

Building Permits And Taxable Valuation Report 2016



Prepared by Polk City Staff

January 5, 2017

Building Permit 2016 Totals

In previous Council Memos throughout the year the subject of building permits was a discussion item. Council will recall updates on building permits issued had been addressed in several key months. In a look back, in 2014 there were concerns centered on available lots for sale and the weather conditions (late spring) were slowing development. In January 2015 the memo predicted there would be a change as more lots came on line. In 2015 that change came with subdivisions being filed in a record rate. With the new lots and new areas of Polk City platted, 2016 saw the trend towards more residential building permits as was predicted in the past years. In past years the data has been presented periodically in reports to the Council and to conform to the past historical timing of the release of this data. Typically this is in the late spring, in early fall and then a final showing the total activity in December/January. The figures reported in this report will encompass the total for 2016 and compare to calendar years of the past.

Council has seen the number of subdivisions proceed through the platting process in the past 24 months. Buildable residential lots have developed in all areas of the city. In the future months Council will see movement in the Crossroads at the Lakes (Kaultenheuser property) and Deer Haven (Bradshaw property) subdivisions and now with the recent annexation of the Sally Jensen property, White Tail Ridge, Council will most likely see the platting start in this plat as well. These three subdivisions are in different phases, but it is predicted Council will see significant movement in these subdivisions in 2017. In addition, three final plats were approved by Council on November 28, 2016 which will bring in another 85 lots ready for housing construction. An updated paper on the current active subdivisions is attached as Exhibit "A" to this report. In short the report shows there are between 667 to 712 lots in various subdivisions, both platted and to be platted that will most likely be built upon by 2022.

Polk City ended with 81 new single family housing permits, and 4 new duplex units; on the commercial/industrial side there was three permits that were added to new structures for commercial; for a total of 87 new building permits. In comparison there were a total of 50 new single family permits in 2015 with a total of 77 permits overall. However 2015 was better than the total of 48 permits for new construction in 2014. Both years (2014, 2015) were down from the 2013 year with 87 total permits.

Following is the snap shot of the past 14 years from 2003 through 2016. This will give you a quick comparison for the past years to this year to fully understand the development in Polk City.

<u>Year</u>	<u>SF Residential</u>	<u>Duplex</u>	<u>Other Res</u>	<u>Comm</u>	<u>Total</u>	<u>Value</u>	<u>Average SF Value</u>
2003	56	5	7	3	71	\$ 14,918,551	
2004	33	9	1	0	43	\$ 10,248,095	\$ 220,715
2005	32	6	1	1	40	\$ 10,882,220	\$ 256,825
2006	39	1	0	0	40	\$ 7,533,894	\$ 189,019
2007	34	2	0	1	37	\$ 7,814,476	\$ 203,604
2008	17	0	0	1	18	\$ 3,287,644	\$ 190,450
2009	35	0	0	1	36	\$ 6,905,529	\$ 185,621
2010	26	4	0	1	31	\$ 6,703,908	\$ 217,527
2011	44	0	0	1	45	\$ 10,361,745	\$ 209,713
2012	70	3	12	2	87	\$ 20,318,629	\$ 228,262
2013	51	6	28	2	87	\$ 16,697,861	\$ 235,992
2014	45	2	0	1	48	\$ 11,807,226	\$ 247,528
2015	50	2	24	1	77	\$ 16,381,198	\$ 263,545
2016	81	4	0	3	87	\$ 27,465,446	\$ 275,054
Total	613	44	73	18	747	\$ 171,326,422	

To understand the impact of the various segments that make up the “Value” number the residential and commercial property permitted in 2015 along with the 2016 permits is compared by the total value by classification as follows:

<u>2015</u>		<u>2016</u>	
Single Family	\$13,177,234	Single Family	\$22,279,347
2-Plexs	\$ 265,440	2-Plexs	\$ 831,099
4-Plexs	\$ 2,898,744	4-Plexs	\$ 0
Commercial	\$ <u>39,780</u>	Commercial	<u>\$4,355,000</u>
Total	\$16,381,198		\$27,465, 446

