities, etc.;
- Calculated on the basis of the number of residents or bedrooms in a dwelling, the square footage of a building, the linear footage of the front property line, or as a flat fee per unit or building lot, or some other formulation; and,
- Prescribed by ordinance, although the dollar amount may or may not be specified.

Unfortunately, the effect of impact fees is to drive up the cost of housing and reduce affordability. Although the developer may pay the impact fee upfront, the ultimate burden of payment will, to varying degrees, be passed to new home buyers or renters as higher home prices, higher rents or smaller units with fewer amenities. Existing homes in the area will also be affected by this scenario. As impact fees raise the prices of new homes and apartments, upward pressure is placed on the prices of existing homes and rentals.

To the extent that impact fees raise the price of all homes in a given community, the affordability of housing in that area is reduced. A reduction in housing affordability will have a negative effect on attracting and retaining workers and will have a direct impact on local governments as police officers, firefighters, teachers and other public sector workers are heavily impacted when home prices rise. In addition, the shortage of affordable housing will make it difficult for the community to retain its own sons and daughters as they leave their parents' homes and look for affordable first homes of their own.

One way to illustrate the potential extent of the adverse effect is to apply national mortgage underwriting standards to estimate the households that qualified for a mortgage before a house price increase, but no longer qualify for a mortgage afterwards. Households that no longer qualify for a mortgage following the price increase are referred to as being “priced out” of the market for the home. Applying this approach to the U.S. as a whole reveals that in 2019—utilizing typical assumptions about the mortgage, down payment, property taxes and property insurance, a $726 impact fee would increase the price of a median-priced new home by $1,000,[11] and price out about 127,560 households.[12]

[11] Households Priced-Out by Higher House Prices and Interest Rates, NAHB.
[12] “NAHB Priced-Out Estimates for 2019”, Na Zhao, Housing Economics Online, January 2019.

US Households Priced Out of the Market by Increases in House Prices, 2019

Area	Mortgage Rate	House Price	Monthly Mortgage Payment	Taxes and Insurance	Minimum Income Needed	Households That Can Afford House
United States	4.85%	$355,183	$1,831	$447	$97,640	32,679,580
United States	4.85%	$356,183	$1,836	$448	$97,915	32,552,020
Difference		$1,000	$5	$1	$275	-127,560

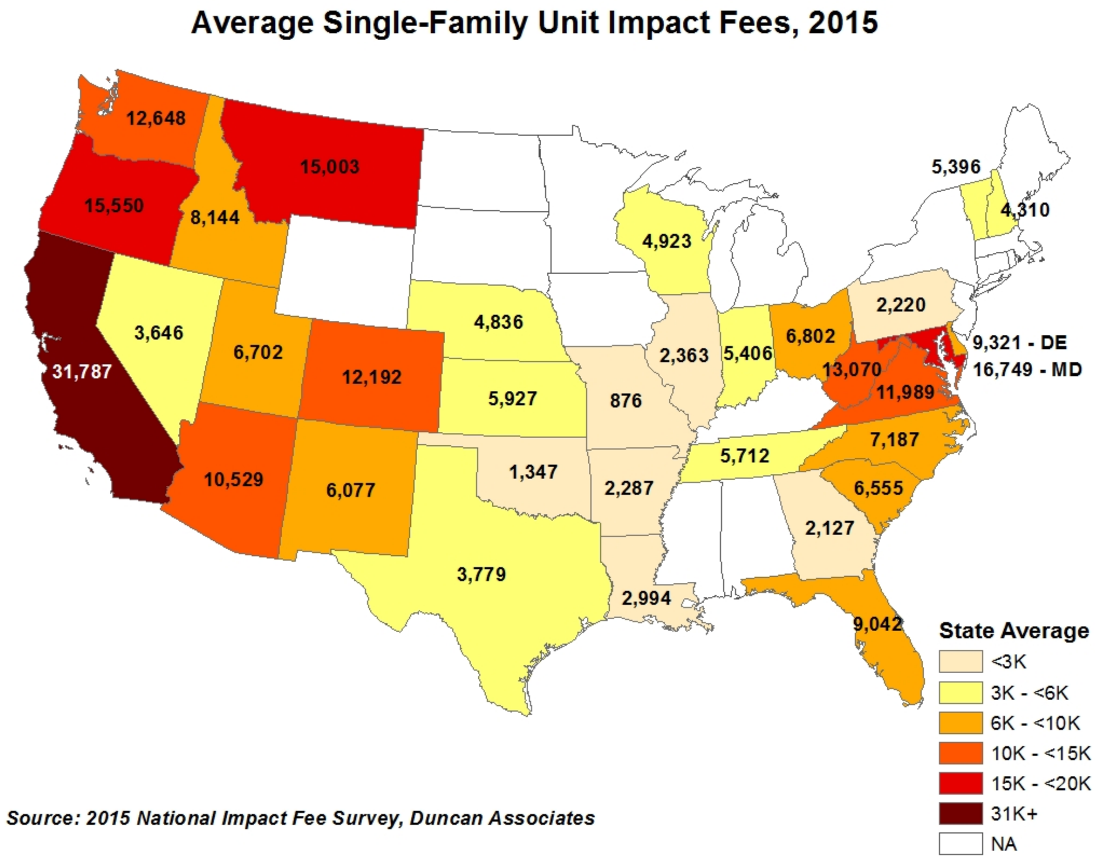
Calculations assume a 10% down payment and a 73 basis point fee for private mortgage insurance.
A Household Qualifies for a Mortgage if Mortgage Payments, Taxes, and Insurance are 28% of Income

