

# Building Code Changes to Promote Rehabilitation

## Strategy description

In many communities, older homes that undergo rehabilitation must also comply with current building codes that can add significantly to the cost of rehab. This creates a disincentive for updating existing housing units, which often are more affordable than newer housing. As a result, the homes continue to deteriorate and may ultimately be demolished and replaced by more expensive homes. Many communities have solved this problem by adopting special building codes designed to facilitate moderate rehabilitation while maintaining safety.

Additionally, some communities encourage the rehab of older structures by allowing building inspectors to work with owners and developers to implement safe, reasonable solutions that make the projects feasible.<sup>181</sup>

## History of the strategy

The strategy has been used since at least the mid-1970s; New Jersey's Rehabilitation Subcode, implemented in 1997, is viewed as a national model for facilitating urban redevelopment efforts. It formed the basis for the Nationally Applicable Recommended Rehabilitation Provisions (NARRP) distributed by the U.S. Department of Housing and Urban Development.

## Target population

This strategy seeks to aid low-income homebuyers and renters by helping to preserve existing affordable housing.

## How the strategy is administered

Building codes are administered by state and local governments that employ building inspectors who work in conjunction with developers and owners. The New Jersey Department of Community Affairs offers a continuing education program for all state-licensed code officials, which is followed by Rehabilitation Subcode training.

## How the strategy is funded

Building permit fees generally fund code enforcement.

## Extent of use of the strategy

Moderate use: About seven states and cities in at least five additional states have adopted rehabilitation codes.

## Examples of locations where the strategy is being used

- New Jersey adopted a new building subcode designed to facilitate rehabilitation of older homes in 1997. The rules provide a sliding scale for determining when buildings must be

updated to current building codes. The more extensive the rehabilitation in terms of structural, mechanical, plumbing, electrical, or fire protection work, the greater the requirements to update to current building codes. The Rehabilitation Subcode bases requirements on the nature of the work rather than the cost of the work to be performed.

- States adopting similar codes include Maryland, North Carolina, Pennsylvania, Michigan, Florida, and Rhode Island, in addition to cities (such as Wilmington, DE) in several other states.
- Jurisdictions can adopt the International Existing Building Code, which was issued in 2003.

### **Strategy results**

After New Jersey's rehabilitation subcode was adopted in 1997, rehabilitation work in New Jersey's five largest cities increased by 60 percent within the first year of the code's implementation. In contrast, the year before the code's implementation, rehabilitation in these cities increased by only 1.6 percent.<sup>182</sup> Cost savings of 10-40 percent of the cost of redeveloping older buildings are typical.

### **Pros and cons to using the strategy and/or types of markets where the strategy is more or less effective**

#### **Pros:**

- Reduces costs of rehabilitating old housing for homeowners and landlords, reducing the cost of housing generally.
- Increases the supply of affordable housing by encouraging property maintenance.
- Improves safety of affordable housing by encouraging rehabilitation that otherwise would not have taken place.
- Preserves existing open space and makes efficient use of resources by encouraging reuse of old buildings.
- Facilitates relationship building between building inspectors, developers, and owners, promoting positive cooperation rather than penalizing building owners for noncompliance.
- Encourages new investment in existing neighborhoods.
- Particularly important strategy for communities with a large stock of older housing units.

#### **Cons:**

- Requires adopting a separate set of construction codes specifically for use in rehabilitation projects.
- Training is required for code officials to implement and enforce the new rehabilitation codes.
- Other barriers to rehabilitating old buildings remain, including shortages of skilled trades people and historic preservation requirements.

- Home-rule states, which give localities autonomy in adopting and amending building codes and zoning ordinances, may be left with a patchwork of rehabilitation codes despite efforts at the state level to adopt rehabilitation subcodes. In these states, incentives to municipalities for adopting the code may improve its use.

### Sources of information about the strategy

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- Galvan, Sara C., “Rehabilitating Rehab Through State Building Codes,” The Yale Law Journal, Volume 115, Issue 7, May 2006, available at: <http://www.yalelawjournal.org/pdf/115-7/Galvan.pdf>.

