

# LOCAL HOUSING MARKET & ECONOMIC IMPACT REPORT ADA COUNTY

Presented by:

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Building Contractors Association of Southwestern Idaho

January 25, 2018

Boise, ID



# Introduction & Welcome



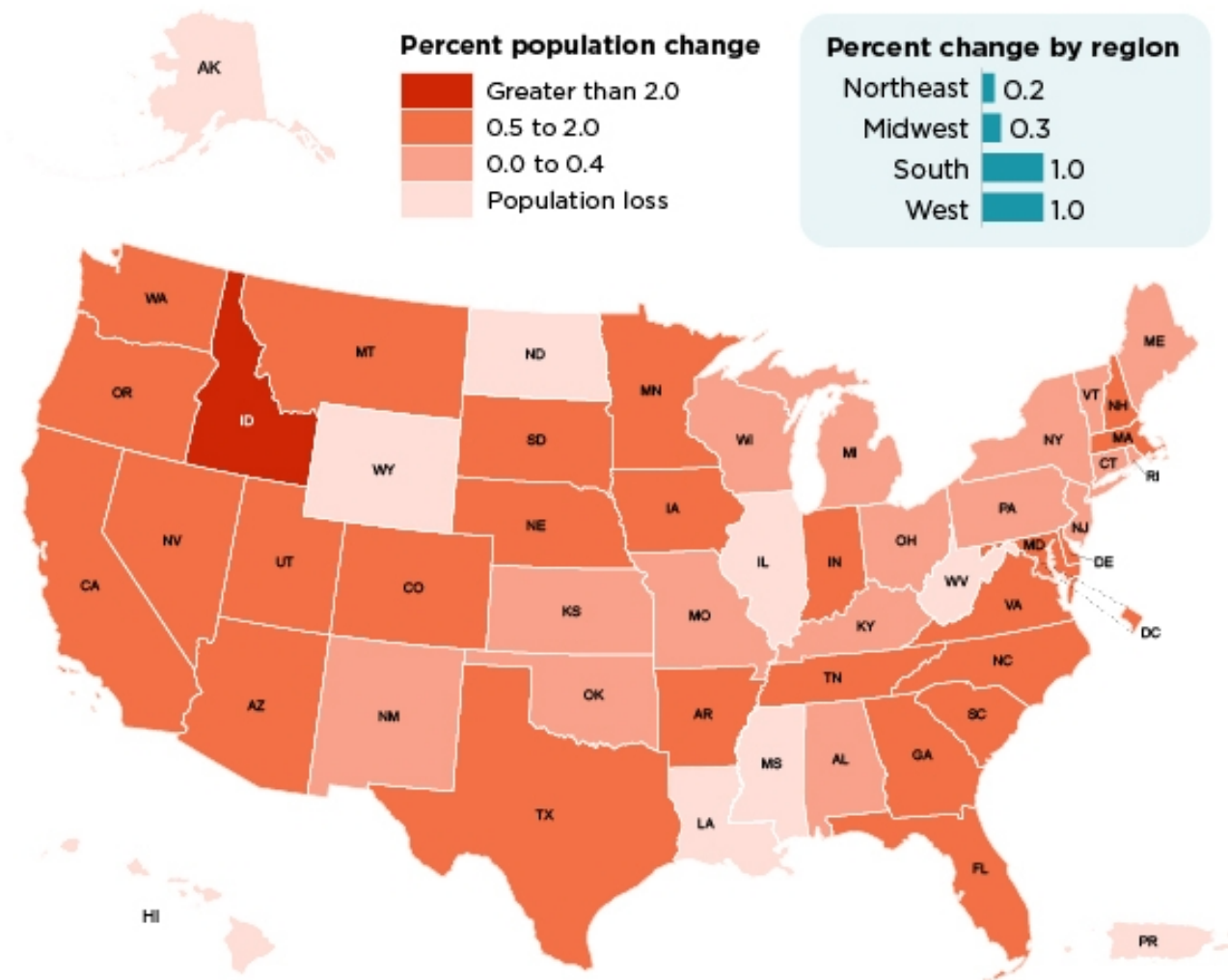
## Topics:

1. 2017 Local Housing Report & 2018 Forecast
2. Economic Impact of Local Home Building
3. Local Government Issues Addressed by BCA  
and Savings

