

**CITY OF BUFFALO
DEPARTMENT OF AUDIT AND CONTROL**

**INFORMATIONAL REPORT
ON
U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT
HOME PROGRAM
CONSTRUCTION COSTS OF SINGLE
AND MULTI-FAMILY HOUSING**

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Overview

This report focuses on the City of Buffalo expenditures of the U.S. Department of Housing and Urban Development HOME Investment Partnerships Program (HOME). HOME provides grants to localities which are used, often in partnership with local nonprofit groups, to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. The City of Buffalo (the City) was awarded \$2.4 million in 2016 and \$2.4 million 2015. The Office of Strategic Planning (OSP) administers the HOME funds for the City. Details of the allocation of HOME program funds are documented in the annual action plan (links below).

[2016 Annual Action Plan](#)

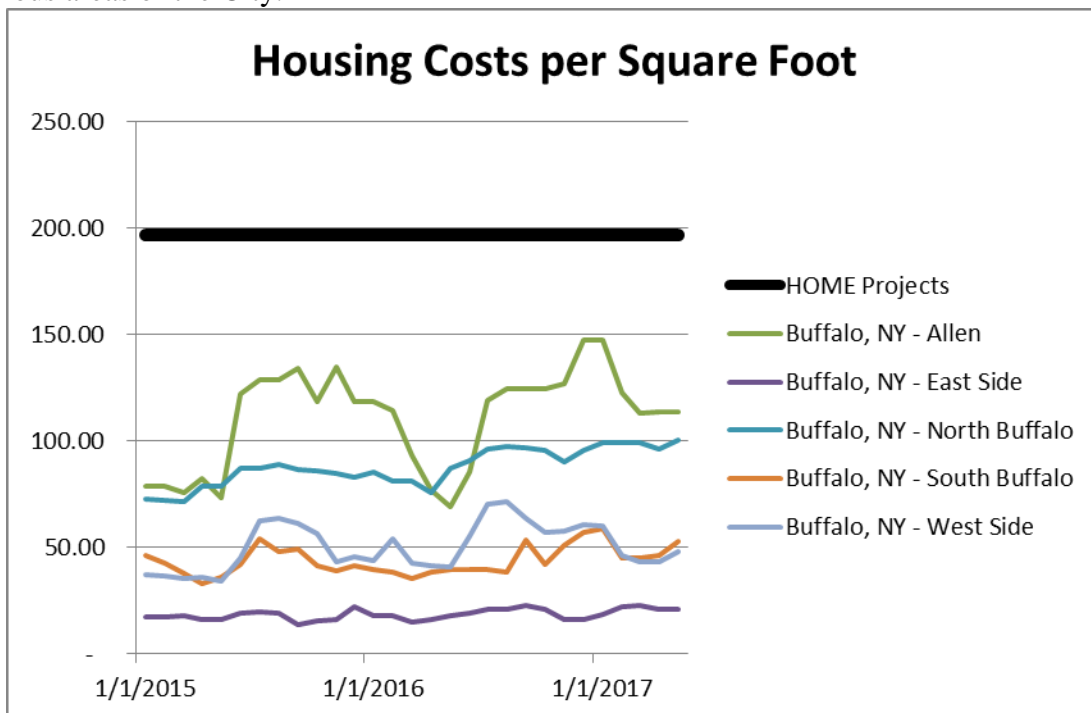
[2015 Annual Action Plan](#)

The Department of Audit and Control (DAC) compiled the cost of 11 HOME projects, consisting of five single unit, five two-unit and one three-unit residences. Ten projects were rehabilitations, and one single family residence was a new build. See exhibit B (attached to the end of the report) for a map showing the locations of the projects.

DAC compared the cost of the HOME Projects to the City's residential housing sales. DAC also summarized specific costs of the HOME projects below, and provided detailed costs by project in exhibit A.

