April 14, 2015 Workshop

Update on Resolution 3540 Incentive Program to Improve Single Family Construction





April 14, 2015 Workshop

- Program History
- Program Status
- Current resolutions: Council action/direction

PROGRAM HISTORY

- Concern in 2013 regarding COB building permits for single family compared to College Station.

PROGRAM HISTORY

Single Family Permits in the COB

HEATED SQ. FT.	2013	2012	2011	2010	2009
1-1199	29	17	21	52	31
1200-1399	31	19	33	42	30
1400-1599	13	18	12	20	27
1600-1799	8	19	7	11	13
1800-1999	5	13	5	21	20
2000-2199	19	15	10	14	16
2200-2399	8	11	6	10	8
2400-2599	6	9	6	9	8
2600-2799	7	7	9	4	6
2800-2999	7	9	3	0	1
3000-3900	10	22	11	5	9
>4000	11	13	4	3	7
Totals:	154	172	127	191	176

* “Detached” shown

PROGRAM HISTORY

Single Family Permits in the COB

HEATED SQ. FT.	2013	2012	2011	2010	2009
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2000-2199	19	15	10	14	16
2200-2399	8	11	6	10	8
2400-2599	6	9	6	9	8
Target Range					
2600-2799	7	7	9	4	6
2800-2999	7	9	3	0	1
3000-3900	10	22	11	5	9
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PROGRAM HISTORY

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1600-1799	8	19	7	11	13	
1800-1999	5	13	5	21	20	
2000-2199	19	15	10	14	16	
		105	101	88	160	137
2200-2399	8	11	6	10	8	
2400-2599	6	9	6	9	8	
Target Range		28	36	24	23	23
2600-2799	7	7	9	4	6	
2800-2999	7	9	3	0	1	
3000-3900	10	22	11	5	9	
>4000	11	13	4	3	7	
		21	35	15	8	16
Totals:	154	172	127	191	176	

5 – Year Average = 27

* “Detached” Shown

PROGRAM HISTORY

Single Family Permits in College Station

HEATED SQ. FT.	2013	2012	2011	2010	2009	
1-1199	16	19	19	23	32	
1200-1399	49	44	37	26	40	
1400-1599	24	17	28	29	33	
1600-1799	55	33	123	77	93	
1800-1999	74	47	73	93	72	
2000-2199	51	33	34	31	41	
2200-2399	31	42	37	53	62	
2400-2599	36	38	14	13	10	
Target Range						
2600-2799	48	19	9	16	18	
2800-2999	20	35	6	7	7	
3000-3900	36	83	22	27	34	
>4000	9	35	1	5	7	
Totals:	449	445	403	400	449	

269 | 193 | 314 | 279 | 311

135 | 134 | 66 | 89 | 97

45 | 118 | 23 | 32 | 41

5 – Year Average = 104

* 2009-2010 Includes detached and attached

PROGRAM HISTORY

- What was known in 2013?
  - COB: 5 year average of 27 Homes built in the target range (28 in 2013)
  - College Station: 5 year average of 104 Homes built in the target range (135 in 2013)
  - Spring 2014: 179 Lots available for homes in the range of 2200 – 3000 square foot heated/cooled ("Target Range")
    - A six (6) year inventory!
  - Why would a developer put in more residential lots?
  - Gap analysis: visited with builders and developers

PROGRAM HISTORY

- Resolution 3540: passed March 25, 2014
  - Established Chapter 380 program
    - Program to include the following Incentives:
      - Building permits cost waived
      - Tap fees waived for Water (Up to $400) and Sewer (Up to $350) in new subdivisions, with waivers limited to base fees in existing subdivisions
      - Rebate Home Builders “Parade of Home” fee to pull realtors and home buyers into neighborhoods
    - Homes must be:
      - “Single Family” home construction
      - Heated/Cooled square footage in the range of 2200 – 3000 (“Target Range”)
      - Within the City limits of Bryan

PROGRAM STATUS

Detached Single Family Permits in Bryan

HEATED SQ. FT.	2015	2014	2013	2012	2011	2010	2009
1-1199		18	29	17	21	52	31
1200-1399		30	31	19	33	42	30
1400-1599		23	13	18	12	20	27
1600-1799		13	8	19	7	11	13
1800-1999		16	5	13	5	21	20
2000-2199		14	19	15	10	14	16
2200-2399	Target Range	28	8	11	6	10	8
2400-2599		16	6	9	6	9	8
2600-2799		15	7	7	9	4	6
2800-2999		6	7	9	3	0	1
3000-3900		15	10	22	11	5	9
>4000		14	11	13	4	3	7
Totals:		208	154	172	127	191	176

114 105 101 88 160 137

65 28 36 24 23 23

29 21 35 15 8 16

Previous 5 – Year Average = 27

PROGRAM STATUS

Detached Single Family Permits in College Station

HEATED SQ. FT.	2015	2014	2013	2012	2011	2010 *	2009*
1-1199		6	16	19	19	23	32
1200-1399		46	49	44	37	26	40
1400-1599		16	24	17	28	29	33
1600-1799		116	55	33	123	77	93
1800-1999		93	74	47	73	93	72
2000-2199		107	51	33	34	31	41
2200-2399		66	31	42	37	53	62
2400-2599	Target Range	30	36	38	14	13	10
2600-2799		48	48	19	9	16	18
2800-2999		22	20	35	6	7	7
3000-3900		50	36	83	22	27	34
>4000		11	9	35	1	5	7
Totals:		611	449	445	403	400	449

