

Memorandum

City of Lawrence

Planning and Development Services Department

TO: Affordable Housing Advisory Board

FROM: Scott McCullough, Director

Date: November 13, 2017 Affordable Housing Advisory Board Meeting

RE: SMART Goal – The Affordable Housing Advisory Board will work with developers and builders to reduce cost of housing by 5% over 24 months.

The Affordable Housing Advisory Board (AHAB) tasked staff with working with developers and builders to reduce the costs of housing by 5% within a 24-month timeframe. The Lawrence Home Builders Association offered their support to this goal and presented staff with a [spreadsheet](#) reflecting costs incurred over the last ten years due to various reasons - additional service programs, desire to recover costs for services, adopting certain building codes, and other issues related to building a home. The list represents items the city has control over. Other items that affect housing cost are not reflected – land availability, land prices, profit margin, labor and material inflation, etc.

The list is based on added costs per lot of a 2,000 square-foot single-family home with 80 feet of street frontage valued at \$200,000. The exercise was intended to find items that could be changed to reduce the cost of building such a house by 5% or \$10,000. The spreadsheet is in relatively rough format as it should be considered a working draft. Staff has reviewed the list with appropriate review agencies and provides comments and recommendations on program changes that can help reduce time and money in constructing houses.

The result, in staff's opinion, is that there may be revisions in building and inspection methods and codes that could create efficiencies and marginally reduce costs, but the fact is that costs are likely to increase over time due to the need for the city to recover costs for services and to continue to build sewer, wastewater and street systems. Staff calculates that without significantly changing development standards, reducing sidewalks to one side of the street instead of two, for example, only a few thousand dollars of cost reductions can be produced relative to current standards and development fees.

One issue to consider is how any cost reductions will be transferred to the tenant or homeowner and not simply realized as additional profit to builders or sellers of property. Also, some of the savings that can be realized upfront, by reducing energy standards or material standards of concrete, for example, may not be good for the eventual homeowner

who will pay more in utility costs or repair work for reduced minimum code standards or materials requirements.

Staff will present the spreadsheet to the board and lead the board in a discussion related to potential revisions to city code as an outcome of this effort. The conclusion that staff has reached is that some cost savings and efficiencies can be made to current codes and practices, but significant cost savings can only be achieved by reducing major systems of development such as a reduction in sidewalk infrastructure or energy code standards.

Staff also wishes to thank the Lawrence Home Builders Association for their interest and effort in this exercise attempting to make housing more affordable in the community.