

HBA CORNERSTONE

MAGAZINE

A PUBLICATION OF THE HOME BUILDERS ASSOCIATION OF WEST FLORIDA

Amir Fooladi Takes the HBA Reins To Become Its 68th President

PAGE 06

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**H·B·A
CORNERSTONE
MAGAZINE**

A PUBLICATION OF THE HOME BUILDERS ASSOCIATION OF WEST FLORIDA

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Working Together We Can Continue to Enjoy the Benefits of a Great Association

Editor's Note: This is Amir Fooladi's adapted acceptance speech after being installed as HBA President.

I am honored and privileged to be here today as President of the Home Builders Association of West Florida. I would like to thank the Executive Committee, Board of Directors, and members for placing your confidence and trust in me to serve in this role. This is a responsibility that I do not take lightly, and I will strive to give my best in representing this Association.

To outgoing President Chad Edgar, the present success of the HBA would not be possible without your leadership, hard work and efforts in guiding us this past year. Congratulations on a job well done.

To my wife, Amy. Thank you for your love and encouragement; and for pushing me every day to be a better person. I truly couldn't do this without your support.

Throughout my career in this industry, I've come to know a lot of people and developed many friendships. I would like to express my heartfelt gratitude to all of you for the contributions you've made to help me be where I am today. I am most grateful for those relationships and the value you've added to my life.

I am proud to be a part of this Association. Ask yourself this question... If the Home Builders Association of West Florida, the Florida Home Builders Association in Tallahassee and the National Association of Home Builders in Washington, DC didn't exist – where would we be today? I'll tell you where – OUT OF BUSINESS! Today, I challenge you to put membership first and be a part of our membership effort next year. Who do you know right now who is benefiting from the all-important work that we're doing and isn't supporting our Association? Ask that person to join. Tell them that their future and our future depend on it.

I'm also asking you for a commitment to involvement in your Association. Become a leader in our industry and carry our message to other members and potential members, governmental bodies, the media and the public. You may ask yourself, "What's in it for me?" I'll tell you plain and simple: It is the satisfaction of knowing that you were one of the few who cared enough to make a difference. Everything we do at the HBA depends on volunteers. We can't accomplish our tasks with a few people, but when we all come together with an ambitious and achievable set of goals, we can produce one of the best years this Association has ever enjoyed.

Thank you for allowing me to serve as your President. I hope you are as excited about the future as I am.



AMIR FOOLADI

“Ask yourself this question... If the Home Builders Association of West Florida, the Florida Home Builders Association in Tallahassee and the National Association of Home Builders in Washington, DC didn't exist – where would we be today?”



From Legos to Homes to Structures to People, Amir Fooladi Brings His Best to the HBA and Construction Industry

What's in a name? For Encore Homes by ParsCo, their name speaks volumes about their founder/owner, Amir Fooladi, and their mission. PARS stands for "Professionals Achieving Results Successfully." For Amir and his talented team, it's much more than just a catchy phrase... it's a commitment to excellence that permeates every aspect of his multi-faceted construction business.

While Encore Homes is the residential arm of the company, ParsCo is also involved in the construction of commercial and government buildings, and the restoration of historical properties. As a Certified General Contractor in Florida and several other states, ParsCo brings a high level of experience and exper-

tise to everything from its cottage homes in the Pensacola Garden District to a fabulous custom home with a subterranean hanger for an amphibious airplane to a multi-million-dollar testing facility at Eglin Air Force Base.

There were early signs that Amir would become a successful builder. As a child, his toy of choice was Legos. "It's the only toy my parents would buy me so I spent countless hours building various structures," says Amir. "I loved it. There is no doubt Legos fueled my interest in construction and gave me a passion for creativity."

Amir took his ambition to the next level by studying Civil Engineering at the University of Texas El Paso (UTEP) and graduating with a B.S. degree in Construction Engineering from the University of Southern Mississippi.

Early on he honed his skills working for a custom home builder in El Paso, and then later working for one of the largest General Contractors in the world building everything from retail facilities for Wal-Mart to luxury high-rise condominiums here along the Gulf Coast. By the time Amir launched his own business, he knew who he was as a builder and what he wanted to do.

"I based my business on three foundational principles," says Amir. "One, we would always give our clients the undivided attention and loyalty they deserved. Two, we would always be responsive when our clients had questions or concerns. Three, we promise there will be no surprises. In other words, good communication was key to our philosophy of customer relations."