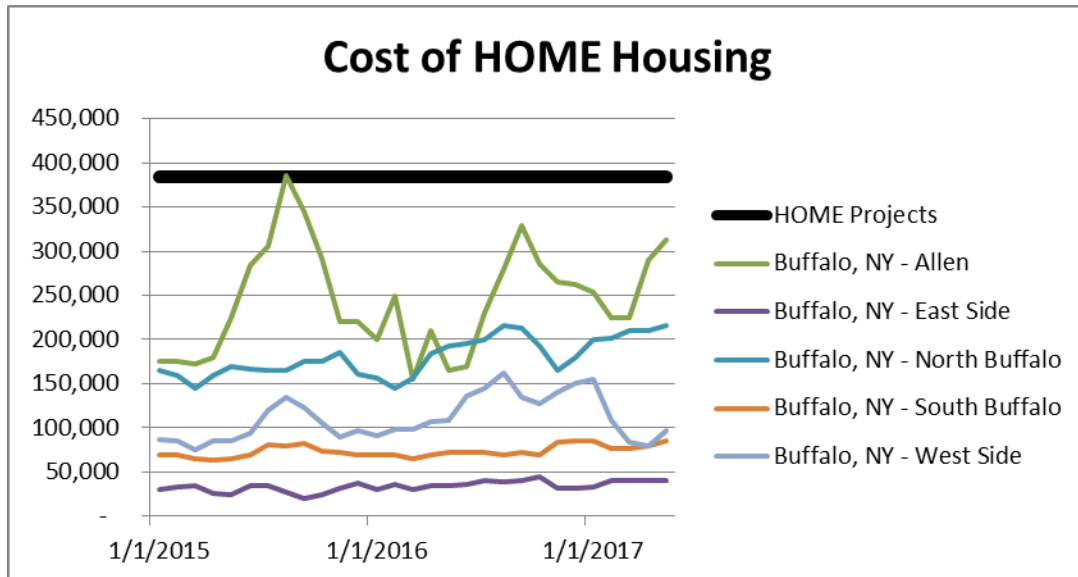
Average Cost per Square Foot of a HOME Project Compared to Sale Prices in the City

The average cost per square foot of the 11 HOME projects was \$197. Per [Redfin.com](#), residential sale prices in the City averaged approximately \$80 per square foot over the last three years. The chart below shows the cost per square foot of the HOME projects compared with per square foot sale prices of residential properties (includes both single and multi-family residences) in various areas of the City.



Average Cost per HOME Project compared to Sale Prices in Buffalo

The HOME projects average cost was \$436,803. The average sale price of a residence (includes both single and multi-family residences) in Buffalo averaged approximately \$112,000 over the last three years. The chart below shows the average cost of a HOME project compared with the sale prices of a residence in the City.



Specific Costs

The 11 HOME projects analyzed consisted of 18 units containing 48 total bedrooms with a total cost of over \$4.8 million. The average costs were \$436,803 per project, \$266,935 per unit and \$100,101 per bedroom. The HOME projects consist of builder costs (construction cost charged by the contractor) and soft costs (other costs not related to construction). Below is a summary of selected costs.

The builder costs averaged \$385,063 per HOME project. The following are builder costs:

- Contingency costs are included in 6 of the 11 projects. These costs, charged by the building contractor, range from \$8,500 to \$69,000 per project. The \$69,000 was for 993 Kensington. Based on review of the contracts and other documentation it is unclear what these contingency costs consist of.
- Contractor Profit was included in 4 of the projects, ranging from \$26,000 to \$43,000 per project. The \$43,000 contractor profit was for 993 Kensington, which is in addition to the \$69,000 contingency cost.
- Flooring averaged \$6.65 per square foot, with a high of \$9.31 per square foot at 993 Kensington.
- The cost of appliances averaged \$4,800 per single-family residence. Assuming the 5 major appliances are a refrigerator, stove, washing machine, dryer and a dishwasher, that would be an average cost of nearly \$1,000 per appliance.
- Mirrors, blinds and accessories averaged \$4,603 per project.

