



2019 BIANNUAL ADVOCACY REPORT





Your HBA is working hard and advocating on behalf of all of our Members. The HBA is Your voice at the local, state and national level. In order to better communicate those efforts to you, we are pleased to present our first Biannual Advocacy Report. This report covers January - July 2019 and provides a high-level overview of advocacy wins, both big and small—all of which make it easier for you to do business in central Texas.

Some of these issues can be resolved quickly, while others are long-term, requiring persistent engagement from HBA Members and Staff. But none of these successes would be possible without an active and engaged Membership — for that, the HBA thanks YOU, our Members, for staying involved on these important issues!

Sincerely,

Carrie L. Ciliberto, Esq. CEO

David Glenn Director of Government Relations



HBA WINS the Association Excellence Award for Best Local Government Affairs Effort

The HBA has been recognized for its outstanding advocacy efforts with an Award of Excellence from the Executive Officers Council of the National Association of Home Builders.

"We are fortunate to have capable and professional staff, as well as engaged and dedicated members like Scott Turner, owner of Riverside Homes and Felicia Foster, owner of Barron Custom Design who are dedicated our mission of advancing the practice and professionalism of the home building industry in our community," said Becky Collins, President of the HBA of Greater Austin.



For the past year the HBA has partnered with Austin's Development Services

Department (DSD) to identify administrative inefficiencies in the development

process that are a burden to both industry and staff alike. After identifying these inefficiencies, HBA, DSD

and other industry stakeholders brainstormed solutions that proved to be win-win for builders and City staff.

"We are always looking for opportunities to partner with our local jurisdictions and find creative solutions to problems that we all face during the development process," said David Glenn, Director of Government Relations. "Usually this means that everyone must come to the table willing to speak openly and honestly about challenges facing the homebuilding industry, and we applaud Assistant City Manager Rodney Gonzales and his team for their willingness to work with us on this important issue."

Details about the innovative initiative will be added to a searchable directory of winning entries so that other associations across the country can access and learn from them in order to better serve their members.

"This national award recognizes that when we have the opportunity to work collaboratively with our local cities and counties to provide housing for central Texas families, great things can be accomplished," states Carrie L. Ciliberto, Esq., CEO of HBA.

The Association Excellence Awards is an annual program designed to recognize the outstanding accomplishments of state and local home builders associations and executive officers in the field of association management. EOC membership is comprised of the staff executives who direct more than 650 NAHB-affiliated state and local home builders associations representing more than 140,000 home builders in communities across the United States.

HBA ADVOCACY COMMITTEES AND COUNCILS

THE HBA HAS A NUMBER OF **COMMITTEES** THAT ARE FOCUSED ON **ADVOCACY** AND **GOVERNMENT RELATIONS**. EACH OF THESE COMMITTEES ADDRESS A UNIQUE SUBSET OF ISSUES FACING THE HOME BUILDING INDUSTRY.

HBA'S GOVERNMENT RELATIONS COMMITTEE (GRC)

The Government Relations Committee is a select committee of Association Member builders, developers, engineers, land use attorneys and others who serve as the "strike force" of the HBA. The GRC helps develop and implement the HBA's policy positions on current and potential issues. GRC Members meet monthly and are directly involved with the HBA's advocacy efforts.

DEVELOPERS COUNCIL (DC)

The (NEW) Developers Council advocates and educates for land development issues affecting HBA Members, and policies that influence them such as annexation, HOAs, platting, infrastructure development, impact fees, engineering and more. Most of the DC's work is focused in the communities surrounding Austin, including both cities and counties. The DC meets quarterly and is free to join, but its membership is limited to certain types of Builder and Associate Members.

