Iowa Housing Market Data

- Our industry employs over 60,000 Iowans earning nearly $1 billion annually.
- Iowa boasts a 73.8% home ownership rate compared to the National avg. of 67.15%
- Iowa's median value of homes owned is $95,901
- Iowa's average property tax rate per $1000 valuation is 12.87 compared to the national average of 11.27
- For the past 10 years Iowa has averaged 13,500 new units - single & multi family housing
- 2005 housing permits topped 16,000 units with a valuation of over 2.3 billion dollars.
- 2006 housing permits were down 20% statewide less than 11,000 units constructed.
- 2007 building permit estimates indicate Iowa will be at a 10 year low with total units built just over 10,000 based upon US Census data for the current year.
- A home price increase of $5000 would cause over 23,300 Iowans to be priced out of buying a median value home.
- A mortgage rate increase of 25 basis points would price out over 9500 Iowans from this same median value home.

* statistics from US Census Bureau 2000 & 2004 and 2004 American Community Survey tabulated by National Association of Home Builders.

Regulatory Fees – the base fee of most homes includes several thousands of dollars in fees before the ground is even broken to construct the home. These fees are passed on directly to the home owner and can prevent Iowans from being able to purchase their new home.

In 2002, the Iowa Supreme Court ruled in case No. 201 / 99-2025 & 00-0351 that **"impact fees"** are illegal. These are additional fees that cities tack on to the cost of housing permits because they believe housing creates a negative dollar impact upon their community. **In reality housing carries its own weight through:**

- **Increased jobs and wages** in the community.
- **Materials** for the home are often purchased within the trade area of the community.
- New homes **increase the property tax base.**
- New **residents increase the overall tax base.** They buy their goods and services in their community and they become volunteers, donate to local causes and are often employed within the community they live.

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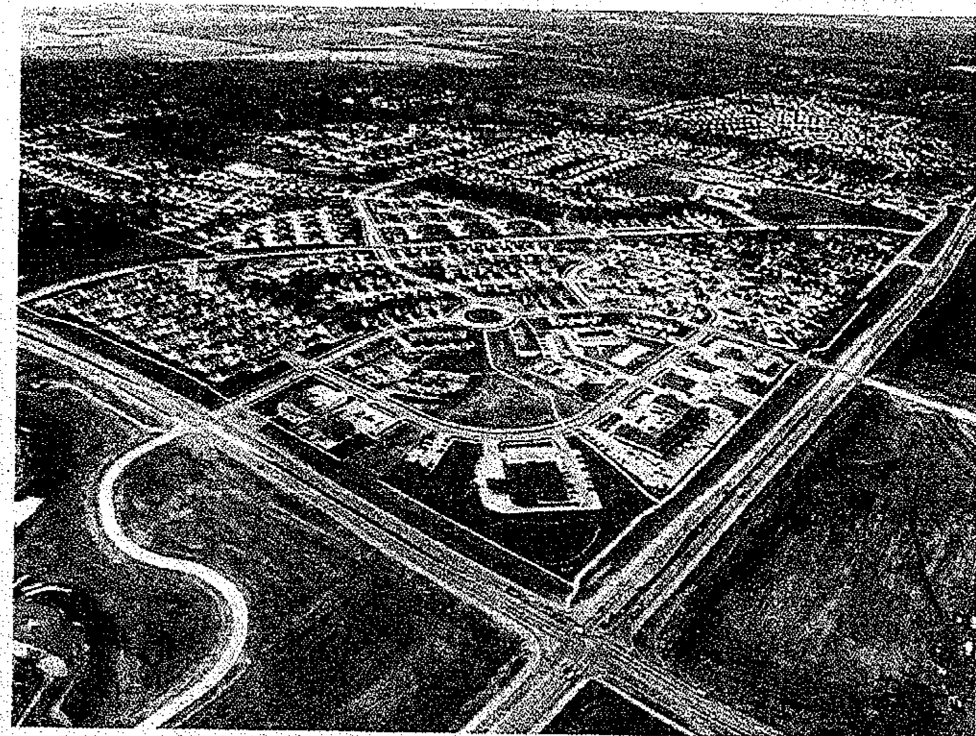
Count the ways:

Residential growth benefits everyone



PHOTOS SPECIAL TO THE REGISTER

Savannah Homes' White Birch development in Ankeny, above, is bordered by Oralabor Road and Second Avenue. Below is an example of public art the company has donated to a development.

