A83900

24

06R-114

Introduce: 6-12-06

RESOLUTION NO. A- 83900

Amended 6/26/06

BE IT RESOLVED by the City Council of the City of Lincoln, Nebraska:

That the agreement titled Highland View Conditional Annexation and Zoning Agreement, which is attached hereto, marked as Attachment "A" and made a part hereof by reference, between the City of Lincoln and Highlands Prairie Village LLC, outlining certain conditions and understandings relating to the annexation of approximately 154.77 acres of property in one or more phases generally located at ~~S.W.~~ N.W. 12th Street and Alvo Road, is approved.

BE IT FURTHER RESOLVED that the Mayor is authorized to execute the Annexation Agreement on behalf of the City.

6/29

BE IT FURTHER RESOLVED that the City Clerk is directed to return two fully executed copies of this Agreement to Rick Peo, Chief Assistant City Attorney, for distribution to the Owner.

BE IT FURTHER RESOLVED that the City Clerk is directed to record the Annexation Agreement or a summary memorandum thereof with the Register of Deeds, filing fees to be paid by the Owner.

See further Council Proceedings on next page.

Introduced by:

AYES: Camp, Cook, Eschliman, Marvin, McRoy, Newman, Svoboda; NAYS: None.

Approved as to Form and Legality:

Asst City Attorney

ADOPTED

JUN 2 6 2006

BY CITY COUNCIL

Approved this 29 day of June, 2006:

Mayor

06R-114

6/26/06 Council Proceedings:

SVOBODA Moved to pass the ordinance as read.
Seconded by Cook.

SVOBODA Moved to amend Bill 06R-114 to accept the substitute newly signed Agreement.
Seconded by Cook & carried by the following vote: AYES: Camp, Cook, Eschliman, Marvin, McRoy, Newman, Svoboda; NAYS: None.

COOK Moved to amend Bill 06R-114 in the following manner: On page 1, line 6, strike out "S.W." & insert in lieu thereof "N.W."
Seconded by Svoboda & carried by the following vote: AYES: Camp, Cook, Eschliman, Marvin, McRoy, Newman, Svoboda; NAYS: None.

#24

06R-114

MOTION TO AMEND NO. 1

I hereby move to amend Bill No. 06R-114 by substituting the attached Highland View Conditional Annexation and Zoning Agreement dated 6-15-06.

Introduced by:

AYES: Camp, Cook, Eschliman, Marvin, McRoy, Newman, Svoboda; NAYS: None.

Approved as to Form & Legality:

City Attorney

Requested by: Planning Dept. and Peter Katt

Reason for Request:

ADOPTED

JUN 2 6 2006

BY CITY COUNCIL

Paragraph 6 B revisions:

B. Alvo Road Construction. No lots abutting Alvo Road shall be final platted until Alvo Road ~~has been graded to the finish elevation~~ adjoining ~~those~~ lots has been constructed or a surety has been posted as an Arterial Street Impact Fee Facility Improvement ~~capable to be improved~~ with two lanes of permanent concrete pavement with curb and gutter shifted to one side of the centerline. No access to Alvo Road shall be taken from the property except as provided for in paragraph 7 (A). This permanent concrete paving of Alvo Road shall include left-turn lanes and right-turn lanes at all intersections at a length and width acceptable to the City's Department of Public Works and Utilities. Alvo Road shall be constructed through the City's executive order process and construction contracts shall be let only after competitive bidding in accordance with City procedures.

CITY OF LINCOLN

Request for: ☐ Ordinance ☒ Resolution

(Do Not Write in this Space)
Bill Control No. 06R-114 Date: 6/2
Docketing Date 6/12; PH: 6-19-06
(To Be Entered by City Clerk)

DATE May23, 2006	REQUEST MADE BY Rick Peo	DEPARTMENT Law
DESIRED DOCKET DATE: June 12, 2006	IF EMERGENCY, GIVE REASON (See Art. 6, Sec. 2 of Charter)	
Emergency Measure Required: ☐ Yes ☒ No		

REASONS OR JUSTIFICATION FOR PROPOSED LEGISLATION

To approve the Highland View Conditional Annexation and Zoning Agreement between the City and Highlands Prairie Village LLC, relating to the annexation of approximately 154.77 acres of property generally located at S.W. 12th Street and Alvo Road.

N.W.

06R-114
06-93 annex 05004
06-94 CoZ 05022

FILED

MAY 2 4 2006

CITY CLERK'S OFFICE
LINCOLN, NEBRASKA

REQUESTOR ☐ DOES ☐ DOES NOT WISH TO REVIEW AND APPROVE THIS ORDINANCE PRIOR TO ITS INTRODUCTION	Rick Peo DIRECTOR'S SIGNATURE	5-23-06 DATE

TO BE USED BY THE FINANCE DEPARTMENT

BUDGET REVIEW DATE:	ACCOUNT NUMBER AND APPROPRIATE BALANCES DATE:	FUND AVAILABILITY APPROVED DATE: DIRECTOR OF FINANCE SIGNATURE

DISTRIBUTION
Return two (2) copies to City Clerk for Docket Number

~~HIGHLAND VIEW~~

CONDITIONAL ANNEXATION AND ZONING AGREEMENT

This Highland View Conditional Annexation and Zoning Agreement ("Agreement") is made and entered into this 26th day of June, 2006, by and between **Highlands Prairie Village, LLC,** a Nebraska limited liability company, hereinafter referred to as "Owner," and the **City of Lincoln, Nebraska,** a municipal corporation, hereinafter referred to as "City."

RECITALS

A. Owner has requested the City to annex approximately 154.77 acres more or less of land generally located at NW 12th Street and Alvo Road. The approximately 154.77 acres is hereinafter referred to as the "Property" and is legally described on Exhibit A attached hereto.

B. Owner has requested a Change of Zone to rezone the Property from AG Agriculture District to R-3 Residential District.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties do agree as follows:

1. **Annexation by the City**. The City agrees to annex the Property in phases and as part of approving and accepting final plats of the Property.

2. **Change of Zone.** The City agrees to approve the Change of Zone.

3. **Water Main.**

A. Construction. Owner agrees to construct a 16-inch water main in NW 12th Street from Alvo Road south to West Little Bear and a 12-inch water main internally through the Property. The water mains shall be constructed through the City's executive order process and construction contracts shall be let only after competitive bidding in accordance with City procedures.

B. Reimbursement. City agrees to use its best efforts to reimburse Owner for the cost of the 16-inch water main in Fiscal Year 2011/2012. The City further agrees to reimburse Owner for the difference between the cost of the 12-inch water main and the cost of a typical 6-inch water main following completion of construction.

C. Reimbursement.

(1) Directed Water Distribution Impact Fees. The City agrees to reimburse Owner for the cost to construct the 16-inch water main from Directed Water Distribution Impact Fees up to the Directed Water Distribution Impact Fee Amount of $218,246.00 which reflects the amount attributable to 100% development of the proposed development of the Property in 2006 based upon the 2006 Water Distribution Impact Fee Schedule. Reimbursement shall be subject to the following conditions:

(a) The reimbursement shall be repaid quarterly from Water Distribution Impact Fees collected from the Property;

(b) Owner shall not be entitled to any reimbursement of said connection fee in excess of Impact Fees actually received;

(c) Any reimbursement to be paid from such Impact Fees shall not constitute a general obligation or debt of the City.