384 269 193 314 279 311

166 135 134 66 89 97

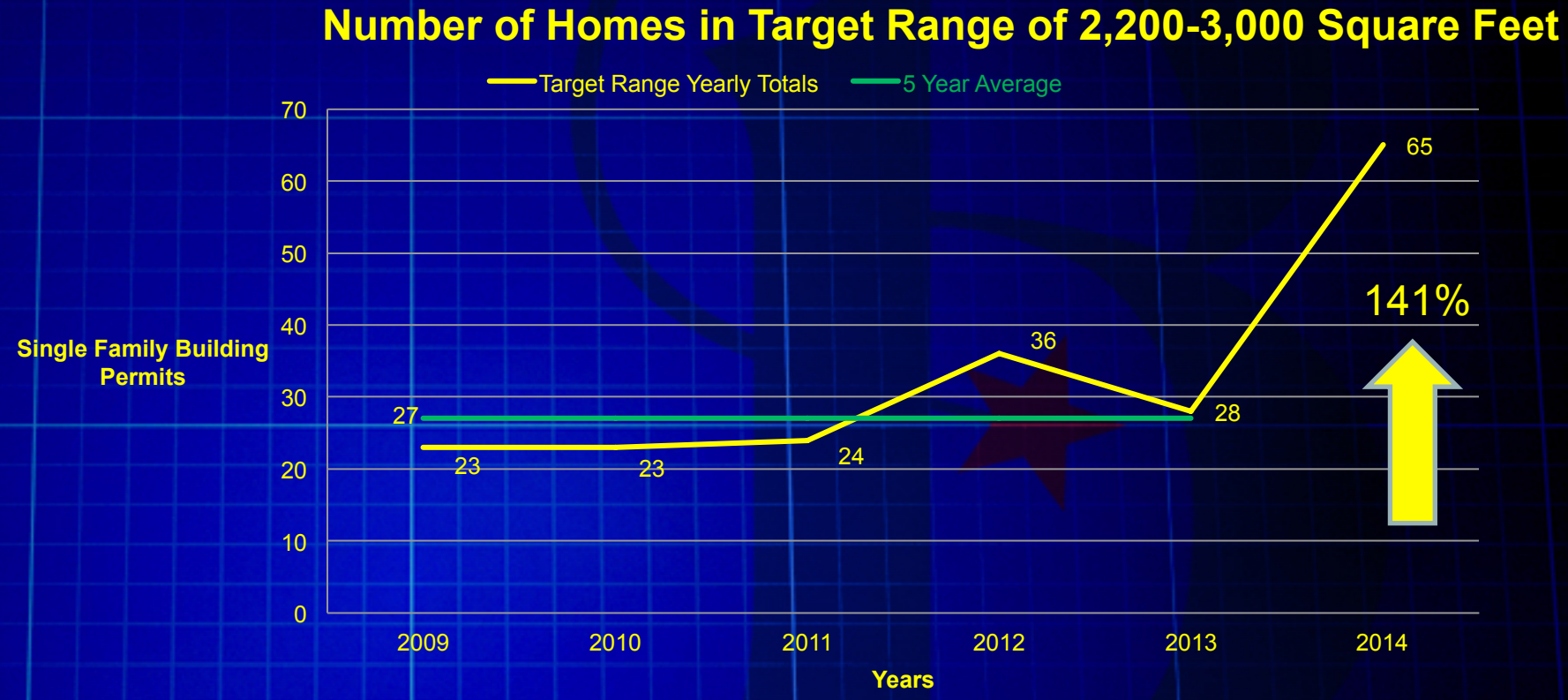
61 45 118 23 32 41

Previous 5 – Year Average = 104

* 2009-2010 not verified - Includes detached and attached

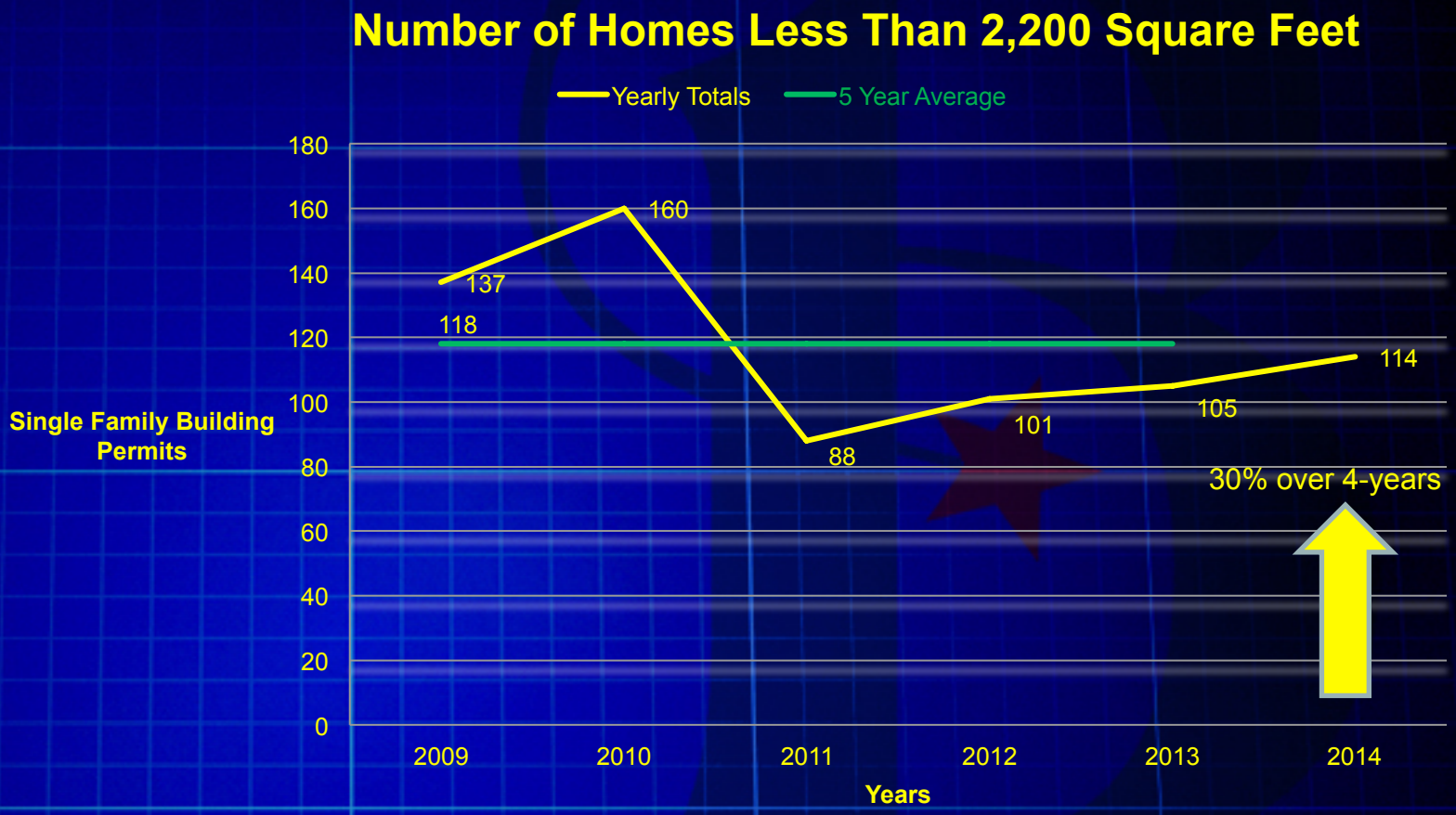
PROGRAM STATUS