In 2016 with 81 single family homes the average home had a value of \$275,054 with lots moving higher than \$65,000 to an average near \$70,000. This would bring the average value of a newly constructed home to a total of \$345,054. As a comparison, in 2015 with 50 homes the average home was \$263,545 with lots in the \$65,000 range bringing the average newly constructed home to \$328,545. The total value in single family homes added a value of \$13,177,234 to Polk City. In further comparison, in 2013, a total of 51 homes and the 6 duplexes representing a total of \$13,517,795 in value added. This represents an average value per duplex of \$219,000 and for single family units the average is \$235,992 for the structure and a value of approximately \$45,000 for the improved lot for a total average value of a newly constructed single family home being \$280,992. For 2014 the average single family home averaged \$245,931, and the average cost for a lot has also increased to approximately \$60,000 for a total average value of \$305,931.

The chart below shows the continued increase in the values of a single family residential structure from 2013 to 2016. The percentages show the increase from the year before values including the value of land.

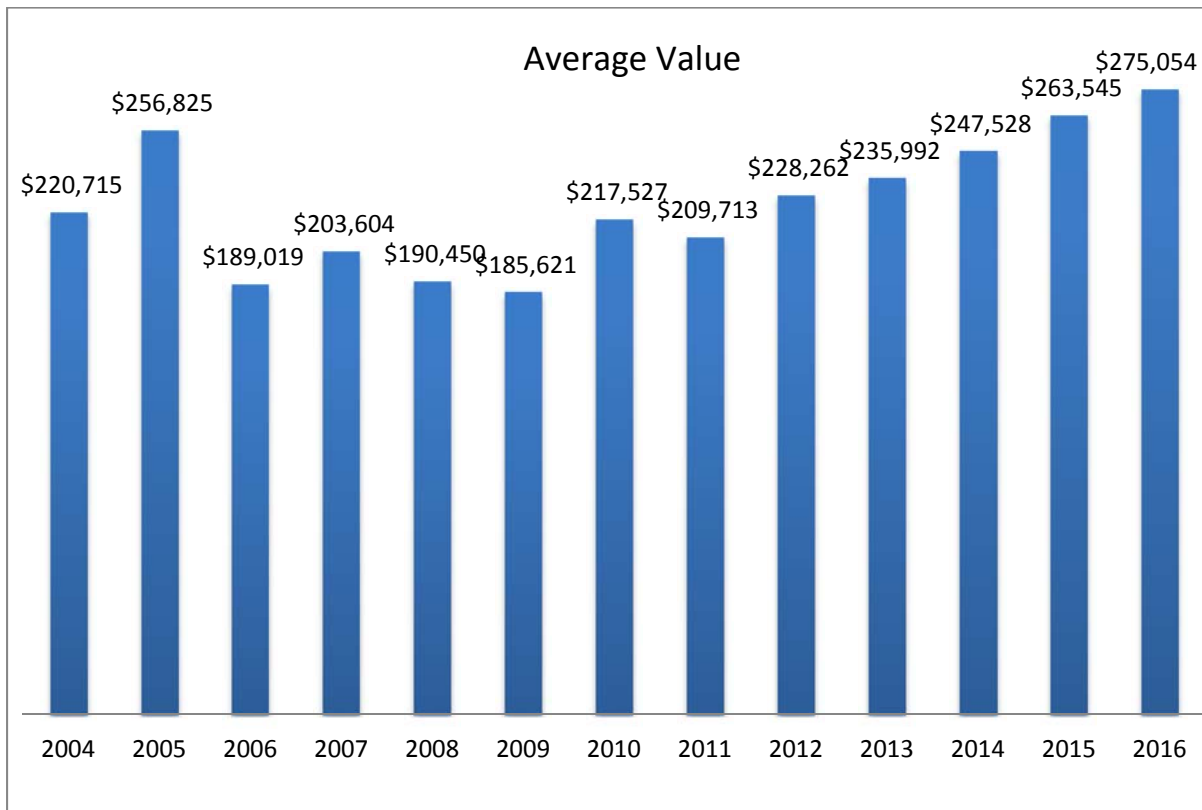
	<u>Average Single Family Structure Values Including Land</u>			
	Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
SF Structure Value	\$ 235,992	\$ 245,931	\$ 263,545	\$ 275,054
Lot Value	\$ 45,000	\$ 60,000	\$ 65,000	\$ 70,000
Total	\$ 280,992	\$ 305,931	\$ 328,545	\$ 345,054
% increase from Previous Year	2.85%	8.87%	7.39%	5.02%

