Affordability Impact Statement

Neighborhood Housing and Community Development Department
2015 International Wildland-Urban Interface Code
August 21, 2019

This Affordability Impact Statement summarizes the Neighborhood Housing and Community Development Department's (NHCD) findings relative to an analysis of how the adoption of the 2015 International Wildland-Urban Interface Code (hereinafter referred to as the "code") with currently proposed local amendments may impact housing costs in Austin.

I. Assessment of Potential Impacts on Housing Costs

The proposed code would implement new development, maintenance, and use standards for which qualifying residential and commercial buildings must comply. These standards will affect among other things site design, building construction, property and building maintenance, and development review processes.

The proposed code will likely have both positive and negative impacts on housing costs through the regulation of the above referenced activities. The impacts will vary in magnitude and populations affected, with some impacts easier to quantify, and others less so.

A. Factors Likely to Increase Housing Costs

The proposed code will likely increase housing costs by increasing the costs of new residential development, and costs associated with the alteration and modification of existing residential buildings. The largest contributing factor to increased housing costs are the new proposed standards regulating building construction in Wildland-Urban Interface areas.

Key construction activities regulated by the code include requirements that qualifying development use more costly construction materials and methods, such as the use of ignition-resistant materials and methods for walls, windows, doors, roofs, gutters, decks, and underfloor enclosures. Proposed standards regulate both site and building design, as well as propose requirements for on-going maintenance of landscaping. It is estimated that these requirements will have the most significant impact on single-family homes, and may increase new construction housing costs by three to twenty-one percent for impacted homes, depending on the degree to which a builder must modify their construction materials and methods to comply with the code. <u>While the estimated increase in housing costs could be significant in rare cases, it is anticipated that the provisions of this code that require modification to specific building systems would have limited applicability throughout the City, and cost increases would be closer in magnitude to the lower end of the spectrum (~3-6%) for impacted homes</u>. Table I.A. shows the potential financial impact of the adoption of the code on an example new construction single-family home, and the minimum household income that would be required to qualify for a mortgage at each sales price.

Table I.A. – Estimated Increases on Sales Prices and Minimum Qualifying Household Income for Homes Impacted by the International Wildland-Urban Interface Code.

Product Type	Current		Low (3% Increase)		High (21% Increase)	
	Sales Price	Mimimum Qualifying Household Income	Sales Price	Mimimum Qualifying Household Income	Sales Price	Mimimum Qualifying Household Income
Starter Home (1,450 sq. ft.)	$211,400	$63,769	$217,742	$65,530	$255,794	$76,227

Additionally, it is estimated that the proposed code will likely increase construction costs associated with alteration and modification of impacted single-family residential homes by the same order of magnitude.

New standards will require the addition of and augmentation to existing development review and inspection processes potentially increasing development review and inspection fees.

B. Factors Likely to Decrease Housing Costs

The proposed code may decrease housing costs for homeowners of new single-family residential development by decreasing insurance premium costs for homes that comply with the International Wildland-Urban Interface Code. We heard anecdotal evidence supporting this but were unable to find data sufficient to quantify the magnitude of the potential savings.

The International Wildland-Urban Interface Code provides standards determined by industry experts to mitigate the risk of damage to property or personal injury. While both property damage and personal injury have real and significant financial costs, it is difficult to quantify the degree to which the adoption of the code decreases these risks and their potential costs. A study by CoreLogic completed in 2015 estimated that approximately 4.7% of existing homes in the Austin area were at high or very high risk of being impacted by wildfire.

II. Conclusion

The adoption of the proposed code will increase housing costs for specific homes in Austin. These costs will have the largest impact on single-family new construction built outside the urban core, and will vary depending on the degree to which a builder or homeowner must modify building construction materials and methods to comply with the code. Any potential savings, with the exception of decreased homeowner's insurance are theoretical, and if received will be realized at some point in the future for specific homes or households that avoid property damage or personal injury as a result of complying with this code. However, irrespective of any potentially negative fiscal impacts, a core tenant of national, state, and local affordable housing policy is that affordable housing be safe and sanitary. NHCD acknowledges and supports this value as central to its mission in addition to promoting housing affordability.

Manager's Signature