Amir is quite aware that he works in a business with lots of challenges and almost a crisis a day. He doesn't ignore the labor shortage, supply chain kinks, or market volatility but he refuses to let them derail his projects. "We don't accept excuses on why something didn't get done," says Amir. "Our clients hire us because we are experienced problem-solvers, and we never want to let them down."

Even while running a large and demanding business, Amir finds time to help his industry. As the new President of the Home Builders Association of West Florida, Amir is proud of the past work of the HBA which includes advocating industry issues and have a level of competence too. "As an association, we're always working to enhance the professionalism in our industry," says Amir. "I believe that's so important, and I also love to see the synergy in play when people work toward a common goal. I hope I can make a difference during my time to be President of the HBA."



Like many builders, Amir gives back to his community, but his approach to philanthropy is somewhat unique. He is an adjunct professor in Construction Management at the University of West Florida and uses that platform to offer encouragement, career advice, and even internships with his company. "This is my way of investing in people," said Amir. "And I've found it to be quite rewarding."

From Legos to homes to structures to people, do you see the pattern? Amir Fooladi is always building, always making things better. It's not just what he does... it's who he is.

The Fooladi Family, from left, Amir, Amari, Amy, Malia, and Miland.



TOP 10 REASONS TO DO BUSINESS WITH AN ACTIVE ASSOCIATE MEMBER

1. They support the industry at the local, state and national levels.
2. They volunteer time, talent and treasure to help the association accomplish its goals.
3. They recruit their colleagues & business contacts to become members.
4. They serve on committees and councils gaining valuable networking opportunity while helping to advance the association's mission.
5. By doing so, you increase the value proposition for all membership in our HBA.
6. They are strong supporters of local and state PACs and BUILD-PAC.
7. They are a major source of non-dues revenue through sponsorships, advertising, etc.
8. As industry partners, they are a valuable resource for business and management tips.
9. They are heavily invested in your business success: You win, they win!
10. Why wouldn't you do business with a member?

Welcome New Members of the HBA Board of Directors



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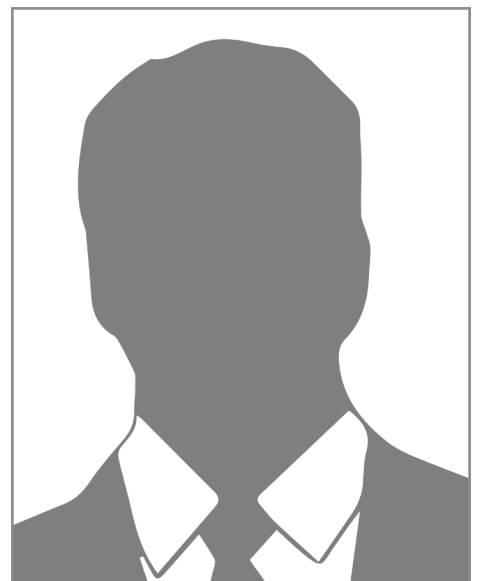
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Janson Thomas, Swift Supply



Anton Zaynakov, Grand Builders



Casey Smith, DR Horton

HBA Installation Banquet

The HBA Installation Banquet was held on December 7, 2022, at Sanders Beach-Corrine Jones Resource Center. Over 250 HBA members ushered in a new year of leadership with Amir Fooladi of Encore Homes/ParsCo, who became the 68th President of the Home Builders Association of West Florida.

Associate & Builder of the Year Awards

The coveted Associate and Builder of the Year Awards are used for the purpose of honoring a person who has done a great job in the past year, and it's also used to honor a person who has consistently made a significant and lasting contribution to the Home Builders Association for over a period of time.

ASSOCIATE OF THE YEAR, MARY JORDAN

For many years, Mary Jordan, of Gulf Coast Insurance, has worked on behalf of the Home Builders Association. She has been solid in her leadership in contributing to the overall success of the HBA. Anything associated with the HBA, she is leading the charge. She has cultivated relationships with many HBA members, and they appreciate her enthusiasm for the home building industry. She currently serves on the HBA's Board of Directors, she is Chair of the Tradesmen Education Committee, and she is serving on the Escambia County Competency Board. She also served as the Area I Associate Vice President for the Florida Home Build-



ers Association. It is for these reasons the HBA leadership chose Mary as the 2022 Home Builders Association of West Florida's Associate of the Year.