The value added numbers in the three charts above are based on the International Building Code (IBC) 2013 values. These values do not reflect how the Polk County Assessor’s Office assigns value. Further, these figures do not include the rollback figures. These numbers then do not reflect the taxable value added, however; they are a great indication of the taxable value growth that is expected in the future.

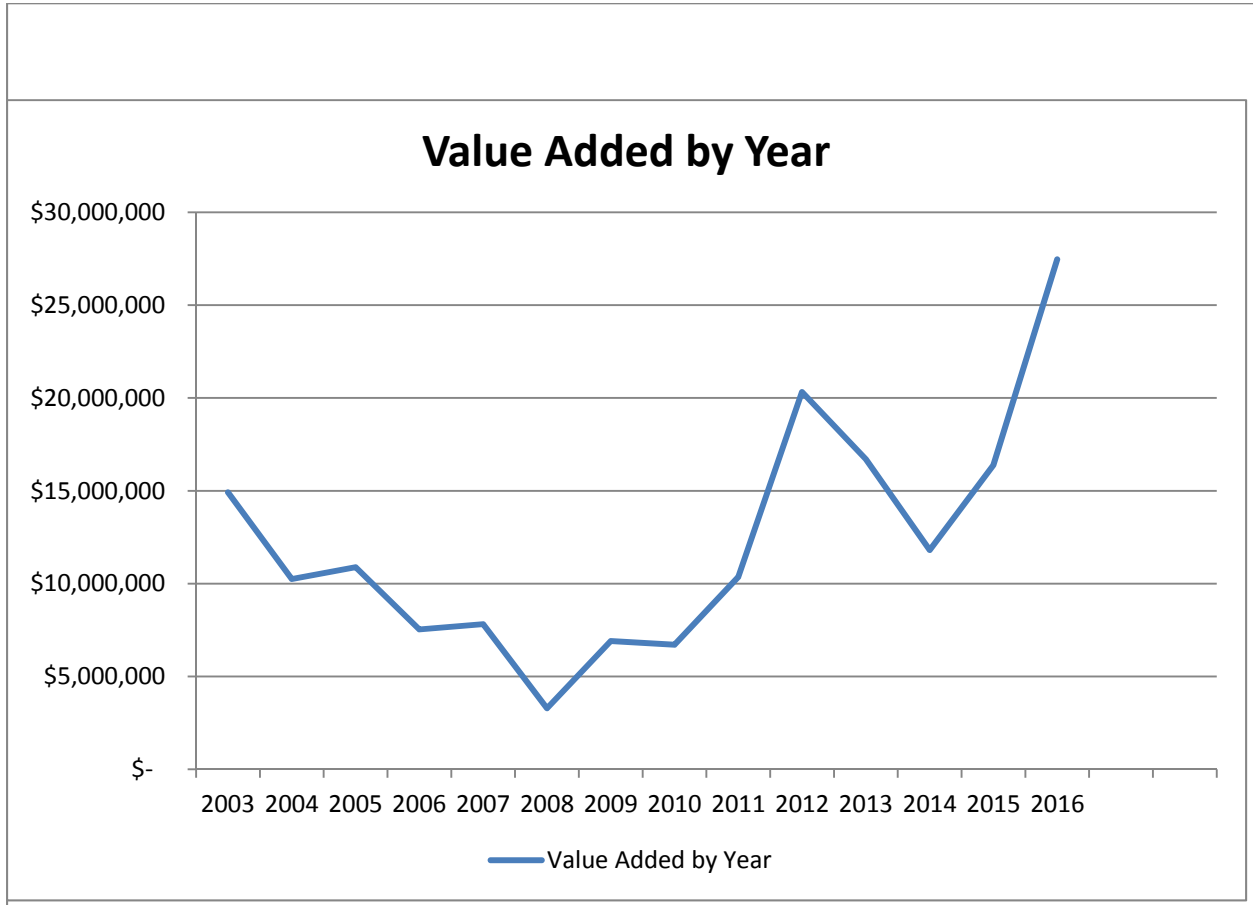
The “Single Family Structure Values Including Land” chart above shows a steady growth in Residential values over the past four years. This continued growth reflects the increase in cost with providing improved lots (paved streets, and utilities) coupled with increase in construction material for residential structures. This increase also translates back to existing lots and structures with increases in value.