# **Local Housing Report**

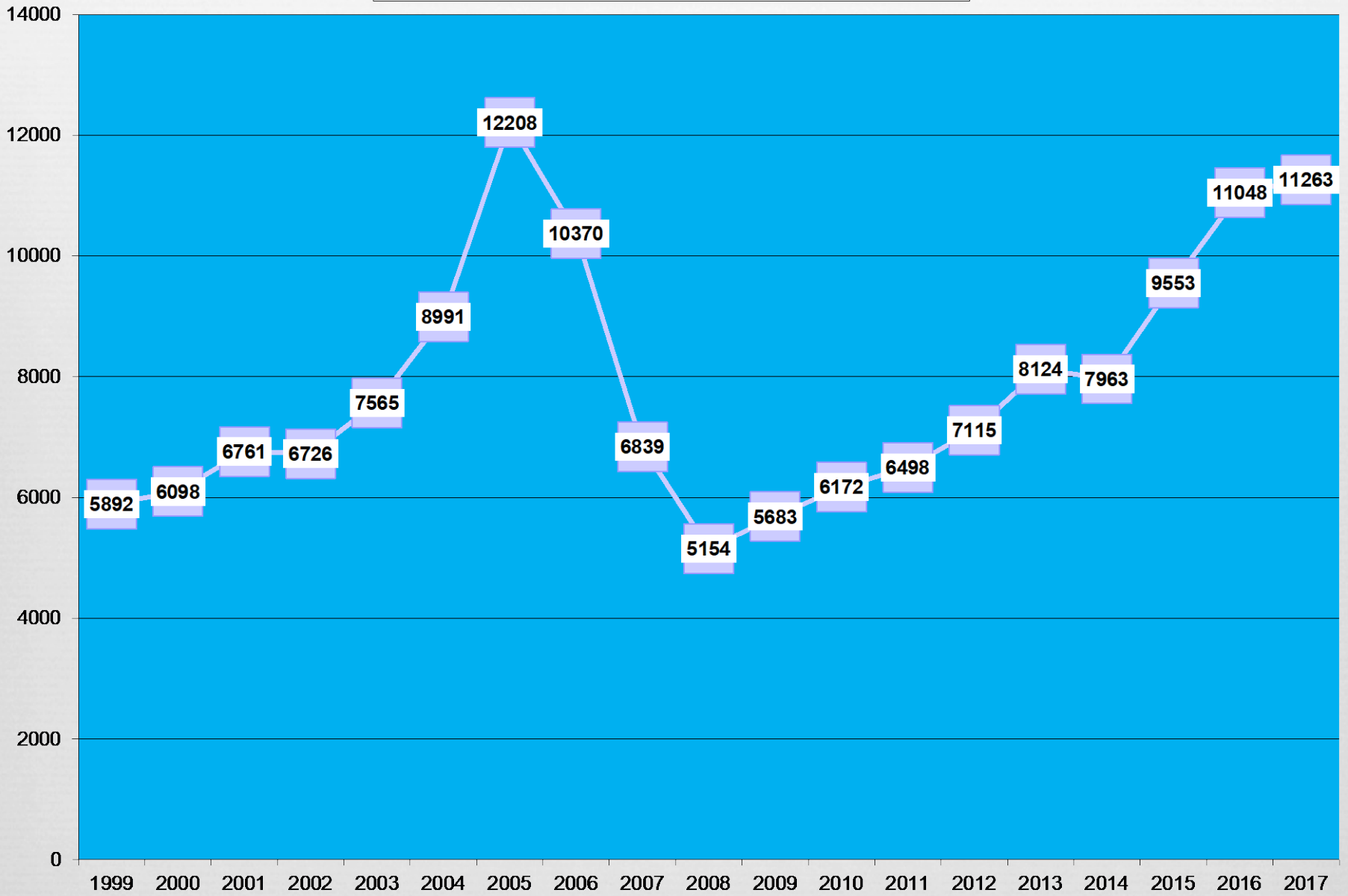
# Idaho is Nation's Fastest-Growing State

