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SPEAKERS

Atticus Jaramillo, Tisha Tallman, Jim Tofel, Brandi Champion, Cathy Wolfson, David Godlewski, Nicole Cox, Christopher Conover

C Christopher Conover 00:03

Welcome to The Buzz I'm Christopher Conover. This week ,we wrap up our series on housing. In recent weeks AZPM has sought to shine a spotlight on housing issues in our area, highlighting issues with home costs, landlords and homelessness all through our series Where to Live? The Buzz is wrapping up that series with a pair of roundtable discussions. We start this week show by talking about homelessness. Joining us for this panel. We're Brandi Champion, the City of Tucson's Housing First director, Tisha Tallman, CEO of the PrimaVera Foundation, and Atticus Jaramillo, housing policy professor at the University of Arizona, our conversation starts with the question of what we know about those who are unhoused in the area, Brandi Champion was the first to answer.

B Brandi Champion 00:58

It's multifaceted. There's many unhoused people. Right now we're seeing a lot of elderly be attritioned out of their housing, quite frankly, because they're on a fixed income. Developers are coming in and putting some new linoleum and paint on the walls and calling it a \$14,00-1,500. One bedroom apartment, people that are getting \$800 \$900 \$1,200 a month just can't afford that. So we're seeing some first time homeless folks, and quite frankly, they're embarrassed. They've never been homeless, they've never experienced this, and they're coming forward now. And we're seeing some of these in our shelters. And then you have people that are mentally ill, you have people that are going through substance use issues. What the main cause of homelessness is, is a catastrophic loss of family. And we know that, right? We know that people in one form or another, either their family can't deal with their mental illness or their substance use. So these people are then turned away at the family level, or they lose a spouse, God forbid that person's not working or doesn't have a source of income. And where do they go? They go to the street.

T Tisha Tallman 02:03

We see a full range of individuals and families and children who are experiencing homelessness. The trend however, from the what the data is showing us in regards to our unhoused population here in southern Arizona is we're seeing a trend of increasingly older individuals and younger individuals. The younger individuals, we started an outreach mobile program to reach those folks because they aren't coming in for services. In regards to the elder population, just as Brandi stated, we've seen an increase of first time individuals experiencing homelessness. And you know, what we know from the data is if you experienced homelessness, when you're a child, you're twice as likely to experience it when you're older, but individuals 55-plus men and women who are experiencing homelessness for the first time in their lives, there's definitely something else going on there. Definitely inflation and market rates have something to do with that. But we also know that there's just a lack of affordable housing throughout this nation. And in particular, in southern Arizona. The elderly folks, we've specifically seen an uptick in women. Some of that has been a result of increase in lot fees for manufactured housing and manufactured housing is relatively significant, affordable housing avenue for folks here in southern Arizona traditionally and currently. So what's happened is the rents have increased so much that people have had to walk away from their manufactured homes, even though they may have owned them. Atticus, I saw you nodding your head a lot while Brandi and Tisha, we're answering. Part of what you study is how we help those who live in low income neighborhoods, maybe, as Tisha mentioned, manufactured housing neighborhoods or just other neighborhoods. Some people say, Look, people are in houses, isn't that enough, as opposed to thriving vibrant neighborhoods?

A

Atticus Jaramillo 04:12

Yeah, sure. I mean, I think because it's, you know, a lot of the supports that help people remain stable the house for the long term happen out in the community. So it's their access to services, different sorts of things like food pantries, whatever it might be, that really is important for a comprehensive approach. So getting people into housing is one step of the process, but creating communities where there's kind of backstops and fail safes for folks, so they don't actually exit. It was one of the biggest challenges and unmet needs, right? So we focused a lot historically on kind of production of new housing, less on things like eviction protection, less on things like even getting people connected to toiletries, or all these other little like household goods that make it possible to stay and remain in your home and are not trivial expenses for folks with very low income. So I guess, you know, it's an overarching sort of community safety net that really needs to exist rather than Affordable Units that are disconnected from services and disconnected from resources.

