



## Home Builders Association of the Sioux Empire 2012 Local Government Affairs Issues Statement

Growth and development in the Sioux Empire continues to flourish with the home building industry generating substantial local economic activity, including new income and jobs for residents, and additional revenue for local governments. The impacts of building 581 single family homes in the Sioux Falls MSA include: \$92.8 million in local income, \$8.3 million in taxes and other revenue for local governments, and 1,700 local jobs.

The ability of local governments to respond effectively to the challenge of growth is of vital interest to future homebuyers and our community. For every \$1,000 price increase, 214 households are priced out of the market for a new home. It is our belief that affordable housing provides significant benefits to the local community through jobs, community pride and increased tax revenue for local governments.

**Development/Building Fees:** Financing of off-site projects or infrastructure needs that service a large tract of a community, should be done utilizing a broad-based funding approach rather than through impact fees, which increase the cost of new housing and development. Within the city limits of Sioux Falls, HBASE is opposed to the implementation of system development charges to fund infrastructure improvements. According to the National Association of Home Builders, every fee and mandate, no matter how necessary or desirable, adds approximately 10 percent to the price of a home. Because cost recovery fees and other regulations have significantly added to the cost of a new home in Sioux Falls by more than \$9,000, HBASE opposes the implementation of additional impact fees that further increase the cost of new housing and development.

**Infrastructure Financing:** Constructing new infrastructure in a timely manner is necessary to keep pace with the current and future demand for housing and is critical to the overall economic prosperity of the Sioux Empire. Broad based approaches should be used to underwrite the costs of infrastructure. HBASE encourages the City of Sioux Falls to develop and adopt an Infrastructure Financing Long-Term Plan demonstrating the city's ability to finance and accommodate future infrastructure improvements. HBASE supports the city's efforts to determine a path forward by having volunteers attend any meeting necessary to develop a plan. HBASE supports the funding of these infrastructure priorities:

- Fully funding the arterial street improvement program with 2<sup>nd</sup> penny sales tax revenue at a rate equal to \$10 million in 2012, \$10.5 million in 2013 and \$11 million in 2014. Currently, the 2012 City Budget provides \$5 million for arterial streets.
- Increased CIP project funding for infrastructure at a level equal to or greater than the rate of inflation,
- Increased construction funding of drainage projects and BMP devices to alleviate the backlog of projects, and
- Exempting developer installed storm sewer detention ponds from public procurement bid requirements.

**Stormwater Regulations:** Implementation of storm water regulations should be balanced and take into consideration the overall economic impact of any policy. Enforcement of sediment and erosion control regulations should be based more on ensuring that best practices are followed and less on paperwork compliance. The impact of stormwater regulations in Sioux Falls adds approximately \$500 - \$1,000 to the cost of a new house. To help builders avoid confusion and the potential overlap and redundancy in the requirements of the State National Pollutant Discharge Elimination System permit and the requirements imposed by municipalities, HBASE encourages the City of Sioux Falls to review EPA's Qualifying Local Programs provision for incorporation into the city's stormwater program, which would establish one set of requirements to follow.

**Building Codes:** Building codes and standards should assure the safety and health of building occupants using the most cost effective requirements and guidelines. In each code development cycle, there are a myriad of code changes proposed that would, if approved, significantly increase the cost of constructing new homes and reduce housing affordability. Many are not based on sound technical data and/or are not cost effective. HBASE is opposed to new regulations and standards that add significant costs to the construction of homes.

**Land Development/Planning Process:** Planning and zoning officials should have an understanding of the economic factors and community issues that impact builders and the development process. The development approval process should be clear and consistent; a process that is organized, complete, thorough and designed to be completed on a timely basis. Cost-effective, environmentally sound land use and development require equitable

land-use policies, affordable approaches to infrastructure financing, and reasonable development standards. Policies that impact the development and planning process should be reviewed by Infrastructure Review Advisory Board. To ensure consistent policies, HBASE supports the 2015 Growth Management Plan.

**Green Building:** For many years, builders have taken into account environmental considerations into their construction practices. The process of green building incorporates environmental considerations into every phase of the home building process. That means that during the design, construction, and operation of a home, energy and water efficiency, lot development, resource efficient building design and materials, indoor environmental quality, homeowner maintenance, and the home's overall impact of the environment are all taken into account. Sioux Empire Green Build is a program developed by HBASE that strives to promote voluntary, market driven green building standards and practices by educating members, consumers, and public officials about the National Association of Home Builders voluntary Green Building Standard.

**Fire Sprinklers:** Changes in residential construction technology, improved building code requirements, as well as consumer behavior and the concerted efforts of fire fighters, home builders and other safety advocates, the number of fatal fires has dropped dramatically in the last 20 years. This trend is continuing and the decline is even more impressive given the growth in population and housing stock. According to a 2006 United States Fire Association Study, 88 percent of the fatal fires in single-family homes occurred where there were no working smoke alarms. HBASE is opposed to regulations that mandate residential fire sprinklers in new one and two-family homes. Such mandates have an unreasonable impact on housing affordability. It is estimated that mandating residential fire sprinklers in single-family homes would add a minimum of \$6,000 to the cost of an entry level home in the Sioux Empire.