

THE HOME BUILDERS ASSOCIATION OF GREATER AUSTIN

2020

*Biannual Advocacy
Report*
PART II





The first volume of the 2020 Advocacy Report focused heavily on the HBA's response to COVID-19. Fortunately, thanks to advocacy efforts from the NAHB, TAB, and the HBA, the most severe impacts on the residential construct industry were avoided. However, we must continue to stay vigilant on the jobsite, ensuring that homebuilders can operate safely and continue to serve as the anchor for economic recovery in the region.

During the second half of 2020, many cities and counties adjusted to the new normal, operating remotely and virtually. In many ways, advocacy returned to "business as usual," as cities and counties considered changes to their rules and ordinances. We would like to thank YOU, the Members, for your time and commitment to our advocacy efforts, as we work together to make central Texas a better place to live and build homes.

Taylor Jackson, CAE, MPA
Chief Executive Officer

David Glenn
Senior Director of Government Relations

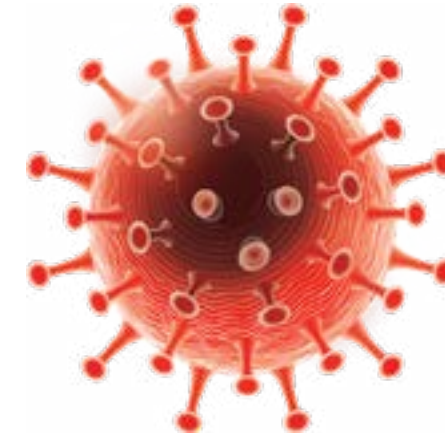


Best
COALITION
AWARD

TWO-TIME WINNER

The HBA has been recognized by NAHB for the **second year in a row** for its advocacy work. The HBA's partnership with the Evolve Austin Coalition won an Award of Excellence from the Executive Officers Council (EOC). 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.

Evolve Austin is a coalition that represents a diverse ecosystem of civic-minded organizations established to champion Imagine Austin, the City's comprehensive plan for a more affordable, compact, and connected city. Made up of 30 prominent nonprofit and business organizations who often find themselves on opposite sides of issues, Evolve's broad membership transcends political and ideological boundaries in an unprecedented way, coalescing around the planned rewrite of Austin's 35 year old Land Development Code (LDC) to help alleviate Austin's affordable housing crisis. The HBA was one of Evolve's founding organizations back in 2017 and the coalition is chaired by the HBA Board Member Scott Turner.



COVID-19 UPDATE
CORONAVIRUS

As the regulatory environment continued to change due to COVID-19, the HBA stayed engaged, tracking new orders, and educating our members on ways to keep their business moving forward.

COVID-19 continues to impact our industry, including challenges with supply chain, cost of building materials, outbreaks among city and county staff, and the constant threat of a potential shutdown. The HBA continues to monitor the situation, working with elected officials at all levels of government and sharing our story with the media to ensure that construction can continue to operate, and operate safely.

In the second half of 2020, we:

- ✓ Tracked new orders and safety requirements from counties and cities
- ✓ Tracked changes in city and county operations
- ✓ Partnered with other business organizations as a member of the Opening Central Texas for Business task force



CITY OF *Austin*



STREET IMPACT FEES (SIFS)

One of the biggest issues facing our industry in the City of Austin were street impact fees (SIFs). Although these fees have been around since the 80s, they have become more common in central Texas in the past few years. Austin is one of three cities that adopted or was in the process of adopting SIFs in 2020.

Austin's SIF ordinance has been in development since 2017. The fees were finally adopted in December of 2020. The HBA partnered with the Austin Board of REALTORS® to ensure that residential construction had a voice during the development process. We are proud to share that many of our recommendations were included in the final ordinance, including:

- ✓ A permanent small project exemption for missing middle housing
- ✓ An exemption for projects with an active Transportation Impact Analysis for three years
- ✓ Eliminating the administrative burden of requiring the applicant to apply for any exemptions they qualify for
- ✓ Delayed implementation for 18 months
- ✓ Simplified service area map to make it easier for developers to calculate costs
- ✓ Robust reporting mechanism including online tools that will track revenues, expenditures, and balances of the SIF fund
- ✓ Direction to city staff to review the rules process as it pertains to SIFs to ensure industry input

DEVELOPMENT SERVICE DEPARTMENT (DSD) STAFFING UPDATES & FOCUS GROUP

The HBA was one of a few key industry stakeholders invited to serve as a "focus group" for the Development Services Department (DSD) as they consider changes to their internal operations. This group was assembled to provide feedback to potential changes before they are implemented, giving the HBA a key seat at the table with this critical city department.