C

Christopher Conover 05:04

I remember, you know, when I was younger, you might have somebody in the neighborhood who was having a rough time, maybe lost a spouse, as you mentioned, Brandi, or something else, and the neighborhood would kind of rally and make sure that that person was taken care of until they could get back on their feet or whatever. It sounds like that's exactly what you're saying. It's not just putting the roof over. It's everything that goes under the roof also.

A

Atticus Jaramillo 05:31

Yeah. the social support element. I mean. so much of the supportive housing work that's come

... out is that folks do so much better when they have peers to talk to and they feel welcomed in the community and accepted rather than kind of, you know, a nuisance that people don't want there.

T Tisha Tallman 05:43

Right. And I think historically, as you've stayed to Atticus, when you have low income housing, traditionally, it was in vulnerable areas with low opportunity. So you don't have that access to services. And if you don't have access to transportation, or even if public transportation is limited, you don't have the ability to go out and get not only to the services that you need, but also those social connections, those social networks that increase people's upward mobility. I think Urban Institute has a fantastic upward mobility framework that we really tried to abide by. And that's not only looking at economic success, but also looking at power, autonomy, and dignity and belonging. So some of the things that we've worked on not only account for getting people housed, but making sure that there's a support system around that with traditional and non traditional supportive services. So community community gardens, right, transportation services, outreach needs.

C Christopher Conover 06:44

Let's back up a little bit before we go too far down this road, which I do want to go down on supportive services and things like that. But if we have people who are unhoused, which well, we do all over the country, this is not unique to Tucson and southern Arizona, what helps get roofs over people's heads, and more importantly, keep those roofs over their heads? And any of you can jump in on this.

B Brandi Champion 07:13

I think it is about the supportive services, right? We can rapidly rehouse anybody, there's rapid rehousing programs, there's permanent supportive housing programs out out there, we even have some city, but actually providing the case management services that go with that. So going to that person's home and making sure that they're living comfortably, that they that they have what they need in the way of groceries, that they have any sort of other services, they need behavioral health, medical, anything that they need in that home, keeping them housed and having somebody that they can count on and depend will be there if they need, whatever it is, that there's somebody actually coming to check on them, and are caring for their daily living needs, quite frankly.

T Tisha Tallman 07:56

And I think you've you've hit the nail right on the head, Chris, when you said, you know, sustainable or how do we keep people house right? What's that sustainable? Economic, upward mobility? What does that look like? And I think that has been the challenge, right? In Matthew Desmond in Poverty by America, he says that, we've been looking at this issue and working at this issue and putting money towards this issue for 50 years, and we've negligibly moved the needle. So I think now we're at a point where we're looking at it differently, right? It's not just

about providing the band aid. It's not just about providing services, it's providing those supports that people need and that people ask for. So Right. That's the dignity, belonging and power and autonomy, we need to include people in decision making, right? So it's no longer just providing what us as providers think that individuals need. It's us co creating solutions, with our participants with our residents. What do they need? And I think that participatory process is kind of a thread that's going through everything we all do in in this particular space. And that belonging piece, right, the support systems that not not only will get an individual into a new situation, but continue the upward mobility after individuals are housed. And what does that look like? And that is largely community, right. And once we have individuals in communities who are supported, and have the supportive services that they need, then we're going to have success.

C Christopher Conover 09:30

Well, and to add on to that some of the things that PrimaVera offers workforce development, but also financial education, which so many people need, again, to keep that roof over their head.