(2) Owner's Cost in Excess of Directed Water Distribution Impact Fees. In the event Owner's costs for construction of the 16-inch water main are in excess of the Directed Water Distribution Impact Fee Amount of $218,245.00, the City agrees to use its best efforts to reimburse Owner with interest for the excess costs from other Water Distribution Impact Fees collected from this and/or other developments within the same benefit district within eleven years from the date the water main is substantially completed as determined by the City. Reimbursement from Impact Fees shall be subject to the same conditions listed in subparagraph B.(1) above. Interest on the outstanding balance shall draw interest at the rate of 2% per annum, provided, however interest shall not begin to accrue until Owner pays the connection fee. Notwithstanding the above, the City's best efforts to reimburse Owner with Impact Fees collected from other development within the same benefit district does not restrict the City from agreeing to reimburse future developers within the same benefit district from Directed Impact Fees collected against the entire development of their property if those developers fund the construction of Water Distribution Impact Fee Facility Improvements. If a developer does not fund the construction of Water Distribution Impact Fee Facility Improvements, the Impact Fees that are collected from that development shall be used to pay the oldest reimbursement obligation that the City may have in the same benefit district.

4. Sanitary Sewer.

A. Construction. Owner understands and acknowledges that the Property is not sewerable until a public sanitary sewer is extended from the Property to NW 27th Street and that said extension is not shown in the City's six-year Capitol Improvement Program. Therefore, Owner agrees that no final plat of the Property shall be approved until the sanitary sewer is extended from the Property to NW 27th Street. Owner further agrees that if Owner desires to be connected to the public wastewater system prior to the City's extension of the sanitary sewer from the Property to NW 27th Street, Owner may construct the sanitary sewer by executive order construction and public bidding in accordance with City procedures at Owner's own cost and expense. If the sanitary sewer is built and located in a location which will allow the sewer to serve other property, the City agrees to use its best efforts to reimburse Owner for that portion of the sanitary sewer which exceeds eight inches in diameter without interest for said cost (except for the City's fixed fee for engineering services).

B. Reimbursement.

(1) Directed Wastewater Impact Fees. The City agrees to reimburse Owner for the cost to extend sanitary sewer from the Property to NW 27th Street from Directed Wastewater Impact Fees up to the Directed Wastewater Impact Fee Amount of $281,726.00 which reflects the amount attributable to 100% development of the proposed development of the Property in 2006 based upon the 2006 Wastewater Impact Fee Schedule. Reimbursement shall be subject to the following conditions:

(a) The reimbursement shall be repaid quarterly from Wastewater Impact Fees collected from the Property;

(b) Owner shall not be entitled to any reimbursement of said connection fee in excess of Impact Fees actually received;

(c) Any reimbursement to be paid from such Impact Fees shall not constitute a general obligation or debt of the City.

(2) Owner's Cost in Excess of Directed Wastewater Impact Fees. In the event Owner's costs to extend sanitary sewer from the Property to NW 27th Street are in excess of the Directed Wastewater Impact Fee Amount of $281,726.00, the City agrees to use its best efforts to reimburse Owner with interest for the excess costs from other Wastewater Impact Fees collected from this and/or other developments within the same benefit district within eleven years from the date the connection fee is paid. Reimbursement from Impact Fees shall be subject to the same conditions listed in subparagraph B.(1) above. Interest on the outstanding balance shall draw interest at the rate of 2% per annum, provided, however interest shall not begin to accrue until Owner pays the connection fee. Notwithstanding the above, the City's best efforts to reimburse Owner with

Impact Fees collected from other development within the same benefit district does not restrict the City from agreeing to reimburse future developers within the same benefit district from Directed Impact Fees collected against the entire development of their property if those developers fund the construction of Wastewater Impact Fee Facility Improvements. If a developer does not fund the construction of Wastewater Impact Fee Facility Improvements, the Impact Fees that are collected from that development shall be used to pay the oldest reimbursement obligation that the City may have in the same benefit district.

Owner further understands and acknowledges that the City has concerns about the capacity of the sanitary sewer downstream from the Property which may be exacerbated by full development of the Property under the change of zone. Therefore, Owner agrees that no more than One Hundred Fifteen (115) lots shall be final platted until the downstream capacity problems are corrected or the City determines that the platting of additional lots will not exceed the downstream capacity.

If requested by Owner, the City agrees to use its eminent domain powers to acquire the permanent and temporary construction easements needed for the sanitary sewer to be extended from the Property to NW 27th Street. Owner agrees to reimburse City for the cost of such acquisition. The location of the sanitary sewer easement shall be subject to the approval of the City's Department of Public Works and Utilities.

5. Highway 34.

A. Temporary Access. The City agrees, subject to Nebraska Department of Roads (NDOR) approval, to provide Owner with temporary access from the Property onto Highway 34. Owner agrees that no final plat needing this temporary access from the Property onto Highway 34 shall be approved until NDOR has approved the temporary access. The temporary access and associated turn lanes shall be constructed by Owner at Owner's own cost and expense. The temporary access to Highway 34 will be removed when the Property has two (2) alternate permanent paved access connections to the City's continuous paved arterial street system. In order to ensure the temporary nature of the access, the street the temporary connection to Highway 34 takes access from shall (1) be designed and built in its permanent configuration as a concrete paved cul-de-sac with curb and gutter; (2) a 24-foot wide temporary asphalt roadway without curb and gutter shall be constructed from the end of the cul-de-sac to Highway 34; and (3) the temporary asphalt roadway shall be signed with traffic control signs approved by the City's Department of Public Works and Utilities indicating the asphalt roadway connection to Highway 34 is a temporary access.

B. Removal of Temporary Access. Owner shall close the temporary asphalt roadway within three (3) days after the second permanent connection described in subparagraph A above is available and shall remove the temporary asphalt roadway within sixty (60) days thereafter.

6. NW 12th Street, Alvo Road and NW 27th Street.

A. NW 12th Street Construction. No lots abutting NW 12th Street shall be final platted until NW 12th Street adjoining the lots has been graded to match the lots and no lots abutting NW 12th Street north of West Little Bear to Alvo Road shall be final platted until NW 12th Street adjoining those lots has been constructed as an Arterial Street Impact Fee Facility Improvement with two lanes of permanent concrete pavement with curb and gutter shifted to one side of the centerline. The permanent concrete pavement will begin at West Little Bear and extend north to Alvo Road. This permanent concrete paving of NW 12th Street shall include left-turn lanes at all intersections at a length and width acceptable to the City's Department of Public Works and Utilities. NW 12th Street shall be constructed through the City's executive order process and construction contracts shall be let only after competitive bidding in accordance with City procedures.

