Plan addresses housing shortage

By dropping the price of seven lots it owns in northeast Gothenburg, the Community Redevelopment Authority (RDA) hopes to entice builders to construct spec homes.

Through a new RDA Spec Home Development Program, $7,000 will be cut from the price of a lot if building begins within 90 days.

Within a year from the date of the first housing agreement, the lot price for a second spec home will drop by $10,000 if the developer enters into another agreement.

“With the demand for housing this is great to see,” said RDA member John Kreuscher, noting that new housing not only affects contractors but also those who provide materials and dirt and concrete work, sprinkler systems and more.

Kreuscher said the shortage of homes in Gothenburg limits the town’s growth.

“This is a good plan to get new housing units built for single families,” he said.

Paying between $20,000 and $30,000 for a lot before construction even starts is big chunk of money for contractors, said Kent Kline, owner of Kline Construction.

“That’s the biggest deterrent to the building of new homes,” he said.

Not only is the program attractive to contractors because of lowered lot prices, Kline said, but also because developers don’t have to pay for the lot until the spec home is built and sold.

Kline said he's encouraged other contractors to try the program, to buy materials locally and use local subcontractors if possible.

"The RDA is doing a good job of helping us out so it's easier financially to get through the whole project," Kline said.

Criteria for the development of spec homes on the lots includes such things as minimum square footage.

South-facing lots, along 25th Street, must have at least 1,700 square feet of living space while north-facing lots must support homes with a minimum size of 1,300 square feet.

The contractor said house prices will vary according to style and location.

Kline said he's planning to build at least one home through the program if his plan is approved at the RDA's next meeting on Aug. 15.

Breaking ground for a spec home could happen shortly after Labor Day, he said.

Kline said the RDA won't lose money by offering the program because homes built on the lots will generate more in property taxes than empty lots.

With input from contractors, GIC members came up with suggested guidelines for the program, said Gothenburg Improvement Company's housing committee chair Rick Zarek.

RDA members then refined the guidelines.

“The GIC is really excited about the prospect of having homes started here,” Zarek said.

Developers interested in building spec homes on the lots are asked to contact city officials at 537-3668.

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