T Tisha Tallman 09:43

Right. It's really a holistic approach that we've that we've created over the years and now we're making sure that we intentionally and deliberately do it in a consistent way and we measure that way. And we have folks participate in that process. So we know in advance and as it's happening, whether we're doing the right things. So yes, it's it's jobs, it's financial planning. It's moving towards whatever that individual and families need to be moving towards. We go all the way from eviction prevention, to assisting folks who are in an unhoused state all the way up to safe and affordable housing and then to homeownership for first time homebuyers. So you know, we see the progression, it doesn't mean, you know, anyone's life is linear, because we all know, our own lives aren't linear.

C Christopher Conover 10:28

So true,

T Tisha Tallman 10:28

right? So people come in and out at different phases, and get to where they need to, for their definition of what economic success and belonging looks like to them in their families.

A Atticus Jaramillo 10:41

Yeah, I was gonna say that's one of the exciting things that I think is finally coming and becoming popularized is this idea that, you know, historically, there's been a lot of access or not a lot, not adequate, but more access to kind of traditional services, like jobs training, healthcare. And really, I think what's become clear in the last 10-15 years is, it's a little things

matter quite a bit. So it's things like the eviction protection. And it's things like helping people get furniture for their home, like feeling like they have control over their living space is really important for them to think about it as a home, not just another sort of waystation. And in the continuum approach, that's a word that comes out so much, and in our world and thinking about it, you know, from, you know, beginning to the end of a person's life of, you know, the system overall. So those are big changes that I think we're still trying to turn around the Titanic in many ways, but it is it's happening. And I think there's recognition that these sort of little pieces matter and to think about it holistically, is really critical.

C Christopher Conover 11:34

It's really interesting, Atticus, that you bring up that sense of feeling that whomever it is, has a home, the furniture, things like that. It's not just that roof. Last week's show we featured The Homing Project. And one of the things they said that's such a big deal for their clients is they can lock the door, and their things are safe. It's a different for those of us who have not experienced this, it's things we don't think about.

A Atticus Jaramillo 12:09

Right, exactly. I mean, that's what makes it feel like a place where you can actually unwind and recenter and do all of those things. It's not just a roof, that might be actually the last thing I think about, I don't know, my couch and my cat and things of that nature, not necessarily just the big structure. But that's true of everyone.

T Tisha Tallman 12:24

And we actually we last year, we we did What is Home, it was it was just a project called What is Home. And we asked our board members, we asked our staff members, we asked our participants and our residents, and very rarely did you see a picture of a home. It was individuals in people's lives. It was the Tucson open air, it was pets, it was religion, it was all sorts of community and what community represents for individuals.

C Christopher Conover 12:54

So as city county organizations that that are trying to get our arms around this. We go through, we improve a neighborhood and we put in the community gardens, we talked about making sure there's access to services and things like that. And all of a sudden, do we run the risk of gentrifying the neighborhood and therefore, now forcing the people out that we were trying to keep in?

T Tisha Tallman 13:23

Well, there's certainly ways you know, policy ways that we can preserve environments and communities. And I think that the powers that be in the policy folks are working on those such issues. Prosperity Initiative is a perfect example of what the City of Tucson, various surrounding

cities, and also Pima County just adopted. And that's going to impact quite a few areas that many of which we're talking about here. jobs, homes, you know, education, all those things that support stability and communities and create home. But there are real impediments at the state level to what Arizona can do. And I think that's what we're always grappling against, not able to do mandatory inclusionary zoning is one, not able to do rent controls is another. So I think that we're all looking into like shared equity models that there are other ways like the accessory dwelling unit is something that perhaps can create wealth for families, if they create another unit on their lot and able to make rent or even just keep the older generation of their family within the community, not having to force them out. And there are a number of other ways that folks are looking into and researching and see how other jurisdictions do it. But we have some pretty significant state level preemptive laws that impede us to do some of the things that other states are doing in order to address this issue.

C Christopher Conover 14:54

As you said the accessory dwelling as we call them here, in Tucson casitas I think my favorite is actually the Hawaiian version, the Ohana house, you know, for for your grandmother and things like that, always to keep families together, keep our seniors close by, but keep them feeling like they're part of things is, it sounds like that's such an important part. Whether it's seniors, or grandparents or whatever, or anybody, it sounds like so much of this is mental and not necessarily the mental health that people think about, but the mental feeling like you belong and feeling like you have a purpose.

