

Issue Brief: Supporting Attainable Housing



HOUSING & BUILDING
ASSOCIATION
OF COLORADO SPRINGS

While all housing is important, attainable housing is critical to our community's economic health. To be a successful city, county and region, City of Colorado Springs leaders need to help ensure that there are enough homes at all price levels—including those that are attainable—to meet the demands of our workforce and their families. The Colorado Springs HBA advocates for future homeowners by working with all levels of government to achieve our Association and industry's mission of providing safe and attainable homes.

What is Attainable Housing?

Attainable housing typically includes unsubsidized, for-sale homes—including single-family-homes, condos and townhomes—that meet the needs of our teachers, nurses, service members and other critical workforce members.

To effectively accomplish this, elected officials and community leaders need to understand that attainability is partly a function of supply and demand cycles, and current demand in Colorado Springs and El Paso County is outpacing supply, resulting in higher prices for new and existing housing. Existing housing, including single-family homes and multifamily dwellings, represents about 280,000 housing units in El Paso County. New construction only adds between 0.5 percent and 3 percent to the county's overall housing supply each year.

The majority of those families struggling with higher housing costs need moderately priced housing opportunities, which is currently found in the existing-housing market, not new construction. New construction can help provide more attainable housing; however, local governments are encouraged to work with the HBA to identify ways to reduce the cost to build new homes and thus improve supply. This local approach is important since other factors

are often outside of a builder's control, such as access to a trained workforce, the rising cost of labor due to new legislation—including the voter-approved Prop 118, which created a statewide, multibillion-dollar paid-leave program through payroll taxes—supply-chain issues, and the increasing costs of building materials.

Increasing Supply of Attainable Housing

One important step that can be taken by the City is implementing policies to help increase the supply of home sites, one of the largest costs of a new home. Scarcity in lot availability is one of the most limiting factors in the current market, increasing the value and cost of each lot, thus increasing the cost of homes. Efficiently and effectively processing zoning, subdivisions and inspections will help moderate this cost for builders. The City's PlanCOS emphasized increasing land use densities as well, which can play a part in moderating housing costs.

The City's recently adopted ReTool will help by allowing for different housing products to be built and a density-based zoning concept, referred to in ReTool as "R-Flex." This piece of ReTool should help streamline the process of providing more housing options.

Additionally, City policy should aim to minimize fees collected in the development and building process and keep local regulations to a responsible minimum. The National Association of Home Builders studied the costs of regulatory compliance and concluded that more than 24 percent of the cost of an average new home in the United States—or about \$84,000—is attributed to compliance. The study indicated that the costs are the result of myriad federal, state and local rules, fees and costs. About 60 percent of the costs are imposed during lot development, and 40 percent are incurred by the builder after the lot is purchased.

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Regulatory costs during lot development include:

- Compliance with federal rules such as the Clean Water Act, Endangered Species Act and the tax code;
- State rules relating to storm water management; and
- Local regulations and costs such as land entitlement costs, drainage fees and costs of providing infrastructure (often paid by metro districts).

During home construction, regulatory compliance includes:

- OSHA rules;
- Real estate commission rules;
- Utility resources and connection fees;
- Impact fees like Police and Fire Capital improvement fees;
- Building codes, including continually changing code requirements;
- Fire code and potential wildland fire code changes;
- Energy codes, including green and environmental legislation from the state Capitol;
- Mortgage rules; and
- Building permit fees and costs.

Every jurisdiction has its own particular set of costs and fees, however the NAHB study is useful in understanding the significance of the costs of regulatory compliance in the cost of housing. Reducing unnecessary and overlapping regulatory burdens and construction costs, such as tap and other impact fees, would make a noticeable change in a new home's cost. This will encourage the development of less expensive and attainable new housing.

Specific changes that should be considered by City Council and government include recognizing the additional costs of enforcement versus assuring compliance through partnering. Compliance is a much better route to address concerns like stormwater since it assists the industry in achieving the City's goals, reduces costly mistakes and fines, and creates a better process for the City, builders and buyers. The City should review proposed additional costs associated with unnecessary code measures and the failure to amend restrictive and expensive codes that may not apply anymore. This, matched with inconsistencies in code interpretations, lead to additional costs for new homes, potentially pricing more families out of the market and reducing attainable housing stock.

HBA recommendations: To accomplish these goals and to ensure that our region has proper attainable housing to maintain our economy, the HBA supports:

- Implement policies to help increase the supply of home sites across the City.
- Work to encourage infill development and other policies to better utilize vacant land and other resources across the City.
- Process zoning, subdivision plats and inspections efficiently and effectively to reduce costs for builders and to reduce the overall prices of homes.
- Minimize fees collected in the development and building process and keep local regulations to a responsible minimum.
- Recognize the additional costs of enforcement versus assuring compliance through partnering with builders.
- Review proposed additional costs associated with unnecessary code measures and the failure to amend restrictive and expensive codes that may not apply anymore to current building and development.

About the Housing & Building Association of Colorado Springs

The Housing & Building Association of Colorado Springs is a trade association that represents more than 500-member companies, including builders, developers, and remodelers, as well as trade contractors, materials suppliers, mortgage lenders, real estate agents, title companies, interior designers, architects, landscapers and beyond. The HBA and its members are community leaders and builders, contributing to the growth, prosperity and quality of life our exceptional community.

HBA Mission

The Housing & Building Association of Colorado Springs promotes policies that allow for the production of safe and affordable housing and enhances the environment for the housing and building industry in El Paso County.