Population Change From July 1, 2016, to July 1, 2017

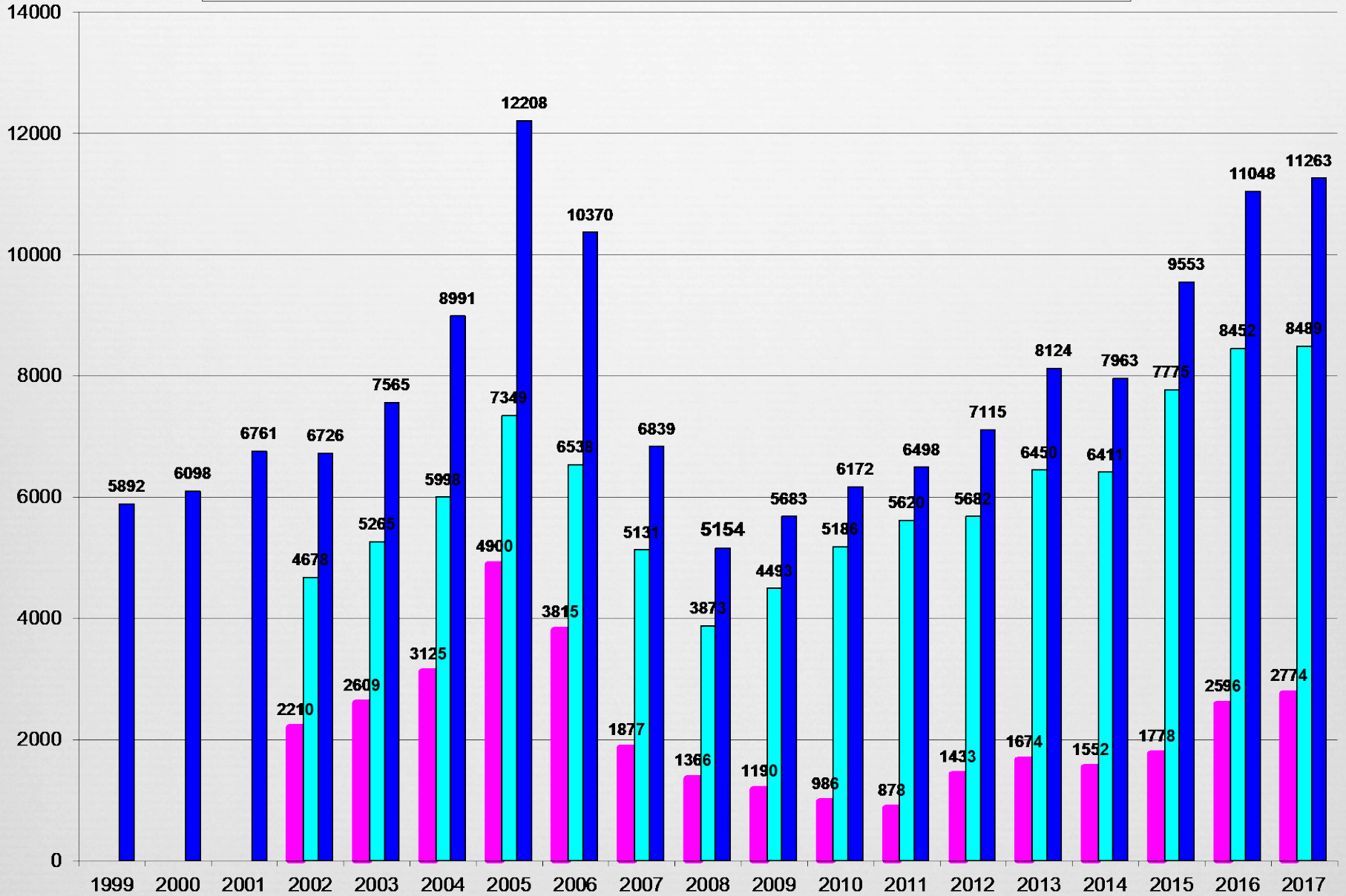


# A1 - Ada County Yearly Sales HISTORY

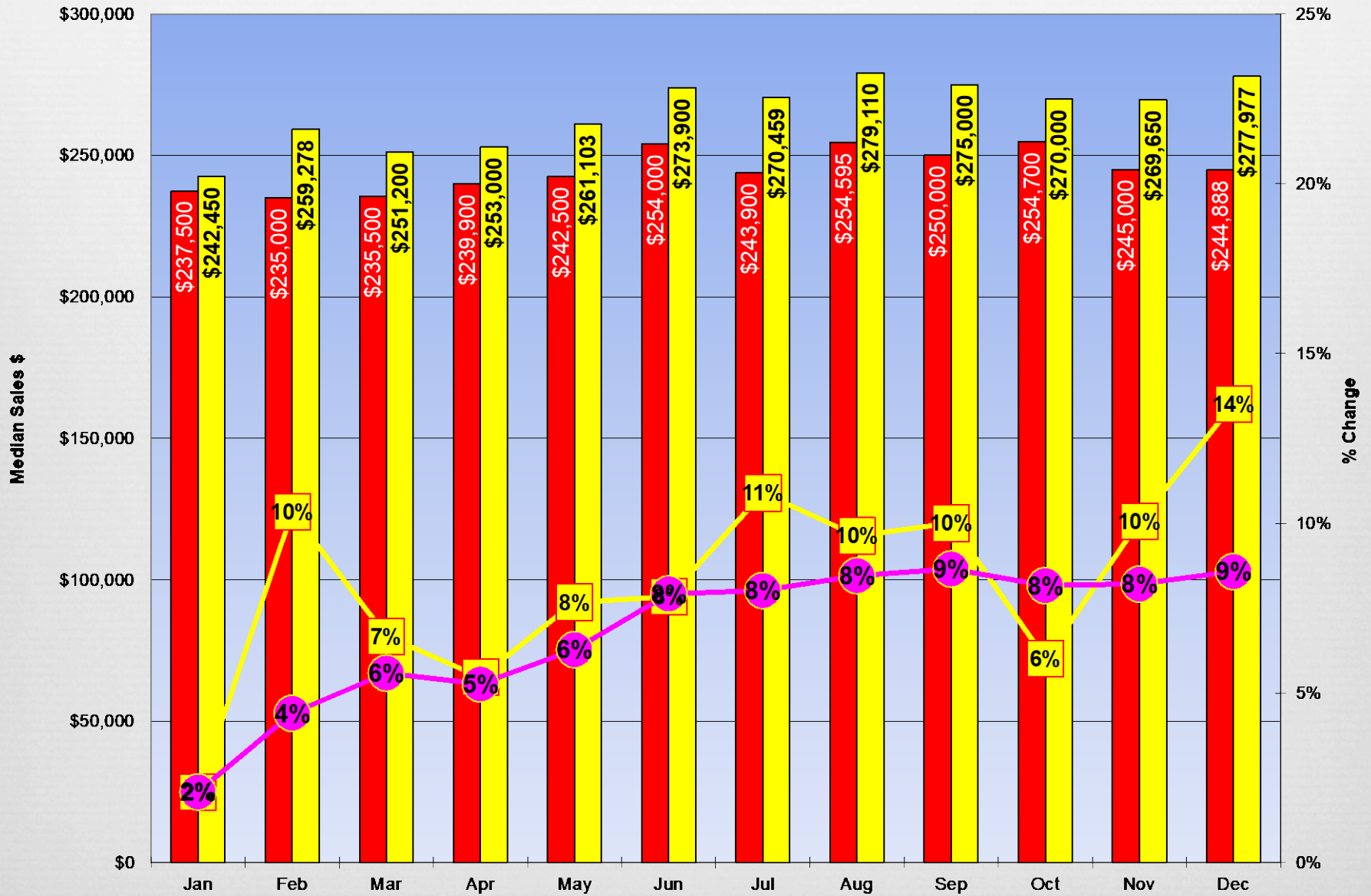