The soft costs averaged \$51,740 per HOME project. Per OSP these costs ensure compliance with federal guidelines, legal fees, removal of contaminants and studies such as noise and marketing.

- Soft cost contingency averaged approximately \$5,000 per project. Based on a review of the contracts and other documents, it is unclear what benefit is received for this cost.
- Developer fee averaged over \$11,000 per project. It is unclear what benefit is received for this cost.
- Broker fees averaged approximately \$4,000 per project. It is unclear what benefit is received for this cost.
- In addition to a broker fee an additional \$1,750 per project was spent on marketing. It is unclear what benefit was received for this cost.

Conclusion

The HOME funds provide a great opportunity to improve the City of Buffalo. It is imperative that the City selects projects that can provide the greatest value to the taxpayers and the eligible residents. Management should determine methods to reduce costs to allow this program to help more residents than were served by the projects reviewed in this report.

EXHIBIT A

HOME Project Costs

Builder	Single Family					Multi-Family						Total	Average
	Burke	Burke	Lamperelli	Lamperelli	Burke	Burke	Burke	Burke	Lamperelli	Lamperelli			
Location	175 Laurel	207 Laurel	21 S. Ryan	933 Fillmore	174 East	260 Laurel	309 Riley	260 Northampton 245 Dearborn		928 Fillmore	993 Kensington		
Builder Costs	\$ 311,980	\$ 320,816	\$ 276,630	\$ 344,966	\$ 292,160	\$ 354,477	\$ 351,927	\$ 377,379	\$ 465,700	\$ 468,160	\$ 671,500	\$ 4,235,695	\$ 385,063
Soft Costs	\$ 42,342	\$ 66,092	\$ 30,544	\$ 32,252	\$ 42,400	\$ 69,167	\$ 58,227	\$ 66,917	\$ 57,900	\$ 31,802	\$ 71,500	\$ 569,143	\$ 51,740
Total Costs	<u>\$ 354,322</u>	<u>\$ 386,908</u>	<u>\$ 307,174</u>	<u>\$ 377,218</u>	<u>\$ 334,560</u>	<u>\$ 423,644</u>	<u>\$ 410,154</u>	<u>\$ 444,296</u>	<u>\$ 523,600</u>	<u>\$ 499,962</u>	<u>\$ 743,000</u>	<u>\$ 4,804,838</u>	<u>\$ 436,803</u>
Square Feet	1,754	1,584	1,041	1,750	1,664	2,764	2,484	3,238	2,634	2,267	3,221	24,401	2,218
Builder Costs - Per sq. ft.	\$ 178	\$ 203	\$ 266	\$ 197	\$ 176	\$ 128	\$ 142	\$ 117	\$ 177	\$ 207	\$ 208		\$ 174
Soft Costs - per sq. ft.	\$ 24	\$ 42	\$ 29	\$ 18	\$ 25	\$ 25	\$ 23	\$ 21	\$ 22	\$ 14	\$ 22		\$ 23
Total Costs - per sq. ft.	<u>\$ 202</u>	<u>\$ 244</u>	<u>\$ 295</u>	<u>\$ 216</u>	<u>\$ 201</u>	<u>\$ 153</u>	<u>\$ 165</u>	<u>\$ 137</u>	<u>\$ 199</u>	<u>\$ 221</u>	<u>\$ 231</u>		<u>\$ 197</u>

Number of Units/Cost per Unit	1	1	1	1	1	2	2	2	2	2	3	18	\$ 266,935
Number of Bedrooms/Cost per Bed	3	3	3	4	4	4	4	5	4	5	9	48	\$ 100,101