In 2013 the lot value represented 16% of the total cost of the average home. In comparison in 2016 the average lot value had risen to 20% of the total average value. Between 2013 and 2016 the average single family structure and lot has increased 22.8%, with a good majority of this increase being attributed to the increase in the cost of a lot.

The chart below demonstrates the growth in the average value of a single family home during the same period as the table of the pervious page.



The following chart illustrates by year the growth in the city's valuation, or valuation added. This chart shows what has been added by year and does not show the total over the period. The chart is intended to show the trends in the City's growth and how the valuations change from year to year.



Total Taxable Value in Polk City

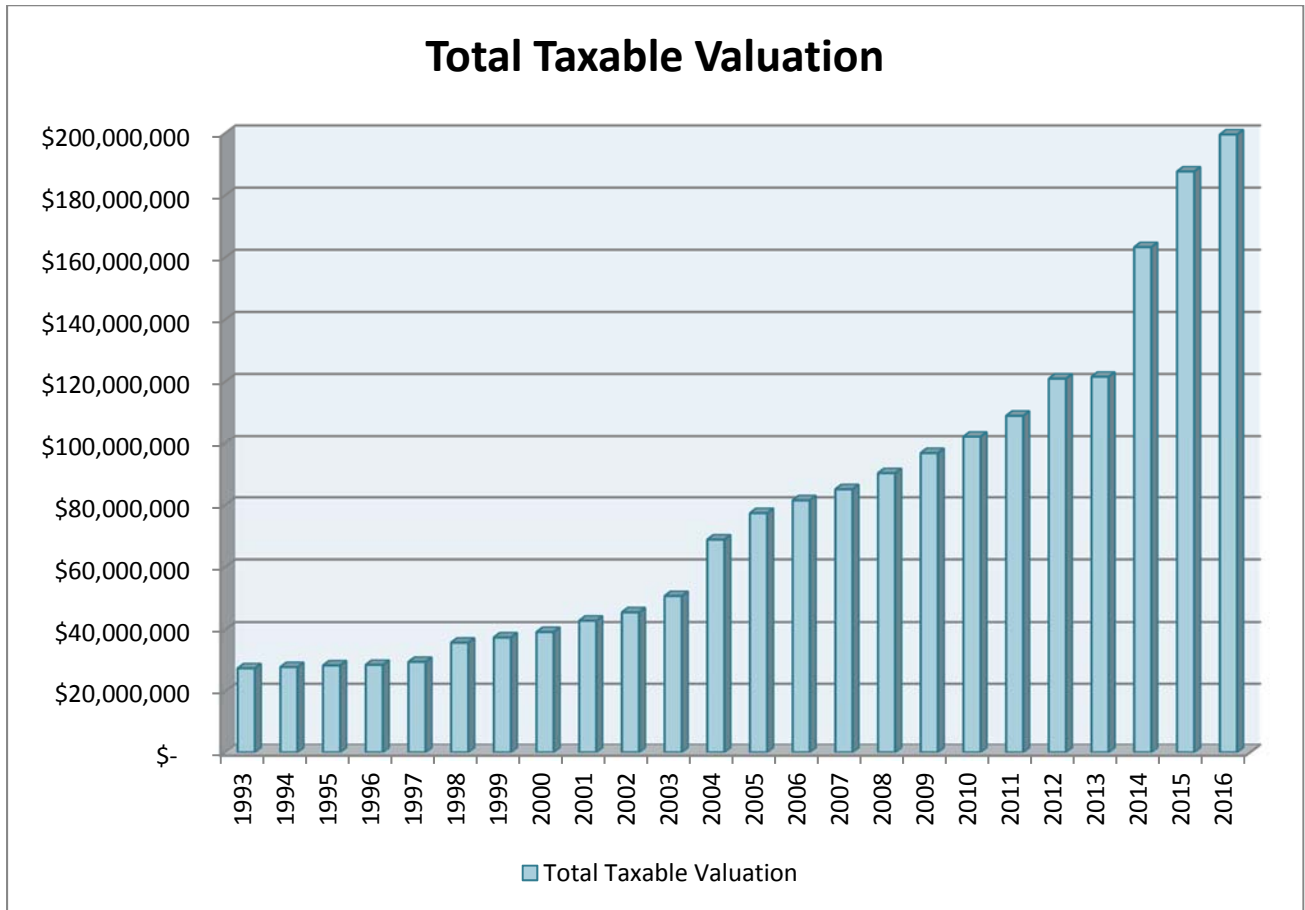
The total taxable valuation in a municipality is the value that taxes are derived from. Growth in taxable valuation is an indicator of the growth of a community overall. For instance in 1993 Polk City based its taxes on the total taxable valuation of \$27,555,646. At the \$7.90 tax rate per \$1000 this would have resulted in taxes of \$217,689. Fast forward and the preliminary number for total taxable valuation in 2016 is \$199,604,305 resulting in taxes of \$1,576,874 at the \$7.90 per \$1000 rate.

