

TO: Mayor Haila and Ames City Council Members

FROM: Drew Kamp

DATE: June 18, 2019

RE: Contractor Roundtables Discussion Notes

This memo is in response to Item 6 in the Contract for Economic Development Services for the period starting July 1, 2018 and concluding June 30, 2019 between the City of Ames and the Ames Economic Development Commission. As requested the AEDC held two separate meetings with local building contractors and housing developers to gather feedback on what impediments, if any, may exist in improving the housing stock of the Ames community.

The following is a bullet-pointed, high-level summary of the feedback that was received during the two meetings, which were held Friday, May 3 and Tuesday, May 7.

The City will not be able to transition rentals back to single family, owner occupied, homes without addressing the costs it will take to bring applicable properties to code.

- The issue is some rentals are in a state of repair in which significant work will need to be done to get them up to current code, which makes the transition into potential affordable housing all the more difficult.
- Examples are post footings on decks, fire chalking between levels, and stabilization/erosion control.
 - o Deck piers: requirement was wood pier 42" deep. Now it is 48" deep with concrete reinforcement, which is additional time and money.
 - o Fire caulking: contractors feel inspectors know you will fail this requirement, but wait to tell you, which again sets back the project and costs more due to change orders.
 - o Erosion control: contractors will be told in the dead of winter they need to do this when they cannot cut into the ground to do it. This is often because the EPA or DNR creates a rule requiring this or another community is noted for this, so they start enforcing it more strictly.
 - o Other times, it is believed City staff attend a conference, hear of a regulation, and start enforcement upon return mid-project, which again adds costs and time. Sufficient notice is needed in these cases.
 - o Often times, notice of new/not priorly noted or enforced requirements will happen mid-project, which adds time and cost to the overall project, which is frequently passed onto the customer/consumer.
 - o It is difficult to buy material and build affordable housing with these requirements, especially when they are changed mid-project.
 - These little things add up to higher costs and make \$200,000-\$300,000 homes harder to build, as additional labor, time, and costs continually add up and negatively effect the cost structure.

New plumbing requirements for s-traps versus p-traps and venting add significant costs to development and redevelopment.

There are issues with the requirements for post indicator valves (expensive to bore to road and place a 6" line), sprinklering of residential and commercial (cost prohibitive and limits development), and requirements for black dirt placement around homes (have to move it twice, which is twice the cost).

Water heaters in individual units for multifamily units, as well as requiring sensors on water heaters is also a significant cost.

Requiring parking in multifamily units for a room that is used as a study and not a bedroom is overly restrictive and costly.

The City needs a rehabilitation code that allows for latitude as it relates to taking a rental back to a single-family structure.

Frequently, the inspectors will make updates and changes even if they are not needed or warranted and with little/insufficient notice. This makes rental and owner occupied housing less affordable, as contractors are having to spend more up front.

Sufficient notice is key. It is needed to prepare by a certain time. This can be done through better communication and transparency. Needs to be more proactive.

- Building officials Sara Van Meeteren and Adam Ostert should start attending Ames Home Builders Association and Central Iowa Board of Realtors meetings to promote transparency and communication.
 - o There needs to be a push of information to Ames Home Builders and Central Iowa Realtors so they can share key information with members.
- There is only 4 hours/day allocated to inspections, so timing is limited, with little accommodation/flexibility provided by the building inspections department.
- Adam is doing 2 jobs as Assistant Building Official and Plans Examiner which slows the overall process and can cause a backlog and delays.
- There was a time when the City was able to provide 1 hour notice to have work inspected, now it is a day or two. Sewer, water, and footings still same day, but others are not.

The City starts enforcing code and regulations impulsively without proper communication and sufficient notice. Contractors will follow the regulations, but there needs to be sufficient lead time to allow them to plan and account for the new requirements.

There is a clear need for builders, tradesmen, contractors, and city staff/inspectors to meet and discuss issues negatively impacting the affordability of housing in Ames.

- 30% of home building costs are attributed to codes and regulations at the local level (state and federal requirements included in that statistic).

Builders, developers, contractors, architects, and engineers need to be looped into discussions about changes to the code and its enforcement. This will allow more open dialogue, more transparency, collection of feedback, and a better path forward.

It seems that inspectors are overly cautious with any project that may be seen as sensitive due to potential litigation and think it is black and white when really there is a

gray zone in which discussion is necessary. This leads to inspectors frequently enforcing the code too strictly. This is evident due to the fact that similar communities around the state do not perform their duties in this manner.

If something is caught at the last minute, mid-project, and or has been overlooked in previous inspections, responsibility is placed squarely on the builder and city's responsibility is disavowed, when the City had signed off on it before.

In Ankeny, there is volume, choice, lower price, and amenities that creates an area people gravitate to. It is believed the City of Ames needs to be more flexible within the code to meet peoples needs.

- Participants in the feedback sessions believe the quality of the product and builders are better in Ames yet it seems that lifestyle determines where people end up choosing to live, which underscores the need for more amenities throughout the Ames community.

More creative housing options are needed and can be encouraged via Planned Residential Development and varying the sizes of lots.

If home prices are to decrease to more affordable levels, several things need to occur:

- Introduction of tax abatement for new housing to mitigate risks and costs.
- Need more active developments, greater than 1-2 at a time, to increase demand and potentially lower lot costs.
- Pioneering infrastructure assistance is needed, whether tax increment financing or via tax abatement.
- A building permit for a home is \$2,500 in Ames and \$80 in Boone, yet again another additional cost for contractors and builders to bear ultimately adding cost.