Estimates of the number of households priced out of the market in 2019 by a $726 impact fee (resulting in a $1,000 price increase) ranged from a low of 7 in the Elmira, NY, MSA and 8 in the Walla Walla, WA, MSA, to a high of 4,598 in the Chicago-Naperville-Elgin, IL-IN-WI, MSA. The MSA with second largest number of priced-out households was the Houston-The Woodlands-Sugar Land, TX, MSA, with 3,622 households priced out as the result of the imposition of an impact fee.

Impact fees vary widely across jurisdictions. A national survey of 270 jurisdictions conducted by Duncan Associates in 2015 revealed wide cross-country differences in impact fees that individual jurisdictions charge. The map below presents state averages for standardized single-family units (three-bedroom, 2,000 square-foot units, at a density of 4 units per acre and a value of $200,000). These averages are for communities that actually charge impact fees and include all categories of impacts (utility, schools, roads, parks and so forth).

Jurisdictions in California charge the highest impact fees in the nation by far, on average $31,787 per standardized single-family unit. Maryland and Oregon are a distant second and third with state averages of $16,749 and $15,550, respectively. The map below only reports averages for states represented within the survey.[13]

[13] For more information, see Duncan Associates, National Impact Fee Survey: 2015 (http://impactfees.com/publications%20pdf/2015_survey.pdf).



Economic Impact of Housing

The premise underlying the use of impact fees is that development, especially residential development, does not pay for its fair share of the burden imposed upon the local government as new development requires the expansion of public infrastructure as well as the hiring of additional public sector workers. NAHB's research shows this premise is false.

NAHB has estimated the local economic impact for 100 new single-family homes and 100 new rental apartments with average characteristics, including average impact, hook-up and other construction related fees.[14]

The estimated one-year impacts of building 100 average single-family homes in a typical local area include:

- $28.7 million in local income;
- $3.6 million in taxes and other revenue for local governments; and
- 394 local jobs (measured in full-time equivalents).[15]

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[14] "The Economic Impact of Home Building in a Typical Local Area: Income, Jobs and Taxes Generated," National Association of Home Builders, April, 2015.

[15] Full-time Equivalent: enough work to keep one worker employed for a year full-time, based on average hours worked in each industry.

The additional, annually recurring impacts of building 100 average single-family homes in a typical local area include:

- $4.1 million in local income;
- $1.0 million in taxes and other revenue for local governments; and
- 69 local jobs.

Similarly, the impacts of building 100 average rental apartments in a typical local area include:

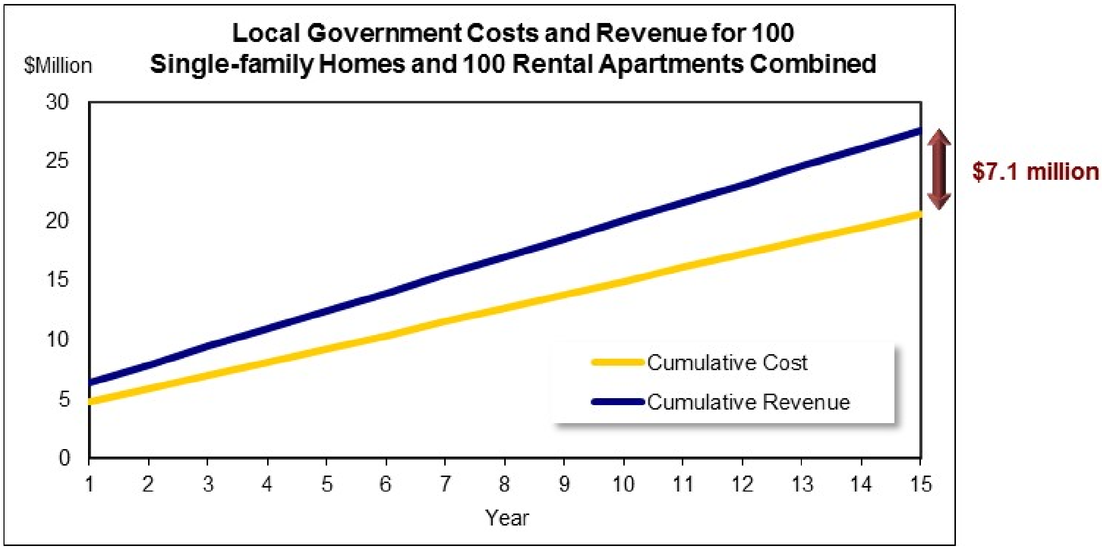
- $11.7 million in local income;
- $2.2 million in taxes and other revenue for local governments; and
- 161 local jobs.

And the ongoing, annually recurring impacts of building 100 average rental apartments include:

- $2.6 million in local income;
- $503,000 in taxes and other revenue for local governments: and
- 44 local jobs.

A companion NAHB study estimated the cost of building the necessary infrastructure and providing local government services to these new homes and compared the cost to the revenue generated.[16]

Results show that, given average existing fees and taxes, the new homes generate enough revenue for local governments to cover current expenses, and to service and pay off all debt incurred to invest in public structures within one year. Cumulatively, after 15 years, the homes generate a cumulative $27.6 million in revenue for local governments compared to $20.5 million in costs (including annual current expenses, capital investment, and interest on debt).



[16]The Economic Impact of Home Building in a Typical Local Area: Comparing Cost to Revenue for Local Government," National Association of Home Builders, April, 2015.

NAHB has a number of publically available resources to demonstrate the benefits housing provides to local communities and the nation. NAHB's webpage, Housing's Economic Impact, includes "Priced-Out" estimates, information about housing's contribution to the Gross Domestic Product (GDP) and the impact of homebuilding and remodeling on the U.S. Economy. The webpage also links to The Local Economic Impact of Home Building, where one can find estimates of the jobs, income and taxes generated from typical single-family and multifamily housing projects and compare them to governments' costs of extending services to the new homes.

Possible Steps to Improve Affordability

There is no single solution to address housing affordability. Addressing labor shortages in the construction industry and ensuring continued liquidity in the secondary mortgage market through comprehensive housing finance reform must be part of any comprehensive affordable housing strategy. Also, it is important to remember that different market segments may require different tools for improving affordability, from direct or indirect subsidies at the low end of the income bracket, to better planning for housing and regulatory barrier removal strategies at the upper end of the income range.

NAHB urges federal policymakers to adopt sensible workforce development and immigration policies that will help our industry fill open jobs and fund federal housing programs. Simply put, the skilled labor workforce is aging, and not enough new workers are entering the trades. The result of this dynamic is a chronic labor shortage in the home building industry. NAHB has pledged to educate and train 50,000 new workers over the next five years for careers in the construction trades. NAHB's Home Builders Institute (HBI), our workforce development arm, offers youth and adult training programs across the country to provide students with the hands-on experience necessary to build careers in construction and related fields. HBI will expand training, certification and job placement programs for underserved and at-risk youth, transitioning military, veterans, ex-offenders and displaced workers.

An essential component of any strategy for housing affordability must be advancing comprehensive housing finance reform. To NAHB, this means effective reform of the conventional mortgage finance market, including Fannie Mae and Freddie Mac (the Enterprises), private capital sources and federal mortgage finance programs, in particular those of the U.S. Department of Housing and Urban Development (HUD), most involving the Federal Housing Administration (FHA), the U.S. Department of Agriculture's Rural Housing Service (RHS) and the U.S. Department of Veterans Affairs' (VA) Home Loan Guaranty Program. Comprehensive housing finance reform will ensure the capital and liquidity necessary for housing developers, builders, lenders and consumers to access stable financing. The critical consideration in a new system is broad and continued liquidity during all economic cycles and for all geographic areas. Additionally, we support an enhanced role for state and local housing finance agencies. These organizations play an important role in meeting affordable housing needs and NAHB believes they hold great potential to augment a reformed housing finance system.