Valuation considered by many, including the rating houses of Moody and Standards and Poor are one of the best indicators of growth in a community. Continued growth shows that our community is moving forward even with the constant changes in rollback. A stagnate valuation means the only changes you are experiencing is the growth (or loss) in rollback. Polk City has seen tremendous growth, within the past eight years; Polk City has added over 100 million to its taxable valuation total if you consider the Tax Increment Finance (TIF) taxable valuations. That is incredible growth and the future looks to hold the same. There is more valuation being added through commercial/Industrial buildings. The number of lots that are available for growth will only add to the bottom line of the taxable valuation totals.

The following table shows by year the taxable valuation in Polk City.

Taxable Valuation by Year Growth (1993-2016)				
<u>Year</u>	<u>Taxable Valuation</u>			
1993	\$ 27,555,646			
1994	\$ 27,974,396			
1995	\$ 28,512,848			
1996	\$ 28,705,713			
1997	\$ 29,670,111			
1998	\$ 35,893,934			
1999	\$ 37,573,631			
2000	\$ 39,331,979			
2001	\$ 42,959,955			
2002	\$ 45,678,330			
2003	\$ 50,702,728			
2004	\$ 68,873,719			
2005	\$ 77,388,380			
2006	\$ 81,503,096			
2007	\$ 85,084,628			
2008	\$ 90,266,405			
2009	\$ 96,744,445			
2010	\$ 102,316,159			
2011	\$ 109,048,318			
2012	\$ 121,001,205			
2013	\$ 121,618,823			
2014	\$ 163,344,717			
2015	\$ 187,695,962			
2016	\$ 199,604,305			

The following chart expresses the values shown above in a bar chart format, which demonstrates the significance of Polk City’s growth. This data clearly shows Polk City is growing and the valuations that have been added show a healthy and growing community.



Valuation on the graph and charts is the taxable valuation of Polk City from year to year. What is important about this figure is it shows the communities growth from year to year less valuation in TIF.