B. Alvo Road Construction. No lots abutting Alvo Road shall be final plated until Alvo Road adjoining the lots has been constructed or a surety has been posted as an Arterial Street Impact Fee Facility Improvement with two lanes of permanent concrete pavement with curb and gutter shifted to one side of the centerline. No access to Alvo Road shall be taken from the property except as provided for in paragraph 7 (A). This permanent concrete paving of Alvo Road shall include left-turn lanes and right-turn lanes at all intersections at a length and width acceptable to the City's Department of Public Works and Utilities. Alvo Road shall be constructed through the City's executive order process and construction contracts shall be let only after competitive bidding in accordance with City procedures.

C. NW 27th Street and Non-abutting Alvo Road Construction. In order to provide the potential for alternate permanent paved connections to the City's arterial street system, NW 27th Street from Highway 34 to Alvo Road and thence east along Alvo Road from the NW 27th Street intersection to the west boundary of the Property; and/or Alvo Road from NW12th Street east to some future connection may, unless already paved, be constructed by Owner as an Arterial Street Impact Fee Facility Improvement with two lanes of permanent concrete pavement shifted to one side of the centerline. The pavement shall include necessary left-turn lanes at the intersections at a length and width acceptable to the City's Department of Public Works and Utilities. These projects shall be constructed through the City's executive order process and construction contracts shall be let only after competitive bidding in accordance with City procedures. If necessary, the City agrees to use its eminent domain power to acquire the permanent and temporary construction easements needed for construction of these streets.

D. Reimbursement.

(1) Directed Arterial Street Impact Fees. The City agrees to reimburse Owner for the cost to construct the NW 12th Street, Alvo Road, and/or NW 27th Street Arterial Street Impact Fee Facility Improvements without interest from Directed Arterial Street Impact Fees collected against the entire development of the Property up to the Directed Arterial Street Impact Fee Amount of $1,049,426 which reflects the amount attributable to 100% development of the proposed development of the Property in 2006 based upon the 2006 Arterial Street Impact Fee Schedule. Reimbursement shall be subject to the following conditions:

(a) Said reimbursement shall be paid quarterly from Impact Fees actually received from this development;

(b) Any reimbursement to be paid from Impact Fees shall not constitute a general obligation or debt of the City.

(2) Owner's Cost in Excess of Directed Arterial Street Impact Fees. In the event Owner's cost of construction of the improvements described in A above are in excess of the Directed Arterial Street Impact Fee Amount ($1,049,426), City agrees to use its best efforts to reimburse Owner with interest for the excess cost from other Arterial Street Impact Fees collected from this and/or other developments within the same benefit district within eleven (11) years from the date the improvements described in D.(1) above are substantially completed as determined by the City, subject to the following conditions:

(a) The reimbursement shall be repaid quarterly from Arterial Street Impact Fees collected from the same benefit district the Property is located in;

(b) Owner shall not be entitled to any reimbursement of said costs in excess of Impact Fees actually received; and

(c) Any reimbursement to be paid from such Impact Fees shall not constitute a general obligation or debt of the City.

Interest on the outstanding balance shall draw interest at the rate of two percent (2%) per annum, provided, however, interest shall not begin to accrue until Owner advances any excess funds to the City. Notwithstanding the above, the City's best efforts to reimburse Owner with Impact Fees collected from other developments within the same benefit district does not restrict the

City from agreeing to reimburse future developers within the same benefit district from Directed Impact Fees collected against the entire development of their property if those developers fund the construction of Impact Fee Facility Improvements. If a developer does not fund the construction of Impact Fee Facility Improvements, the Impact Fees that are collected from that development shall be used to pay the oldest reimbursement obligation that the City may have in the same benefit district.

7. Restriction on Development.

A. Access to Alvo Road. No access from Missoula Street to NW 12th Street shall be provided until NW 12th Street is paved from Missoula Street north to Alvo Road. In addition, no access to Alvo Road west of NW 12th Street shall be provided until Alvo Road is paved as an Arterial Street Impact Fee Facility from the point of access east to the then existing Alvo Road pavement or to the West from the access point to NW 27th Street and NW 27th Street from Alvo Road to Highway 34 is paved as either a County rural standard road or as an Arterial Street Impact Fee Facility.

B. Secondary Access. Owner understands and agrees that Owner shall be limited to a maximum of 400 final platted lots for residential dwellings until such time as Owner, at Owner's own cost and expense, constructs two permanent concrete paved accesses connecting to a system of continuous paved streets connected into the City's arterial street system.

8. Future Cost Responsibilities. Owner understands and acknowledges that the proposed development of the Property shall be subject to the payment of impact fees and Owner agrees to pay said impact fees if development occurs.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal representatives, successors and assigns and shall inure to and run with the Property.

10. Amendments. This Agreement may only be amended or modified in writing signed by the parties to this Agreement.

11. Further Assurances. Each party will use its best and reasonable efforts to successfully carry out and complete each task, covenant, and obligation as stated herein. Each of the parties shall cooperate in good faith with the other and shall do any and all acts and execute, acknowledge, and deliver any and all documents so requested in order to satisfy the conditions set forth herein and carry out the intent and purposes of this Agreement.

12. **Governing Law.** All aspects of this Agreement shall be governed by the laws of the State of Nebraska. The invalidity of any portion of this Agreement shall not invalidate the remaining provisions.

13. **Interpretations.** Any uncertainty or ambiguity existing herein shall not be interpreted against either party because such party prepared any portion of this Agreement, but shall be interpreted according to the application of rules of interpretation of contracts generally.

14. **Construction.** Whenever used herein, including acknowledgments, the singular shall be construed to include the plural, the plural the singular, and the use of any gender shall be construed to include and be applicable to all genders as the context shall warrant.

15. **Relationship of Parties.** Neither the method of computation of funding or any other provisions contained in this Agreement or any acts of any party shall be deemed or construed by the City, Owner, or by any third person to create the relationship of partnership or of joint venture or of any association between the parties other than the contractual relationship stated in this Agreement.

16. **Assignment.** In the case of the assignment of this Agreement by any of the parties, prompt written notice shall be given to the other parties who shall at the time of such notice be furnished with a duplicate of such assignment by such assignor. Any such assignment shall not terminate the liability of the assignor to perform its obligations hereunder, unless a specific release in writing is given and signed by the other parties to this Agreement.

17. **Default.** Owner and City agree that the annexation and change of zone promote the public health, safety, and welfare so long as Owner fulfills all of the conditions and responsibilities set forth in this Agreement. In the event Owner defaults in fulfilling any of its covenants and responsibilities as set forth in this Agreement, the City may in its legislative authority rescind said change of zone or take such other remedies, legal or equitable, which the City may have to enforce this Agreement or to obtain damages for its breach.

18. **Definitions.** For purposes of this Agreement, the words and phrases "cost" or "entire cost" of a type of improvement shall be deemed to include all design and engineering fees, testing expenses, construction costs, publication costs, financing costs, and related miscellaneous costs. For the purposes of this Agreement the words and phrases "building permit", "development", "Impact Fee Facility", "Impact Fee Facility Improvement", and "site-related improvements" shall have the same meaning as provided for said words and phrases in the Impact Fee Ordinance.