BUILDER OF THE YEAR, ALTON LISTER

The Builder of the Year is chosen for many reasons. The leadership looks at the attributes of someone who has made a significant and lasting contribution to the industry and Home Builders Association. Alton Lister has been active in the HBA for many years serving on the HBA Board of Directors, Senior Officers and President. Alton was chosen by his peers to build the 2019 American Dream Home, and he's currently serving as Chair of the Governmental Affairs Committee. He also represented the HBA at the state level as the Florida Home Builders Association Area I Vice President. He is also currently serving on the Escambia County Competency Board. He's a tremendously nice person who goes out of his way to be helpful. It is for these reasons the leadership selected Alton as the 2022 Home Builders Association of West Florida Builders of the Year.



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More Installation Photos

HBA Installation Banquet

from page 09



2nd Vice President Award Given to Marty Rich of University Lending Group

Marty Rich of University Lending Group is a one-of-a-kind leader. He is passionate about the building industry and he made sure, as the highest ranking associate member, that associate members were being represented and thought of on policy decisions. Thank you, Marty, for your longtime service to the HBA.



HBA Executive Director David Peaden congratulated outgoing President Chad Edgar for his successful year leading the Association.





**If you do business with previous members, please
give them a call and reinforce the value of
membership as well as the importance of**

Members Doing Business with Members.

City of Pensacola Mayor's Transition Team Report Findings

By DAVID PEADEN

Note: I had the pleasure of serving on Pensacola Mayor D.C. Reeves Transition Team under the City Construction and Development category. I am hopeful that under Mayor Reeves leadership, many of these recommendations will be implemented. Also, thank you for your input during this process. The whole report can be found at www.cityofpensacola.com

The City Construction & Development category is an overview of processes in which Pensacola businesses/citizens interact with city government.

It also evaluates areas of improvement that streamlines a process or how citizens interact with city personnel. Since the first Transition Team meeting, I have met with many citizens and have listened intently during public forums to gain a better understanding of the challenges and opportunities within the city.

Residential Real Estate Development & Construction

OBSERVATIONS

Other Areas of that do not rise to the area of recommendations but should be noted:

The city needs to determine its core missions in order to focus on its resources, a vision and mission statement, strategic priorities, as well as an accountability and compliance system.

- Land Acquisition management – review existing properties. Which should be sold versus maintained by the city? Hire a real-estate attorney to be assigned to the 30 percent derelict housing in the city. Once the owners are located, back taxes can be paid as well as code violations.
- The roles and the responsibilities of a mayor, council members, city manager and staff must be clearly articulated and understood.
- The city needs to look at implementing lean management processes. Too often staff is tied to processes that are overly cumbersome on the commu-

nity. Sometimes city, state and federal laws require specific processes that are time consuming. In those instances, the process needs to be clearly defined so that the public understands the process.

- Delays in permitting, even though the project meets City codes and ordinances, should be addressed. Demolition of a structure could take up to 120 days. Signage delays for tree removal. The current language specifies that tree notification signs must be in place 14 days prior to a permit being issued for removal.
- Internal processes need to be faster to help users of the system. The MGO software the city uses for permitting needs to be improved to prevent delays. For instance, once a comment is made in the system, the parties are not notified, and the project goes to the back of the line instead of staying on the forefront to get through the permitting process.
- More training for MGO should be held and incorporate customer feedback to make it better.
- The CRA provides services that are useful services such as the rehabilitation programs for residential and commercial structures. The city needs to get the word out about these and other useful CRA programs/services.
- The two Cultural Affairs positions that are housed in Planning & Zoning should be moved to another department that is more fitting for the job description.
- Cost should be a factor when writing new ordinances.
- Communication is key with all City departments. Some City departments are left out of the loop which causes delays and confusion.



- Inspections services should be accountable for items missed on plans. The costs of retrofitting after a job is 95 percent complete is extremely expensive. Perhaps take the engineers seal as a qualification for approval of building plans.

- Inspectors need to be trained on being consistent with enforcing the Florida Building Code.

Customer Service

(Building Inspections, Plans Review, Planning and Zoning, Engineering)

One main recurring theme is that the City needs to be effective, efficient and responsive to the users of the system.

- Office hours should be open to the public from 8 a.m. – 5 p.m. without designated times to interact with City personnel. Users of the system should not be viewed as an interruption of work and should be viewed as the reason for having work. Phone calls should be logged and returned. A live voice would be helpful to customers.
- A liaison should be hired to shepherd projects through the various departments who manage permitting. This individual should be authorized to make organizational and operational recommendations to City leadership to foster a customer service friendly culture.
- Permit response times should be published and tracked to create transparency internally within the department and externally to the public.
- To foster a culture focused on customer service, and create a rewards

system for those who go above-and-beyond to help citizens.