NAHB believes comprehensive reform must come through Congress and focus on fixing the structural flaws that persist ten years after the great recession. Comprehensive legislation, including a determination of the future of Fannie Mae and Freddie Mac, is the only way to ensure a stable housing finance system, preserve access to credit and protect taxpayers.

Regulatory reform is important because it will help improve housing affordability by lowering development costs. It is not, however, a substitute for a direct subsidy. To reach lower-income households, it is financially infeasible to construct new, unsubsidized affordable rental units without federal assistance.

Each federal housing program serves an important purpose. They are not interchangeable, but complementary. Different strategies are necessary to meet the housing needs of households with different income levels and in different parts of America. The array of federal government programs that have been developed over the years in response to identified needs are essential elements in ensuring that there are affordable options for providing housing. NAHB strongly urges that Congress continue to support successful housing programs such as the Low Income Housing Tax Credit (LIHTC), and full funding for vital rental housing programs such as the Housing Choice Voucher Program, Project-Based Section 8 Rental Assistance, the HOME Program, the Community Development Block Grant (CDBG) and the Rural Development Multifamily Programs.

Decision making about land use should remain at the local level, but the federal government can play a valuable partnership role. Addressing housing affordability will require a sustained long-term effort as well as strong public-private partnerships that engage both for-profit and non-profit builder / developers on a level playing field. NAHB urges federal policy makers to encourage and coordinate with, and not prescribe to, local communities to adopt long-term strategies that will meet the demand for new housing and economic development. Incentives are needed to encourage municipalities to expedite the permit approval process and to reduce or eliminate impact fees and other added costs that reduce housing affordability.

“Housing Is Infrastructure Act of 2019”

NAHB applauds Chairwoman Waters for starting an important discussion on the role that additional costs, such as fees associated with infrastructure, play in housing affordability. The legislation, “Housing Is Infrastructure Act of 2019,” is a positive starting point. NAHB supports increased funding for important affordable housing programs, such as rural housing programs and the Housing Trust Fund. The incentives proposed in section 4 to ensure lowered impact fees and streamlining of the development process are worth discussing as part of an effort to ensure that we address the unmet demand for low-income rental housing.

The growing demand for low-income housing is accompanied by ongoing challenges to supply the inventory needed to improve housing affordability for workforce middle-class residents. Rising rents and low vacancy rates, particularly in high cost markets with robust job creation, require additional supply. NAHB has long-supported federal housing programs that assist low-income cost-burdened families.

Most federal rental assistance programs are targeted to families earning no more than 50 percent of Area Median Income (AMI) or the higher of the Federal Poverty level or 30 percent of AMI. NAHB commends the Chairwoman for allowing qualified affordable housing assisted by the new Community Development Block Grant competitive grants authorized in the bill to serve families earning up to 80 percent of AMI. We would also encourage consideration of expanding the income limit to 120 percent of AMI to ensure that more moderate-income families can be included.

Unfortunately, many families that earn between 60 percent and 120 percent of AMI are also struggling with housing costs. This group includes our teachers, military service members and first responders. Their incomes may be too high to receive assistance, but they are nevertheless affected by the low supply of affordable housing. It is essential that we work to ensure that by protecting low-income developments, we aren't unintentionally passing on unintended consequences to middle-income households.