A Atticus Jaramillo 15:35

And that's one of the big challenges and a lot of states. I mean, I've lived in North Carolina, Wisconsin, and here now in most of those states, you see kind of the state government putting localities in a straitjacket where they don't have the ability to really solve their own problems in a way that would make the most sense. So that's when you can see a lot of limited opportunities and limited, you know, kind of solutions, when you don't have the bandwidth to do or the latitude to do what you ought to want to do.

C Christopher Conover 15:59

Tucson has the reputation as being a low wage community very often. There are a lot of jobs that require low wage workers. Even if every Tucsonan has some marketable skill set, can we really get everyone into jobs that pay a livable wage? Or is this again, is this a much larger issue we're looking at here?

T Tisha Tallman 16:28

Well, I think we as a community need to make it a priority. Right? And, and Tucson traditionally has had very affordable housing, it's just been in the last 10 years, that things have really gone the other way. So we had a \$15 an hour campaign, a living wage wage campaign in recent history, I know that we make sure that we're using the self sufficiency wage that has created out created out of the Women's Foundation. So our temporary workers make a minimum of

\$6.50 cents an hour. And no one works under \$18 an hour at the PrimaVera Foundation, in addition to that we provide for haz pay, wellness pay, health care, you know, all sorts of other benefits. And it's just the acknowledgement that we need to take care of each other. We can't have a thriving economy if a good portion of our members of our economy are not contributing to the economy. In fact, we know along with the Prosperity Initiative, and along with the opportunity to report that Jim Kaiser also put out, we're missing out on \$2.8 billion a year on income coming in when we don't invest in our community. On average, Tucson earns about \$10,000 less per individual comparatively to the rest of the nation. And that's quite significant, right? That's money that we can put towards the unhoused. That's money that we can put back into our community and lift up the entire community.

C Christopher Conover 18:03

Before we wrap this up, Brandi, one of the things you work on, is the Housing First program with the city. Has this program, because it is controversial across the country. Some people say it's really great other people say it not even across the country, people in Tucson say now this is not the way to go. Has the program been running long enough in Tucson and other areas that we have some data to say, Yes, it's working? No, it's not? Or is it still too new here?

B Brandi Champion 18:35

I think that we can we do have some data around that, right. We in the first 18 months, we have 651 people. So I mean, that's pretty significant. And it's because of all of the services that we were allowed to immediately bring in and ramp up. We increased our outreach, our navigation, we started working diligently on our homeless protocol side of the house, we now have a multi agency resource coordinator who is city and county. So we're able to do many things jurisdictionally and get a further reach. We have many agencies at the table PrimaVera comes in, we actually partner with PrimaVera and go there with our shower trailer. So we're doing all of these little initiatives with our nonprofit partners and our government agencies to reach further. We all come to the table three times a week, actually, right now that we're doing the housing central command, which is a HUD technical assistance, so to speak, to address our homelessness issues. I think people have the wrong idea about housing first. Housing First is not just putting somebody in a house and calling it a day. Housing First is many things. Housing First is recovery oriented. It takes a lot of wraparound services to get somebody to a place where they're comfortable after being outdoors for 7-10 sometimes longer years, right? And you have to really work with that person to get them to place where they're comfortable in their in their community, and they're a part of their community. And they respect their community and they want to be a part of it. Right? So working with that person ongoing, making sure that they have everything they need is critical, right? So it does work for some people and other interventions work for others. Housing First isn't the fix all for everybody. It's just one of the many that that people can experience in their journey.

C Christopher Conover 20:28

All right, well, thank you all for spending some time with us and trying to shed some light.



T Tisha Tallman 20:34

Thank you, Chris.

