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Study finds building new homes can benefit Ames area

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Economic benefits of new home construction in Ames outweigh the cost of schools, police and fire protection, utilities and streets, according to a study commissioned by the Ames Home Builders Association.

The public is invited to hear the study summarized at a meeting at 7 tonight at the Hilton Garden Inn in Ames.

Conducted by Elliot F. Eisenberg, senior economist for the National Association of Home Builders, the Ames study plugs local statistics into a model he developed for the NAHB in 1996. It shows that:

- Building new homes creates income for home builders, their employees, local businesses and local governments.
- The benefits of new housing surpass the costs incurred by local governments (the city, school district and county), according to projections by Eisenberg. He estimated the "payback period" (the amount of time it takes for tax revenue and other benefits to replenish government costs) at seven to eight years in Ames.

Jake Hanson, a local home builder and president of the Ames association, said the study is important for the community because the city doesn't have a lot of land available for new home building.

"It takes two years from the time a new home is planned to the time it's completed, when you include the time it takes to prepare a lot with streets and utilities," Hanson said.

"Building lots are the lifeblood of our industry," added Keith Arneson, of Pinnacle Properties and legislative director for the Ames Home Builders.

Although a more challenging economy is reducing demand, developers in the Ames area could be building 200 to 300 new homes per year if there were enough land, Arneson added.

Eisenberg said the study shows "that home building is more than paying its own way and should put to rest the notion that existing home owners are subsidizing new home construction here."

The reports will be posted at the Ames Home Builders Web site at www.ameshomebuilders.com after tonight's meeting at Hilton Garden Inn.

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