

Economics and Other Subtask - Notes from November 3 meeting presented at Task Force meeting on November 9.

Met on Thursday, November 3. Good attendance from both task force members and the public.

Discussed challenges including:

- 1) Building code/fire code challenges with adaptive reuse - significant expense to change the use of a building from a former commercial use to a residential use
 - a) I have personally had conversations with developers who claim that it is cheaper to demolish and completely rebuild than to adapt - is there an opportunity there?
 - b) Renovations of existing housing are challenging - particularly in rural communities
 - i) Challenges with costs and subsequent rental/purchase rates
- 2) Limited financing mechanisms for local governments - small pots of money
 - a) Infrastructure financing
- 3) Impact fees and off-site development fees
 - a) Burden is often carried by one developer rather than the larger community as a whole
 - b) Limited ability of city governments to waive impact fees to bring down costs for affordable housing development
 - c) Curb, gutter, sidewalk requirements on arterial systems outside of proposed development
 - d) Possible recommendation that ARPA money be directed to some of these required off-site costs, for certain types and/or sizes of housing developments. The money can be directed to DOT and/or municipalities but earmarked for the off-site infrastructure that is being required for approval.
- 4) Situations where building housing is a worse investment than building something like storage units
 - a) Barriers to entry - entitlement process length/cost
 - i) Design standards that increase costs
- 5) Smaller communities with school trust land that is buildable but they lack funds for construction - market dynamics may not exist to facilitate building housing like in more popular communities
 - a) Department of Commerce funds?
- 6) Challenges with brownfield development
 - a) Money being added into programs to assist development of these areas
- 7) Time value of money and slow development processes due to limited local staffing and political dynamics
 - a) 23.8% increase in cost of homes between 2011 and 2021
 - b) Difficulties with state agencies being able to provide technical assistance
- 8) General lack of innovation in financing (coops), building products (between SFH and large multifamily)