INFILL BUILDERS COUNCIL (IBC)

The Infill Builders Council advocates and educates on infill issues affecting HBA Members, such as affordability and sustainability, and the codes and policies that influence them. The IBC focuses primarily on issues in the City of Austin, where Members work directly with city departments such as Development Services Department, Austin Water Department, Austin Energy and others, to help improve the development process. The IBC is very involved with the rewrite of Austin's land development code. The IBC meets quarterly, is free to join and open to all HBA Members.

VOLUME BUILDERS COUNCIL (VBC)

Volume Builders Council is comprised of Builder Members who construct 100+ units in the Austin-MSA. The VBC holds quarterly, roundtable discussions between construction managers and building officials from across central Texas. At these meetings, the VBC discuss new code adoptions, best practices across cities and other issues that builders might be experiencing in the field. This group also mobilizes for various issues in the area to push for positive regulatory changes that benefit our entire industry. The VBC is free to join, but its membership is limited to certain types of Builder and Associate Members.

ADVOCACY FORUM

The Advocacy Forum is a monthly lunchtime program that is open to all HBA Members. Each Forum features speakers such as city and county officials, elected officials, state agency representatives, and other public sector and private sector professionals who are involved with the development process. The Advocacy Forum facilitates a dialogue between home builders and the cities and counties in which they build.

In April of 2019, the HBA invited central Texas city and county planners to a roundtable discussion about growth, upcoming rule changes, long term planning, permitting and building statistics, and other issues facing home builders and cities. The Forum created an opportunity not only for builders to interact with city and county planners, but also for those planners to interact with their peers in a context that supports the sharing of ideas and finding solutions for common issues.

CITY & COUNTY ADVOCACY



LAND DEVELOPMENT CODE REWRITE

Austin's first attempt to rewrite its land development code, called CodeNEXT, ultimately failed in 2018. With new leadership in place at the Council and City Manager's office, the City has renewed its effort to rewrite the land development code. The HBA was a key player in the CodeNEXT process and continues to be the voice of housing for the second code rewrite.

The City Manager issued a policy memo to the City Council, requesting direction for the rewrite. The HBA provided detailed comments on the memo and met with Council allies to educate them on key aspects of the policy direction. Many of those recommendations were ultimately adopted by Council.

The HBA has worked with other industry stakeholders to provide hundreds of comments on Version 3 of CodeNEXT, which will be the base code for the code rewrite. Once the City completes its first draft, the HBA will review and comment on the draft code and educate policy makers on the impact of the code.

EVOLVE AUSTIN

In conjunction with the land development code rewrite, the HBA continues to participate in Evolve Austin, a coalition of business associations and nonprofits who are dedicated to carrying out the Imagine Austin comprehensive plan. The coalition has been instrumental in shaping the public narrative about the importance of rewriting the land development code.

INPUT IN KEY CITY HIRES

As the HBA continues to strengthen its relationship with City leaders, we have been invited to participate directly into the hiring of several key city staff positions, including: Assistant City Manager Community Trees Division Manager Watershed Protection Division Manager City Arborist. These positions have a direct impact on the day-to-day and long-term operations of our membership.

CONCENTRATED COMPLIANCE EFFORT

In late 2018, Austin's Development Services Department conducted a "concentrated compliance effort." This effort, known in the industry as "Red Monday," resulted in hundreds of stop work orders. The HBA worked closely with DSD leadership to clear the red tags as soon as possible and provide updates to the membership during the initiative.

After the red tags were cleared, the HBA sat down with DSD leadership to discuss how the initiative was rolled out, citing issues with notification, expectations, and consistency during the initiative. As a result, the City has agreed to make significant changes to any future concentrated compliance efforts.

AUSTIN WATER UTILITY (AWU) & AUSTIN ENERGY (AE) EFFICIENCY MEETINGS

In our effort to improve relationships with the City and streamline development processes, we are engaged with these two departments in "efficiency meetings," where we work together to identify and implement win-win solutions for City and industry.

This model is the same model that the HBA utilized with

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Development Services Department in 2018, which won a national award from the National Association of Home Builders.