Target range homes increased by 141% by end-of-year 2014 (65 vs 27)



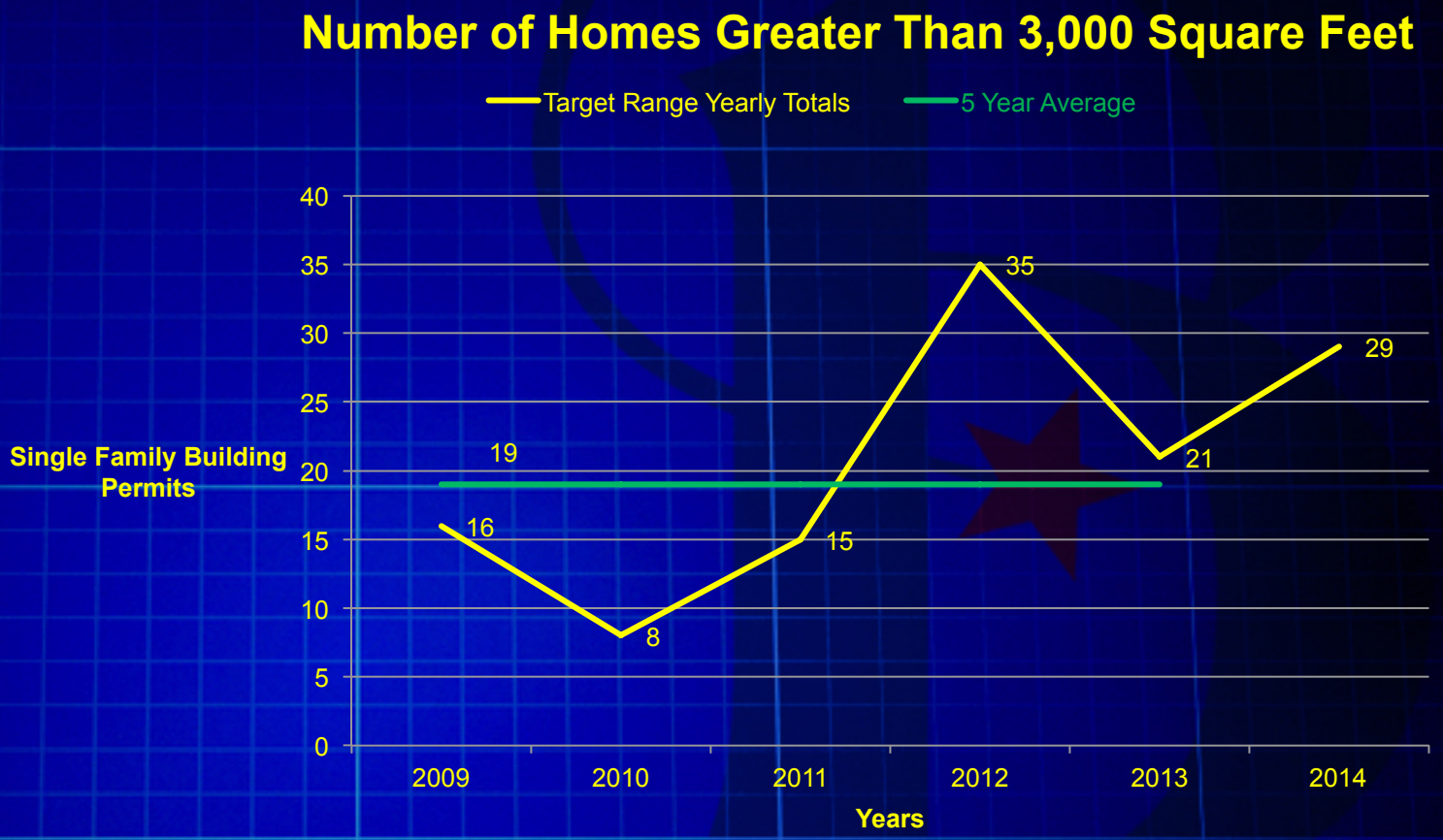
PROGRAM STATUS

In 2014 - homes under 2200 sq. ft. are 3% below 5 year average.



PROGRAM STATUS

In 2014 - homes over 3000 square foot are 52% above the 5 year average.