C Christopher Conover 20:36

That was brandy champion, Tisha Tallman, and Atticus Jaramillo. We're wrapping up a series on housing and homelessness in southern Arizona this week with a pair of panel discussions. A chief concern mentioned in our first panel is the increased cost of housing forcing people out of a home they can no longer afford. Tucson's rents and home prices have gone up, notably in recent years. So why are these costs going up? We asked that question of our second panel, David Godlewski, president of the Southern Arizona Home Builders Association, Jim Tofel, managing member of Tofel Dent Construction, and Kathy Wolfson, the president of the Tucson Association of Realtors. We start with David Godlewski, telling us about what has happened with the cost of new home construction.

D David Godlewski 21:28

Well, I mean, I think Tucson like just about every community in the country, is struggling with issues of how to meet the housing needs of a growing population. We like to talk about the five L's: land, labor, lumber, legislation or the local political regulatory environment, and lending. And I think you've seen huge changes in those areas over the past few years. And so that's all really driving the price of of housing. So it's not one thing, as you mentioned, there are several different factors at play there.

C Christopher Conover 21:59

And Jim, are the is that the same for multifamily housing? Or is it different, more complicated, less complicated?

J Jim Tofel 22:08

I think lending is probably the biggest thing right now that's affecting new construction. We're not seeing a lot of new starts on the multifamily side right now, because of where interest rates are. As an example, a developer told me about a two years ago, that for every 10th of a point and interest rates go up on a 200 unit apartment complex. He's got to come up with \$300,000. And so you start doing the math, if you have a 200 unit apartment complex, and interest rates have gone up 3%, that's an extra \$10 million of equity that has to be brought to the table. And there's just there's a few guys out there that are well heeled enough to handle that. But the lion's share of the guys that are that are doing these projects don't have the capability of being able to raise that kind of cash. So you know, obviously, construction costs have really, we've seen tremendous inflation. These last couple of years. I think this last year, things settled a little bit for us. But interest rates are really the biggie I would say this last year that have they've put a lot of projects on hold.



Christopher Conover 22:15

C Christopher Conover 23:15

I want to put a pin in something you said about cost. But I want to come to you Kathy, when it comes to interest rates. And people talk about buying homes, of course, everybody is talking about mortgage rates. So it obviously plays in on the after construction when you come in as a realtor.

C Cathy Wolfson 23:34

Correct. You know, our price increases since pre COVID through the state have gone up almost probably 60%. And then you have the interest rate hike on top of that. The interest rate actually isn't bad. I mean, it's a pretty normal rate. It's just, we just got to catch up with it. And I do know a lot of home builders and a lot of new sites provide incentives and buy downs and whatnot to help folks get into homes. So it does play a huge portion. And it did slow down our market.

C Christopher Conover 24:04

And people got excited about those 3% mortgages. And everybody we've talked to in the lending business said, Yes, that is not normal. And you should feel like royalty if you got in on some of those.

C Cathy Wolfson 24:18

Correct, correct. I agree.

C Christopher Conover 24:20

So let's talk about materials for a second. I know especially right at the beginning of COVID. But even before we were starting to hear about shortages, especially of steel, which comes more into multifamily, but other materials, where are we on that? And obviously shortage means if you can get it, you're going to pay more for it. So where are we on all of that?

D David Godlewski 24:44

Material prices are still elevated in the numbers that I've seen for homebuilding. Lumber specifically, is somewhere in the range of 30 to \$35,000 per home. Just in terms of the cost of lumber. That doesn't include you touched on steel, gypsum, any of the other type of materials. So I think they've somewhat walked back from the exorbitant numbers during the pandemic, but at least on the residential side, things are still significantly elevated for material pricing.