- Employees should work with citizens on how to meet the intent of the code rather than just saying “No, you can’t do that”. To facilitate this effort, employees should be empowered to make decisions based upon the true intent of the code.
- Invest in QLess Software that would streamline the customer service experience. This software would keep track of every customer interaction with actionable insights and extensive statistics about employee performance.

Adequate Staffing of Various Departments

(Building Inspections, Plans Review, Planning and Zoning, Engineering)

A common theme in meeting with City personnel was the need for positions to be filled or created to assist with the overall workload.

- In most organizations there are some positions that are overly worked and some that add little value to the

overall organization. Consider conducting desk side audits to determine workload compared to staffing. Often it is found that staffing in some areas can be reduced while an increase in staffing in other areas is needed.

- Hire only proven professionals for positions. Keep searching to find the right person for the job. Hire talent that has the capacity and skill set to take on additional responsibilities and grow with the city. Ensure every new hire for key positions has an extremely strong skill set starting with strong interpersonal skills.
- Funding has been pulled for positions and used in other areas of the city. Some departments share costs of an employee, but this leads to accountability issues in terms of what team leader is directly in charge of managing the employee.

City Volunteer Boards and Commissions

City Boards and Commissions provide a valuable service in terms of the governance of the City. Although each Board

or Commission has its own set of rules and procedures, many times the people serving on the boards are well meaning but sometimes step outside their responsibilities. This puts applicants at a disadvantage by being held hostage to recommendations and changes to projects in order to gain approval.

- All Boards need training regarding their intent, purpose, and Sunshine law. Legal counsel should attend meetings to give a refresher on intent and purpose.
- If board members still choose to go outside of their role, they should be held accountable by a written warning by legal counsel, then removal if the board member continues to operate outside of the policies and procedures.
- Employees need to be empowered to make decisions without going through various boards for small items.
- Make Planning Board meetings quasi-judicial for development/plats.



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Sherwin-Williams, of Redend Point. “The color is a natural choice for those looking for a warm and joyful neutral in both interiors and exteriors.”

Other paint manufacturers, such as Behr, went a different direction. Behr’s 2023 Color of the Year, Blank Canvas, is a rich neutral to help renew every space in the home, from entryways to living rooms to bedrooms.

“Blank Canvas effortlessly offers a clean and inviting blank slate that allows individuality and creativity to flow freely,” stated Erika Woelfel, Vice President of Color and Creative Services at Behr Paint Company, in a press release. “This white easily harmonizes with a wide range of hues, including neutrals, earth tones and pastels for a charming and cozy appeal.”

Valspar also opted for a primarily softer palette, with its 2023 Colors of the Year palette. Neutral colors such as Ivory Brown, Cozy White and Villa Grey are included alongside colors such as Southern Road and Desert Carnation, which are more in line with the year’s bolder red-based color selections.

Valspar’s palette also includes nature-inspired greens and blues, which complement Glidden’s choice of Vining Ivy as its 2023 Color of the Year. The bold blueish-green “serves up versatile vibes, making it an on-trend addition to any room,” Glidden noted.

This range of colors on trend — and the versatility it provides — offers inspiration for reinventing and reconnecting with the home in the year ahead.



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Top Color Trends for 2023

The new year is a great time to set goals, establish healthier habits, and promote growth and learning. This year, many paint manufacturers also see it as a great opportunity to reset, recenter and rewrite the design and ambience of our homes to suit our journey for the year ahead.

Take Pantone’s 2023 Color of the Year, Viva Magenta, for example. This bold hue provides a perfect change of pace for the year ahead. “Viva Magenta is brave and fearless, and a pulsating color whose exuberance promotes a joyous and optimistic celebration, writing a new narrative,” Pantone noted.

Benjamin Moore’s Raspberry Blush is a similarly charismatic coral hue that can be used to add a lively pop of color to any space.

“People are ready to bring color back into the home, taking a step outside their color comfort zones,” said Andrea Magno, color marketing & development director at Benjamin Moore, in a press release. “Raspberry Blush 2008-30 and the Color Trends 2023 palette empower the use of statement colors that deliver delight and personality, while transforming rooms for incredible results.”