Total Single Family Home Sales



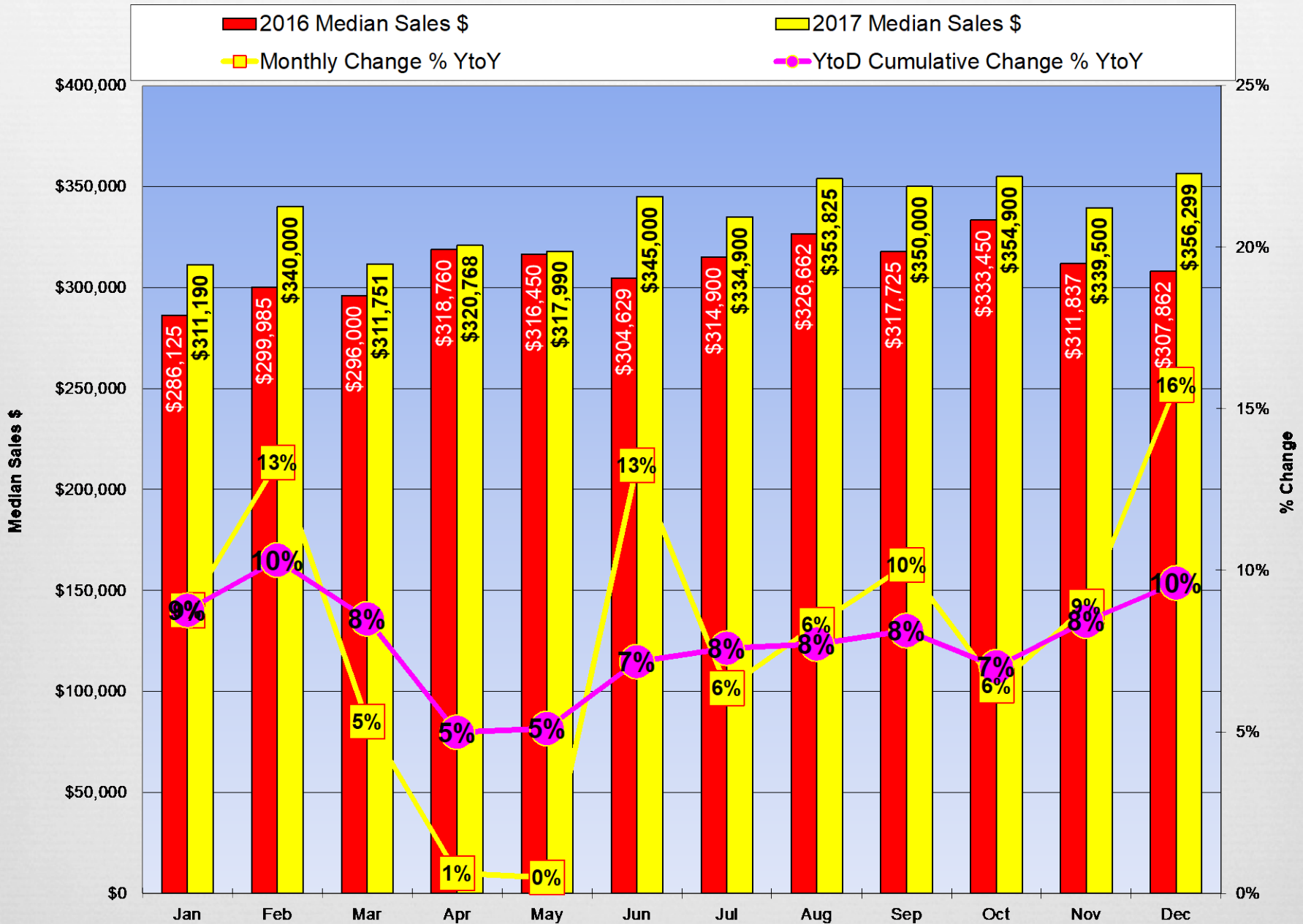
# A1A - Ada County Yearly Sales HISTORY



# A10 - Ada County