These meetings are ongoing, with efficiency gains already realized in both departments. AWU has seen an 80% reduction in queue size by prioritizing simpler projects over the more complex projects. They've also initiated pre-concept meetings and website improvements among other improvements to keep applicants informed. AE has issued a list of 61 efficiencies and has been implementing solutions, including an improved intake system, enhanced customer service procedures, and improved communication between AE, applicant, and third-party service providers.

The HBA has also met with the Neighborhood Housing and Community Development Department to help draft the Affordability Impact Statement for the code. This statement will be used by Council to weigh the potential fiscal impacts of the code on affordable housing.

DEMOLITION PERMITTING PROCESS

In 2018, the Development Services Department (DSD) was directed by Council to issue recommendations on ways to change the demolition permitting process, a process that is fast and efficient, usually with a one-day turnaround. The goal of some Council members was to find ways to slow down or delay demolition permits from being issued. The HBA worked closely with DSD on the report, and the resulting report recommended minimal changes to the process.

"Our advocacy efforts are focused on solutions to the housing affordability challenge affecting all of us right now. We work hard to reduce barriers to the creation of housing in Austin and across

Central Texas."

— Scott Turner, Owner, Riverdale Homes HBA Infill Builders Council President

"GOOD NEIGHBOR ADU ORDINANCE"

Two of the HBA's infill builders brought forward an ordinance that would have made it easier for a builder or homeowner to build an accessory dwelling unit (ADU) by allowing an existing smaller house to be designated as the ADU. This would allow for a larger structure to be built elsewhere on the lot, allowing the homeowner to build the type of home they want while also preserving the streetscape.

Because the City is currently rewriting its entire land development code, the ordinance was not adopted as a standalone amendment to the current code. However, during discussions about the new code rewrite, one Council Member added key points of the ordinance into the policy direction for City Staff.

INTERNATIONAL WILDLAND URBAN INTERFACE CODE

Several years ago, the City directed Austin Fire Department (AFD) to prepare a draft code that will reduce Austin's wildfire risk, particularly on the far east and west sides of town, where vegetation grows more densely. In 2018, AFD put forward a draft code that would greatly add to the cost of construction for a home. Toward the end of 2018 and into early 2019, the HBA worked with AFD to edit the code, reducing the anticipated cost of construction of \$84,000 per home down to approximately \$6,000 per home. There are still issues to be worked out with the draft code, but the working draft is substantially improved from its original state. The code is anticipated to go before Council in Fall 2019.

ATLAS 14

A new federal rainfall study has indicated that central Texas will see increased levels of rainfall in the future. Cities and counties are reacting to this new information by adjusting their floodplain regulations, with Austin leading the charge. The HBA has worked closely with the Watershed Protection Department (WPD) to provide feedback on the draft code. WPD has already made several recommended changes to the code, including making it easier for a homeowner to remodel their home, even if it resides within the expanded flood plains. This is a multi-year project that is expected to be adopted in Fall 2019.



BUILDING BASTROP

The City of Bastrop is looking to rewrite its entire land development code. The initiative, called Building Bastrop, came to fruition after the City issued a moratorium for new development in 2018. Since the initiative was rolled out, the HBA has met with the Mayor, Mayor Pro Tem, City Council Members, City Staff, and the City's consultants to provide feedback on the Building Bastrop process.

In May, the City released its first draft of the new code. The HBA has assembled a task force of builders, developers and engineers to review the code and provide comments to submit to the City for consideration. This will be an ongoing project with an anticipated adoption date in Fall 2019.



CITY INSPECTORS

Occasionally, builders experience consistent issues and challenges within a City's operating environment. HBA and several builder members met with the City Manager and Assistant City Manager to discuss such an instance affecting the building community. The outcome of the meeting was bold action taken by City leadership to resolve the situation for a better, fairer and more consistent operating environment for the City, community and HBA members.