Sherwin Williams and Dunn Edwards opted for more muted red-based tones with Redend Point and Terra Rosa, respectively. These soft, earthy, subtle pink hues are grounding and warm, and add rich, sophisticated color to the home.

“It is a heartening hue that invites compassion and connection into any space,” said Sue Wadden, director of color marketing at



The Difference Between a 3% and 7% Mortgage Rate: \$1,000 Per Month

As the Federal Reserve continues to fight inflation, mortgage rates increased rapidly in 2022, starting the year at 3% and rising above 7% before dropping back to roughly 6.5% at the end of the year. How do rapidly rising mortgage rates affect housing affordability?

The difference between a slightly more than 3% mortgage rate and a 7% mortgage rate adds roughly an additional \$1,000 mortgage payment to a typical, new median-priced single-family home and prices 18 million U.S. households out of the market for the home.

This means that a mortgage payment on a \$450,700 home would have increased from \$1,925 in January 2022 to \$2,923 in late October when mortgage rates topped 7%.

And while mortgage rates fell back

modestly to a level of 6.42% at the end of the year, the monthly mortgage payment on the same home increased from \$1,925 in January when rates were just above 3%, to \$2,740 in December when rates doubled, adding more than \$800 to the cost of the home loan.

Higher mortgage rates have clearly worsened housing affordability as home prices remained high in 2022. As the charts below show, each 100-basis-point rise in mortgage rates requires roughly an additional \$10,000 in household income to qualify for a similarly sized mortgage loan, and prices approximately five million additional households out of the market for a home at the same or similar price level.

Table 1. U.S. Households Priced Out of the Market by an Increase in Interest Rates, 2022

Mortgage Rate	Median New House Price	Monthly Mortgage Payment	Taxes and Insurance	Minimum Income Needed	Households That Can Afford House	
					Number	Percent
3.22%	\$450,700	\$1,925	\$509	\$104,302	44,513,280	34.2%
4.22%	\$450,700	\$2,165	\$509	\$114,599	39,532,750	30.4%
5.22%	\$450,700	\$2,419	\$509	\$125,476	34,369,423	26.4%
6.42%	\$450,700	\$2,740	\$509	\$139,221	29,006,877	22.3%
7.08%	\$450,700	\$2,923	\$509	\$147,071	26,405,266	20.3%

US Household Income Distribution for 2022		
Income Range:	Households	Cumulative
\$0 to \$10,488	7,836,327	7,836,327
\$10,489 to \$15,732	5,013,586	12,849,912
\$15,733 to \$20,977	4,713,339	17,563,252
\$20,978 to \$26,221	5,037,179	22,600,431
\$26,222 to \$31,465	4,945,135	27,545,567
\$31,466 to \$36,710	5,215,354	32,760,920
\$36,711 to \$41,954	4,955,188	37,716,108
\$41,955 to \$47,198	5,138,092	42,854,200
\$47,199 to \$52,443	4,545,762	47,399,962
\$52,444 to \$57,687	9,277,970	56,677,933
\$57,688 to \$62,932	12,575,453	69,253,386
\$62,933 to \$68,176	16,588,089	85,841,475
\$68,177 to \$73,420	12,447,351	98,288,826
\$73,421 to \$78,665	8,690,348	106,979,174
\$78,666 to \$83,909	10,289,692	117,268,865
\$83,910 to \$89,153	12,715,031	129,983,897



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What is a Land Condominium?!

By STEPHEN R. MOORHEAD AND ASHLEE TALBERT

If you are a home builder or developer of residential subdivisions, you may have a need for a land condominium. Condominiums are not just for high-rises, they can be for commercial buildings, and even, you guessed it, land. *The development might look like a standard subdivision from the street*, but as a land condominium it would not be subject to the land development

code as a subdivision. Instead, it can be approved as a site plan.

Planned developments emerged in the 1970s. Along with the popularity of subdivision developments, regulation has increased, and now, most jurisdictions have subdivision regulations.

A land condominium refers to a condominium in which the “units” are land. This

alternative avoids real estate development roadblocks and problems with project site limitations, zoning restrictions, or subdivision regulations, where a developer cannot achieve the end result through the subdivision process. In essence, this development structure permits a “private subdivision” of property.

The land condominium structure differs from a “typical” condominium. With ownership of a condominium, the unit owner only “exclusively” owns the unit, usually the inside walls, floor, and ceiling. The other unit owners in the condo-

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minium together own everything beyond that specified space (common halls, the exterior, and the land around it). In a land condominium type of ownership, the homeowner owns the condominium unit (a lot), which includes the structure built on the lot and the whole parcel upon which it sits.

