

# Containing Development Costs



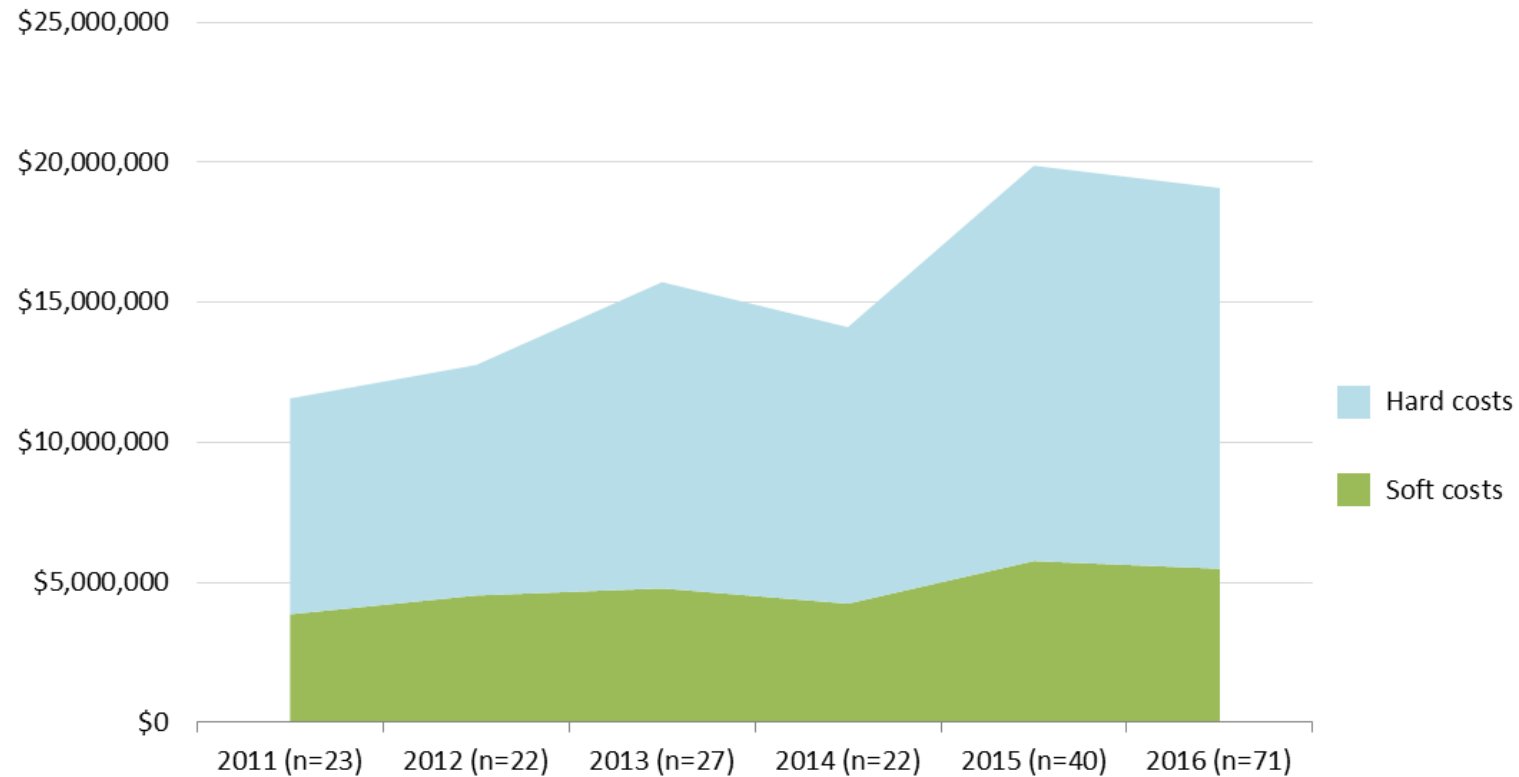
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# colorado lihtc cost study