City councils are faced with a dilemma concerning new development. On one hand, they want new residents and the new businesses and jobs that follow. On the other, new development brings complaints from existing residents (voters) and environmental groups because of three misconceptions:

MYTH 1: The city pays for improvements at new developments.

Ted
GROB

Fact: Residential developers pay for improvements, many of which must be guaranteed for four years.

Two years ago, my company developed a 90-acre parcel that will add $68 million of new construction, 750 new residents to use local commerce, $13 million in new office buildings, 25 new businesses and 50 to 100 new permanent jobs. We installed, paid for and gave to the city $93,000 worth of turn lanes, 2.5 miles of new streets, a half-acre storm-water detention pond with fountains, half of a 1,330-foot bike trail, a $150,000, tree-lined 2.5-acre park, 57 new streetlights, $35,000 worth of handicap ramps and 8.5 miles of new storm sewer, sanitary sewer and water lines. We also donated $26,000 in public art. Plus, we paid $55,000 in inspection fees.

Would the situation have changed had we been Kodak coming to town, promising this dollar investment and these employment numbers? Is it conceivable that city officials would have waived many requirements and met us at the edge of town with a key to the city? Most just levy new fees, increase old ones and implement new regulations.

MYTH 2: Existing property owners are harmed.

Fact: Homeowner equities, which represent 75 percent of the wealth in the United States, put this false perception to rest. They explain why new residential growth is valuable to communities and to a greater extent, their citizens.

The proof also is in a new report that Iowa Research and Appraisal recently completed for the Home Builders Association of Greater Des Moines. The report, "Analysis of the Effects of Construction Activity on Residential Real Estate," compares two Iowa communities with virtually the same populations: slow-growing Fort Dodge and fast-growing Ankeny.

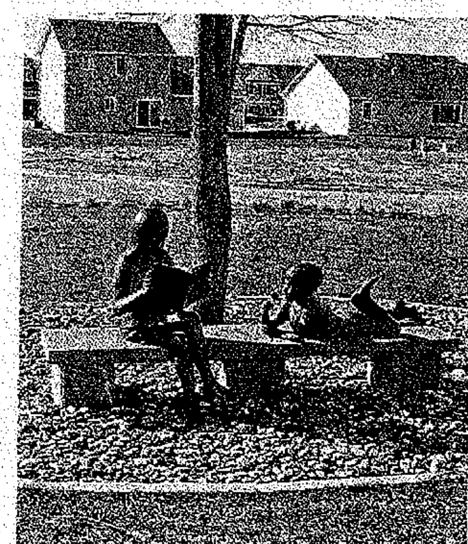
Over a six-year period, residents in Ankeny saw the equity in their homes increase almost three times faster than did those in Fort Dodge, the study shows. An average Ankeny home increased in value by $48,000, while an average Fort Dodge home gained $17,000. Ankeny issued 5,670 building permits and Fort Dodge only 158. (A copy of the study is available from the association for $50.)

Existing residents of growing communities benefit in six ways: They see a greater increase in their net worth. They make more money when they sell. They can use equity to start a small business. They have money to borrow via tax-deductible loans. Seniors can tap into home equity via reverse mortgages, which allow them to stay in their homes longer. (In the past decade, such mortgages have increased tenfold.) Finally, new houses attract highly taxable new commercial operators and the jobs they bring.

MYTH 3: Residential development doesn't pay its own way.

Fact: If this perception is accurate, why do some communities offer tax abatement to encourage home building or sue each other to see who is going to annex the next parcel of land? Why are builders offered free lots in cities with no growth to come there to build? Why do commercial users such as Jordan Creek Town Center locate in cities with the fastest residential growth?

The greatest paradox of residential development is that existing residents who own homes, like shopping conveniences and realize financial gains complain to community leaders about new neighbors who want to do the same.



TED GROB is the president/owner of Savannah Homes, a residential and commercial developer and builder based in West Des Moines. He is a board member of the Developers Council, a subcommittee of the Home Builders Association of Greater Des Moines.