19. **Recordation.** This Agreement or a memorandum or notice thereof shall be filed in the Office of the Register of Deeds of Lancaster County, Nebraska at Owner's cost and expense.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

HIGHLANDS PRAIRIE VILLAGE, LLC,
a Nebraska limited liability company

By: ______________________________
Steven M. Champoux, Managing Member

By: ______________________________
Larry E. England, Manager

STATE OF NEBRASKA)
) ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this 19th day of June, 2006, by Steven M. Champoux, Managing Member of Highlands Prairie Village, LLC, a Nebraska limited liability company, on behalf of said limited liability company.

GENERAL NOTARY - State of Nebraska
SONDRA S. BARRY
My Comm. Exp. July 17, 2006

Sondra S. Barry
Notary Public

STATE OF NEBRASKA)
) ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this 23d day of June, 2006, by Larry E. England, Manager of Highlands Prairie Village, LLC, a Nebraska limited liability company, on behalf of said limited liability company.

GENERAL NOTARY - State of Nebraska
DARRELL K. STOCK
My Comm. Exp. Oct. 19, 2006

____
Notary Public

ATTEST:

THE CITY OF LINCOLN, NEBRASKA
a municipal corporation

Teresa J. Meier
City Clerk

By: Coleen J. Seng
Coleen J. Seng, Mayor

CITY OF LINCOLN · FOUNDED JULY 29, 1867 · INCORPORATED APRIL 7, 1869 · SEAL · LANCASTER COUNTY, NEBRASKA

STATE OF NEBRASKA)
) ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this 29th day of June, 2006, by Coleen J. Seng, Mayor of the City of Lincoln, Nebraska, a municipal corporation.

GENERAL NOTARY - State of Nebraska
JUDITH A. ROSCOE
My Comm. Exp. Dec. 20, 2008

Judith A. Roscoe
Notary Public

HIGHLAND VIEW ANNEXATION AGREEMENT 6-15-06.wpd

NAHB

WWW.NAHB.ORG

NATIONAL ASSOCIATION OF HOME BUILDERS

THE LOCAL ECONOMIC IMPACT OF HOME BUILDING

Normal View

Home building generates income and jobs for local residents, as well as revenue for local governments. Home building also imposes costs on local governments that supply education, police and fire protection, and other public services to support the new homes. NAHB has developed models to estimate these economic impacts. The models can be used to show that, from the standpoint of local governments, home building will usually pay for itself.

The Typical Case:

NAHB has applied the economic benefits model to the case of 100 single family and 100 multifamily housing units built in a typical U.S. city. The value of the units, as well as the taxes and fees collected by local governments, are based on national averages. The results are summarized in a report for those who need quick access to estimates of the local economic benefits generated by building either single family or multifamily housing. View the report on local jobs, income, and taxes generated.

NAHB has also applied the cost model to these single family and multifamily units. The cost results are summarized in a separate report, which also compares the costs to the revenue generated to show how, in the typical case, home building pays for itself. View the report on local costs compared to local revenue.

Customized Reports:

For some purposes, the typical city reports may not be totally sufficient. In order to get a project approved, or counter the arguments of no-growth advocates, results for a specific area may be needed. For a fee, the NAHB models can be customized to a particular local area. Members and local associations can request the customized analysis electronically through this Web site. View the electronic input requirement form.

Technical Appendices:

To limit the size of the basic reports and make them more readable, technical details are kept to a minimum. For cases where questions about the methodology arise, the details are provided in separate appendices. The technical appendix on the local economic benefits of home building is too large to be delivered electronically. Hard copies are available from NAHB's Housing Policy Department. The technical appendix on the cost model is available here. View the appendix on estimating local costs per housing unit.

Special Categories of Home Building:

NAHB has developed a version of the model specifically to estimate the income, jobs, and taxes generated by units in a Low-Income Housing Tax Credit (LIHTC) project. View the report for a typical LIHTC project.

Another version of the model is designed to handle units built in an active adult project. Results for a typical active adult project are included in the for-sale publication Approving Seniors Housing: Facts that Matter.

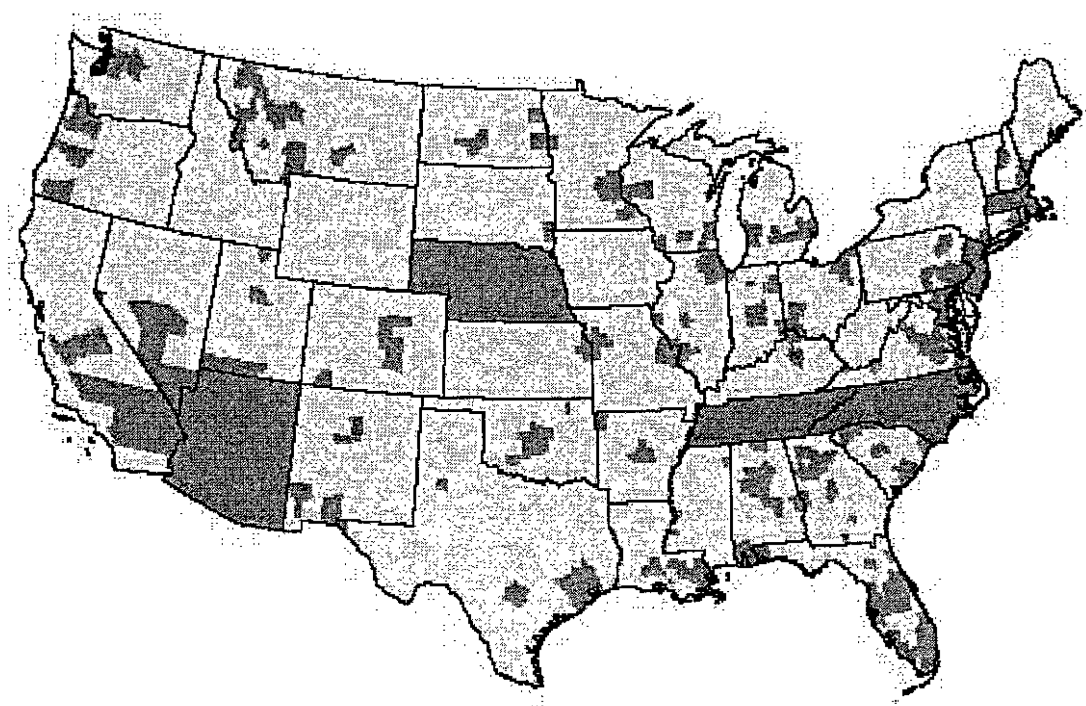
For more information about this item, please contact Elliot Eisenberg at 800-368-5242 x8398 or via e-mail at eeisenberg@nahb.com.

EXECUTIVE SUMMARY

Home building generates substantial local economic activity, including new income and jobs for residents, and additional revenue for local governments. The National Association of Home Builders has developed a model to estimate the economic benefits. The model captures the effect of the construction activity itself, the impact that occurs when income earned from construction activity is spent, and the impact that occurs when the new home is occupied. The comprehensive nature of the NAHB model means that it must be applied to a local area large enough to include the places where construction workers live and spend their money.