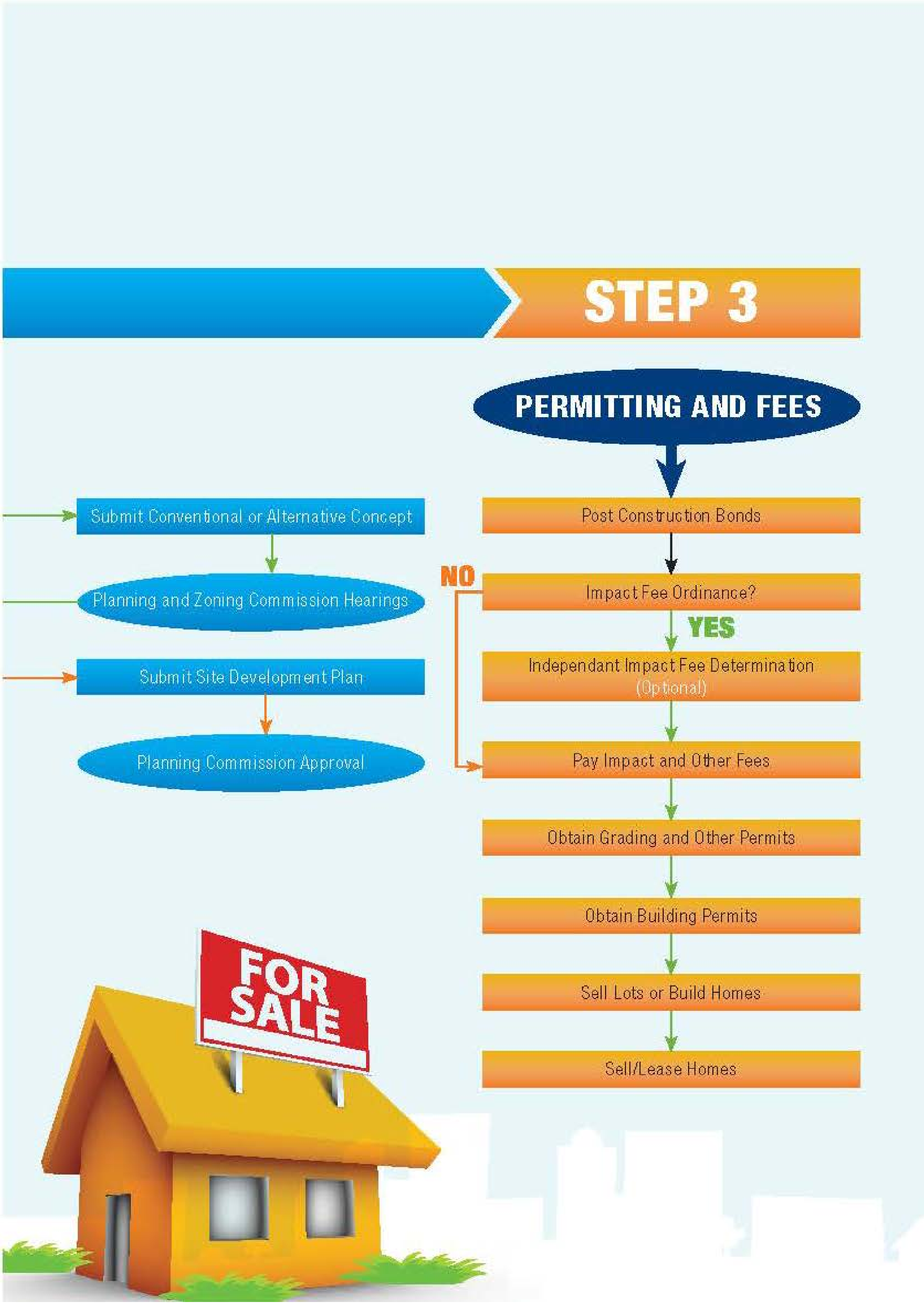
NAHB is interested in working with Chairwoman Waters to ensure the incentives for grantees under the new CDBG competitive grant program are structured so that grantees do not increase impact fees on market rate housing developments to offset reductions for the qualified affordable projects. We applaud the work to lower development costs for low-income housing, and look forward to working with your office on these efforts.

Conclusion

Whether they rent or own, Americans want to choose where they live and the type of home that best meets their needs. Thank you, Chairwoman Waters for convening this important hearing to explore strategies for removing barriers to affordable housing development. NAHB stands ready to work with you to achieve thoughtful, effective policies to expand the availability of affordable housing.

Appendix


Land Development Checklist
DESIGN CONCEPT
TYPICAL DEVELOPMENT APPROVAL PROCESS
STEP 1
STEP 2
DO YOU REQUIRE FEDERAL PERMITS?
NO
APPROVALS
YES
Federal Environmental Review
Environmental Impact Statement
Federal Permits
*Although the development aproval process is typically local, there are an increasing number of federal permits that may need to be obtained.
The development approval process varies greatly from one place to another, and many require several layers of local, state, and federal permits and approvals. This flow chart includes steps that are common to the development approval process in many jurisdictions. The time needed to obtain all of the approvals and permits necessary to begin development ranges from several months to many years.
Rezoning, Variance, or Special Exception Required?
YES
NO
Adequate Public Facilities Ordinance Applies?
Is Subdivision Involved?
NO
YES
Subdivision Sketch Plan
Staff Review
Submit Preliminary Subdivision Plan
Planning Commission Hearing
Submit Final Subdivision Plan
Planning Commission Approval



STEP 3
PERMITTING AND FEES
Submit Conventional or Alternative Concept
Planning and Zoning Commission Hearings
Submit Site Development Plan
Planning Commission Approval
Post Construction Bonds
Impact Fee Ordinance?
NO
YES
Independant Impact Fee Determination (Optional)
Pay Impact and Other Fees
Obtain Grading and Other Permits
Obtain Building Permits
Sell Lots or Build Homes
Sell/Lease Homes
FOR SALE