PROGRAM STATUS

Detached Single Family Permits in the COB

HEATED SQ. FT.	2015	2014	2013	2012	2011	2010	2009
1-1199	9	18	29	17	21	52	31
1200-1399	6	30	31	19	33	42	30
1400-1599	12	23	13	18	12	20	27
1600-1799	6	13	8	19	7	11	13
1800-1999	7	16	5	13	5	21	20
2000-2199	9	14	19	15	10	14	16
		49	114	105	101	88	160	137
2200-2399	13	28	8	11	6	10	8
2400-2599	8	16	6	9	6	9	8
Target Range							
2600-2799	4	15	7	7	9	4	6
2800-2999	2	6	7	9	3	0	1
		27	65	28	36	24	23	23
3000-3900	2	15	10	22	11	5	9
>4000	1	14	11	13	4	3	7
		3	29	21	35	15	8	16
Totals:	79	208	154	172	127	191	176

2015 Data as of 3-31-15

PROGRAM STATUS

Detached Single Family Permits in College Station

HEATED SQ. FT.	2015	2014	2013	2012	2011	2010 *	2009*
1-1199	1	6	16	19	19	23	32
1200-1399	8	46	49	44	37	26	40
1400-1599	19	16	24	17	28	29	33
1600-1799	16	116	55	33	123	77	93
1800-1999	35	93	74	47	73	93	72
2000-2199	50	107	51	33	34	31	41
2200-2399	22	66	31	42	37	53	62
2400-2599	22	30	36	38	14	13	10
2600-2799	14	48	48	19	9	16	18
2800-2999	13	22	20	35	6	7	7
3000-3900	21	50	36	83	22	27	34
>4000	6	11	9	35	1	5	7
Totals:	227	611	449	445	403	400	449

Target Range

129 | 384 | 269 | 193 | 314 | 279 | 311

71 | 166 | 135 | 134 | 66 | 89 | 97

27 | 61 | 45 | 118 | 23 | 32 | 41

2015 Data as of 3-31-15

* 2009-2010 not verified - Includes detached and attached

PERMIT STATUS

Bryan's Detached Single Family Permits
Comparison of Program Years

HEATED SQ. FT.		03/25/2014 - 03/24/2015 Period 3		03/25/2013 - 03/24/2014 Period 2		03/25/2012 - 03/24/2013 Period 1	
1-1199		24		28		17	
1200-1399		32		27		22	
1400-1599		32		9		27	
1600-1799		17		8		18	
1800-1999		21		7		12	
2000-2199		20		17		17	
2200-2399		38		6		12	
2400-2599	Target Range	22	78	8	34	6	33
2600-2799		14		10		5	
2800-2999		4		10		10	
3000-3999		13		9		22	
>4000		11		13		14	
Totals:		248	63%	152	-16%	182	

129% 3%

PERMIT STATUS

College Station's Detached Single Family Permits
Comparison of Program Years

HEATED SQ. FT.		03/25/2014 - 03/24/2015 Period 3		03/25/2013 - 03/24/2014 Period 2		03/25/2012 - 03/24/2013 Period 1	
1-1199		3		13		36	
1200-1399		29		60		68	
1400-1599		32		23		37	
1600-1799		67		54		54	
1800-1999		111		66		58	
2000-2199		134		67		45	
2200-2399		69		43		38	
2400-2599	Target Range	45	198	37	138	24	107
2600-2799		51		39		32	
2800-2999		33		19		13	
3000-3999		66		32		30	
>4000		16		8		6	
Totals:		656		461		441	

43% ←

29% ←

42% ←

4% ←

PROGRAM STATUS

- Summary of three (3) “Program Years” in the “Target Range”:
  - Target Range Homes during “Program Year”:
    - Bryan: 129% increase (78 vs 34)
    - College Station: 43% increase (198 vs 138)

    } 86%
  - Overall:
    - Bryan: 63% increase (248 vs 152)
    - College Station: 42% increase (656 vs 461)

    } 21%
- 2015 – We are already up 170% in the 1st Quarter 2015 vs. 1st Quarter 2014 (27 vs 10)
- 2015 – CS is up 69% in the 1st Quarter 2015 vs. 1st Quarter 2014 (71 vs 42)

PROGRAM STATUS

- 30 builders/homeowners taking advantage of the program
- 2014 Parade of Homes increased from 3 (Spring) to 9 (Fall), 10 for 2015 (Spring)
- At least 7 new builders in Bryan
- 1.7 Year Payback on program
  - Program Cost as of 3/24/15:
    - Waiver permit fees: $ 77,550
    - Reimbursements of parade fees $ 2,725
    - Waived sewer and water tap fees: $ 34,200

      Total: $114,475
  - Estimated ad valorem taxes added for homes above the five year average: $ 68,754 ($10.9 MM)

PROGRAM STAUS

Single family detached permit totals up by 126% over same time period last year.

City of Bryan – Building Report

MARCH 2015		
Permit Type	**Total**	**Value**
Residential - Single Family - Detached	43	$7,035,158.00
Residential - Single Family - Attached	0	$0.00
Residential - New 2 Unit Bldgs	1	$173,316.00
Residential - New 3-4 Unit Bldgs	0	$0.00
Residential - New 5+ Unit Bldgs	0	$0.00
Residential - Add/Alter/Reno	36	$348,190.00
Manufactured Homes	11	$368,165.00
Demolition	11	$0.00
Commercial - New Construction	3	$0.00
Commercial - Add/Alter/Reno	11	$15,518,500.00
Swimming Pools	2	$80,000.00
Signs	11	$0.00
TOTALS	**129**	**$23,523,329.00**

MARCH 2014		
Permit Type	**Total**	**Value**
Residential - Single Family - Detached	14	$4,499,974.00
Residential - Single Family - Attached	0	$0.00
Residential - New 2 Unit Bldgs	0	$0.00
Residential - New 3-4 Unit Bldgs	2	$459,220.00
Residential - New 5+ Unit Bldgs	0	$0.00
Residential - Add/Alter/Reno	57	$461,957.00
Manufactured Homes	6	$211,400.00
Demolition	13	$0.00
Commercial - New Construction	1	$4,500,000.00
Commercial - Add/Alter/Reno	19	$650,254.00
Swimming Pools	3	$126,340.00
Signs	12	$0.00
TOTALS	**127**	**$10,909,145.00**

