

NEW HAMPSHIRE
UNION LEADER



**Builders: Local regulations driving
up home prices**

By MICHAEL COUSINEAU
New Hampshire Union Leader
October 06. 2018

Home builder Kevin Lacasse is selling 1,200-square-foot ranches for \$299,000 in a new development in Tilton.

He calculates nearly \$17,000 of that price is due to unneeded state and local regulations adding to his costs for roads, retention pond and utilities for the 24-house development under construction.

Lacasse, who will make a single-digit profit on his development off School Street, understands why there are fewer builders creating homes.

There are not many stupid enough to be building houses for 5 to 6 percent profit margins," said Lacasse, principal of New England Family Housing in New Hampton.

Building permits for new single-family homes are down more than 50 percent from their 2002 peak in the state, according to the New Hampshire Housing Authority. In 2002, there were an average of 543 monthly building permits. In August 2018, that number stood at 221 with a six-month moving average of 241.

"I think everyone knows that one of the challenges is regulatory policies and the need to be sure we're not inadvertently limiting the ability of the private market," NHHA Executive Director Dean Christon said during a break in a conference focusing on housing and the economy last week.

By regulatory policies, Christon was referring to local regulations.

Lacasse said he spent \$1.3 million on infrastructure at the Tilton subdivision, namely on roads, utilities and a water retention pond. He blames unnecessary town requirements for \$400,000 of that, such as including sidewalks along both sides of the streets.

He spent \$150,000 to \$200,000 on lawyers and other experts to get the project approved.

Tilton Town Planner Dari Sassan said the town has made zoning changes in recent years aimed at creating "housing options that meet the needs of our demographic" for older and smaller households.

"We do require bigger projects (including Lacasse's) go out for third-party engineering review, and that does contribute to delays," Sassan said.

"From a regulatory standpoint, we're trying to streamline things and make them simpler," Sassan said. "It doesn't change when you get to the planning board and sit before seven citizens who take their role seriously. That hasn't gotten any easier. They're still going to ask the hard questions."

Sassan, who had previously worked for the Lakes Region Planning Commission and in the state Office of Energy and Planning, said he has heard developers comment on government regulations for years.

"Certainly, anytime we've had discussions that include builders, whether it be with environmental regulations or land-use regulations, they've expressed a desire always

for ways to streamline the process," Sassan said.

Atkinson builder Steven Lewis said some towns use zoning "to socially engineer communities to keep lower-income people out," such as requiring larger setbacks that increase a house's costs.

He said "needless regulations" boost the price of a new home by at least 25 percent.

"Anything not directly related to health and safety is a tax on new-house construction." Lewis said.

Nationwide, buyers of starter homes have found the market more challenging this year compared to six years ago.

Inventory was 48.6 percent lower, and prices were 57.9 percent higher, according to Cheryl Young, senior economist at the online residential real estate website Trulia, who spoke at the Manchester conference.

Moe Archambault, a real estate broker who has marketed new homes in developments in Hooksett and Dunbarton, said things have changed over the past 15 years. Some towns now "want granite curbing and underground utilities and sidewalks" - costs that get built into home prices.

New homes, he said, are difficult to build for much less than \$300,000 today.

"I think that's very true, to build a home under \$300,000 right now unless they got the land for free." he said.