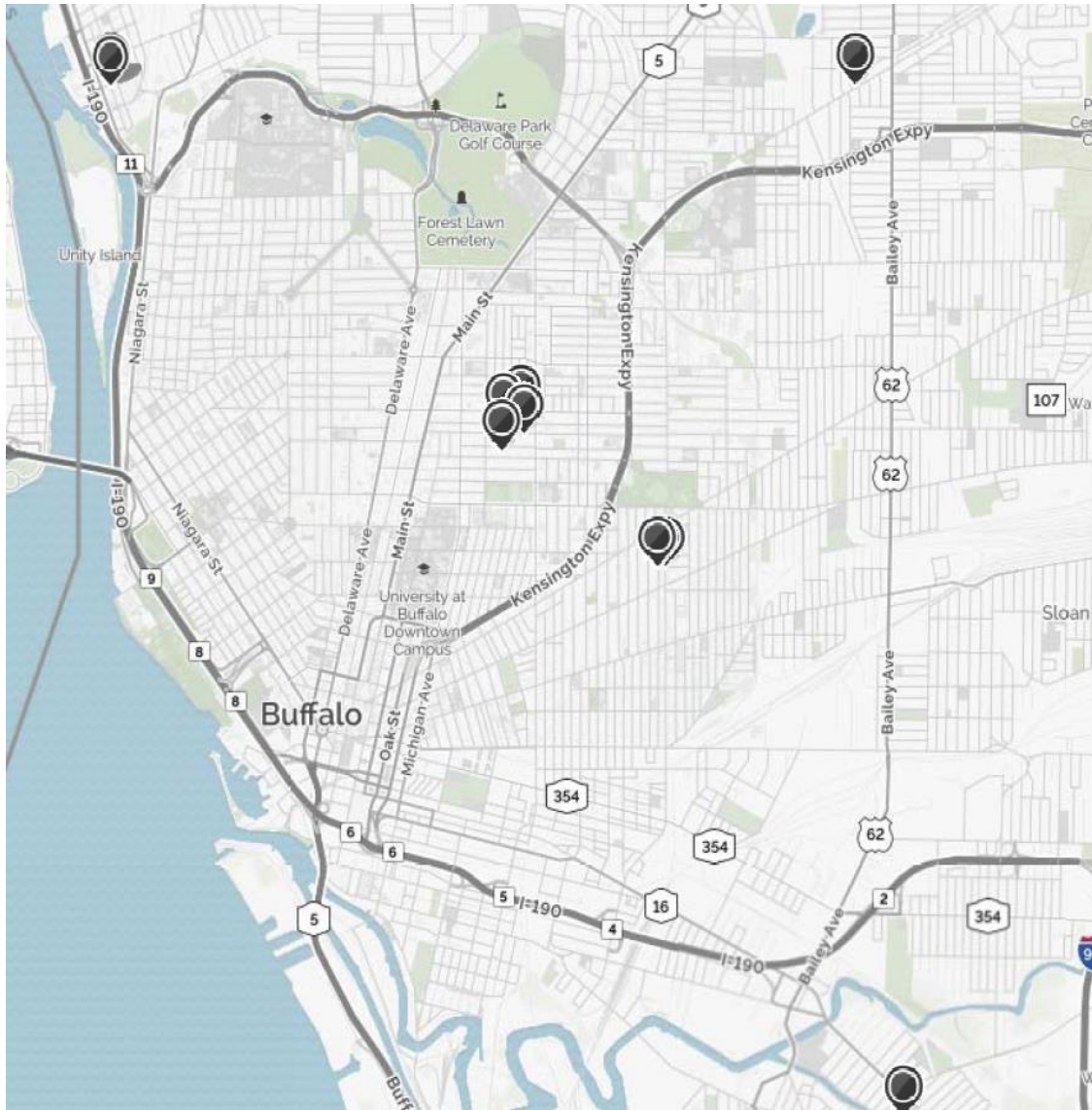
Detailed Cost Per Location

Builder Costs:													
Appliances	\$ 5,150	\$ 4,950	\$ 5,100	\$ 5,100	\$ 3,653	\$ 7,700	\$ 7,701	\$ 7,600	\$ 5,905	\$ 5,100	\$ 15,400	\$ 73,359	\$ 6,669
Asbestos Abate/Air Monitoring	-	-	3,700	18,500	-	-	-	-	-	116,000	-	138,200	12,564
Bond	10,500	10,250	-	-	-	11,405	10,350	10,500	-	-	-	53,005	4,819
Cabinets & Countertops	5,820	5,600	7,800	5,400	7,200	10,500	10,715	10,075	17,250	12,000	32,000	124,360	11,305
Carpentry & Trim	52,650	51,350	5,300	15,560	44,505	47,285	55,195	56,050	58,405	16,920	23,000	426,220	38,747
Contingency	-	-	13,200	17,100	8,500	-	-	-	27,000	22,300	69,401	157,501	14,318
Contractor Fee/Profit	-	-	26,465	31,651	-	-	-	-	-	41,773	43,791	143,680	13,062
Deck & Stair	-	-	4,000	3,400	-	-	-	-	-	1,500	-	8,900	809
Demolition	35,850	29,850	4,000	6,000	18,600	37,600	31,550	34,600	62,675	4,000	55,000	319,725	29,066
Drywall	18,300	14,200	18,000	21,000	12,240	21,950	19,690	24,351	31,150	21,000	36,000	237,881	21,626
Electrical	14,500	11,300	7,936	10,977	9,512	18,700	17,300	15,900	15,150	14,622	40,800	176,697	16,063
Fencing	3,050	6,150	-	-	1,200	6,525	6,400	3,100	1,850	-	900	29,175	2,652
Flooring	11,015	8,500	8,982	14,722	11,665	13,050	11,670	13,800	14,865	14,287	39,598	162,154	14,741
Foundation & Concrete	39,850	65,235	9,620	6,080	38,750	40,700	47,050	44,300	26,150	6,460	22,100	346,295	31,481
Framing	-	-	37,000	46,000	-	-	-	-	-	41,000	24,800	148,800	13,527
General Conditions/Misc	12,620	8,911	4,790	4,810	-	10,944	11,167	12,393	12,120	4,810	38,000	120,565	10,960