JANUARY-MARCH 2015		
Permit Type	**Total**	**Value**
Residential - Single Family - Detached	79	$14,257,525.00
Residential - Single Family - Attached	0	$0.00
Residential - New 2 Unit Bldgs	1	$173,316.00
Residential - New 3-4 Unit Bldgs	0	$0.00
Residential - New 5+ Unit Bldgs	0	$0.00
Residential - Add/Alter/Reno	101	$766,617.00
Manufactured Homes	28	$987,563.00
Demolition	30	$0.00
Commercial - New Construction	14	$14,847,654.00
Commercial - Add/Alter/Reno	37	$16,503,207.00
Swimming Pools	6	$292,000.00
Signs	36	$0.00
TOTALS	**332**	**$47,827,882.00**

JANUARY-MARCH 2014		
Permit Type	**Total**	**Value**
Residential - Single Family - Detached	35	$10,497,703.00
Residential - Single Family - Attached	17	$1,760,582.00
Residential - New 2 Unit Bldgs	3	$999,534.00
Residential - New 3-4 Unit Bldgs	2	$459,220.00
Residential - New 5+ Unit Bldgs	0	$0.00
Residential - Add/Alter/Reno	117	$920,919.00
Manufactured Homes	25	$771,848.00
Demolition	26	$0.00
Commercial - New Construction	9	$6,054,534.00
Commercial - Add/Alter/Reno	44	$10,247,134.00
Swimming Pools	4	$161,340.00
Signs	32	$0.00
TOTALS	**314**	**$31,872,814.00**

*Published Monthly by the City of Bryan Development Services - Building Development/Permits

Target Range Sales

Sale of the 75 Program Homes:

- 30: Sold
- 9: under Contract



	Days on the Market	List Price	Sale Price	Price/sq.ft
Max	223	$ 400,000	$ 400,000	$ 147.18
Min	57	$ 223,900	$ 236,600	$ 91.28
Average	133	$ 308,966	$ 307,727	$ 125.99



Lot availability:

- 135 lots available for “Target Range” homes excluding Traditions and Miramont
- Another 64 in the pipeline to be started this year that have started site review

Summary

- One year permit number increased 129% in the “Target Range” (78 vs 34) during the program year
- Two (2) resolutions are proposed:
  - Amendment of Resolution 3540 (requires new resolution) to include the following changes:
    - Replace the requirement for a “Certificate of Occupancy within 7 months” with “slab inspection approval within 3 months”
    - Remove references to the Parade of Homes entry fee reimbursement from Resolution 3540
    - Clarify that program includes both “custom” and “speculative” homes
  - New Resolution and Chapter 380 Program to change the Parade of Home entry rebate grant to include any size home (currently limited to 2200-3000 square feet):
    - Include all sizes of homes
    - fund the reimbursement fees for the remaining of Fiscal Year 2015, not to exceed $6,000
    - fund the reimbursement fees annually beginning in Fiscal Year 2016, not to exceed $12,000

BUILDING INCENTIVES

Questions?

Payback Calculations

Determine payback of program cost = ?

Known:

- 5 Year average of target range homes = 27
- # of homes in the "Target Range" = 75
- # of homes above the 5 year average = 48
- Total ad valorem of homes in "Target Range": $17,051,998 (ref. Development Services Department building Incentive Tracking Doc.) for 1 year (365 days)
- Cost of the program for 1 year of program (3-25-15 to 3-24-15):
  - Waiver permit fees: $ 77,550
  - Reimbursements of parade fees $ 2,725
  - Waived sewer and water tap fees: $ 34,200

  Total: $114,475

Calculations:

- Approximate ad valorem added for the 48 homes above 27 average = ?
  - Total ad valorem of homes in "Target Range": $17,051,998/75 homes = $227,360 per house
  - $227,360 per house X 48 (# of homes above 5 year average) = $10,913,279 added on ad valorem tax base
- Ad valorem taxes added per year = $10,913,279 ÷ 100 X $0.629999 = $68,754
- Simple Payback = Program cost ÷ ad valorem taxes

$1,114,475 /$68,754 = 1.67 year payback

PROGRAM STATUS

COB Single Family Permit Numbers

Application Year	Application Type Code	1-1199	1200-1399	1400-1599	1600-1799	1800-1999	2000-2199	2200-2399	2400-2599	2600-2799	2800-2999	3000-3900	>4000	Totals
2009	101	31	30	27	13	20	16	8	8	6	1	9	7	176
2010	101	52	42	20	11	21	14	10	9	4	0	5	3	191
2011	101	21	33	12	7	5	10	6	6	9	3	11	4	127
2012	101	17	19	18	19	13	15	11	9	7	9	22	13	172
2013	101	29	31	13	8	5	19	8	6	7	7	10	11	154
	102	0	0	10	12	1	2	1	0	0	0	0	0	26
2014	101	18	30	23	13	16	14	28	16	15	6	15	14	208
	102	4	1	19	1	0	0	0	0	0	0	0	0	25
01/01/2015 - 03/31/15	101	9	6	12	6	7	9	13	8	4	2	2	1	79
	102	0	0	0	0	0	0	0	0	0	0	0	0	0

Application Year	Application Type Code	0-2199	2200-2999	>3000	Totals
2009	101	137	23	16	176
2010	101	160	23	8	191
2011	101	88	24	15	127
2012	101	101	36	35	172
2013	101	105	28	21	154
2014	101	114	65	29	208
01/01/2015 - 03/31/2015	101	49	27	3	79

Application Year	Application Type Code	0-2199	2200-2999	>3000	Totals
2013	102	25	1	0	26
2014	102	25	0	0	25
01/01/2015 - 03/31/2015	102	0	0	0	0

101 – Single Family Detached
102 – Single Family Attached

BUILDER INCENTIVE PROGRAM

- What does this mean for the builder/Home Owner?