C Christopher Conover 25:21

Jim, when it comes to multifamily, obviously, you would need more lumber for more units, you know, larger construction, but is that the only cost difference is just more or building

multifamily is more expensive, just because it's a different kind of building than a single, freestanding home,

J Jim Tofel 25:41

you know, I did a study, we did a project down in Sierra Vista in 2012. It was 88 apartments, our per unit cost on that was about about \$78,000, a door. Phase two started in 2022. And our per unit cost went to \$257,000, a door, it was a 300% increase over 10 years and these units were identical, they look the same, same floor plans, same finishes. So on the surface, it looks like there was about 300% inflation over a decade. But when you kind of dig below the surface, there's really there's more going on than that. So you know, our slab was an inch and a half thicker, there was more post tension cables, our exterior walls went from two by four to two by six. So that instead of R13, and insulation, you had R19 insulation. There was better windows, better air conditioners, better water heaters. So from an energy perspective, the new homes even though they look the same, we're using about a third less energy, so they're more efficient. But you know, a lot of that comes with a cost. And as I look forward, you know, my concern is the building code comes out every three years, it comes out with a new release, and the 2024 code is just coming out. And there have been significant changes in the 2024 code that are going to affect costs on projects moving forward as cities start to adopt those, you know, so that's going to, we're going to start to see that I think next year. I think that's one of the concerns I have is, as we look forward, everybody's anticipating interest rates coming down. And so you know, we're hearing about two, maybe three drops this year. And that's, I think that's all anybody's really looking for. And we're going to have a small window here where interest rates are going to come down and before the new code kicks in. And, you know, I think there's going to be certain projects that kind of fit in that window. But then once the code is implemented, I think we're gonna see things stall out again. That's kind of what I'm anticipating looking forward

C Christopher Conover 27:50

when you talk about code. And obviously, this affects you, David and, Jim, you were talking about that project in Sierra Vista with thicker slabs, and two by six instead of two by four. Was that driven by code? And also, what do we know what's going to be in the new code? Can you give us a preview for the layperson,

J Jim Tofel 28:10

Every city analyzes the code, they decide which portions they're going to accept and not accept that a lot of the improvements in the code are energy related. And so you know, there's provisions for every house to be set up for adding solar panels, EV chargers, they're going to want to have demand response. Demand response basically means you know, those hotel rooms where you slide your card into the little thing, and then your lights can turn on. That's demand response, somebody has to be home, in order for the things to turn on. You know, some of it's not going to be too bad, I think, especially on the single family is not as bad setting that stuff up. On the multifamily side, setting up a project for solar is actually a pretty big deal because normally every apartment is individually metered for electric. And you can't do that for solar, you have to master meter the building, which means you're adding a lot of electrical gear

and panels to then go from that big meter to all the sub meters in the apartments, to the feeders, to every every unit. So it adds probably \$8,000 a door on just the electrical side to set up for solar, and that doesn't include the cost of the solar panels.

C Christopher Conover 29:23

So David, what does that do on the single family home?

D David Godlewski 29:27

Jim nailed it, you know that that's one of the five L's, that legislation. That's where the code updates come in to that the Tucson region is looking at moving to the 2024 building cycle. One of our peer associations in Kansas City did an analysis of the 2021 energy code update, and they found that that added \$31,000 in costs to new construction. And when you look there is a corresponding savings in terms of have energy bills, but that it would take 48 years to pay off those increased costs. I have heard anecdotally that the '24 energy code is, I guess better how you want to define that, I think is to be determined than the '21 code. And so fortunately, we didn't adopt the '21 code here in southern Arizona. But we are looking at the '24 code, that international energy code has been subjected to a lot of back and forth at a national level. And so it's just been issued for release. So we don't know all the ins and outs about what's included in that. But anytime you're talking about new codes or regulatory additions, it's going to affect home pricing.

C Christopher Conover 30:45

So when we affect home pricing, Kathy, we come back to to you. When consumers hear this or start to see this on the sticker price, if you will, for the home, does that drive consumers, potentially to existing homes versus new homes? Or is it a rising tide rises all boats and now my existing home when I try and sell it, if there's a new neighborhood next to me, I get the benefit? How does that work on your end?