Valuation is a good, and probably one of the best indicators of growth in a community. Continued growth shows that your community is moving forward with the constant changes in rollback. A stagnate valuation means the only changes you are experiencing is the growth in rollback. Polk City has seen tremendous growth, within the past years; Polk City has added \$122,215,925 to its taxable valuation total in the past ten years. This reflects incredible growth and by all accounts, the future looks to hold the same. In 2016 saw more valuation being added through commercial/Industrial buildings. The number of lots that are available for growth will only add to the bottom line of the taxable valuation totals. (Exhibit “A”)

To totally understand the makeup of the taxable valuation you must look at the breakdown by class of property. These numbers will differ from the total taxable valuation as these figures hold the TIF values. The chart below shows the different taxable valuations for each class of property for a comparison of various years between 2001 and 2016.

Taxable Valuation by Class In Polk City Various Years Comparison (includes TIF Valuations)							
Classification	Fiscal Year						
	FYE 2001	FYE 2007	FYE 2010	FYE 2012	FYE 2013	FYE 2014	FYE 2016
Residential	\$ 36,212,750 78.379%	\$ 71,919,440 79.475%	\$ 88,728,790 80.097%	\$ 94,317,150 82.718%	\$ 118,883,990 82.286%	\$ 126,799,709 83.026%	\$ 177,464,733 88.392%
Agricultural	\$ 543,550 1.176%	\$ 207,320 0.229%	\$ 526,650 0.481%	\$ 479,200 0.420%	\$ 479,200 0.332%	\$ 501,928 0.329%	\$ 451,387 0.023%
Ag Buildings	\$ 520 0.001%	\$ 270 0.000%	\$ 13,190 0.012%	\$ 14,050 0.012%	\$ 14,050 0.010%	\$ 38,417 0.025%	\$ 20,750 0.001%
Commercial	\$ 6,273,490 13.578%	\$ 15,261,090 16.854%	\$ 16,858,150 15.383%	\$ 15,789,780 13.848%	\$ 21,700,730 15.020%	\$ 21,971,030 14.386%	\$ 19,555,047 9.740%
Industrial	\$ 169,340 0.367%	\$ 204,500 0.226%	\$ 204,500 0.187%	\$ 160,000 0.140%	\$ 160,000 0.111%	\$ 200,000 0.131%	\$ 180,000 0.009%
Utilities	\$ 596,755 1.292%	\$ 639,057 0.706%	\$ 979,555 0.894%	\$ 976,471 0.856%	\$ 976,471 0.676%	\$ 937,270 0.614%	\$ 897,819 0.045%
Sub Total	\$ 43,796,405	\$ 88,231,677	\$ 107,310,835	\$ 111,736,651	\$ 142,214,441	\$ 150,448,354	\$ 198,569,737
Less Military	\$ 261,132 -0.565%	\$ 281,504 -0.311%	\$ 285,208 -0.260%	\$ 242,612 -0.212%	\$ 266,688 -0.185%	\$ 253,724 -0.166%	\$ 268,540 -0.013%
Gas & Electric Value	\$ 2,667,127 5.773%	\$ 2,543,459 2.811%	\$ 2,562,531 2.338%	\$ 2,528,844 2.218%	\$ 2,528,844 1.750%	\$ 2,527,432 1.655%	\$ 2,469,224 1.230%
Taxable Valuation	\$ 46,202,400	\$ 90,493,632	\$ 109,588,158	\$ 114,022,883	\$ 144,476,597	\$ 152,722,062	\$ 200,770,420
Percentages (%) are based on that years totals, Military is shown as a negative							
Valuations are issued on Jan1 of the year preceeding the Fiscal Year							
For instance Jan 1, 2012 numbers will be reflected in the 2013-14 Fiscal Year							

You can quickly tell where the growth has been in recent years. The Residential classification makes up 88.392% of our entire taxable valuation. This has changed from 2001 when the Residential classification was at 78.379% of the total taxable valuation. In 2017 when those numbers are available the residential percentage should drop slightly with the recent additions in the commercial building permits.