With a typical single family home development, the plat subdivides the property, and a Declaration of Covenants, Conditions and Restrictions is recorded. Land condominiums, by contrast, are formed by the filing of a Declaration of Condominium to which a plot plan or condominium plat is attached. Land condominiums are subject to:

(1) the requisite restrictions and covenants contained in the declaration;

(2) the requirement that each unit owner owns a proportional interest in the common elements, common expenses, and common surplus; and

(3) the management and control of the association, as provided for in the declaration.

Through creative drafting and consideration of the future development and financing objectives, condominiums can be a valuable development tool where a typical subdivision is problematic.

For your next project, a land condominium may be just the type of development you need.

	Land Condominium	Subdivision
Approval Required	site plan approval	subdivision approval
Ownership of the Lot or Parcel	unit owner	lot owner
Ownership of the Common Area	unit owners in undivided interest	HOA
Primary Governing Document(s)	Declaration of Condominium	Plat/Declaration of Covenants, Conditions and
Common Area Maintenance	condominium association	HOA

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Keepsake Insurance is an insurance agency extremely dedicated to the community, says owner Terrence Williams. "We have a firm committed in providing members with affordable rates and stellar service without compromising integrity," said Williams. Williams says it's important to be a part of the HBA with a community of great people and business owners. "So, becoming a member of the HBA of West Florida was the best choice." While not working, Williams enjoys training his daughter in tennis and basketball, playing music with friends and enjoying nature.





Property Taxes by State – 2021

Real estate taxes vary widely across states both in terms of annual taxes paid as well as effective tax rates. In 2021, the difference between average real estate taxes (RETs) paid by New Jersey and Alabama home owners was \$8,336. New Jersey continued its perennial distinction as having the highest average real estate tax bill per home owner (\$9,151) as well as the highest effective tax rate (2.02%).

Hawaii (0.28%) and Alabama (\$815) were at the other end of the spectrum, boasting the lowest average effective tax rate and annual real estate tax bill, respectively. The difference between the highest-taxed state (New Jersey) and lowest (Alabama) grew by \$362 between 2019 and 2021, more than double the growth between 2017 and 2019 (\$170).

The overall distribution has remained roughly unchanged since 2019, as the composition of the top ten remained the same except Washington replaced Texas as the state with the 10th-highest average real estate tax bills. The map (below left) illustrates the concentration of high average property tax bills in the Northeast. In contrast, southern states (excluding Texas) boast some of the lowest real estate tax bills for their resident homeowners.

As property values vary widely by state, controlling for this variable produces a more instructive state-by-state comparison. In keeping with prior analyses, NAHB calculates this by dividing aggregate real estate taxes paid by the aggregate value of owner-occupied housing units within a state. The effective tax rate can

be expressed either as a percentage of home value or as a dollar amount levied per \$1,000 of this value.

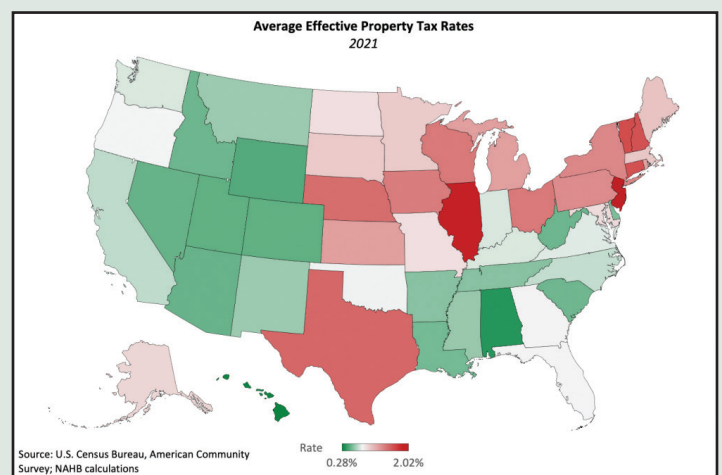
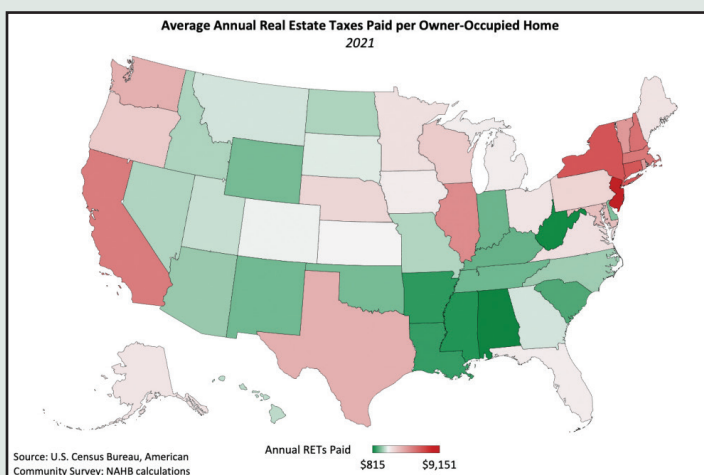
The map (below right) shows that New Jersey has the dubious distinction of imposing the highest effective property tax rate—2.02% or \$20.22 per \$1,000 of home value. Hawaii levies the lowest effective rate in the nation—0.28%, or \$2.82 per \$1,000 of value. However, this low rate combined with extremely high home values results in middle-of-the-pack per-homeowner property tax bills. Hawaii's average owner-occupied home value (\$822,187) is second only to California's (\$831,859) and is 61% higher than New York's (\$509,768).