We heard about challenges facing DSD relating to staffing. COVID-19, retirements, and other staffing issues resulted in a staffing shortage. As a member of this group, we were able to offer our thoughts and suggestions on how DSD can best work through some of their staffing challenges, including:

- ✓ Enhanced communication with the development community
- ✓ Weekly updates to customers if their projects become significantly delayed
- ✓ A plan to triage projects facing extreme delays

PROGRESS AT AUSTIN ENERGY (AE)

At the urging of the HBA, Austin Energy (AE) resumed their quarterly update meetings, where they go over proposed changes to operations and report on review and approval times. The HBA has worked with AE to create smaller breakout groups where residential developers and builders can share their concerns and challenges with the development process. These breakout groups will continue to serve as an opportunity for HBA members to provide feedback directly to the utility.

One important advocacy success stemming from these meetings resulted in serious cost savings for HBA members. Austin Energy was considering changing their point-of-service requirements, where they would no longer run power to the house and instead stopping service at the curb. This would have required a master electrician to run the power from the curb to the house, adding an anticipated \$800 to subdivisions and \$1,000+ to infill development. After hearing strong pushback from the HBA and our members, AE decided not to move forward with the proposal.

CHANGES TO DEMOLITION PROCESS

In 2018, the City passed a resolution directing staff to review the demolition process. After many rounds of community engagement, the city finalized their recommendations in early 2020. Initial recommendations included many onerous and expensive requirements, including notification to neighbors extending 500 feet, lead and asbestos abatement beyond state law requirements, and others. The cost of the proposed notification requirements would have costed thousands of dollars and the lead and asbestos abatement would have added tens of thousands of dollars to the price of a home.

The HBA worked with council allies to ensure that these requirements were not included in the final ordinance. Although some new requirements will be implemented with the final ordinance, the changes to notification requirements were minimal and the lead and asbestos abatement requirements were not changed at all.



CHANGES TO ENVIRONMENTAL CRITERIA MANUAL (ECM)

As part of our regular meeting with the City of Austin's Community Trees division, the HBA previewed proposed changes to the City's environmental criteria manual. We offered recommendations on ways to make the rules clearer and ways to clean up outdated or nonapplicable sections of the criteria manual. The rules are still being drafted and will be adopted in early 2021. The ability to provide input during the drafting of the rules means that we can affect change before the rules enter the approval process, when they are much more difficult to modify.

COMMUNITY CLIMATE PLAN

The HBA provided comments opposing certain portions of the City's Community Climate Plan that could potentially make the installation of gas appliances more difficult for new construction. Although the climate plan is nonbinding and not an ordinance, the HBA felt it was important to register our concerns in the event that the City ever decides to act on some of the plan's recommendations.

Georgetown



TRANSPORTATION IMPACT FEES (TIFS)

Georgetown, like Austin and Pflugerville, is developing their own transportation impact fees (TIFs; street impact fees but with a slightly different name). This effort was initially kicked off at the beginning of 2020, but was placed on hold during the pandemic. At the end of 2020, the TIF advisory committee finalized their recommendation and the draft ordinance is set to go to council in early 2021.

The HBA has worked with several advisory committee members to provide input on the committee's recommendations. Although the ordinance has not been drafted yet, we expect to see some of HBA's recommendations included in the draft, including:

- ✓ An exemption for active TIAs
- ✓ Additional grace period beyond the state required minimum
- ✓ A phased in fee structure that increases gradually from year one to year two
- ✓ Assessing fees at preliminary plat as opposed to final plat
- ✓ Simplified service area map
- ✓ Potential offsets in other development fees

Kyle

CHANGES TO DESIGN GUIDELINES

As reported in our Vol. 1 Advocacy Report, the City of Kyle proposed dramatic changes to their style guidelines which regulate the aesthetics of a home, lot layout, garage orientation, and other design elements. The proposed changes would reduce density up to 30% and add tens of thousands of dollars in additional cost that will ultimately be passed down to the buyer.

The HBA testified at council meetings and studied the issue, citing engineering data that highlighted the true impact of the proposal. Ultimately, the council decided to table the issue and the item was not reconsidered for the rest of the year.

INSPECTION DELAYS

Towards the end of 2020, inspection times in the City of Kyle increased dramatically from a few days to nearly a month. This was due to a number of factors including ineffective scheduling software, inconsistent inspection criteria, staff turnover, and others.