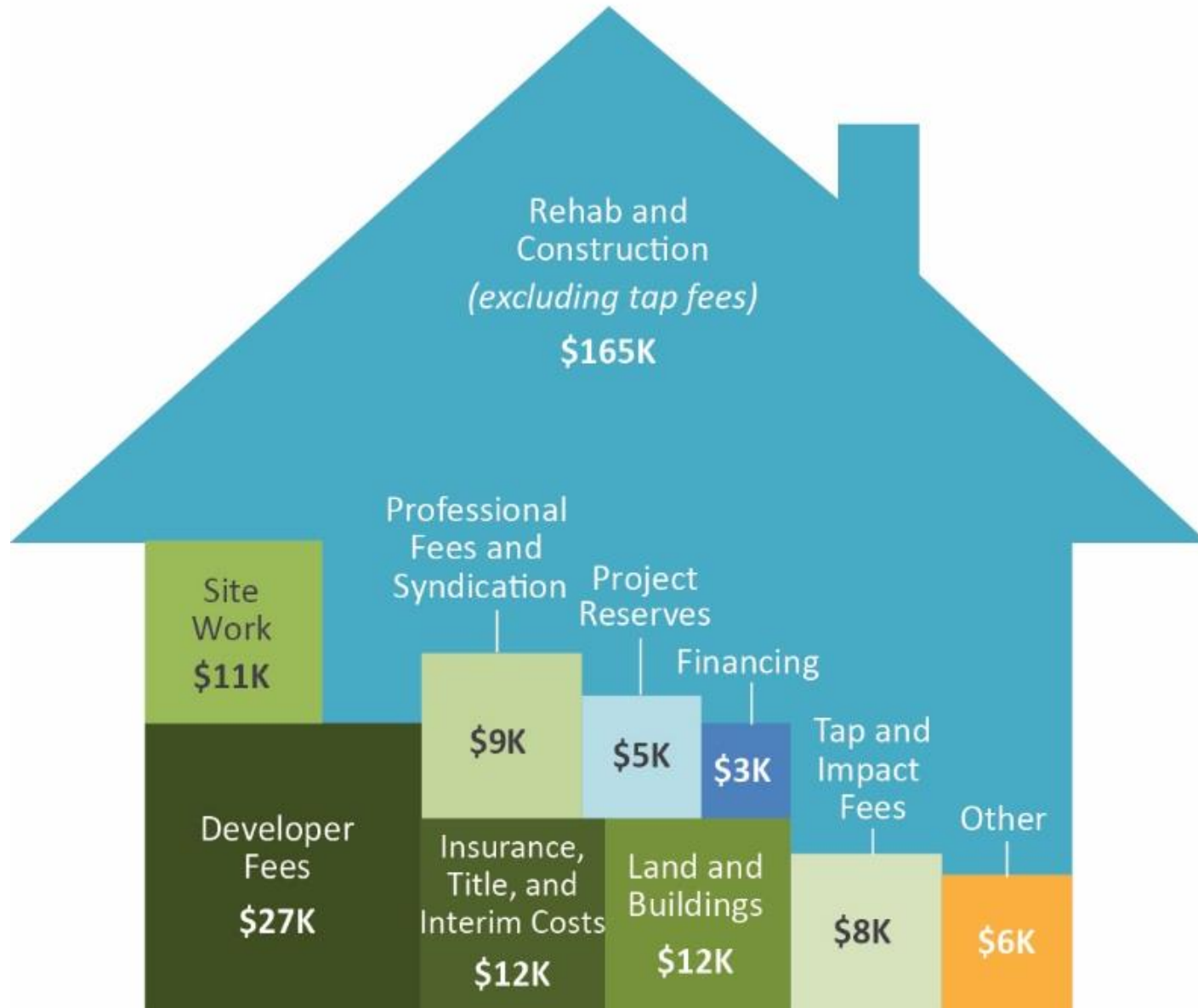
- Prepared by BBC Research and Consulting
- Analyzed cost data from 4% and 9% LIHTC applications – 2011 through 2016
- Interviewed and surveyed stakeholders representing LIHTC applicants, general contractors, architects, and consultants