Interstate differences among home values explain some, but not all, of the variance in real estate tax bills across the country. Texas is an illustrative example of a state in which home values hardly, if at all, explain real estate tax bills faced by homeowners. While Texas ranks in the bottom half of states in terms of average home values, it is 11th in average real estate taxes paid. Other factors are clearly at play, and state and local government financing turns out to be a major one.

Property taxes accounted for 36.2% of state and local tax receipts in 2021 after making up 39.9% of the total in 2020 due to a broad decline in income tax revenue as a result of the pandemic. However, some state and local governments rely more heavily on property taxes as a source of revenue than others. Texas serves as an excellent example once again.

Unlike most states, Texas does not impose a state income tax on its residents. Even though per capita government spending is tame compared with other states—14th-lowest in the country—Texas and its localities must still find a way to fund spending. Local governments accomplish this by levying the sixth-highest average effective property tax rate (1.50%) in the country. The state government partly makes up for foregone individual income tax revenue by imposing its corporate tax on revenue rather than income.

Of course, neither home values nor a state's reliance on property tax revenue is fully responsible for the geographic variance of property tax rates and revenues. State spending per resident, the nature of this government spending, the prevalence of homeownership within a state, and demographics all affect tax policy and, thus, the type and magnitude of tax collections. These variables combine to explain the variance that the two factors discussed here do not fully capture.



Final WOTUS Rule Will Muddy the Waters

In a blow to housing affordability and regulatory certainty for builders and other stakeholders, the Biden administration established final regulations that will dramatically expand the definition of “waters of the United States” (WOTUS) under the Clean Water Act (CWA), even as the U.S. Supreme Court has yet to decide on the legality of key aspects of the rule.

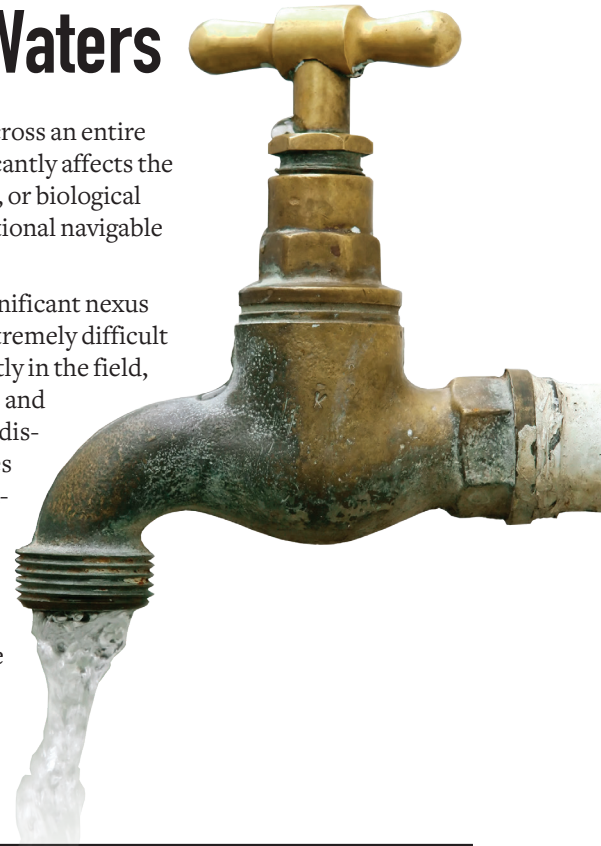
“Rather than providing clarity and certainty for home builders and other affected stakeholders, this definition of WOTUS adds uncertainty and confusion to the regulatory process, raises housing costs and drastically increases federal overreach in the process,” said NAHB Chairman Jerry Konter.