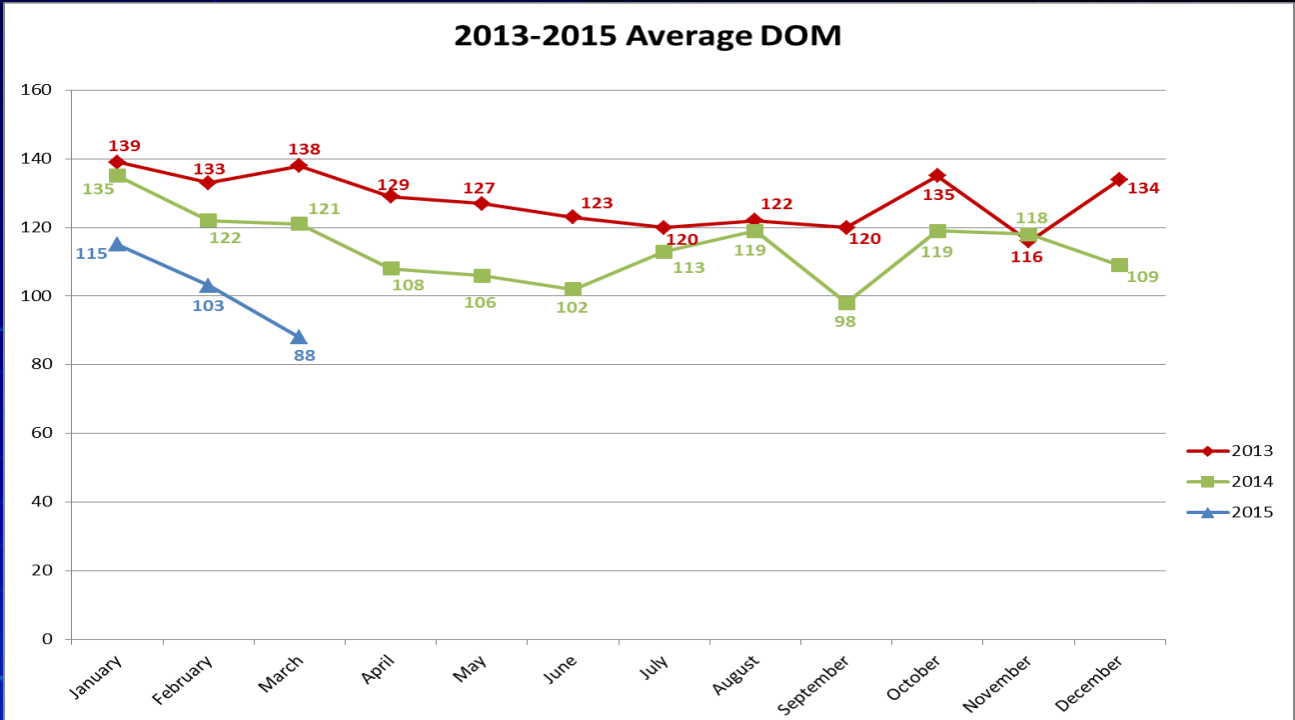
Initial Builder Expense: $750 Permit
+ $750 Tap Fees = $1,500



– therefore:
  - $1592 + 15% OH & Profit + 6% Real Est. Fee
    – Effect on Sales Price = $1926 Immediately

CURRENT B/CS MARKET

Data includes single family, townhomes and condominiums – new and existing.