In most cases the appropriate area for a local impact analysis will be a metropolitan area (defined by the U.S. Office of Management and Budget based on commuting patterns), a non-metropolitan county, or in some cases an entire state. The home building activity analyzed may be confined to a smaller area (even a single project), but the impact will be spread over the entire metro area, non-metro county, or state. Since the model was initially developed in 1996, it has been successfully applied to over 325 metropolitan areas, non-metropolitan counties, and states across the country (darker shaded areas in the map below).

Areas Covered by NAHB Local Impact Studies



This report presents estimates of the local impacts of building 100 single family and 100 multifamily units in a typical U.S. metropolitan area, with the key inputs (new home prices, raw land values, and construction related fees) set equal to national averages.

The NAHB model produces impacts on income and employment in 16 industries and local government, as well as detailed information about taxes and other types of local government revenue. The key results are summarized below. Additional details are contained in subsequent sections.

Single Family Construction

- The estimated one-year metro area impacts of building 100 single family homes in a typical U.S. metropolitan area include
  - $16.0 million in local income,
  - $1.8 million in taxes and other revenue for local governments, and
  - 284 local jobs.

  These are **local impacts**, representing income and jobs for residents of the typical U.S. metropolitan area, and taxes (and other sources of revenue, including permit fees) for all local jurisdictions within the metro area. They are also **one-year impacts** that include both the direct and indirect impact of the construction activity itself, and the impact of local residents who earn money from the construction activity spending part of it within the local area.

- The additional, annually recurring impacts of building 100 single family homes in the typical U.S. metropolitan area include
  - $3.2 million in local income,
  - $648,000 in taxes and other revenue for local governments, and
  - 63 local jobs.

  These are **ongoing, annual local impacts** that result from the new homes being occupied, and the occupants paying taxes and otherwise participating in the local economy year after year.

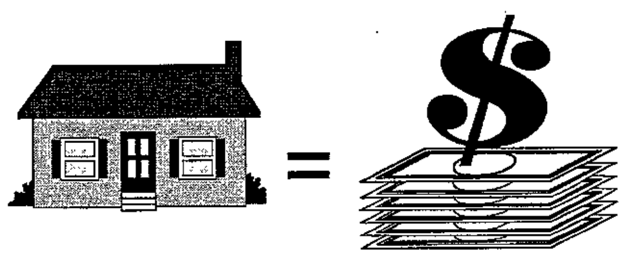
- The single family impacts were calculated assuming that new single family homes built in the a typical U.S. metropolitan area have an average price of $284,887; are built on a lot for which the average value of the raw land is $45,012; require the builder and developer to pay an average of $7,008 in impact, permit, and other fees to local governments; and incur an average property tax of $3,211 per year.

from Peter Katt

NAHB

THE LOCAL IMPACT OF HOME BUILDING IN A TYPICAL METROPOLITAN AREA

INCOME, JOBS, AND TAXES GENERATED



BACKGROUND AND A BRIEF DESCRIPTION OF THE MODEL USED TO ESTIMATE THE ECONOMIC BENEFITS

The Housing Policy Department of the National Association of Home Builders (NAHB) has developed a model to estimate the local economic impact of building a home within the boundaries of a particular local market area. The model was developed in 1996 and initially calibrated for a typical metropolitan area using national averages, but can be adapted to a specific local economy by replacing key housing market variables. The initial version of the model could be applied to either single family construction, multifamily construction, or a combination of the two.

In March of 1997, NAHB began customizing the model to various areas around the country on a routine basis, primarily at the request of its local affiliated associations. Since that time, the Housing Policy Department has produced over 325 individual local impact reports. The reports have analyzed the impacts of specific housing projects, as well as total construction for areas as large as entire states. In 2002, NAHB developed new versions of the model to analyze active adult housing projects and multifamily development financed with the Low-Income Housing Tax Credit.

Results from the model have also been used by outside organizations such as universities, state housing authorities and affordable housing agencies:

- The Shimburg Center for Affordable Housing at the University of Florida used results from the NAHB model to establish that "the real estate taxes paid year after year are the most obvious long-term economic benefit to the community. Probably the second most obvious long-term economic benefit is the purchases made by the family occupying the completed home." www.shimberg.ufl.edu/pdfs/Newslett-June02.pdf

- The Center for Applied Economic Research at Montana State University used "results from an input-output model developed by the National Association of Home Builders to assess the impacts to local areas from new home construction." The results show that "the construction industry contributes substantially to Montana's economy accounting for 5.5 percent of Gross State Product." www.msubillings.edu/caer/The%20Impact%20of%20Home%20Construction%20in%20Montana.pdf

- The Housing Education and Research Center at Michigan State University also adopted the NAHB approach: "The underlying basis for supporting the implementation of this [NAHB] model on Michigan communities is that it provides quantifiable results that link new residential development with commercial and other forms of development therefore illustrating the overall economic effects of residential growth." www.canr.msu.edu/cm/herc/h5over.html

- The Center for Economic Development at the University of Massachusetts found that "Home building generates substantial local economic activity, including income, jobs, and revenue for state and local governments. These far exceed the school costs-to-property-tax ratios. ...these factors were evaluated by means of a quantitative assessment of data from the National Association of Home Builder's Local Impact of Home Building model" www.donahue.umassp.edu/publications/housing/7-economicco.html

- Similarly, the Association of Oregon Community Development Organizations decided to base its analysis of affordable housing on the NAHB model, stating that "This model is widely respected and utilized in analyzing the economic impact of market rate housing development," and that, compared to alternatives, it "is considered the most comprehensive and is considered an improvement on most previous models." www.aocdo.org/docs/EcoDevoStudyFinal.pdf

A Brief Description of the Model

The NAHB model is divided into three phases. Phases I and II are one-time effects that occur as the result of construction activity. Phase III is an ongoing, annual effect that includes property tax payments and the result of the completed unit being occupied.

Phase I: Construction

The jobs, wages, and local taxes (including permit, utility connection, and impact fees) generated by the actual development, construction, and sale of the home. These jobs include on-site and off-site construction work as well as jobs generated in retail and wholesale sales of components, transportation to the site, and the professional services required to build a home and deliver it to its final customer.

Phase II: Ripple Effect

The wages and profits for local area residents earned during the construction period are spent on other locally produced goods and services. This generates additional income for local residents, which is spent on still more locally produced goods and services, and so on. This continuing recycling of income back into the community is usually called a ***multiplier*** or ***ripple*** effect.

Phase III: Ongoing, Annual Effect

The local jobs, income, and taxes generated as a result of the home being occupied. A household moving into a new home generally spends about three-fifths of its income on goods and services sold in the local economy. A fraction of this will become income for local workers and local businesses proprietors. In a typical local area, the household will also pay 1.25 percent of its income to local governments in the form of taxes and user fees, and a fraction of this will become income for local government employees. This is the first step in another set of economic ripples that cause a permanent increase in the level of economic activity, jobs, wages, and local tax receipts.

