

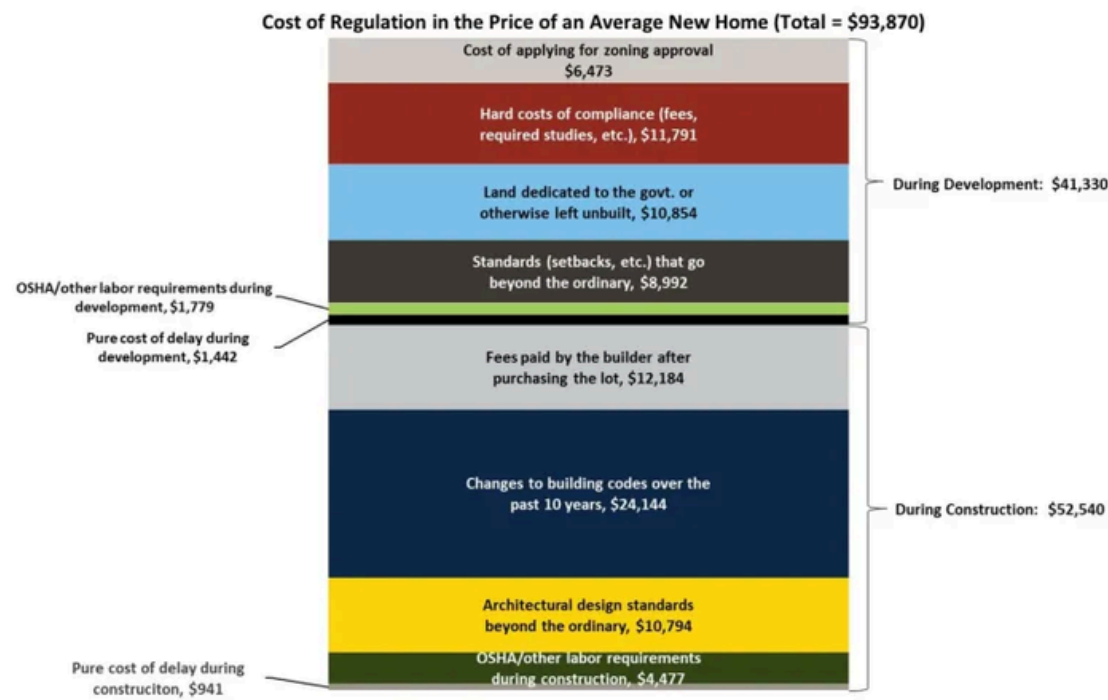
ELIMINATING EXCESSIVE REGULATIONS

THE ISSUE

Regulations at all levels of government are hindering the production of housing.

Single-Family Homes

Regulations account for nearly 25% of the cost of a single-family home.

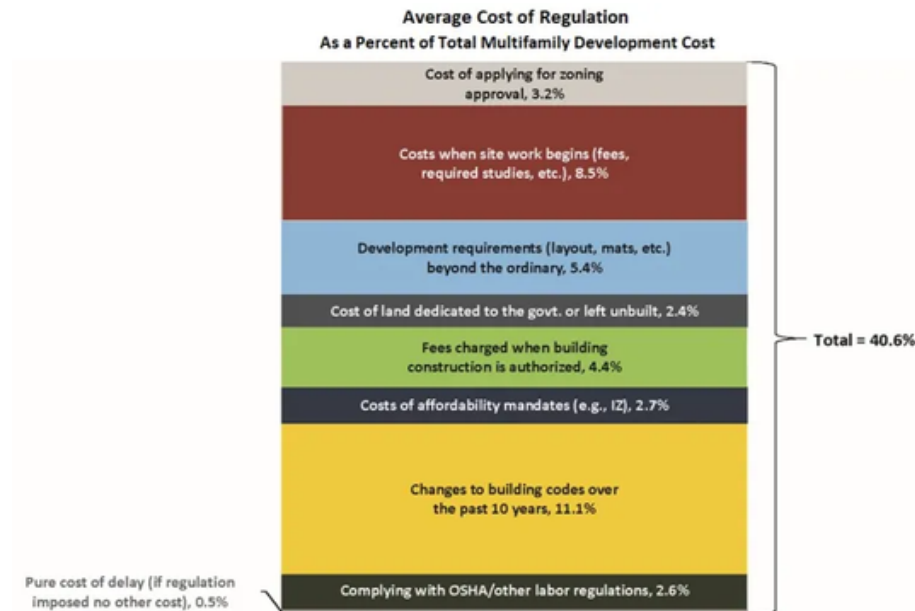


In 2021, on average, regulations imposed by government at all levels accounted for \$93,870 of the final price of a new single-family home built for sale. Of the \$93,870, \$41,330 is due to a higher price for the finished lot, attributable to regulations imposed during the lot's development. The remaining \$52,540 is the result of regulatory costs imposed on the builder during construction, after the builder purchases the finished lot.

Over time, NAHB studies show that the cost of regulation has continued to climb. The 2021 estimate of \$93,870 is up 11% from the \$84,671 in the 2016 study and 44% from NAHB's 2011 estimate of \$65,224.

Multifamily

Regulations account for more than 40% of the cost of a typical apartment development.



In addition to top regulatory costs such as building code changes (11% of total development costs) and costs when site work begins (8.5%), affordability mandates such as inclusionary zoning and rent control add 2.7% to the cost of development on average. These types of regulations impact about one-third of developers, so the average cost for those actually experiencing these mandates (rather than an average of all developers) is higher, comprising 6.9% of their total development costs and forcing them to raise rents on their market-rate apartments by 7.6%.

THE SOLUTION

Policies at all levels of government are needed to ensure agencies thoughtfully consider the true effect of regulations on small businesses by requiring a more thorough analysis, including indirect costs associated with a proposed rule.

Efforts to further regulate the housing industry must be:

- Subject to greater congressional oversight,
- Allow for increased public participation in the process,
- Be based on sound data, and
- Should only be undertaken after a careful consideration of the costs and benefits as well as the potential effects on small businesses.