Introduction

WAGGONER + PulteGroup™
Mr. Hohulin has more than 40 years of experience assisting communities, developers and homebuilders across the country develop unique and affordable housing opportunities for people. He has led the due diligence, land planning, entitlement, design and platting for over 500,000 single-family lots across the country.

His projects have ranged in size from a few acres to over 80,000 acres in size, for communities of less than 1,000 to metropolitan areas of over 4,000,000.

This work for both private and public sector clients, has given him a unique understanding not only of the economics of providing housing for people, but the roles the community, developer and local economy play in providing housing that fits the needs of the community and enhances the overall character of the area.
Mr. Garnto has over 15 years of homebuilding experience in the southeastern part of the country. He has worked for major homebuilders like DR Horton, Tool Brothers, Beazer and Richmond American Homes, as well as major regional land development companies. His project background includes single-family, townhome, condominium and multi-family developments in multiple urban and suburban markets.

Brad is highly experienced in the entire development process from accessing the viability of the market, finding and entitling land for projects, all the way through actual project design and construction. This work has given him a deep understanding of the market forces that significantly impact housing prices, as well as unique opportunities that communities can utilize to allow market forces to help deliver quality affordable housing for their residents.
What Are We Talking About

- Single-Family Residential

- Affordable Housing
  - Housing is affordable if it can be occupied by those with median household income or below.
  - Housing is affordable if the household spends < 30% of gross monthly income towards housing.
Examples

Many whose work serves us or our children cannot afford to live near those workplaces.

- "Sandra" has three kids and earns $41,000 per year as a teacher.
- Average rent, 3-br apartment where she teaches = $1,395.
- To afford that rent, she'd need to make at least $53,240.
There are thousands of working families like Sandra's across the country.

<table>
<thead>
<tr>
<th>More than $20,000 but less than $35,000</th>
<th>More than $35,000 but less than $50,000</th>
<th>More than $50,000 but less than $65,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>School bus drivers</td>
<td>Most teachers</td>
<td>Fire fighters</td>
</tr>
<tr>
<td>Retail/sales</td>
<td>Construction laborers</td>
<td>Patrol officers</td>
</tr>
<tr>
<td>Child care workers</td>
<td>Bus drivers (transit)</td>
<td>City planners</td>
</tr>
<tr>
<td>Waiters/waitresses</td>
<td>Dental assistants</td>
<td></td>
</tr>
<tr>
<td>Home health aids</td>
<td>Licensed nurses</td>
<td></td>
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<tr>
<td><strong>74% in this income bracket are cost-burdened.</strong></td>
<td><strong>51% in this income bracket are cost-burdened.</strong></td>
<td><strong>44% in this income bracket are cost-burdened.</strong></td>
</tr>
</tbody>
</table>
Examples

Many other kinds of households lack affordable housing options.

- First-time homebuyers/Millenials
- Seniors
- People with disabilities
- Veterans
Municipal Example
Nashville, Tenn.

Median household income - $63,939
30% = $1,598/mo (taxes and insurance)

With 20% down ($60,000) on a $300,000 home mortgage (30yr) would be $1,599/mo

With 10% down ($25,000) on a $250,000 home mortgage (30yr) would be $1,586/mo

Median home price - $314,000
Median rent (2 bedroom apartment) - $1,604/mo
Homebuilder Myths

- Homebuilders don't want to build affordable housing.
- Homebuilders make lots of money and could sell homes for less.
Homebuilding Economics 101

Most homes/housing developments are built with borrowed money. Lending rules require homes to sell for about 5x the finished lot price.

Every $1,000 increase in the finished lot cost equals a $5,000 increase in the home price

- BUT -

Every $1,000 decrease in the finished lot cost equals a $5,000 decrease in the home price.
Finished Lot Price

- Land cost/unit
- Regulatory costs
- Design/survey
- Time/carrying cost
- Grading
- Infrastructure
  - water
  - wastewater
  - roads
  - sidewalks
  - power/cable/gas
  - street lights
  - parks
  - open spaces
  - stormwater/LID

_Nationwide, development costs average $25,000-$50,000/lot plus land costs_
Municipal Example
Archbold, Ohio

4,500 population with 8,000 jobs

Median household income - $53,106
30% /mo = $1,327 (insurance and taxes)

With 20% down ($48,000) on a $240,000 home mortgage (30 yr) would be $1,326/mo

With 10% down ($20,000) on a $200,000 home mortgage (30 yr) would be $1,316/mo

Median home price - $123,200
Median rent - $604/mo
0% vacancy
What kinds of tools do local governments have to impact affordable housing?

- Zoning
- Accessory Dwelling Units
- Expedited permitting (schedule)
- Fee waivers
- Density bonus
- Incentive-based ordinances
- Manage public participation
- Educate the public on "affordable" housing
What aspects of housing affordability do local governments impact?

- **SUPPLY**
  - controlling housing types and lot sizes, and where they can go

- **DEVELOPMENT COSTS**
  - infrastructure and approval times

- **CONSTRUCTION COSTS**
  - choices of building materials

- **TRANSPORTATION COSTS**
  - access from home to work, and other necessities
Municipal Example
Prescott Valley, Ariz.

Median household income - $45,684
30% /mo = $1,142 (insurance and taxes)

With 20% down ($40,000) on a $200,000 home mortgage (30 yr) would be $1,144/mo

With 10% down ($17,000) on a $170,000 home mortgage (30 yr) would be $1,153/mo

Median home price - $192,400
Median rent - $1,467/mo
Wrap Up

- Every community and the local economy is unique
- Partner with developers/homebuilders
- Be concerned with development success
- The public sector shouldn’t pick winners and losers - but should try to make everyone winners
- Work to eliminate your impediments as they relate to the economics of housing and your local economics