



YODER BUILDERS INC.

Builders • Developers

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Good afternoon, Chairman Laughlin, and members of the Senate Majority Policy Committee. I would like to thank everyone for the opportunity to testify this afternoon. My name is Nathan Yoder, and I am Vice President of Yoder Builders, Inc. Our company has been building, developing, and managing single-family, multi-family, and condominiums throughout rural Pennsylvania for over three generations. I am also a board member for the Council for Affordable and Rural Housing (C.A.R.H.), which is a national non-profit organization focused on federal affordable housing programs in the United States. I have also been a member of Borough Council for the Borough of Turbotville, in Northumberland County, for over 20 years.

Zoning

Throughout my thirty years as a developer, zoning has had minimal changes. Zoning ordinances have not been updated to current standards. This has caused developments to have much larger lot sizes, and that drives up the cost of land to a potential homebuyer. In developing multi-family housing, it makes it virtually impossible in most rural communities to accomplish any developing that makes financial sense. As our immediate area has been growing, planning between boroughs and townships does not seem to be of extreme importance. Because of the issues between the two government entities, this often results in tracts of land that are unusable. Some of this is by design by these government entities to stifle growth within the communities, and others is because of the difference between the two municipal codes. For example, townships are allowed to do certain things that boroughs are not, and vice-versa. Being an elected borough official, I understand the difficulty of updating the zoning ordinances because of the significant cost, and that, in turn, stifles the opportunity to create sustainable growth within communities. Many of the zoning ordinances that are seen today are often designed by third-party organizations and tend to be “cookie-cutter” ordinances. The appearance seems to be that there is not much input by professionals from the real estate and building industries.

Municipal Fees

One of the largest costs of developing and building in Pennsylvania today is municipal fees. Fees such as engineering reviews, stormwater, connection fees to services, and permitting. In one instance, our review fees on a nine-acre site were one and a half times the design engineer fees. Additionally, there are no concrete time limits to these reviews, and they can be prolonged for months. This adds additional cost for the design engineer due to added meetings and changes, which in turn increases the cost of a land parcel to the homebuyer. Another instance happened when we were finalizing our land development plan, and was approached by the township about increasing the width of their road that our property discharged onto. Due to the fact that the widening of the township road that directly discharged onto a state road, PennDot

required a traffic study. Upon the completion of the traffic study, PennDot would only issue a H.O.P. permit if we met the standards outlined by PennDot. This added another \$450,000 to our land development cost.

Municipal connection fees can be another extreme cost to developing a piece of ground. Not only is the developer responsible for installing all the piping, but also must pay to have it inspected by the municipality. Prior to any of this, the developer must also pay exorbitant fees to buy capacity for water and sewer. Upon the sale of a lot to the prospective homebuyer, the monthly fees charged by municipal systems for water and sewer are high in rural Pennsylvania. All of these fees culminate to mean a much higher price for the piece of land, as well as a further increase in the price of whatever is built on that land, whether single-family dwellings or condominiums.

Storm Water Requirements

Over the past two decades, storm water requirements set by the state has strangled development in rural Pennsylvania. Past conventional use of storm water ponds was minimal in size and cost; however, with the newer requirements, these ponds have become monsters. For example, when developing a piece of land today, calculations must include up-slope water. In other words, I have the added cost of retaining my neighbor's water. This means, on average, the storm water requirement must be increased by twenty percent. These requirements have created less usable land for housing. Another form that is now being utilized is underground storage, which, in some cases, can free up land; but the cost is staggering. These exorbitant costs directly impact the sale price of land.

Labor Shortage

Currently our construction company is experiencing an extreme shortage of qualified individuals, especially within the younger generation. When exploring and working with the local high schools and trade schools, the interest in construction is minimal. One reason for this is because of the working constraints of the co-op programs. These programs do not encourage any part of the construction field, mainly because of the scheduling constraints of the programs. It is extremely difficult to hire an individual within a co-op program because they can only work half-days, which is not conducive to the construction setting. In looking toward the future, a viable co-op program for the construction industry would be a wonderful benefit. As the volume of work has grown within the industry, we are only able to size our business to the current work force we have. This results in increased pricing and slower growth.

Conclusion

Our company, over the past 67 years, has benefitted in working within our surrounding communities. As a developer, I can tell you that the real numbers that impact housing costs are from the points I made above, not from the price of a 2x4 or a piece of sheeting. Construction materials are relative to the time frame you are building in, but the fees and requirements listed above are directly related to the area one is working in; and this can ultimately skyrocket the costs to an unaffordable realm, which in turn does not attract anyone, much less the younger generation, to a rural area. Since the housing crisis of 2009, our company has been very timid

about future land development because of the immense amount of up-front financial liability it takes to develop a piece of land. In closing, I would like to thank you again for the opportunity to testify today and would be happy to answer any questions you may have.