### Contact information

International Code Council  
<http://www.iccsafe.org/help/contact.html>

Ed Sutton  
 National Association of Home Builders  
 1201 15th Street, NW  
 Washington, DC 20005  
 202-266-8200 x8564  
[www.nahb.com](http://www.nahb.com)

# Reforming Construction Standards and Building Codes

## Strategy description

Reforming construction standards and building codes can improve housing affordability by eliminating unnecessary codes and requirements, permitting cost-saving materials that pose no safety risk, eliminating variation in building codes, eliminating excessive fees, and increasing the efficiency of building code inspectors. State or local jurisdictions can either amend existing codes piecemeal or adopt a universal set of codes.

## History of the strategy

The strategy has been encouraged since at least the 1970s. Starting in the mid 1990s, there has been a trend for states and local jurisdictions to adopt one of two universal codes, the International Building Codes established by the International Code Council (ICC) and the NFPA 5000 developed by the National Fire Protection Association. States and local jurisdictions view the adoption of the International codes or the NFPA 5000 as a step toward a more appropriate and rational system of codes. At present, most cities, counties, and states that adopt codes choose the International codes.

## Target population

The direct targets of this strategy are the developers in the jurisdiction, but indirectly homebuyers and renters may benefit from lower prices because the costs of construction are reduced.

## How the strategy is administered

Uniform building codes can be adopted at the state or local level. In states that adopt a uniform code, some properties are not subject to the state building code, and state codes may not be binding on local jurisdictions. Only in states where building codes are specified to be a maximum requirement are local jurisdictions prevented from deviating from state codes.

## How the strategy is funded

No funding needed other than the public funds needed for reforming construction standards and building codes, as well as the training that may be required for building code inspectors.

## Extent of use of the strategy

Widely used.

## Locations where the strategy is being used

- According to ICC, the *International Building Code* is used at the state or local level in 47 states plus Washington, D.C. The newer NFPA 5000 is used in a smaller number of communities.

However, in a number of these states, localities have the authority to enforce stricter requirements.

- White Plains, New York undertook an effort to modify building codes, described as being previously “archaic and Byzantine,” in order to reduce construction costs.<sup>187</sup>
- Minnesota has a uniform building code that every county and community within the Minneapolis-St. Paul metropolitan region is required to use. Outside this region, any community or county that adopts a building code must use the state code.
- The Louisiana legislature has enacted laws providing for a uniform construction code. The Louisiana State Uniform Construction Code Council, charged with reviewing and adopting the code, also has worked to streamline the code enforcement process by developing a plan for the effective use of information technology in the building departments established to implement the code.

### **Pros and cons to using the strategy and/or types of markets where the strategy is more or less effective**

#### **Pros:**

- Reduces time and money spent by developers.
- Reduces barriers to national builders who are unaccustomed to local building codes.
- Eliminates unnecessary codes.
- Simplifies code enforcement and makes it more consistent.
- Reduces confusion and unpredictability over building and safety requirements.

#### **Cons:**

- Local jurisdictions may resist adopting universal codes because of the loss of local control.

### **Sources of information about the strategy**

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## Contact information

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The National Conference of States on Building Codes and Standards (NCSBCS)  
505 Huntmar Park Drive  
Suite 210  
Herndon, VA 20170  
703-437-0100

International Code Council  
500 New Jersey Avenue, NW, 6th Floor  
Washington, DC 20001-2070  
888-422-7233

National Fire Protection Association  
1 Batterymarch Park  
Quincy, MA 02169-7471  
617-770-3000

Curt McCarty, Administrator  
Louisiana State Uniform Construction Code Council  
7979 Independence Blvd.  
Suite 106  
Baton Rouge, LA 70806  
225-922-0817  
[curt.mccarty@dps.state.la.gov](mailto:curt.mccarty@dps.state.la.gov)

This document is a portion of NAHB's report  
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## Research on State and Local Means of Increasing Affordable Housing



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National Association of Home Builders  
1201 15th Street NW  
Washington, DC 20005

Prepared by  
Kimberly Burnett  
Jill Khadduri  
Justin Lindenmayer  
Abt Associates Inc.  
55 Wheeler Street  
Cambridge, MA 02138



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