



## Home Builders Association of Greater Springfield

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February 2, 2012

Mayor Jack Cole  
City of Rogersville  
211 E. Center  
Rogersville, MO 65742

Dear Mayor Cole:

Thank you for your desire to work as a partner with the building industry. I have the opportunity to work closely with elected and appointed officials at all levels of government, and no two are alike. I am genuinely impressed and grateful when a jurisdiction shows the kind of spirit that so obviously is present in Rogersville city government: a spirit of cooperation and partnership with stakeholders. Thank you for working with me – and with others in the industry - particularly over the last year.

I am so pleased that Rogersville city leaders would consider a near-term reduction in water and sewer impact fees for residential construction. Such action at this critical time would demonstrate remarkable commitment to the economic development of your city. It is the position of the Home Builders Association of Greater Springfield that most impact fees, on balance, inhibit a local economy's ability to grow. Not everyone agrees with us on this point, and we understand that. On the broader point, however, most can agree: The bigger impact fees get, the more harmful they become to a local economy.

Impact fees don't just raise the price of a house. They raise the price *without adding value to the house*. These non-market costs add to the already considerable cost associated with buying a new home. The buyer of a new home in Rogersville receives nothing "extra" for the \$1,500 to \$2,600 in impact fee expense that is included in the cost of their home. They receive the same water and sewer service that everyone else in Rogersville receives, and at the same monthly rates. The only difference is that they also pay the additional upfront charges in the inflated price of the house. The larger the impact fee is, the greater the disincentive is to build or buy a new home in a community.

Last year, an economic impact study conducted by the National Association of Home Builders (NAHB) Housing Policy Department demonstrated that the home building industry here not only pays for itself, but that its net economic impact results in more overall income, jobs and revenue for local governments. The study found that every 938 single-family homes built in the Springfield, MO MSA will generate thousands of jobs and a cumulative \$109.1 million in revenue, compared to only \$93.0 million in costs.

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**'Building Better Tomorrows'**

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Thankfully, Rogersville leaders don't need to be convinced that more home building would be a boon to the local economy. You know that already (a wisdom that puts you ahead of many communities). The question is: "What 'impact' do impact fees have on new construction?" In Greene and Christian Counties, every \$1,000 increase in the cost of a new home means that 350 area families no longer can afford to buy that home.

A 75% reduction in water and sewer impact fees in Rogersville would cut the price of a new home in Rogersville by \$1,125 to \$2,225, per house. Many more area home buyers would qualify to buy a new home in Rogersville. That makes Rogersville an attractive option for builders as they emerge from what has been a lengthy economic hibernation. When builders build again, they will want to build in a community where they are confident the local government is eager to partner with them for the benefit of everyone. And, given the economic hit that those surviving builders have taken, up-front cost will be even more important over the next several years than it normally is.

It is no secret that home building in the Ozarks has taken a massive hit over the last few years. The number of new homes built here in 2011 was just 17% of the number of homes built in 2004. Nearly 15,000 area construction jobs have disappeared. And, while we anticipate some improvement, recovery will take several years. Nevertheless, *some* homes will be built in the Ozarks in 2012, and in the years ahead. But *where* they will be built will depend on a number of factors.

Cities that want to compete for those jobs and for that economic benefit will have to demonstrate they are committed to minimizing costs to build, and to treating builders fairly. A move by Rogersville to substantially reduce impact fees would send precisely the right message to the building industry: "***Rogersville is Open for Business!***"

Thank you for considering such a sensible, yet bold, move to lead Rogersville to attract more building and construction. I am hopeful city council will act to reduce impact fees in the near term, per our conversations over the last year. And I am eager to sing Rogersville's praises - to everyone who will listen - if and when action becomes official!

Sincerely,



Matt Morrow  
Chief Executive Officer