GEORGETOWN

PLUMBING INSPECTIONS EXTRA TERRITORIAL JURISDICTION

Currently, Georgetown is conducting plumbing inspections in their extra territorial jurisdiction. However, recent case law in McKinney, Texas set precedent that prohibits a city from conducting these types of inspections. The HBA is engaged in conversations with the City Attorney to resolve this matter.



GARAGES AND ALLEYS

The HBA and its Members have been very vocal about the City of Leander's restrictive garage and alley load requirements. After working with the Council in 2018 to ease some of their regulations regarding street facing three-car garages, the HBA is now working on reducing or eliminating an ordinance that requires alley loaded garages on small lots. This requirement greatly adds to the cost of a home while also reducing density in a project, which makes it difficult for a builder to sell homes at more affordable price points. At the end of June, the City Council voted to make the alley load requirement optional.

PUBLIC IMPROVEMENT DISTRICTS

A public improvement district (PID) is a financing tool that developers use to finance important infrastructure needs like water and wastewater. By using this type of financing structure, a developer will have more money to help build other amenities in the neighborhood like trails and parks.

In late 2018, several citizens spoke at a City Council meeting, expressing their concern about the PID assessments they had paid. Ultimately, their concerns boil down to an education and disclosure, so the HBA is working with the newly elected City Council members to educate them on how PIDs work and how they can benefit Leander's communities.

RIPARIAN SETBACKS

Many cities create buffers around creeks and waterways in order to prevent flooding and preserve natural landscapes along the waterways. The City of Leander's riparian setback ordinance was very rigid, which resulted in less developable area on tracts of land with creeks running through them. The HBA participated in a Council workshop to offer solutions on ways to allow more flexibility when calculating the riparian setbacks, which the Council ultimately adopted.



ROUND ROCK

ROADWAY IMPACT FEES

In early 2019, the City of Round Rock adopted roadway impact fees. The initial proposal for the impact fees was rolled out in 2018 and contemplated potentially \$10,000 per home impact



fee. The HBA educated City Council on the negative effects of the proposal, and City Council ultimately voted down the ordinance and instructed City Staff to revise it. The new proposal gave builders a lower fee, with more time before the fees are enacted, broken up into three separate tiers. One project in Round Rock had their fees reduced from \$8.5 million to approximately \$1.7 million.

SAN MARCOS

EFFICIENCY MEETINGS

Similar to the efficiency meetings conducted in Austin, we're going through the same process with San Marcos Development Services. In March, we collected feedback from developers

about ways to improve the development process. Next, we will visit with builders to focus specifically on the construction side of the development process. We will then present these recommendations to City staff, with the hope of identifying win-win solutions for both industry and the City.

HOUSING TASK FORCE

The City of San Marcos has recognized that it has a housing shortage. The Council created a Housing Task Force to help study the issue and provide recommendations on how to help solve the problem. The HBA has several members serving on the task force, including the chair of the task force. In 2019, we have participated in several focus groups for the task force, helping to shape their housing needs assessment. Going forward, we will continue to work with City Staff to create recommendations to present to Council on ways to remove regulatory barriers and allow for more housing development.

TRAVIS COUNTY

EFFICIENCY MEETINGS

Similar to the ongoing efficiency meetings in Austin and San Marcos, we are working with a County Commissioner to help streamline the County's development process. These meetings are critical to our Members, as many of the County's processes require coordination between the County and the City of Austin. The task force made up of builders, developers and engineers has been meeting to map out the development process. Next steps involve sitting down with County Staff to identify inefficiencies and brainstorm solutions that will benefit both County Staff and the building industry.

WILLIAMSON COUNTY

SUBDIVISION ORDINANCE TASK FORCE

The HBA is serving on a County task force to review its subdivision ordinance. The County is interested in removing barriers for housing while also taking into consideration the new Atlas 14 rainfall data, which indicates increased rainfall in central Texas. The task force is made up of County Commissioners, builders, developers, engineers and County Staff. The task force hopes to provide recommendations for the County Commissioners Court by Fall 2019.