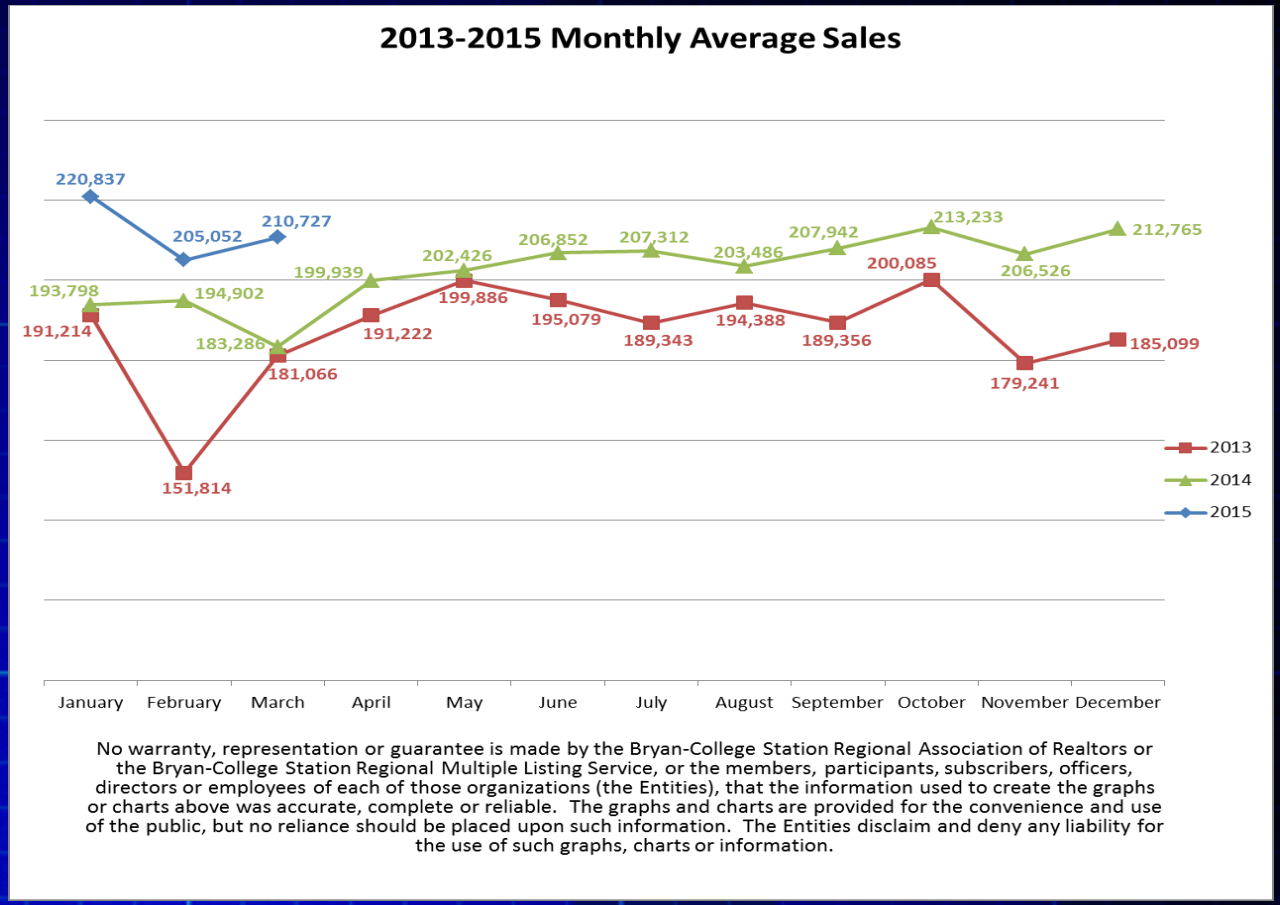


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Source – Bryan-College Station Realtors Association

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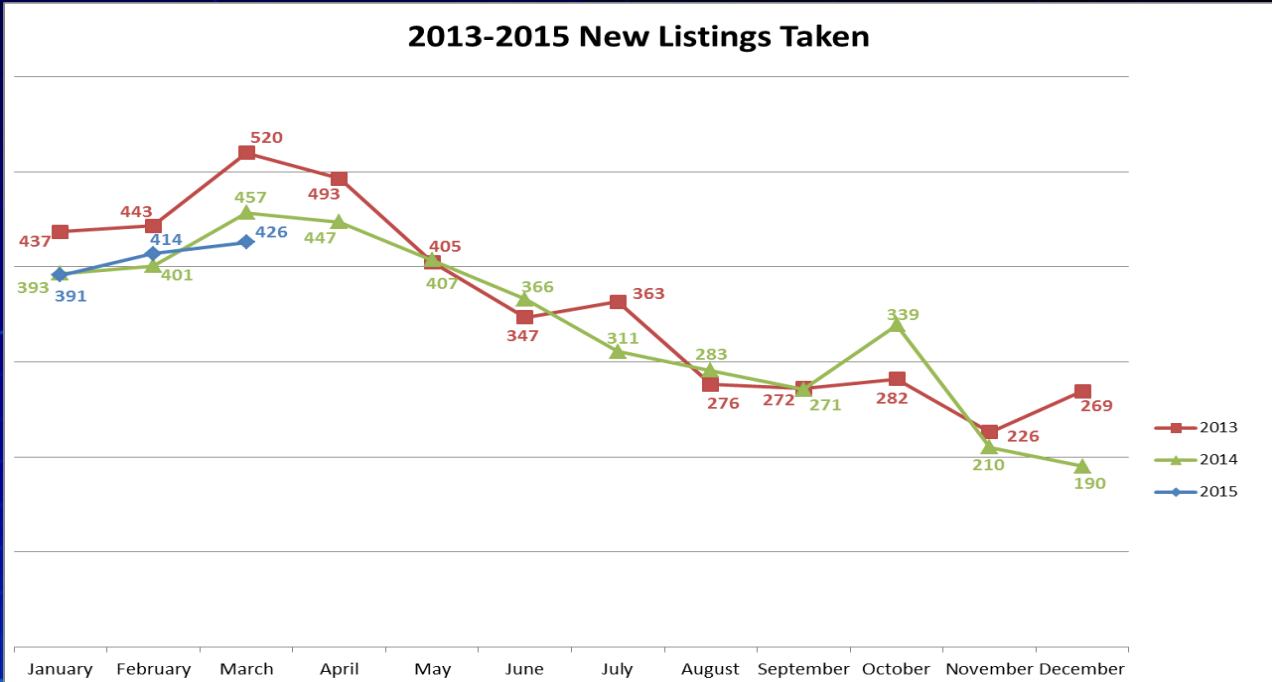