Regrettably, the final rule continues to rely upon a confusing and legally flawed theory of CWA federal jurisdiction known as the “significant nexus test” to potentially assert federal control over isolated wetlands, features that contain water only in response to rainfall events, and ephemeral streams impacting numerous activities, including home building.

The test’s results are determined by a federal regulator who decides whether a specific feature, along with similarly situated

features located across an entire watershed, significantly affects the chemical, physical, or biological integrity of a traditional navigable water.

In practice, the significant nexus test has proven extremely difficult to apply consistently in the field, leaving developers and builders unable to discern for themselves which isolated wetlands, ephemeral streams, or even human-made drainage features, like roadside ditches, are federally jurisdictional under the CWA.



Rule Could be Doused Before it is Even Implemented

NAHB believes the decision by the U.S. Environmental Protection Agency (EPA) and the Army Corps of Engineers (Corps) to finalize today’s WOTUS definition is counterproductive and shortsighted, especially since the Supreme Court’s upcoming ruling under *Sackett v. EPA* is squarely focused on the legality of the significant nexus test, which is a critical part of the final rule.

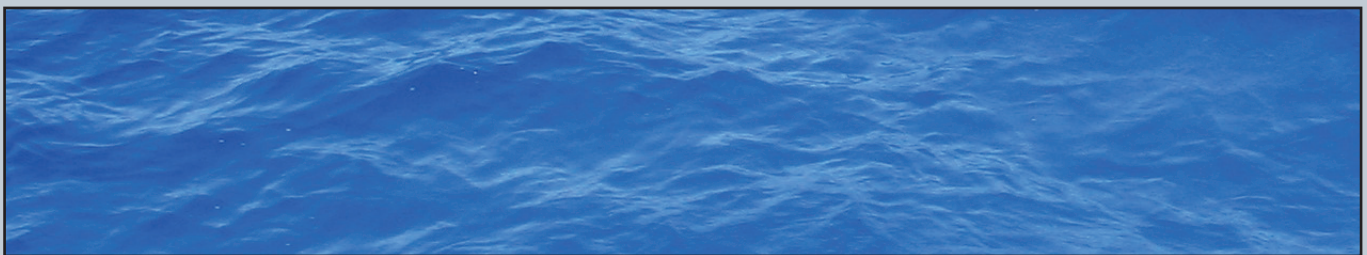
The new rule will go into effect in late February or early March, and the *Sackett* verdict could be issued before the rule is even implemented or a few short weeks thereafter. A victory for *Sackett* would force the EPA and Corps to go back to the drawing board on WOTUS.

In the meantime, the new WOTUS rule radically extends the areas in which home builders are required to get federal permits compared to the prior rule finalized during the Trump administration. It will result in continued regulatory barriers to affordable housing as single-family and multifamily developers struggle to find the developable land necessary to produce the new affordable housing units this nation desperately needs.

In short, the rule will generate bureaucratic and project delays, raising housing costs when the nation is already experiencing a housing affordability crisis.

Moreover, the final rule’s continued reliance upon the significant nexus test when determining CWA jurisdiction over otherwise isolated and ephemeral features prevents states and local governments from acting as co-regulators, as intended by Congress when the CWA was drafted more than 40 years ago. And not only does the significant nexus test go well beyond the limits of federal jurisdiction set forth previously by the Supreme Court, it also results in duplicative and even conflicting wetlands requirements at the federal, state and local levels of government.

“The Biden administration has declared a housing affordability crisis, but if the administration is truly interested in knocking down barriers to affordable housing, it will direct the EPA and Corps to keep from implementing this rule until the Supreme Court issues its ruling in the *Sackett* case,” said Konter.





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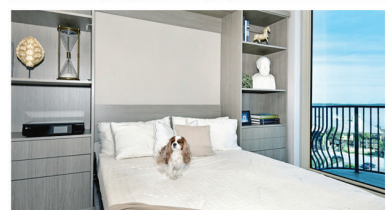




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