* RALLY DAY * AT THE CAPITOL

On March 20, 2019, the HBA joined hundreds of other builders from across the state at the TAB Rally Day.
Rally Day is our industry's day to come together at the Texas Capitol and meet with legislators on issues that are important to our business.

The day started out with a rally on the south steps of the Capitol, where the audience heard from TAB leadership and executives about the importance of our presence at the Capitol. We also heard from Texas Comptroller Glenn Hegar who gave a quick update on the financial health of the state, as well as the importance of residential construction to the state's economy.

After the rally, the HBA joined members from the Temple HBA and the Hill Country HBA at Scholz Bier Garten for a joint BBQ lunch. Justin MacDonald, the recent past-president of TAB, addressed the group, thanking them for their participation at this important event.

After lunch, the group headed back to the capitol for a quick photo, before breaking out into teams for the various legislative appointments. At these meetings with local state representatives and senators, the teams highlighted key issues facing the building industry during this legislative session. There are many pieces of legislation impacting builders, including but not limited to:

- Property tax reform
- Housing affordability
- Local product mandates
- Workforce development

The teams left behind two handouts outlining specific legislative priorities from both TAB and our local HBA. The day wrapped up with a legislative reception at the Driskill where members were able to mix and mingle with legislators and their staff.

This year's Rally Day was a huge success—the legislative offices were very interested in learning about the things that are important to builders and housing in the state of Texas.

The HBA would like to thank all of the participants, as it is critical that our voices be heard at the Capitol as lawmakers make decisions that affect how our members do business.

We hope to see you at the next Rally Day in 2021!

86TH LEGISLATIVE SUCCESSES

HBA PRIORITY BILLS

HB 852 (Rep. Justin Holland, R-Rockwall /Sen. Pat Fallon, R-Prosper): PASSED

Relating to information a municipality may consider in determining the amount of certain building permit and inspection fees.

HB 852 ensures that municipal building permit fees are calculated in a manner consistent with the Texas Constitution. This includes legislation to end the widespread illegal practice of using the valuation of construction projects as the basis for calculating municipal building permitting and inspection fees. While only two central Texas communities calculate their fees in this manner, this will prevent other cities from calculating their fees in this manner in the future.

HB 1743 (Rep. Tracy King, D-Uvalde / Sen. Brandon Creighton, R-Conroe): PASSED

Relating to the additional ad valorem tax and interest imposed as a result of a change of use of certain land.

HB 1743 lowers the number of years that the agriculture roll-back (or claw back) tax is due from five years to three years and lowers the interest rate owed on those back taxes from 7 percent to 5 percent. It is predicted by the Legislative Budget Board that this bill will save at least \$400 million in agriculture roll-back taxes paid by Texas property owners over the next 10 years. This bill, therefore, reduces the burden of the agriculture exemption roll-back tax on Texas landowners, builders, developers, businesses and, most-importantly, future homebuyers and renters.

HB 2439 (Rep. Dade Phelan, R-Beaumont / Sen. Dawn Buckingham, R-Lakeway): PASSED

Relating to certain regulations adopted by governmental entities for the building products, materials, or methods used in the construction of residential or commercial structures.

HB 2439 allows a city to enact building codes with local amendments but it prohibits a city from using a building code or other local ordinance powers to mandate vendor driven and product specific mandates in construction, which result in the direct or indirect prohibition of other products approved by national codes and standards. Some last minute tweaks to this bill could be used to make the argument that a city cannot regulate aesthetics of homes, but that battle would likely need to play out in the court system.

