

Debora Sielski, Community Development Director

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Next Generation Housing Builders Forum Summary Village of Jackson August 16, 2022

#### Overview

On August 16, 2022, Washington County and the Village of Jackson hosted a Builders Forum for the Next Generation Housing Initiative and the Jackson pilot project. About 15 builders, developers, and stakeholders from all over the State attended. County staff provided an overview of the Next Generation Housing Initiative prior to forming breakout groups to discuss various topics related to home construction. The goals of the forum were to understand builders' processes and timelines for construction and discuss ways to reduce costs. Breakout groups consisted of one facilitator, from either the County or Vandewalle & Assoc., and two groups had members of the Next Generation Housing Committee in attendance. This summary outlines the discussion topics and key takeaways from the breakout groups. A second Builders Forum for the Village of Jackson pilot project is scheduled for October 26, 2022.

#### **Reduce Cost without Reducing Quality**

- Guarantee price with subcontractors to keep prices consistent.
- Building lots right next to each other right after one another would help reduce costs.
- There cannot be a lot of deviation from the floor plans to ensure cost reductions and consistency.
- Homes with simple layouts with single story and simple roof lines.
- Some condos or townhomes may be built on slab with no basements.
- Two story homes with 800-900 sq ft per floor will allow builders to save money on foundations.
- If sidewalks are required, leave sidewalks and driveway work until the home is completely built. Could potentially delay installation of sidewalks and have builder complete it within x number of years.
- Rolled curb instead of cut-curbs.
- Share dumpsters for multiple sites instead of one at each site. Allow dumpsters on the street to serve numerous sites.
- Stockpile topsoil on the site and provide to homeowners for finish grade/landscaping instead of selling soil back to owners.
- Grid layouts for street design to make it easier for home layouts.
- Consider detached garages or eliminating garages all together. Eliminating garages may make it more difficult for resale. If having detached garages, consider one contractor to build all detached garages.



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Attached garages are likely cheaper than detached and should be built by homebuilder. Modular homes are cheaper to build with detached garages.

- Remove or reduce brick or stone requirements for the front of houses.
- Consider reducing current requirements and use 3/4" water main for homes.
- Consider using only vinyl windows (with J-channel)
- Consider using vinyl siding instead of more expensive options
- Consider using carpeting instead of more expensive options

### **Densities and Housing Types**

- Two bedroom homes with an egress window in the basement could reduce costs. Third bedroom in the basement could be finished later.
- Constructing multi-family units or duplexes does reduce the cost and creates a diversity of housing options.
- Considering reducing the pitch of the roof, this would reduce attic space.
- Efficiency may come in when builder frames four houses at once. This may take 4-6 months to build the Four homes.
- Consider not listing the home for sale too soon, this would prevent the home buyer to change the interior finishes. It is most time effective and cost effective to build a spec home and then list if after completion. Provide a certain number of turnkey homes to allow homebuyers to be engaged as soon as possible in the process but limit the number of changes to the interior finishes.
- Builders can only build 1-2 spec homes every 5 years by State law. Need a Real Estate agent to sell.
- Small homes can get down to a 5 ft setback on either side. It is more common to see 10-16 ft. This could reduce cost and bring higher densities to the area.
- Lot sizes could vary to layer the pricing and work with different builders and market segments.
- If the site is sloped, there will need to be more space between homes to allow for drainage.

### **Home Construction**

- Allow for flexibility with the project as construction occurs.
- Costs will be higher if digging basements in the winter. Construction in the winter can be more expensive because of extra materials needed.
- Allow numerous builders to build homes within subdivision at same time.
- Consider constructing subdivision in phases for home construction.
- Work with lumber companies and engage them with the Next Generation Housing Initiative.
- Builder would need to wait until spring for final grades and lawn if construction begins in fall/winter.
- Use extra fill from basements to bring grading to match the level of the road, this can be a huge cost fix.



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Buy materials in bulk to save on costs, economies of scale.

### **Municipal and County Effort**

- Continue to engage Washington County employers.
- Consider allowing home construction to begin prior to completing streets. Used to be able to start constructing homes prior to street construction starting.
- Work with a Real Estate agent to sell the homes.
- Work with builders as the plat is developed so they can prepare for home construction as soon as it is possible.
- Builders should work to stage materials as the project is going along.
- Potentially reduce impact fees from the municipality.
  - Other fees to review: park impact fees, sanitary, building permits, parkland dedication fees, skip neighborhood covenants.
- Engage building inspectors in the discussions of home construction for Next Generation Housing Developments.
- Initial architectural review for all Next Generation Housing specifically. Allow for flexibility in Next Generation Housing with changes not requiring an Architectural Review Board.

### **Concerns and Challenges**

- Current costs would leave little wiggle room for the home construction to meet the goal of homes under \$300,000.
- Appraisals for surrounding neighbors could be a concern if home costs are substantially different.
- Consider mechanism to allow for change orders at the job site.
- Cost of materials and the fluctuation is a concern. Some costs are out of the builder's control.
- Increased interest rates for mortgages.
- There may be a bidding war for purchasing the homes/lots this may kick it above the \$300,000.
- Engage a real estate attorney to assist in resolving challenges.
- Limit the number of lots that any one builder can build in the subdivision
- Consider utilizing process of subordination of lot to take place after preliminary plat is approved:
  - o A lot of lenders will not finance land to builders
  - o Village holds the lot; builder does not close on lot prior to construction starting.
  - o Lot and home is sold to buyer and closes in one transaction.
  - o A contract would exist between the Village and builder.
  - o Engage real estate attorney on this.



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### **Modular and Manufactured Homes**

- Modular home can put all the mechanicals on the first floor; can pre-install the mechanicals as a unit (rather than hiring different contractors separately for HVAC, sewer, etc.) This can save a lot of money.
- Modular or manufactured homes can have a lot less construction waste.
- It is possible to stack manufactured homes to make multiple stories.
- Manufactured and modular homes can be installed, then a stick-built garage would be constructed for the home.
- If the manufactured home is built on land that the person owns, then they can get conventional financing. If it is leased, then it is different.
- If following HUD code building, need to make sure the building inspectors are aware of that.
- There is data that states Manufactured homes maintain their value over time.
- HUD homes need to be 100% complete when it arrives on site, but it can be modified to meet identified preferences (or leave something out so that the final buyer/builder can customize, but cost savings are not big).