Modeling a Local Economy

The model defines a local economy as a collection of industries and commodities. These are selected from the detailed benchmark input-output tables produced by the U.S. Bureau of Economic Analysis. The idea is to choose goods and services that would typically be produced, sold, and consumed within a local market area. Laundry services would qualify, for example, while automobile manufacturing would not. Both business-to-business and business-to-consumer transactions are considered. In general the model takes a conservative approach and retains a relatively small number of the available industries and commodities. Of the roughly 600 industries and commodities provided in the input-output files, the model uses only 93 commodities and 95 industries.

The design of the model implies that a local economy should include not only the places people live, but also the places where they work, shop, typically go for entertainment, etc. This corresponds reasonably well to the concepts of Metropolitan Statistical Areas and Primary Metropolitan Statistical Areas. These are areas defined by the U.S. Office of Management and Budget, based on local commuting patterns, and outside of the New England area are aggregations of counties. Outside of these officially defined metropolitan areas, NAHB has determined that a county will usually satisfy the model's requirements.

For a particular local area, the model adjusts the indirect business tax section of the national input-output accounts to account for the fiscal structure of local governments in the area. The information used to do this comes primarily from the U.S. Census Bureau's Census of Governments. Wages and salaries are extracted from the employee compensation section of the input-output accounts on an industry-by-industry basis. In order to relate wages and salaries to employment, the model incorporates data on local wages per job published by the Bureau of Economic Analysis.

Phase I: Construction

In order to estimate the local impacts generated by home building, it is necessary to know the sales price of the homes being built, how much raw land contributes to the final price, and how much the builder and developer pay to local area governments in the form of permit, utility connection, impact, and other fees. This information is not generally available from national sources and in most cases must be provided by representatives from the area in question who have specialized knowledge of local conditions.

The model subtracts raw land value from the price of new construction and converts the difference into local wages, salaries, business owners' income, and taxes. This is done separately for all 95 local industries. In addition, the taxes and fees collected by local governments during the construction phase generate wages and salaries for local government employees. Finally the number of full time jobs supported by the wages and salaries generated in each private local industry and the local government sector is estimated.

SUMMARY OF PHASE I

INPUTS:

VALUE OF CONSTRUCTION
+
SERVICES PROVIDED AT CLOSING
+
PERMIT/HOOK-UP/IMPACT FEES
(Info Obtained From Local Sources)

↓

MODEL OF THE LOCAL ECONOMY

↓

OUTPUTS:

INCOME FOR LOCAL RESIDENTS
+
TAX/FEE REVENUE
FOR LOCAL GOVERNMENTS

Phase II: The Construction Ripple

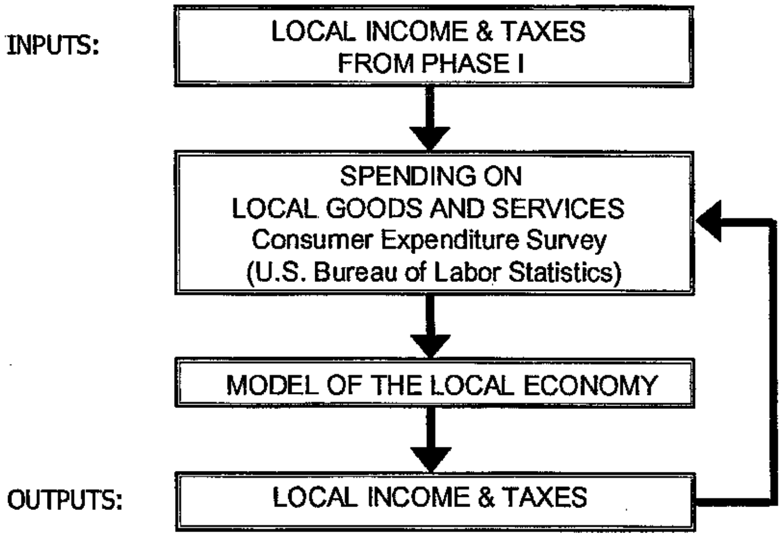
Clearly, the local workers and proprietors who earn income in Phase I will spend a share of this income. Some of the spending will escape the local economy. A portion of the money used to buy a new car, for example, will become wages for autoworkers who are likely to live in another city, and increased profits for stockholders of an automobile manufacturing company who are also likely to live elsewhere. Some of the spending, however, will remain within, and have an impact on, the local economy. The car is likely to be purchased from a local dealer and generate income for a salesperson who lives in the area, as well for local workers who provide cleaning, maintenance, and other services to the dealership. Consumers also are likely to purchase many services locally, as well as to pay taxes and fees to local governments.

This implies that the income and taxes generated in Phase I become the input for additional economic impacts analyzed in what we call Phase II of the model. Phase II begins by estimating how much of the added income households spend on each of the local commodities. This requires detailed analysis of data from the Consumer Expenditure Survey (CES), which is conducted by the U.S. Bureau of Labor Statistics primarily for the purpose of determining the weights for the Consumer Price Index. The analysis produces household spending estimates for 56 local commodities (the remainder of the 93 local commodities entering the model exclusively through business-to-business transactions).

The model then translates the estimated local spending into local business owners' income, wages and salaries, jobs, and taxes. This is essentially the same procedure applied to the homes sold to consumers in Phase I. In Phase II, however, the procedure is applied simultaneously to 56 locally produced and sold commodities.

In other words, the model converts the local income earned in Phase I into local spending, which then generates additional local income. But this in turn will lead to additional spending, which will generate more local income, leading to another round of spending, and so on. Calculating the end result of these economic ripples may seem complicated but is basically a straightforward exercise in mathematics.

SUMMARY OF PHASE II



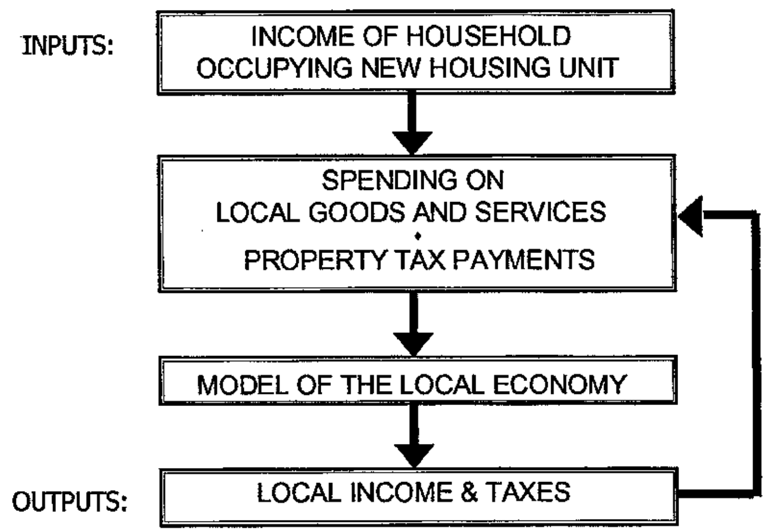
Phase III: The Ongoing Impacts

Like Phase II, Phase III involves computing the sum of successive ripples of economic activity. In Phase III, however, the first ripple is generated by the income and spending of a new household (along with the additional property taxes local governments collect as a result of the new structure). This does not necessarily imply that all new homes must be occupied by households moving in from outside the local area. It may be that an average new-home household moves into the newly constructed unit from elsewhere in the same local area, while an average existing-home household moves in from outside to occupy the unit vacated by the first household. Alternatively, it may be that the new home allows the local area to retain a household that would otherwise move out of the area for lack of suitable housing.