HB 2496 (Rep. John Cyrier, R-Bastrop / Sen. Dawn Buckingham, R-Lakeway): PASSED

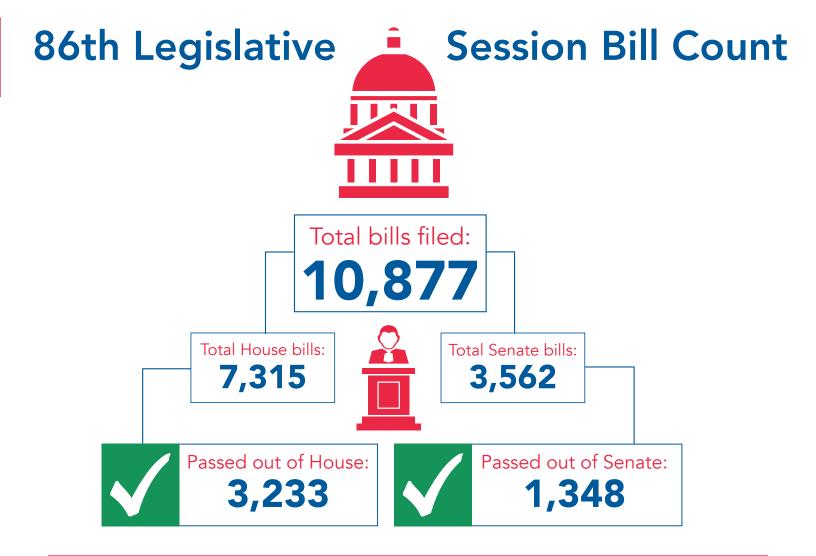
Relating to the designation of a property as a historic landmark by a municipality.

HB 2496 increases the threshold for when a city can designate a property as historic. The owner must either consent to the designation or the governing body of the municipality and any other historic commissions must achieve a 75% affirmative vote to place the designation. The municipality must also explain in writing the potential financial impacts of the historic designation. Historic designations in Austin have occasionally been weaponized and politicized by neighborhoods who are anti-growth.

HB 2915 (Rep. Drew Springer, R-Muenster): DID NOT PASS - AS DESIRED

Relating to state and local taxes and fees.

HB 2915 would have removed a number of sales tax exemptions as a way to help fill the gap in the state's budget due to property tax reform. The bill affected our industry by removing the sales tax exemption for residential labor, which would have increased the price of home by approximately 10%. The bill was filed and referred to committee, but was never granted a hearing. This bill was on the top of the kill list when session convened in January.



HB 3167 (Rep. Tom Oliverson, R-Cypress / Sen. Bryan Hughes, R-Mineola): PASSED

Relating to the procedure for approval of certain land development applications by a political subdivision.

HB 3167 sets limits on city and county approval or disapproval of development permits. Prohibits cities/counties from bringing up new reasons to disapprove a permit after the first disapproval. It will also prohibit a jurisdiction from requiring an applicant to waive their right to the statutorily required deadlines. The bill applies to both cities and counties, even if they are entered into an interlocal agreement. HB 3167 could be a game-changer when it comes to the timeliness and predictability of lot delivery, which has a direct impact on housing affordability. The HBA was instrumental in getting this legislation drafted and passed.

HB 3622 (Rep. Chris Paddie, R-Marshall /Sen. Dawn Buckingham, R-Lakeway): Did not pass Relating to the adoption of certain plumbing codes by the Texas State Board of Plumbing Examiners.

HB 3622 would have required the Board of Plumbing Examiners to teach and test to the International Code Council codes. This would have led to more uniform plumbing code adoption across cities statewide. Currently, Austin is the largest city that still plumbs to the Uniform Plumbing Code, which makes it difficult for builders to find labor, particularly from outside of Austin. This bill did not force Austin to move to the ICC code, but overtime would have resulted in plumbers who are unfamiliar with the UPC, compelling Austin to change its local plumbing code. Additionally, a key bill that would have kept the Board of Plumbing Examiners agency from "sunsetting," or dissolving, failed to pass. HB 3622 died due to a technical issue with the bill's associated bill analysis, which had errors. This parliamentary maneuver is called a point of order.