HVAC	9,450	9,100	11,625	11,700	9,600	14,975	15,050	14,800	9,000	19,500	36,000	160,800	14,618
Insulation	4,050	2,300	6,860	8,980	3,975	4,575	3,260	4,310	8,050	8,900	10,650	65,910	5,992
Landscaping	-	-	3,400	3,400	-	-	-	-	-	3,400	2,800	13,000	1,182
Lead Abatement	-	-	15,950	21,000	-	-	-	-	-	9,100	-	46,050	4,186
Mirrors, Blinds and Access.	4,025	3,750	4,000	4,500	3,030	5,123	4,583	5,125	2,800	5,000	8,700	50,636	4,603
Painting	10,600	8,325	7,260	6,190	7,170	13,050	11,650	14,150	18,000	7,630	16,400	120,425	10,948
Permit	-	-	1,200	1,200	1,430	-	-	-	5,350	1,200	-	10,380	944
Plumbing	13,450	12,725	9,000	14,200	13,530	23,650	20,215	24,450	28,010	22,200	28,800	210,230	19,112
Roofing & Siding	20,700	21,310	28,215	32,400	7,350	20,850	19,050	30,175	22,900	32,500	18,800	254,250	23,114
Siding and Exterior Trim	21,600	21,400	-	-	20,660	23,385	21,431	29,950	35,045	-	26,000	199,471	18,134
Site Utilities	5,700	4,600	5,600	5,600	11,280	4,550	4,800	5,300	14,650	5,600	-	67,680	6,153
Sitework	7,150	14,500	12,000	13,000	51,760	9,260	16,500	9,550	21,500	13,000	50,000	218,220	19,838
Supervision	-	-	8,970	8,970	-	-	-	-	-	8,970	-	26,910	2,446
Windows and Exterior Doors	5,950	6,510	6,657	7,526	6,550	8,700	6,600	6,900	27,875	9,388	32,560	125,216	11,383
Total Builder Costs	<u>\$ 311,980</u>	<u>\$ 320,816</u>	<u>\$ 276,630</u>	<u>\$ 344,966</u>	<u>\$ 292,160</u>	<u>\$ 354,477</u>	<u>\$ 351,927</u>	<u>\$ 377,379</u>	<u>\$ 465,700</u>	<u>\$ 468,160</u>	<u>\$ 671,500</u>	<u>\$ 4,235,695</u>	<u>\$ 385,063</u>