In any of these cases, it is appropriate to treat a new, occupied housing unit as a net gain to the local economy of one household with average characteristics for a household that occupies a new home. This reasoning is often used, even if unconsciously, when it is assumed that a new home will be occupied by a household with average characteristics—for instance, an average number of children who will consume public education.

To estimate the impact of the net additional households, Phase III of the model requires an estimate of the income of the households occupying the new homes. The information used to compute this estimate comes from several sources, but primarily from an NAHB statistical model based on decennial census data. Phase III of the local impact model then estimates the fraction of income these households spend on various local commodities. This is done with CES data and is similar to the procedure described under Phase II. The model also calculates the amount of local taxes the households pay each year. This is done with Census of Governments data except in the case of residential property taxes, which are treated separately, and for which specific information must usually be obtained from a local source. Finally, a total ripple effect is computed, using essentially the same procedure outlined above under Phase II.

SUMMARY OF PHASE III



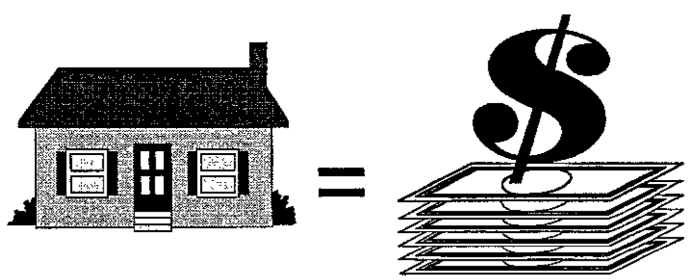
The details covered here provide only a brief description of the model NAHB uses to estimate the local economic benefits of home building. For a more complete description, see the technical documentation at the end of the report. For additional information about the model, or questions about applying it to a particular local area, contact one of the following in NAHB's Housing Policy Department:

- David Crowe, Senior Staff Vice President (202) 266-8383
- Paul Emrath, Assistant Staff Vice President (202) 266-8449
- Elliot Eisenberg, Housing Policy Economist (202) 266-8398

From Peter Katt

NAHB

NAHB'S LOCAL IMPACT OF HOME BUILDING MODEL



TECHNICAL DOCUMENTATION

A Copy of the Technical Documentation is Available from NAHB's Housing Policy Department.

Contact Elliot Eisenberg at eeisenberg@nahb.com

NAHB

WWW.NAHB.ORG

NATIONAL ASSOCIATION OF HOME BUILDERS

LOCAL HOUSING IMPACT INPUT REQUIREMENTS FORM

Normal View

NAHB's Model for the Local Impact of Home Building

NAHB's local impact analysis can be customized to a specific metro area or non-metro county. NAHB's Housing Policy Department offers this as a fee-based service to state and local Home Builder Associations, NAHB members and non-members provided they can supply the key information needed to run the model for the specific area. The form below summarizes the information that is required.

Because localities differ in complex and important ways, especially when considering taxes and fees, the Local Impact Model requires some specific information about the locality. This information falls into three categories: General, Single Family Construction, and Multifamily Construction.

For questions regarding the fee for this service and assistance in completing the input form please call Elliot Eisenberg, Housing Policy Economist, at 800-368-5242, extension 8398, or 202-266-8398.

View the description of the required inputs.

* required field

*** Name, Address and Phone Number of Person Submitting this Form:**

*** E-mail Address of Submitter:**

*** Name and Number of State or Local HBA :**

*** Name of MSA or nonmetro county to analyze:**

If there is a local sales tax, what is the rate? (Local sales tax does not include state sales tax.)

Does the local sales tax apply to construction materials purchased by builders and subcontractors?

- Yes
- No

What is the LOCAL income tax rate, if any, on wages? (in percent)

What is the LOCAL income tax rate, if any, on other personal income? (in percent)

What is the LOCAL income tax rate, if any, on business income? (in percent)

*** Is there a personal property tax on items other than real estate, such as cars?**

- Yes
- No

How many single family units are to be included in this analysis?

What is the average sale price for single family homes in this analysis?

What are the total permit, impact, or other fes for the single family project?

What is the cost of a typical undeveloped lot for a single family home?

What percentage of the market value is the assessed value for the single family homes?

What is the homestead exemption, if any, per single family home?

What is the property tax rate or millage for the single family homes?

How many multifamily units are to be included in this project?

What is the market value per unit for the multifamily units?

What are the total permit, impact, or other fes for the multifamily project?

What is the raw land cost PER UNIT for the multifamily project?

What percentage of the market value of the multifamily project is the assessed value?

What is the homestead exemption, if any, per multifamily unit?

What is the property tax rate or millage for the multifamily homes?

* Who were the persons or institutions who provided data for this analysis?

* What type of data was used (sales, permit, project) to determine the number of units and the price per unit?

* What time period does the data cover?

If this data is for a particular development what is the name of the development?

SUBMIT

Cancel

Input Requirements: Local Impact of Home Building Model

Because localities differ in complex and important ways, especially when it comes to taxes and fees, the Local Impact Model requires some specific local information. This information falls into three categories: General, Single Family Construction, and Multifamily Construction. We realize that some of the information requested is complex and may be difficult to collect, or that you may have questions about how to collect it. For assistance contact Elliot Eisenberg, Housing Policy Economist, at 1.800.368.5242 extension 8398 or Paul Emrath, Assistant Staff Vice President of Housing Policy Research, at extension 8449.

I. General

A. The local area where the home building activity to be analyzed takes place. The comprehensive nature of the model means that it requires an area large enough to encompass not only the place where the construction occurs, but also where the constructions workers live, and where the occupants of the new homes work, shop, typically go for entertainment, etc... This can be either a metropolitan statistical area (MSA) as defined by the Federal Government (including all counties in the MSA, even if it crosses state lines) or an individual county that is not part of an MSA. The home building activity to be analyzed may be confined to a smaller area (see section IIA below), but the impact will be spread over the entire MSA or non-metro county.

B. Is there a local sales tax? This means a tax paid directly to a local government, not the state. If there is such a tax, what is the rate? Again, this refers only to the local component of the tax. Most importantly, does the sales tax apply to materials purchased by builders and subcontractors (in most cases where a local sales tax exists, the answer will be yes).

C. Is there a local income tax? Most often, the answer will be no, as only a few of the larger cities use income taxes as a source of revenue. If the answer is yes, however, please indicate what type of income is taxed: All personal income? Wages only? Business Income? Also, for each type of income that is taxed, please provide the applicable tax rate.