The HBA intervened, opening a dialogue between city staff and builders. Although the issue is ongoing, the HBA supported city staff's request for additional resources for third party contract inspectors, established monthly updates on the City's progress, and offered suggestions on ways to improve the scheduling process. The HBA will continue to put pressure on city staff through engaging the public and policymakers. The HBA expects to see a resolution to this issue by February of 2021.

Leander

CHANGES TO MASONRY REQUIREMENTS & DESIGN STANDARDS

The City of Leander was considering some dramatic changes to their masonry ordinance for certain high-density projects. The proposal would require masonry on 85% of the house, including portions of the house that are not supported by the foundation like a gable. Additional reinforcement of these architectural features would add unnecessary engineering and materials costs. At the HBA's request, the item was pulled for additional consideration.

The HBA drafted a substitute ordinance that reduced the masonry percentage and provided builders more flexibility in the design of the house. That language has been agreed upon by city staff and is under review by city legal to be considered in the next code update in early 2021.

Pflugerville

ROADWAY IMPACT FEES (RIFs)

The City of Pflugerville finalized their roadway impact fee ordinance (RIFs) at the end of 2020. Although the collection fee is one of the highest in the area due to the City's infrastructure needs, the HBA advocated for enhancements to implementation of the fees, including:

- ✓ A phased implementation of the fees
- ✓ Flat rate fee across the City's service areas
- ✓ Exemption of properties that obtain their final plat during the grace period

Round Rock

PRESERVING MULTI-GENERATIONAL HOUSING PRODUCTS

In response to concerns about density and rental housing, the City of Round Rock's Planning and Zoning commission initiated a code change that would have reduced a builder's ability to meet market demands, essentially eliminating multi-general housing products in the City.



The HBA testified at the P&Z meeting, explaining the growing popularity of this product that provides housing for family members, college student, caretaker, or workforce housing. After hearing our concerns, the P&Z voted to table the item to allow the HBA and city staff to craft a new ordinance. The updated ordinance protects established neighborhoods, alleviating the P&Z's concerns, while allowing for new developments to build multi-generational housing.

San Marcos

UTILIZING THE HBA'S SENSIBLE LANDSCAPING GUIDE

A number of years ago, the HBA published Sensible Landscaping, a guide for home-builders and home owners for landscaping their homes with hardy, drought resistance plants. This guide has been used by a number of cities across central Texas, most recently the City of San Marcos. The City drafted a new landscaping ordinance using the HBA's guide as a reference. The HBA reviewed and approved the ordinance.



Travis County

IMPROVING THE DEVELOPMENT PROCESS

As Travis County continues to experience substantial growth, the HBA has engaged Travis County commissioners and staff in a collaborative effort to improve the development process. Staff budgets and resources are tight, resulting in severe delays in approval processes.

The HBA is working in partnership with county staff to create a stakeholder group, facilitated by a third-party firm, to identify and troubleshoot bottlenecks and pain points in the development process. The plan has received approval from the county judge and several county commissioners. County staff is finalizing the third-party firm scope of work that will be reviewed by the HBA. This is a long-term initiative that will be ongoing into 2021.

Williamson County

SUBDIVISION REGULATIONS SUBCOMMITTEE

The Williamson County Subdivision Regulations subcommittee, of which the HBA is an appointed member, reconvened in the second half of 2020. The subcommittee addressed two important topics – floodplain regulations and road design and specifications.

The Atlas 14 regulations were in development before the pandemic truly set in. After a quick refresher, the subcommittee approved the proposed regulations. However, HBA and developer members of the subcommittee pushed back on the proposed changes to road design. The new proposal would require substantially deeper bases and asphalt, adding cost to road construction. After hearing the development community's concerns, the subcommittee has created a road design taskforce to review the proposed changes.

Home Builders Association of Greater Austin



What is the 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.

The goals of the HomePAC are to:

- ★ 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



Issues Fund

Home Builders Association of Greater Austin

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, lawsuit 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 tool belt 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. Consider contributing to the Issues Fund -- please contact an HBA staff member today!

July SPECIAL ELECTION RESULT

Austin senator Kirk Watson (D) stepped down from his post to take a new role at the University of Houston. This resulted in a special election for the Senate seat that took place in July. There was a crowded field of candidates, but the two front runners were County Judge Sarah Eckhardt (D) and Representative Eddie Rodriguez (D).

Rodriguez works in the title insurance industry and has been a longtime friend of TAB and the homebuilding industry. TAB and the HBA went all in with support for Rep. Rodriguez, with \$30,000 total in campaign contributions and by hosting industry meet-and-greets with other trade associations.

