

2013 Building Inspection Year End Report

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The year 2013 brought a steady flow of construction activity to the Village of Kronenwetter. This was the third year that the Village of Kronenwetter has contracted with the Village of Weston to provide building inspection services. Scott Tatro has served as the Village's building inspector for the past three years, while Kronenwetter Staff continues to provide the building inspection administrative services to residents. Since the new process began in 2011, the number of building permits has gradually increased each year. Most recently in 2013, the Village issued a total of 189 building permits for the year. This number is up 5 percent from 2012 (179 permits issued) and 10 percent from 2011 (171 permits issued). In 2013, more permits were taken out for reroofing projects than any other type of work. In all, 44 roofing permits were issued. Some of the other permits that were more common in 2013 include those for electrical work (27), fences (22), single family homes (20), and garages (16).

As noted above, the Village experienced the construction of 20 single family residential homes in 2013; a rate that has been pretty constant in recent years. In fact, 2010 saw the construction of 24 new single family homes. While 2011 saw that number drop to 16, 20 single family home permits were issued consecutively in 2012 and 2013. Also in 2013, 4 additional condominium units were constructed at Golden Pond to conclude that development. Local developer SJM has finished its build-out of the Whispering Winds Subdivision as well. Due to the completion of these developments, the Village is not anticipated to gain very many new single family homes in 2014.

Commercial construction activity has been minimal but consistent in the past two years. 2012 saw a single commercial building permit issued for JX Truck Center. In 2013 a single permit was issued to T & L Storage for construction of a mini storage facility at the corner of Old Highway 51 and O'Keefe Drive. This particular permit is part one of a three-phase development that will span a few years. Therefore, the Village can expect at least 1 new commercial building in 2014.

Another measurement to show how construction has affected the Village can be seen by reviewing the estimated building cost of all the projects in each of the past several years. In 2009, 182 permits estimated a building cost of approximately \$8.0 million. In 2010, 179 permits estimated a value that shrank to \$5.9 million while 171 permits taken out in 2011 estimated \$3.8 million. That number rebounded to \$8.9 million in 2012 only to fall back to \$5.9 million in 2013. The biggest factor in the fluctuation of these numbers can be attributed to the change in the number of single family residential homes, multi-family or commercial construction on a year by year basis. Larger numbers of new residential and commercial construction have historically correlated with higher estimated building costs for the Village. Another cause for fluctuating cost estimates is the variation in the type of projects and their individual costs. For example, in 2012 the estimated cost of the JX Truck Center alone was \$3.9 million. This would have a dramatic influence on the total cost estimate for all projects that year.

According to the 2014 Dodge Construction Outlook the Village can expect to see a moderate increase in building activity in 2014 with single family housing leading the way and commercial building gradually climbing from low levels. Based on research of specific construction market sectors, the 2014 Dodge Construction Outlook predicts that construction starts will rise 9 percent in 2014. Single family housing is specifically forecasted to grow by a 24% increase in units. According to this outlook, there are numerous positives for single family housing in the coming year - the pace of foreclosures has eased, home prices are rising, and mortgage rates remain near recent lows. However, the demand for housing will continue to be restrained by careful bank lending practices towards issuing mortgages. According to this same outlook commercial building will also increase at a slightly faster pace than what was previously estimated for 2013. A 17% increase is forecasted for 2014.