D. Is there a local property tax on personal items other than real estate? You don't need to tell us if there's a tax on business property (inventories, for example), as we can determine this from other sources. However, we need to know if jurisdictions in your area collect taxes from persons who own property other than real estate. A tax on motor vehicles would be a typical example.

II. Single Family Construction

A. The number of single family units to analyze. This could be a round number such as 100, production the previous year, anticipated production in the coming year, the size of a particular development, the number of housing permits issued last year, or the anticipated difference in production as a result of a proposed change in local regulations. Choose whichever is most appropriate to your needs, based on how you intend to use the results. If you anticipate using them in several different situations, our experience suggests that you may find a round number, such as 100, most convenient. The results can be recalculated for a different number of homes by simple multiplication or division. For example, the impact of 50 homes is half the impact of 100 homes, while the impact of 135 homes is 35 percent more than the impact of 100 homes.

B. Average price for new single family homes. This may be average price for all new units in the area, or it may be the average price in a particular development. Again, chose whichever is appropriate for your needs. The average should be based on final prices, incorporating all options included in the homes that are actually built, and not the base of one or two models. It's also critical that we have a number based on market prices and not, for instance, a value used only for tax purposes.

C. Permit, impact and other fees include all payments made by homebuilders and developers to local governments for each (single family) unit constructed as defined in A and B above. Some of the more widely used fees include impact fees, building permit/construction permit fees, plumbing fees, HVAC fees, electrical fees, sewer fees, water tap fees, septic tank fees, land disturbance fees/erosion control fees, plan review fees, final plat review fees, plat recording fees, subdivision development fees, certificate of occupancy fees, capital cost recovery fees, water meter installation fees, public transit fees, road and highway fees/street improvement fees, drainage facility fees, school impact fees and recreation fees. This list is not exhaustive. Local governments in your area may have other fees, and likely impose only a few of the fees listed. You may send us fee schedules rather than calculating the number yourself. If you do, please explain how each fee is applied to the new homes being analyzed (e.g. per home, proportionate to price etc...). Insufficient detail results in delays and follow-up phone calls.

D. Average raw land cost per new single family home as defined in A and B above. One way to calculate this would be from the average price of an acre of raw land in the area, and the average number of new single family units built per acre. You must give us the cost of raw land and not the price a developed lot. Also, you need to base the raw land cost on the price of land zoned for residential use – and not, for instance, on the price of agricultural land you couldn't build a house on without a change in zoning. We understand that this can be tricky, but please be careful. It's best to call us if you have questions.

E. The assessment ratio is a fraction often used to reduce the market value of a house to determine its assessed value. If property is assessed at full market value, the assessment ratio is 100%. In many cases it is less than 100%. The assessment ratio is part of the calculation for computing property taxes. It is not an estimate of how inaccurate assessments may be in your jurisdiction.

The homestead exemption is generally a dollar amount that is subtracted from the assessed value before determining the tax due. The property tax rate is the percentage that is multiplied by the adjusted assessed value to determine the property tax payment. A good place to get this information is the County Assessor's Office. If you give us a schedule of rates for different taxing jurisdictions, you need to also tell us how many new homes are built in each jurisdiction.

III. Multifamily Construction

A. The number of multifamily units to analyze. This could be a round number such as 100, production the previous year, anticipated production in the coming year, the size of a particular development, the number of housing permits issued last year, or the anticipated difference in production as a result of a proposed change in local regulations. Choose whichever is most appropriate to your needs, based on how you intend to use the results. If you anticipate using them in several different situations, our experience suggests that you may find a round number, such as 100, most convenient. The results can be recalculated for a different number of homes by simple multiplication or division. For example, the impact of 50 homes is half the impact of 100 homes, while the impact of 135 homes is 35 percent more than the impact of 100 homes.

B. Average market value of the new multifamily units defined in A above. If you find it difficult to determine market value per unit, you can give us the average monthly rent on the new apartments (and we can estimate the value ourselves from national average rent/value relationships). This information may be an average for all new units in the area, or it may be based on a particular development. Again, it's a question of what's appropriate to your needs.

C. Permit, impact and other fees include all payments made by homebuilders and developers to local governments for each (multifamily) unit constructed as defined in A and B above. Some of the more widely used fees include impact fees, building permit/construction permit fees, plumbing fees, HVAC fees, electrical fees, sewer fees, water tap fees, septic tank fees, land disturbance fees/erosion control fees, plan review fees, final plat review fees, plat recording fees, subdivision development fees, certificate of occupancy fees, capital cost recovery fees, water meter installation fees, public transit fees, road and highway fees/street improvement fees, drainage facility fees, school impact fees and recreation fees. This list is not exhaustive. Local governments in your area may have other fees, and likely impose only a few of the fees listed. You may send us fee schedules rather than calculating the number yourself. If you do, please explain how each fee is applied to the new homes being analyzed (e.g. per home, proportionate to price etc...). Insufficient detail results in delays and follow-up phone calls.

D. Average raw land costs per new multifamily unit defined in A and B above. One way to calculate this would be from the average price of an acre of raw land in the area, and the average number of new apartments built on an acre. You must give us the cost of raw land and not the price a developed lot. Also, you need to base the raw land cost on the price of land zoned for residential use – and not, for instance, on the price of agricultural land you couldn't build an apartment building on without a change in zoning.

E. The assessment ratio is a fraction often used to reduce the market value of a house to determine its assessed value. If property is assessed at full market value, the assessment ratio is 100%. In many cases it is less than 100%. The assessment ratio is part of the calculation for computing property taxes. It is not an estimate of how inaccurate assessments may be in your jurisdiction.

The homestead exemption is generally a dollar amount that is subtracted from the assessed value before determining the tax due. The property tax rate is the percentage that is multiplied by the adjusted assessed value to determine the property tax payment. A good place to get this information is the County Assessor's Office. If you give us a schedule of rates for different taxing jurisdictions, you need to also tell us how many new homes are built in each jurisdiction.

IV. Data

A. The data provided may come from a combination of persons and/or institutions including; a home builder or group of builders, a local NAHB affiliate, the state HBA, a real estate agent, the Office of the Tax Assessor, the Office of Tax Assessment, the Office of the County Tax Assessor, the Office of Tax and Revenue, the Office of the County Clerk, or a local school district. This list is not meant to be comprehensive, and local governments in your area may have the real property tax assessment and real property tax determination functions being performed by institutions with substantially different names.

B. As with tax, permit, price and quantity data, detailed information about the number of units built, and the price per unit, can come from different data sources including; records of new home sales activity, records of recent permit activity, an individual builder, a group of builders, a developer, the Office of Planning, the Office of the Tax Assessor, the Permit Office, or the state government. This list is not comprehensive, and the data you use may come from yet another source.

C. The data provided must cover a discrete period of continuous calendar time. With few exceptions, that period is rarely longer than 12 consecutive months, or less than one month. Usually, the data cover a calendar year, such as 2003 or 2004, but that is not required. Sometimes, that data includes the first six months, or last six months of a year. Whatever the time period used, it must be as representative as possible of recent construction activity in the area.

D. If this data is all for construction in one particular development, city, or MSA please provide the name of it so that we can refer to it specifically in the report.