ISSUES FUND

The Issues Fund is a non-political fund that focuses on unique and specific issues that require financial support. The Issues Fund has been used to support (or oppose) a wide variety of issues, including bond elections, lawsuits and litigation, coalition building or hiring consultants. The Issues Fund does not directly support any political expenditures or campaign contributions. The Issues Fund is a critical tool in the HBA's toolbelt to support policies that are pro housing and defend against policies that seek to limit a builder's ability to put homes on the ground. If you would like to support the Issues Fund, please contact an HBA staff member today!

HBA HomePAC

Home PAC is the HBA's autonomous Political Action Committee (PAC) administered by a Board of Trustees. The Board is comprised of an outstanding group of industry leaders selected to make decisions on how and when to focus the industry's political resources to ensure a favorable housing and political environment for builders in the Greater Austin area.

Home PAC's purpose is to raise money as well as contribute to issue and candidate campaigns supportive of the housing industry. With increasing rules and regulations being imposed by all levels of government, the HBA needs the political clout to make a difference in the election process. In addition to focusing on political campaigns, the HomePAC also researches voting records, conducts polling, and analyzes local and state initiatives. Together with the HBA's Government Relations Staff, it serves as a well-recognized, respected political force in the region.

HOMEPAC GOALS

Identify housing-minded local elected officials and candidates for local office.

Participate in local, regional and statewide ballot measures and issues campaigns that are consistent with the HBA's mission and values.

Review the political landscape and thoughtfully allocate resources to key races or issues.

Texas has two uniform elections a year in May and November. Austin's elections are in November, but many other key cities have theirs in May. The HomePAC interviewed nearly 30 candidates across six cities to determine where to place its support. The HomePAC Trustees identified the following key cities and elections to engage in. For the 2019 May election, the cities were:

- Round Rock
- Leander
- Cedar Park
- Hutto
- Georgetown
- Bastrop



THE HOMEPAC TRUSTEES VOTED TO MAKE THE FOLLOWING ENDORSEMENTS:

City	Endorsement	Outcome	Candidate Name	Place
Round Rock	Х	✓	Rene Flores*	Place 2
Round Rock			Blane Conklin	Place 2
Round Rock	X		Selicia Sanchaz-Adame	Place 6
Round Rock		Х	Hilda Montgomery*	Place 6
Cedar Park	X		Stephen Thomas*	Place 1
Cedar Park			Tim Kelly (DNM)	Place 1
Cedar Park	X		Hulyne Christopher	Place 3
Cedar Park	X	✓	Anny Duffy*	Place 3
Cedar Park	X		Heather Jefts*	Place 5
Cedar Park		Χ	Rodney Robinson	Place 5
Georgetown	X		John Hesser*	District 3
Georgetown		Χ	Michael Triggs	District 3
Georgetown	X	✓	Steve Fought*	District 4
Georgetown			Joe Reedholm	District 4
Georgetown	X	✓	Tommy Gonzalez*	District 7
Georgetown			Jaquita Wilson	District 7
Leander	X	✓	Kathryn Pantalion-Parker	Place 1
Leander			Laura Lantrip	Place 1
Leander	X	✓	Jason Shaw	Place 3
Leander			Becki Ross	Place 3
Leander			Jeff Seiler*	Place 5
Leander	X	✓	Chris Czernek	Place 5
Hutto	X	✓	Doug Gaul*	Mayor
Hutto			Nicole Calderone	Mayor
Hutto	X		Nate Killough*	Place 3
Hutto		Χ	Mike Snyder	Place 3
Hutto			Terri Grimm*	Place 6
Hutto	X		Shawn Lucas	Place 6
Hutto		Χ	Tanner Rose	Place 6
Bastrop			Deborah Jones*	Place 5
Bastrop			Herbert Goldsmith	Place 5
Bastrop	X	✓	Dock Jackson	Place 5