Monthly MEDIAN Sales Price

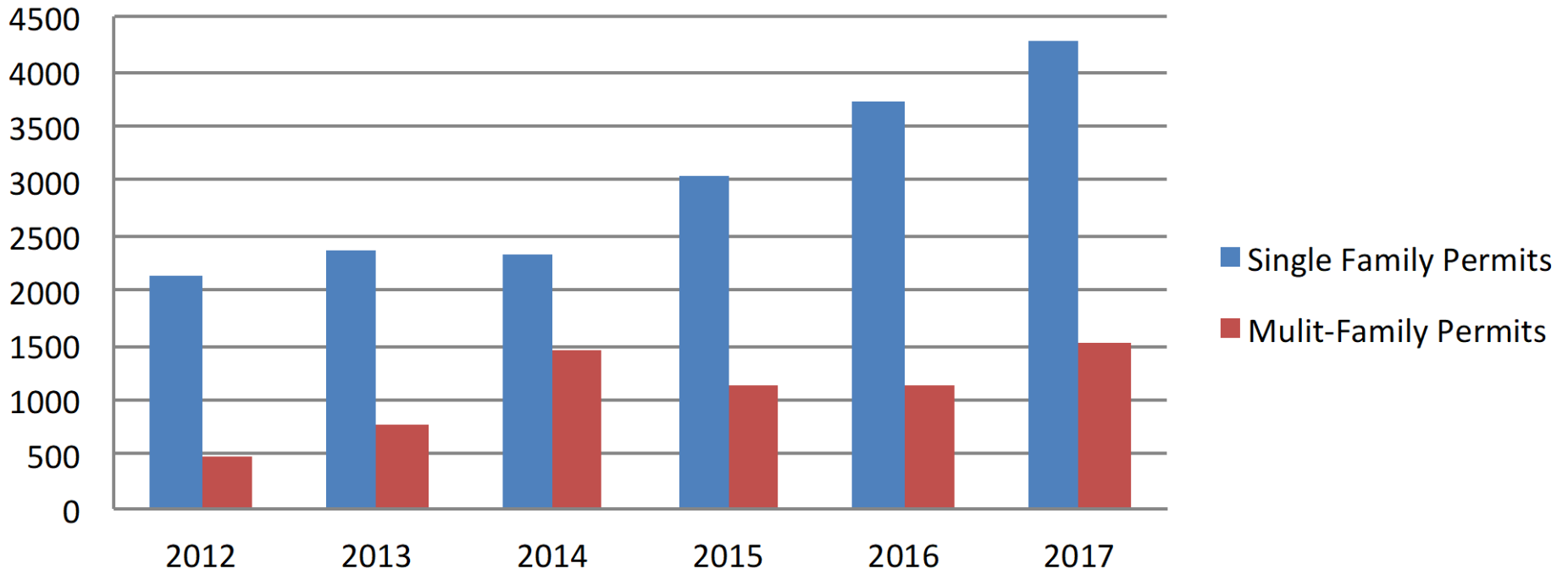


# A11 - Ada County NEW CONSTRUCTION Monthly MEDIAN Sales Price