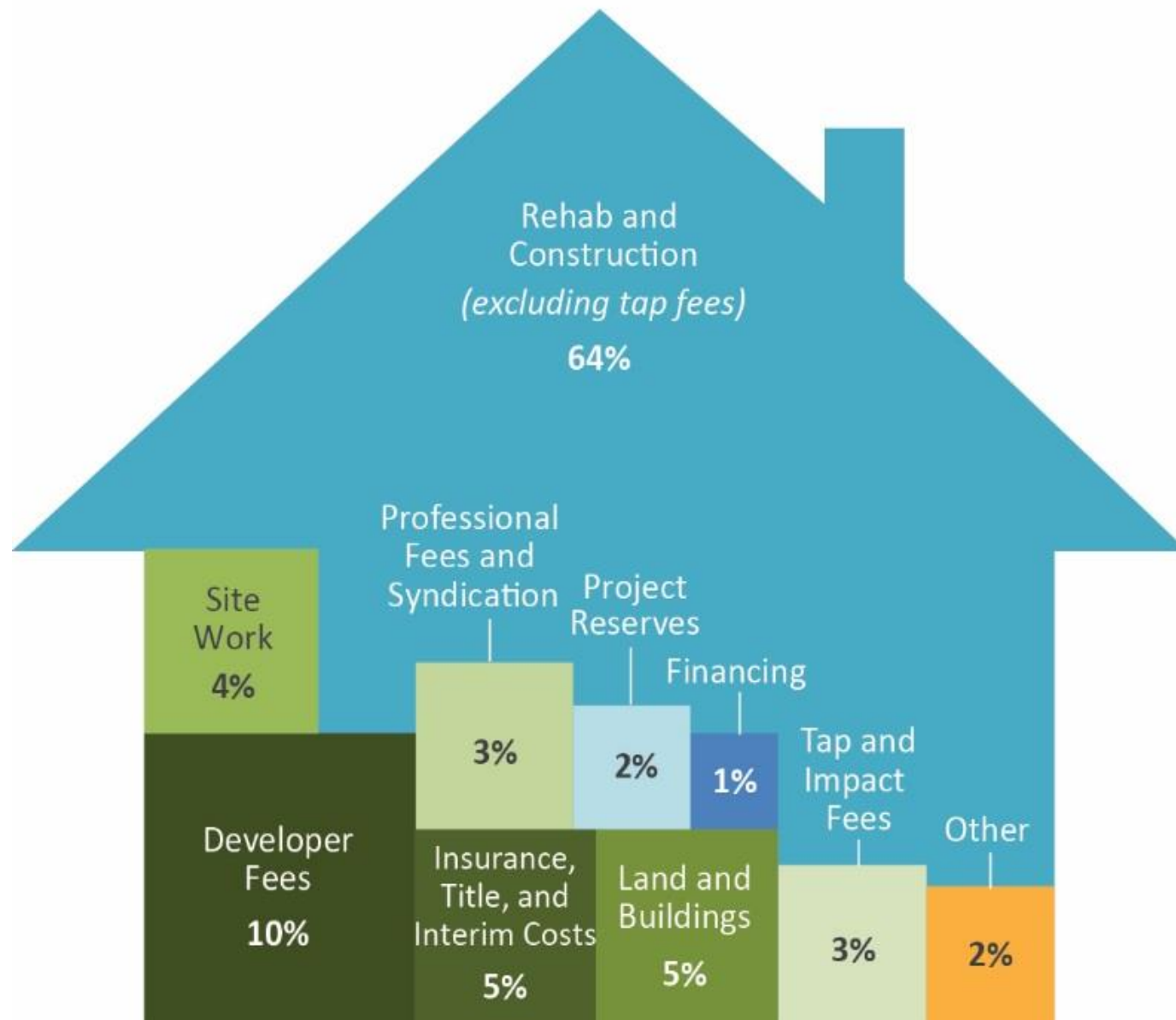
# average costs for new construction



# Total \$258,000



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# Cost Containment – Key Takeaways From Discussion Groups

- Not in favor of hard limits on costs
  - May drive development of cheaper, less sustainable housing that is away from areas of opportunity
- Severe lack of construction labor driving up hard costs
- Economies of scale challenges
  - 9% LIHTC cap limits the number of units

# Cost Containment – Key Takeaways From Discussion Groups (Cont.)

- Municipal requirements
  - High impact/tap fees
  - Minimum landscaping and design requirements
  - Minimum parking requirements

# Cost Containment

## – CHFA Action Steps

- Increased 9% cap to 1.35M
- Encouraging 9%/4% combo when feasible
- Provide CHFA cost data on an annual basis



# Cost Containment

## – CHFA Action Steps (Cont.)

- Plan to commission future cost studies as needed
- Review GAO and NCSHA cost studies
- Continue to offer municipalities education about LIHTC and cost challenges
- Consider facilitating forums for sharing best practices for cost savings and developing sustainable projects

# Questions

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