Builder	Single Family					Multi-Family						Total	Average	
	Burke	Burke	Lamperelli	Lamperelli	Burke	Burke	Burke	Burke	Burke	Lamperelli	Lamperelli			
Location	175 Laurel	207 Laurel	21 S. Ryan	933 Fillmore	174 East	260 Laurel	309 Riley	260 Northampton 245 Dearborn		928 Fillmore	993 Kensington			
Soft Costs:														
Address Permits	\$ 100	\$ 100	\$ -	\$ -	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ -	\$ -	\$ 700	\$ 64	
Appraisal Fees	300	300	300	300	300	300	300	300	300	300	600	3,600	327	
Architect Fee	-	-	500	500	6,500	-	-	-	2,000	500	8,500	18,500	1,682	
Asbestos Abate/Air Monitoring	8,232	14,750	-	-	-	19,825	8,345	32,537	10,000	-	-	93,689	8,517	
Broker Fees	5,000	5,000	1,500	1,500	6,000	5,000	5,000	5,000	6,000	1,500	-	41,500	3,773	
Utilities & Taxes	2,000	2,000	4,000	4,000	2,500	2,000	2,000	2,000	2,500	4,000	1,582	28,582	2,598	
Developer Fee	8,000	8,000	10,000	10,000	7,882	8,000	8,000	8,000	14,364	10,000	35,400	127,646	11,604	
Environmental - Surveys	1,250	3,212	1,635	3,076	4,700	3,212	3,212	1,250	3,000	2,247	5,960	32,754	2,978	
Insurance	4,400	4,400	4,639	4,906	2,000	4,400	4,400	4,400	2,000	5,285	1,210	42,040	3,822	
Legal	2,500	2,500	4,000	4,000	9,118	2,500	2,500	2,500	9,636	4,000	-	43,254	3,932	
Marketing	3,500	3,500	250	250	500	3,500	3,500	3,500	500	250	-	19,250	1,750	
Signage	85	85	388	388	700	85	85	85	700	388	-	2,989	272	
Site Plan Review	280	550	-	-	100	550	550	550	100	-	-	2,680	244	
Site Security	1,000	1,000	-	-	1,000	1,000	1,000	1,000	1,000	-	-	7,000	636	
Snow Plowing	-	-	800	800	-	-	-	-	-	800	-	2,400	218	
Soft Cost Contingency	5,000	5,000	2,000	2,000	300	5,000	5,000	5,000	5,000	2,000	17,593	53,893	4,899	
Soil Remediation	-	15,000	-	-	-	13,000	13,540	-	-	-	-	41,540	3,776	
Surveys and as Builts	695	695	532	532	700	695	695	695	700	532	655	7,126	648	
Total Soft Costs	\$ 42,342	\$ 66,092	\$ 30,544	\$ 32,252	\$ 42,400	\$ 69,167	\$ 58,227	\$ 66,917	\$ 57,900	\$ 31,802	\$ 71,500	\$ 569,143	\$ 51,740	

EXHIBIT B

HOME Project Locations



HOME Project Addresses

175 Laurel St

207 Laurel St

21 S. Ryan St

933 Fillmore Ave

174 East St

260 Laurel St

309 Riley St

260 Northampton St

245 Dearborn St

928 Fillmore Ave

993 Kensington Ave