C Cathy Wolfson 31:16

Well, there's a lot of layers to that too, as well. And I do I think all of it will drive some people to resell because it's going to be less expensive. However, there's not many homes, and also for the expense right now. They could probably tell me what the average new home prices but the median price for home right now is about \$370,000. The average is about \$460,000. You take that in the middle, and around a \$400,000 home you need somebody household making median of \$110,000 if they have a car and a little bit of debt, whatever \$110 When the city of have to I don't know if city of Tucson, but this area's 64000 is the median income. So there's a problem right there. It'll probably bring home prices of surrounding neighborhoods. I will say that the consumer, they love energy efficient.

C Christopher Conover 32:08

Well, Tucson loves it solar

well, Tucson loves its solar

C Cathy Wolfson 32:10

Tucson loves its solar, I would say last year and my resale I probably sold probably 30% of my home's had solar. So it is moving in that direction. And we're all getting an electric vehicles. So new home is really a very efficient, already energy efficient. They make my own old home, just you know, I'm very sad. My old home when I see those.

C Christopher Conover 32:33

Let me change gears a little bit. Okay, and, and Kathy, especially one of the things we've heard a lot about, good and bad, but a lot of people are talking a little bit about the bad side about this is out of town investors coming in and buying homes, or buying whole tracts of homes and things like that and therefore driving prices up. What's the reality? What are you seeing on that?

C Cathy Wolfson 33:03

I don't see so much on that. On my level. Maybe it happened a little bit of COVID. But I personally, I haven't heard my agents in the office. We you know, from TAR, nobody has said not a whole lot of talk about that. I think the interest rates, COVID, the whole the desire that brought up our prices and the demand. I'm sure a little bit of that happened, but it did not impact what I would seeing

C Christopher Conover 33:30

As builders, do you all see any of that?

D David Godlewski 33:32

We really haven't. I mean, I think certainly there are occurrences where investors are looking to invest here. But just if you look at homebuilding, you know, we're this year hopefully going to permit 4500 new homes, and I think that the vast, vast majority are owner occupied, that they're not being purchased by investors. So I think there there may be some of that, but it certainly to Cathy's point hasn't risen to the level where it's kind of an industry wide concern or problem,

J Jim Tofel 34:07

How does that 4500 compared to the peak?

D David Godlewski 34:10

DATA SOURCE: 2010-2019

So during that peak kind of the early to mid 2000s, we were somewhere in the range of 10-11,000 a year. I think if you were to look at maybe a 25 year average, take out the highs and take out the lows, we should be somewhere in the neighborhood of 5000-5500. And so we're still behind where I think we really need to be to be able to keep up with demand and and meet our future housing needs.

J Jim Tofel 34:40

You know, if there's a silver lining on the multifamily side, it is there are a lot of projects that are under construction right now. That, you know, got in before the interest rates went up. They're finishing now. So there's gonna be a lot of new rental units coming on the market. That's going to help help meet some of that pent up demand because there is a housing shortage. You know, so when we talk about the future, I'm thinking five years down the road, you know, in terms of what, what it's going to look like then. But I think in the short term, we are going to see a pretty significant number of new units come onto the market.

C Christopher Conover 35:16

You bring up something interesting. Talking about in the future short term, five years down the road. We talked about, Cathy, a lack of inventory, especially of new homes. David, you mentioned 4500 new permits. So how long does it take to build and I'll start with you, David, and then come to you, Jim, how long does it take to build a new home from okay, we're going to build it so that the inventory of single family homes catches up?

D David Godlewski 35:42

That's another key element in the way the market is playing out. Pre pandemic, it was taking maybe on average, four to six months to build a typical new single family home. There were times during the pandemic where it was taking 10 to 12 months. That time has come down significantly, I think you're probably looking closer to six to eight months on average. But those cycle times are getting better, but they're still not great.