Conclusion

Polk City just finished its largest year ever in added valuation. In addition Polk City is experiencing new land being introduced through annexation and there are a number of plats that are in various phases of development. For a long time the phrase was often heard in Polk City that commercial growth would follow the residential roof tops. In 2016 Polk City starting witnessing Commercial types building permits and their associated added valuation. Polk City is growing and the growth is across many taxing classifications and is also in many different locations in the community. Totaled up in full, Polk City is adding growth that is manageable and helpful for the future of the City.

Sources:

- City of Polk City Building Permits on file by year
- Preliminary/Tentative/Subject to Change AY2016 Polk County taxable valuations, Polk Auditors Office, Polk County, Iowa.
- Iowa Department of Management Taxable Valuation by Class Files

Exhibit "A"

Active Subdivisions in Polk City (12-30-16)

Woodhaven

Preliminary Plat 91 lots;
Plat 1 Final Plat completed 42 lots on the market with 15 lots currently with or soon to be building;
Plat 2 has construction plans approved;
Expected start in spring 2015, completed 2016 - 15 lots;
Reminder of 34 lots after Plat 3 is completed construction 2018;
Total of 49 left to be built upon.

Big Creek Valley (TCI Plat 6)

Preliminary plat approved for 60 lots;
Phase 1 has grading permit approved;
Phase 1 has 30 lots, plan construction 2018, complete 2019;
Phase 2 has grading permit approved;
Phase 2 has 30 lots construction 2019; and,
Total of 60 lots left to be built upon.

Parker Boulevard Area (Knapp Property on west side of Parker)

Southwest Phase 1 Planned for construction 2020 -30 lots;
Southwest Phase 2 Planned for Construction 2022 -23 lots;
Total for Area 53 lots to be built upon.

TCI Pod I (Boulder Point area)

Plat for 28 units of Garden Home style units basically single family lots;
Concept approved as part of TCI Plat 5; and,
Total for Area 28 lots to be built upon.

Bridge View

Preliminary Plat and Construction plans approved and completed;
Entire plat is being constructed and has - 52 lots;
Total of 22 lots left to be built upon.

Lost Lake Estates

Preliminary Plat 1, 2, 3 and 4 approved;
44 lots in Plat 1 -29 lots Plat 2;
Plat 1 and Plat 2 completed and almost built out;
Plat 3 is complete -30 lots;
Plat 4 is Complete - 38 lots;
Total when complete -141 lots; and,
Total approximately 80+ lots left to be built upon.

Broadway Estates

Final plat completed;
8 total lots 6 lots with standing houses; and,
Total of 2 lots to be built upon.

Twelve Oaks

Plat 1 completed with 16 lots;
Approximately 15 lots with homes - All lots but 1 sold.
Plat 2 completed with 18 lots; 5 built upon
Plat 3 expected to be under construction 2017 - 21 lots;
Plat 4 completed in 2016 -13 lots; and,
Total of 48 lots left to be built upon.

Bradshaw Property

Beginning talks took place on November 3, 2014;
28+ acres - potential for 75 lots; and
Plats 1 and 2 in construction
Plat 3 has passed P&Z waiting on a few edits before Council.
Total of 75 lots to be built upon.

Crossroads at the Lakes

Approximately 80 residential lots along with 4 commercial lots
54 acres involved as a PUD
Platting expected in 2017
Total of 80 lots to be built upon.

White Tail Ridge (Sally Jensen Property-Hugg Drive)

Phase 1- Hugg Drive Spring 2017 10-15 lots.
Phase 2 - Eastern development Fall 17/Spring 18 75-90 Lots
Phase 3- Western Development Fall 18/Spring 19 35-50 Lots
Total Lots of 120-165 lots to be built upon

Lakewood Plat 1 (Todd Drake)

In final reading in front of Council 12-12-16
PUD shows 20 Single Family lots and 30 lots of bi-attached.
Total of 50 lots to be built upon.

Total lots currently unbuilt at this date equals 667-712 lots.