Eckhardt beat Rodriguez in the election, but failed to reach the 50% threshold to avoid a runoff. However, Rodriguez pulled out of the race, avoiding an expensive runoff. Although Rodriguez was not successful in his bid for Senate, he retains his position as State Representative, where he will continue to be a strong advocate for our industry.

November ELECTIONS

The November election was unique in several ways. Apart from being a presidential year, all of the May elections were also pushed to November due to the pandemic. In total, the HBA interviewed over 80 candidates and made endorsements in 29 races across 10 cities and three counties.

Although the May election candidates were vetted in the spring, the delayed election forced those candidates to campaign for many more months. The HBA offered continued support to our endorsed candidates during this time.

For the delayed May election, the HomePAC interviewed 20 candidates across five cities to determine where to place its support. The HomePAC Trustees identified the following key cities and elections to engage in: Cedar Park, Georgetown, Liberty Hill, Round Rock, and Taylor

For the November elections, the HomePAC interviewed over 60 candidates across five cities and three counties: Austin, Kyle, Manor, Pflugerville, San Marcos, Hays County, Travis County, and Williamson County

After the November elections the HBA created a 2020 Election Wrap Up, which can be found at www.HBAaustin.com.

In December, the HBA supported three candidates in Austin, Kyle, and San Marcos in their runoff elections.

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.

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 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.





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 October, 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. This forum was especially critical, as it provided the opportunity for cities and counties to give updates on their operations during the pandemic.

At the November Advocacy Forum, HBA and TAB staff recapped the election and gave a preview of what to expect in the upcoming legislative session. The Forum highlighted the challenges and opportunities facing homebuilders in the 87th legislative session including budget shortfalls, tax exemptions, COVID-19 relief, and changes to operations at the capitol due to COVID-19.

For the final Advocacy Forum of 2020, the HBA hosted the City of Georgetown for a presentation and Q&A on their proposed roadway impact fees. The Forum allowed builders to ask questions about the proposed fees and express their concerns about the potential impact the fees will have on affordability.

State AND Federal ISSUES

STATE ISSUES AND TAB

In such a turbulent time, heading into a legislative session, it's more important than ever that the HBA maintain strong relationships with our counterparts at the state and federal level. In the second half of 2020, the TAB, NAHB, and the HBA worked closely on several important initiatives.

The HBA adopted a set of legislative priorities for the upcoming legislative session that will benefit our members' business and improve housing affordability across the state. The list of priorities also included priorities that are shared by the Texas Association of Builders. The HBA's legislative priorities will continue to be updated after session begins and bills are filed.

The HBA's list of priorities include:

- ✓ Protect existing tax exemptions for construction
- ✓ Explore third party inspections during disaster declarations
- ✓ Create a statewide minimum lot size
- ✓ Comprehensive zoning reform
- ✓ Defend gains from last session

The HBA wrote a letter to the Texas Department of Licensing and Regulation, encouraging them to consider that the Department test to one code, the International Mechanical Code. The City of Austin is the only city in the region that does not use the IMC. Testing only to the IMC will encourage consistency across central Texas.

In order to better prepare our state for devastating floods, the Texas Water Development Board has created regional water development boards to provide recommendations that are specific to the unique areas of the state.

As these boards were being developed, the HBA and TAB recommended that one of our members and former HBA president, Hank Smith, be appointed to our regional water development board.

At the end of 2020, Hank was appointed to the board, ensuring that our industry will have a seat at the table.

FEDERAL ISSUES AND NAHB

During the NAHB's Legislative Conference, the HBA hosted a meet and greet event with two of our strongest allies in Congress, Rep. Roger Williams (R-Austin) and Rep. John Carter (R-Georgetown).

Our members visited with the Congressmen about the many challenges facing the homebuilding industry, including COVID-19 relief, ever-growing materials costs, and challenges with labor.

Spikes in softwood lumber prices in the wake of the COVID-19 pandemic have caused the price of an average, new single-family home to increase by nearly \$16,000. NAHB is working with government officials to develop solutions to these sharp price increases which threaten the businesses of home builders and housing affordability.

The HBA partnered with NAHB to provide updates on their efforts to increase domestic production while renegotiating trade deals with Canada.

MEDIA

The HBA and our members were interviewed by the media to discuss COVID-19 and the housing market during the second half of 2020, including:

- ✓ CBS Austin
- ✓ KXAN
- ✓ Community Impact
- ✓ Austin Business Journal
- ✓ Austin Monitor
- ✓ Austin American Statesman



8140 Exchange Drive, Austin, TX 78754 | Info@HBAaustin.com | 512-454-5588 | HBAaustin.com