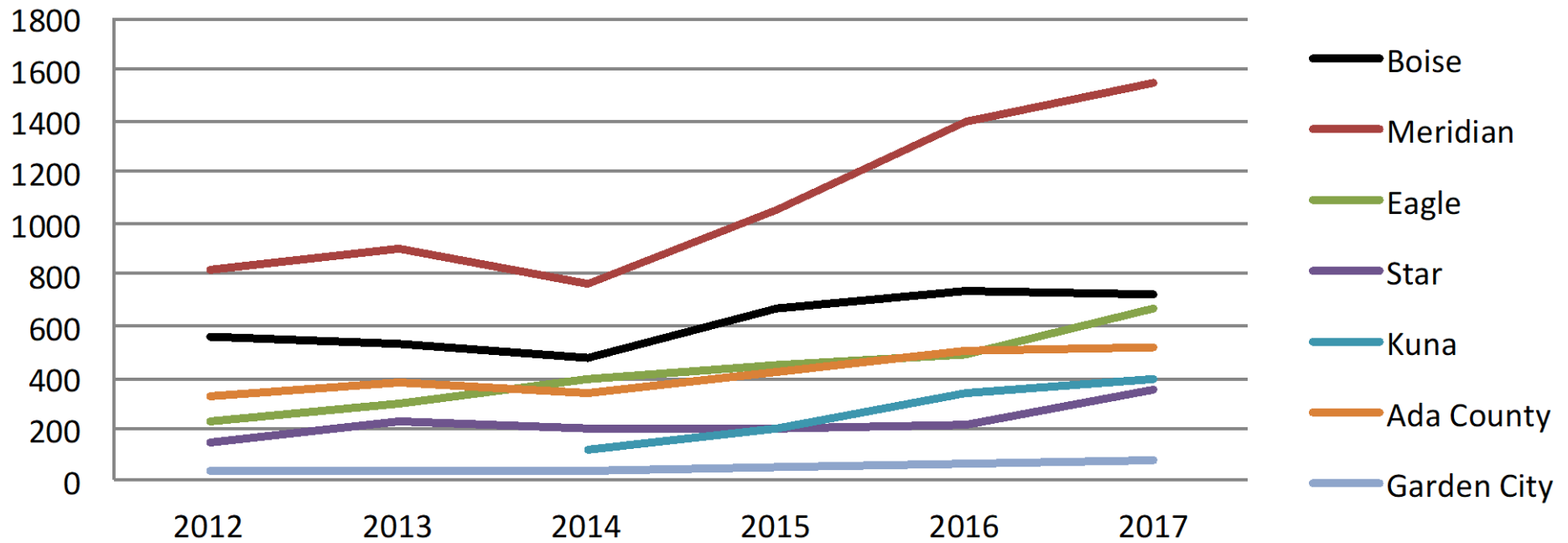




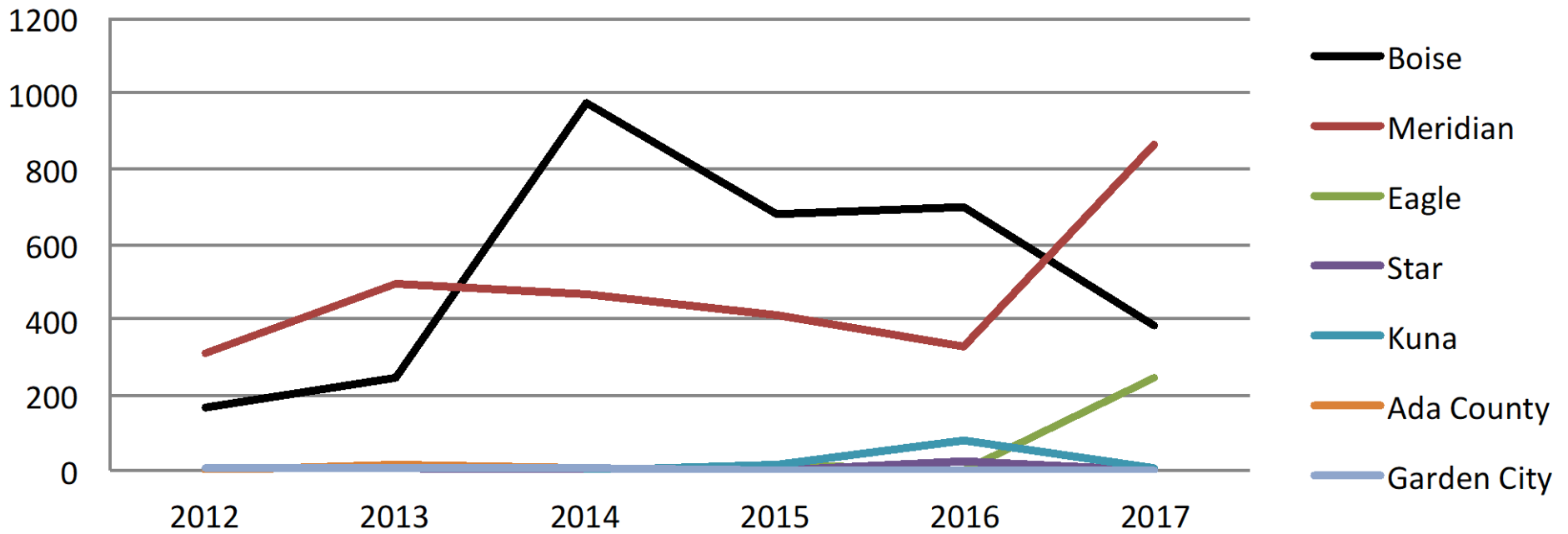
# Ada County Permits



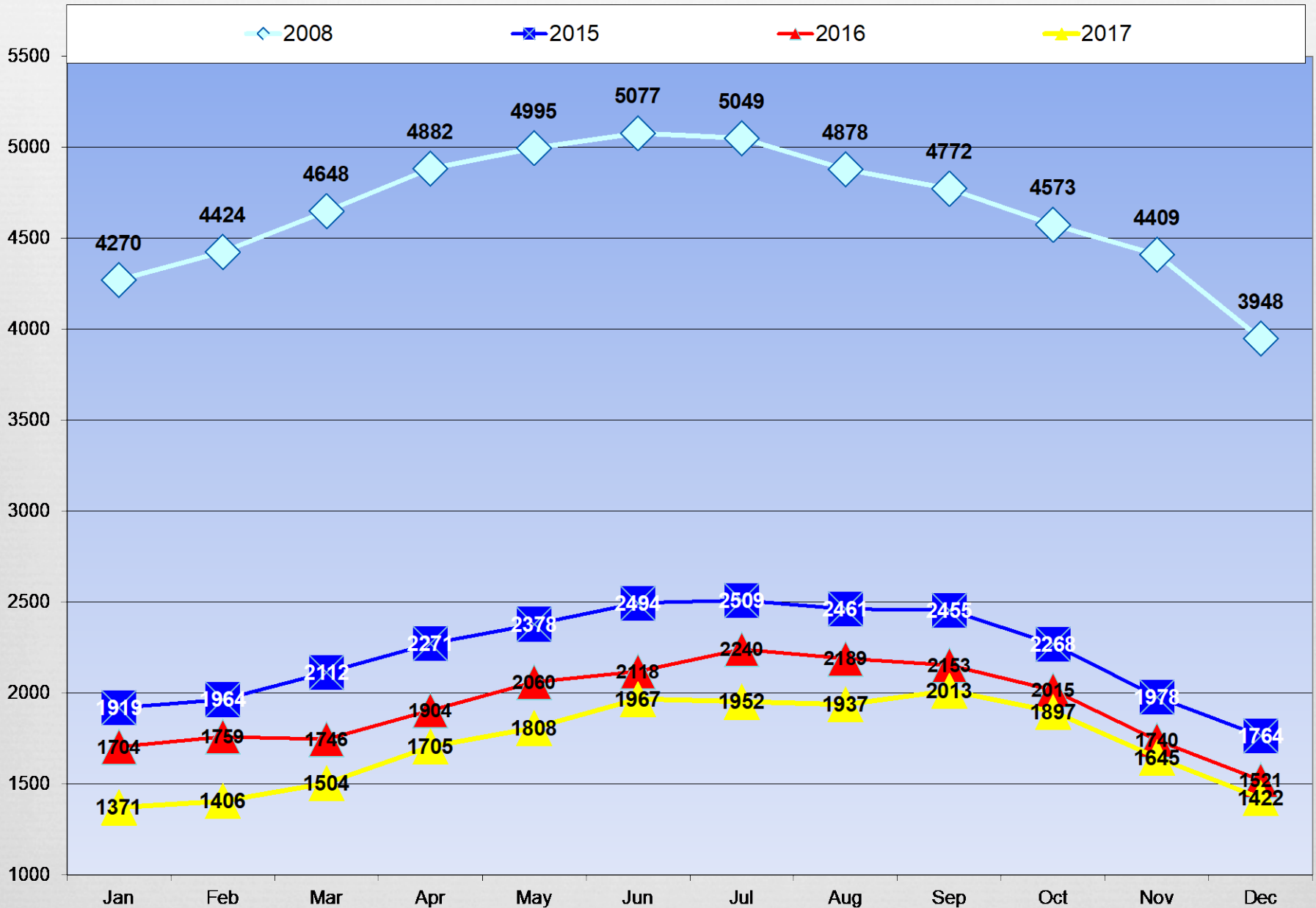