C Christopher Conover 36:11

And then for a multifamily development. How long does that take?

J Jim Tofel 36:15

Much to our developers that we're working with chagrin, a lot longer than it should. So we're seeing on a on a typical multifamily like two to 300 unit project is running 24 to 30 months total construction time. In terms of pre construction, the time it takes from inception to the point where you can close a loan and begin construction. That's anywhere from on the short side one


and a half years to we've had projects we've worked on for four to five years, you know, on the on the pre construction, it's like the construction piec is the easy piece. So it can take anywhere from five to seven years from inception to completion.

 Christopher Conover 36:57


So we can't just snap our fingers and build our way out of this by the end of 2025 kind of thing? This is gonna take time

 David Godlewski 37:04


No, and Jim's right. You know, the question was about the kind of the vertical construction portion of it. But there's a lot of time in the planning and development side. So for a new subdivision to get ready to build that first home, it can take you know, 12 to 24 months. So really in total, you're you know, you're looking at two years for new subdivisions coming out of the out of the ground and those homes being built.

 Christopher Conover 37:29

So Cathy, again, on your side, I remember at the height of when the housing market was going a little crazy, the amount of time a house was on the market was being measured in hours some times.

 Cathy Wolfson 37:42

Oh, yeah.

 Christopher Conover 37:43

What's it like out there right now if I want to go buy a house?

 Cathy Wolfson 37:46

It's probably about a month for to it takes, you know, while the house is on the market about 30 to 40 days, a house priced well, and it shows well, everything else could go still go very fast. But you might not have 50 offers like we had before, you actually might have time to go back and see it again. It's relaxed a little bit, we still need more houses, we need affordable housing, we need to get new people in. It builds wealth, it builds stability. That's key. Once they get out of these apartments who want them to get them into homes and start raising families. It's a lot nicer now. It's just a little more enjoyable to work with people and have time with them and get to know them.



Christopher Conover 38:04

J JIM TOFEL 38:34

I think that's the strongest argument for homeownership is it locks in your, your price,. You know, with rents, you know, when there's a when there's a significant shortage rents can go up 10 to 15% a year. And when you own a home, you're locked in at that rate. And it seems like people talk a lot about the equity and everything. But, you know, for me, we bought our house in 2018. And so we didn't see a lot of the inflation that's occurred in the housing market because we were locked in at that rate. when we purchased it.

C Cathy Wolfson 39:04

That's absolutely correct. You're stuck on your monthly rate. It's perfect.

D David Godlewski 39:09

Well, that's why you're seeing low inventory, right? Because if you're locked in at at 3%, what's the motivation?

C Christopher Conover 39:14

You don't want to get out to go to seven.

C Cathy Wolfson 39:16

They don't want to leave. That's correct. So a lot of people, but they will start leaving, they will start things happen in lives that are normal, and they will start leaving. But but right now they're pretty locked in and then when the home prices went up, it's kind of hard to believe that with a higher interest rates and whatnot. But we need to build more houses. That's our answer.

C Christopher Conover 39:36

All right. Well, we will leave it there. Thank you, all of you for coming in and hopefully shedding some light for our listeners.

C Cathy Wolfson 39:44

Appreciate you. Thank you for having us.

C Christopher Conover 39:46

That was David Godlewski, Jim Tofel and Kathy Wolfson. And that's The Buzz for this week. Tune in next week as we look at how political campaigns are spending their money. You can find all our episodes online at azpm.org. There you will also find the whole series Where to

Live? Subscribe to our show wherever you get your podcast just search for The Buzz Arizona. We're also on the NPR app. Zac Ziegler is our producer with production help from Desarae Tucker. Our music is by Edgar the Haggis, I'm Christopher Conover. Thanks for listening.



Nicole Cox 40:35

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