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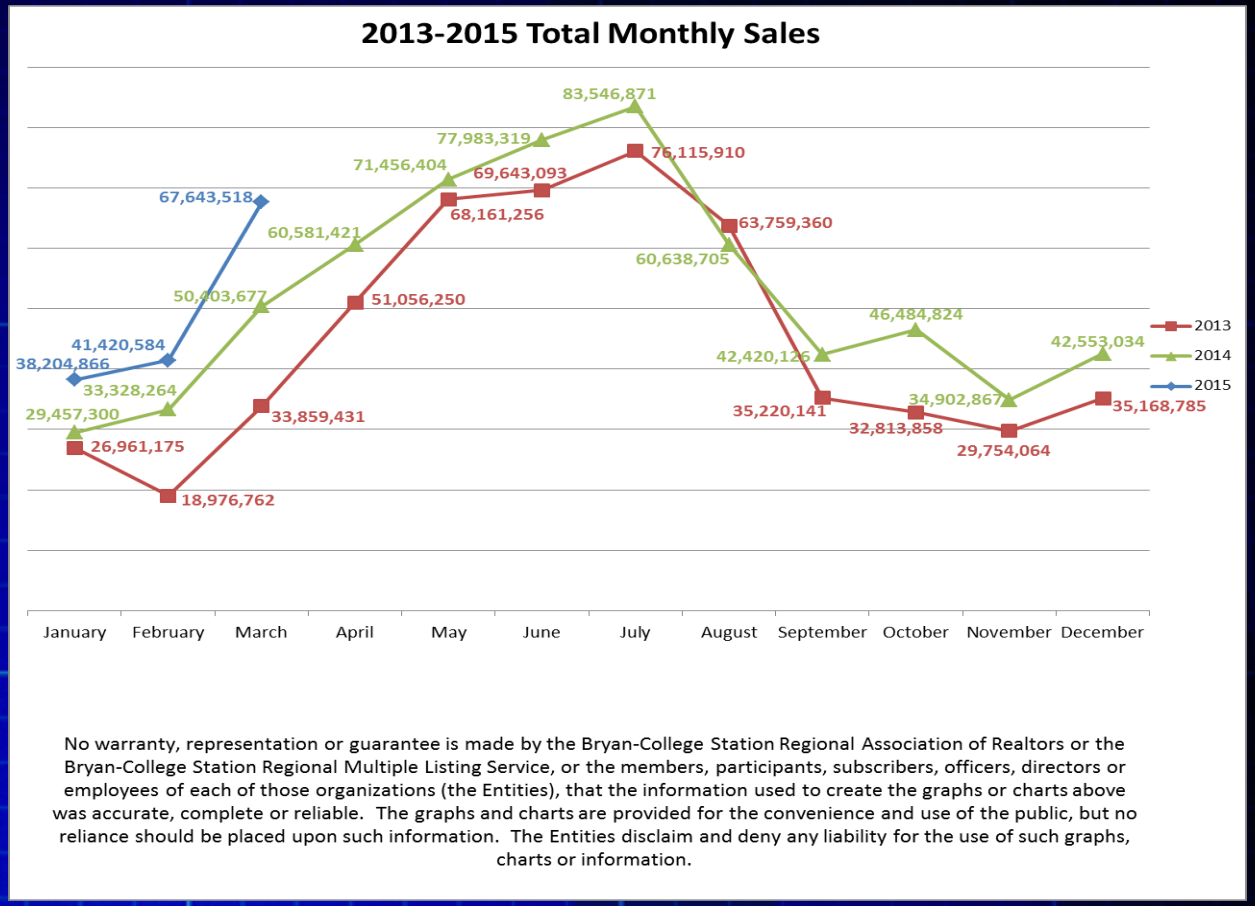


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Data includes single family, townhouses and condominiums – new and existing.

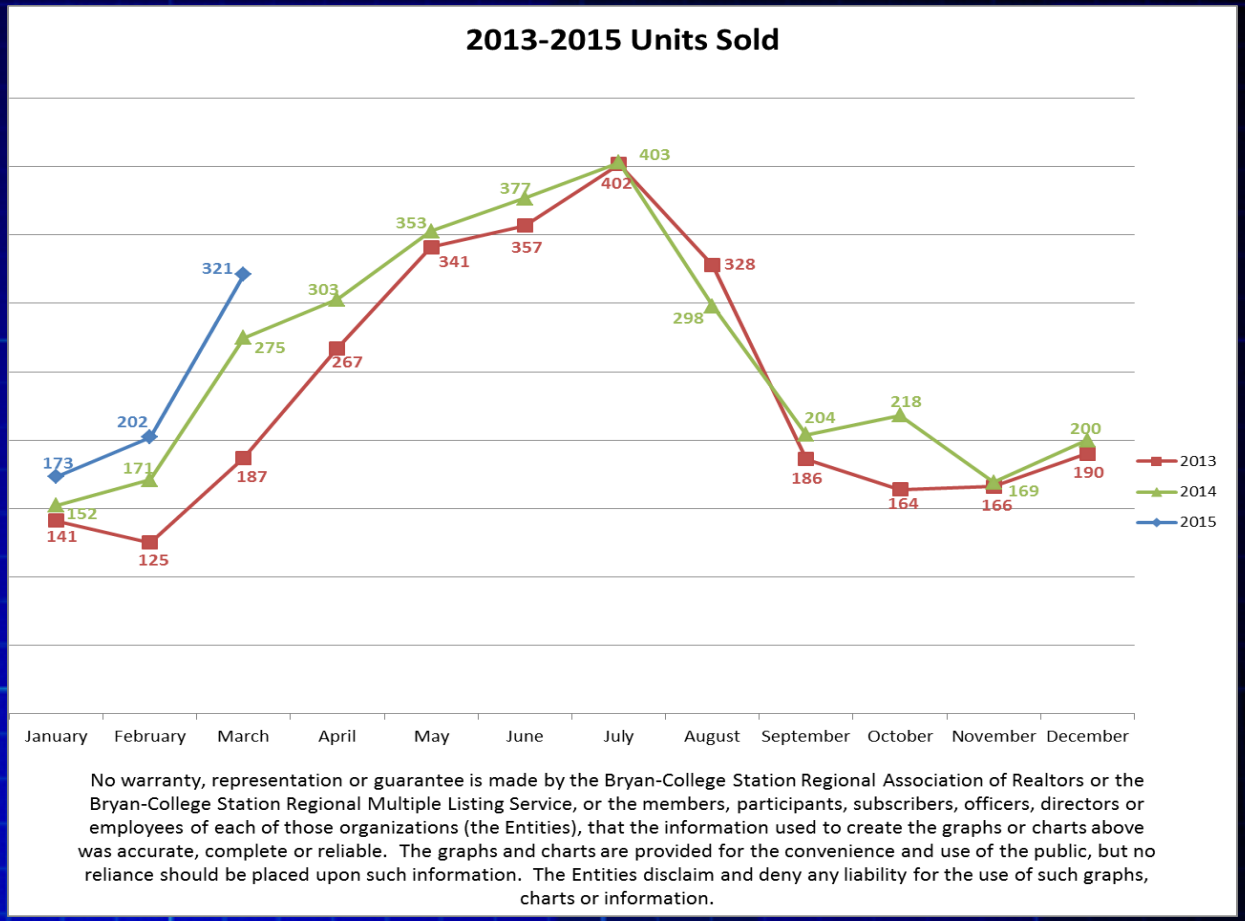


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CURRENT B/CS MARKET

Data includes single family, townhomes and condominiums – new and existing.



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