# Single Family Permits



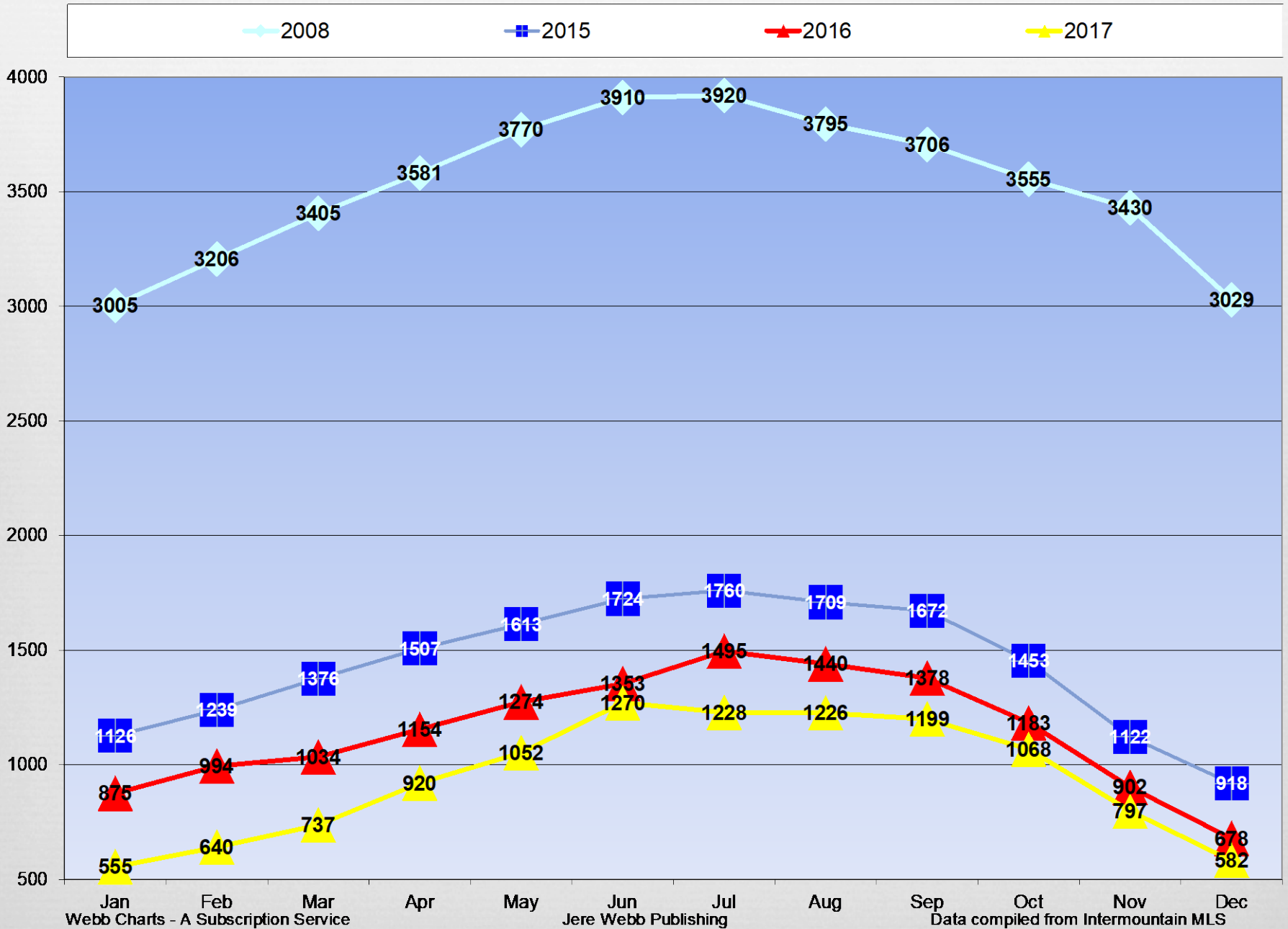
# Multi-Family Permits



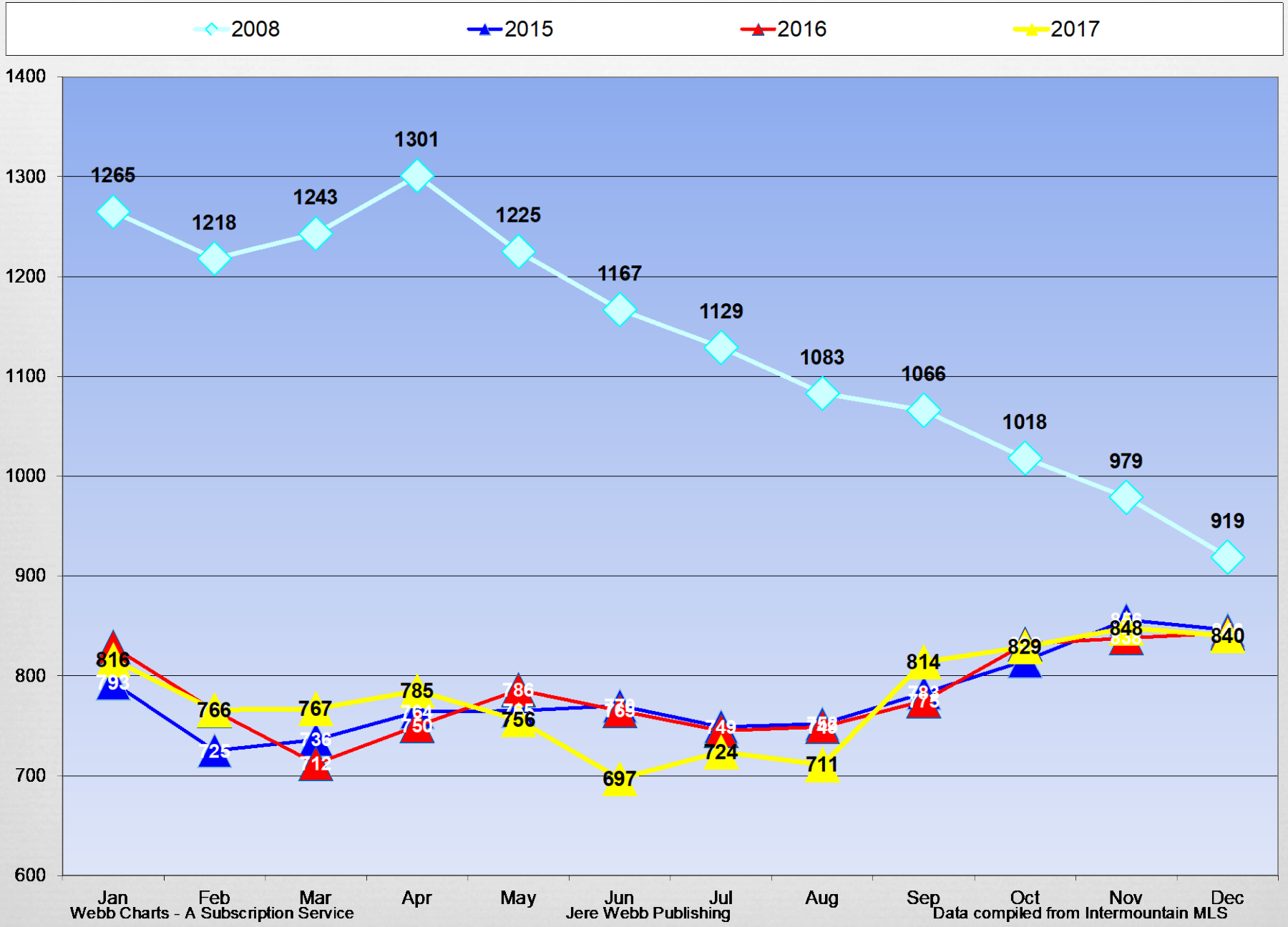
# A16 - Ada County Residential INVENTORY



