Do regulations put home costs out of reach?

By Pamela Glisson
Business Writer

In the late '70s and early '80s, Lafayette builder Harry Hebert was constructing 175 to 200 homes a year, and he emphasizes that they were “affordable.” He said builders throughout Lafayette Parish constructed a total of 1,422 homes in 1982. The market then came to a screeching halt, and builders haven’t had nearly such a good year since.

Hebert added that, in 1987, 111 total homes were built in the parish — fewer than the previous annual average of his company alone. The total gains since then have come slowly: 154 in 1988, 186 in 1989, and 335 in 1990.

Of course, the oil bust was a major factor in putting housing to sleep after '82, but local builders and developers believe that when the market began waking up again in the late '80s, it faced a whole new challenge: increasingly strict housing and development regulations. The regulations pose additional expense in creating new homes, and costs faced by builders and developers eventually get transferred to home buyers.

Lafayette developer Steve Ashy said the result is that nearly all area development in the past several years has been for homes priced at $120,000 or more. Local builder Bob Austin agreed, saying, “There’s very little housing under $100,000 today.” He added that existing structures are priced in lesser ranges, but that such housing could run out soon due to growing population in the region.

The focus of builders and developers right now is on the Area-wide Development Regulations, which have endured repeated scrutiny and revisions over the past two years. Stephen Richardson, development manager for the Lafayette Areawide Planning Commission (LAPC), said the LAPC will distribute the regulations this week to member governments, including Lafayette Parish and its incorporated municipalities of Lafayette, Carencro, Scott, Duson, Youngsville, and Broussard. He added that reviews of the regulations will continue until at least the end of the year before the governments adopt them.

“The Planning Commission, in our view, is doing an excellent job,” said engineer Walt Comeaux, an associate member of the Acadian Home Builders Association (AHBA). “They’ve been working with us, and they listen to us.” Comeaux said the real problem is that the regulations have had to meet the needs and approval of so many different governmental and business interests, including fire and utility departments; gas, phone and cable companies; planning and zoning authorities; and governmental representatives.

The new regulations, as they initially stood, would have been “devastating” for the local building and development industries, Comeaux said. As it is, Austin said, “The best we’re hoping for right now is maintaining the status quo.” Comeaux said AHBA has been successful in killing some aspects of the regulations, such as the “pretty ridiculous” claim that developers should be required to install water lines to supply an enhanced city firefighting system that may or may not be created for 20-25 years. He said the cost of the developer installing water lines for firefighting would have been four times that of drinking water lines.

But other irritations remain in the regulations — irritations that AHBA members claim will continue to keep housing high-priced. Some of the major sore spots include continuing provisions that builders and developers must install underground utility systems, as well as sidewalks, on any property on which they construct housing.
Comeaux said “the great sidewalk debate” consists of builders and developers claiming that homeowners should have to pay the cost for sidewalks, especially since sidewalks laid in advance may be torn up when homeowners have driveways laid in their yards. Austin said the cost of laying sidewalk on a 100' lot is about $500-$700. City officials, meanwhile, contend that if the sidewalks aren’t laid in advance, gaps in the walk remain as long as homes are left unpurchased.

The annoyance of the underground utility requirement is that it must be upheld even when overhead utility lines are extant. Austin, who said he’s been a victim of such “ludicrous” reasoning, is that much more frustrated because city officials sometimes don’t meet the same standards in their own construction. Hebert agreed. “I constantly fuss about the double standards (placed on private builders versus city projects),” he said.

Richardson, who previously worked in Galveston, Tex., said, “Wherever I have worked, the governmental entities are exempt from a lot of regulation...

...Off the top of my head, I would say, yes, that is unfair.” But he added that city officials are often constrained by the limitations of public funding.

Regarding the overall rulings, Austin said, “Many are necessary and many are unnecessary. Sometimes we go overboard.” He’d like to see some restrictions loosened, such as building roads with a 50' right-of-way. Forty feet is often enough, he said.

But Richardson pointed out that building regulations are not the only cost of building costs. “Locale and the desirability of the property is going to play a big part in the cost of the property,” he said. Comeaux agreed that the costs are multi-fold, with increases not only in land development, but also in land costs and building materials. Ashy said builders and developers always will face general inflation, as well as the ups and downs of being in a commodity market. He added that ancillary factors such as the weather and protection of endangered species such as owls can affect accessibility to, and hence cost of, timber.

Comeaux said a new issue facing builders is a recent standard set by the national Environmental Protection Agency (EPA) and the state Department of Environmental Quality (DEQ), which claims that the curb and gutter system of underground drainage is less effective than the use of open ditches. The latter approach not only slows water movement, thus reducing back-ups, but also allows pesticides and garbage to settle out of water before they flow into water systems.

Comeaux said Lafayette now requires the curb and gutter system, which is considered more aesthetic and requires less city maintenance in the long-run. The open ditch system, on the other hand, reduces development costs by about 25 percent, according to Ashy.

Ashy, who is chairman of the AHBA Planning Committee, on which Comeaux, Austin and Hebert hold membership, agrees with the other builders and Richardson in the claim that good building standards are necessary to maintaining a quality community. But he and Comeaux both emphasized that more manageable regulatory costs ultimately contribute to a domino effect that bolsters the whole economy.

Ashy said his family business has been responsible for creating about a dozen subdivisions totaling about 1,000 lots since the late ’70s. Although Comeaux said Ashy and other developers are entitled to partial or total cost returns for their investments in utility installations, those returns are contingent on property sales — a situation that he said poses “tremendous risk” for the developer. Comeaux said developers also have the option of asking the city for exemptions to rulings in various projects, but frequently the process is so cumbersome that the time involved isn’t cost-effective.

Comeaux and Ashy, who have worked closely with LAPC in revising the new regulations, respect efforts of commission members to be as receptive as possible to the many related