# A60 - Ada County RESALE INVENTORY



# A59- Ada County NEW CONSTRUCTION INVENTORY



Jan  
Webb Charts - A

Feb  
Subscription

Mar  
Service

Apr

May

Jun  
Jere Webb Publishing

Jul

Aug

Sep

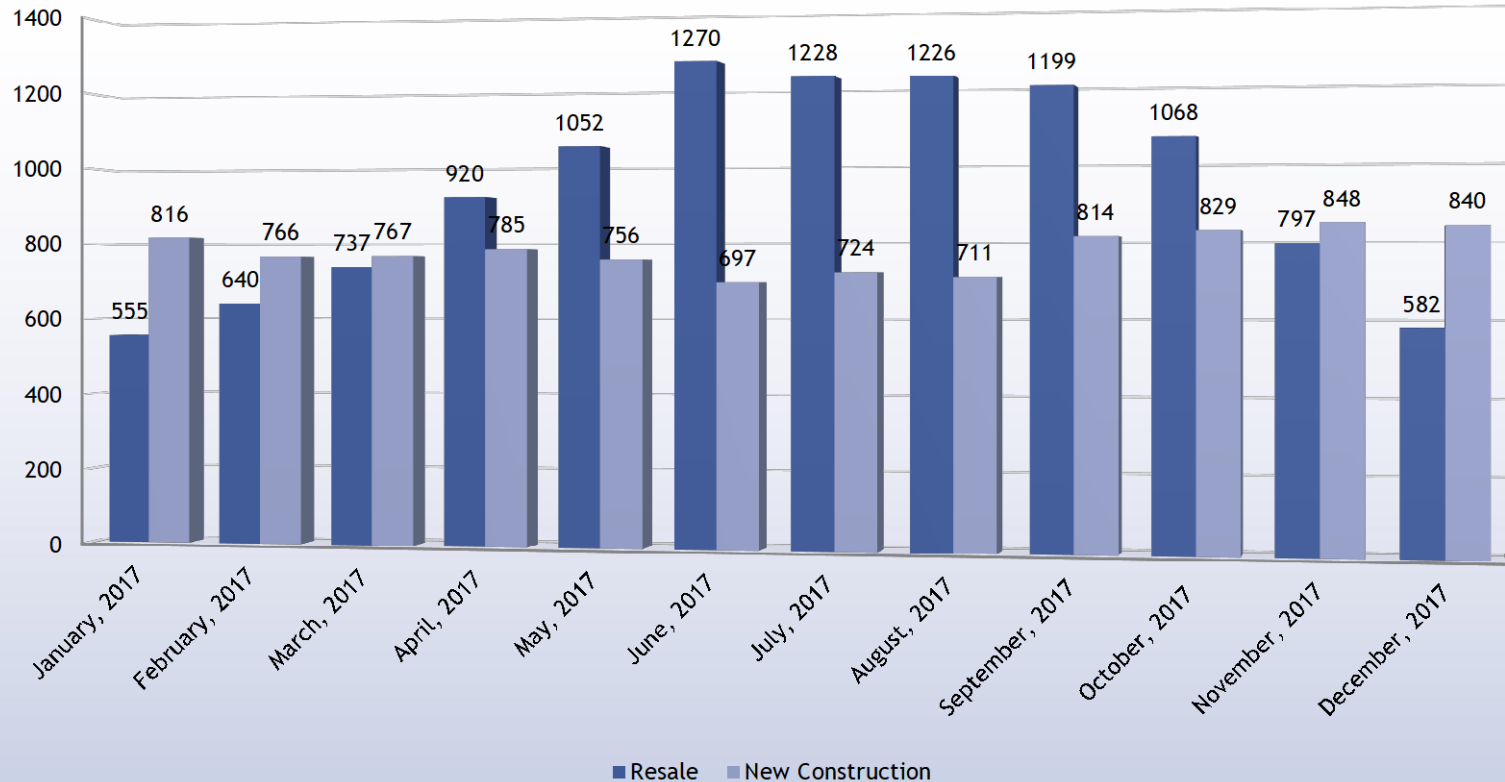
Oct  
Data compiled from Intermountain MLS

Nov

Dec

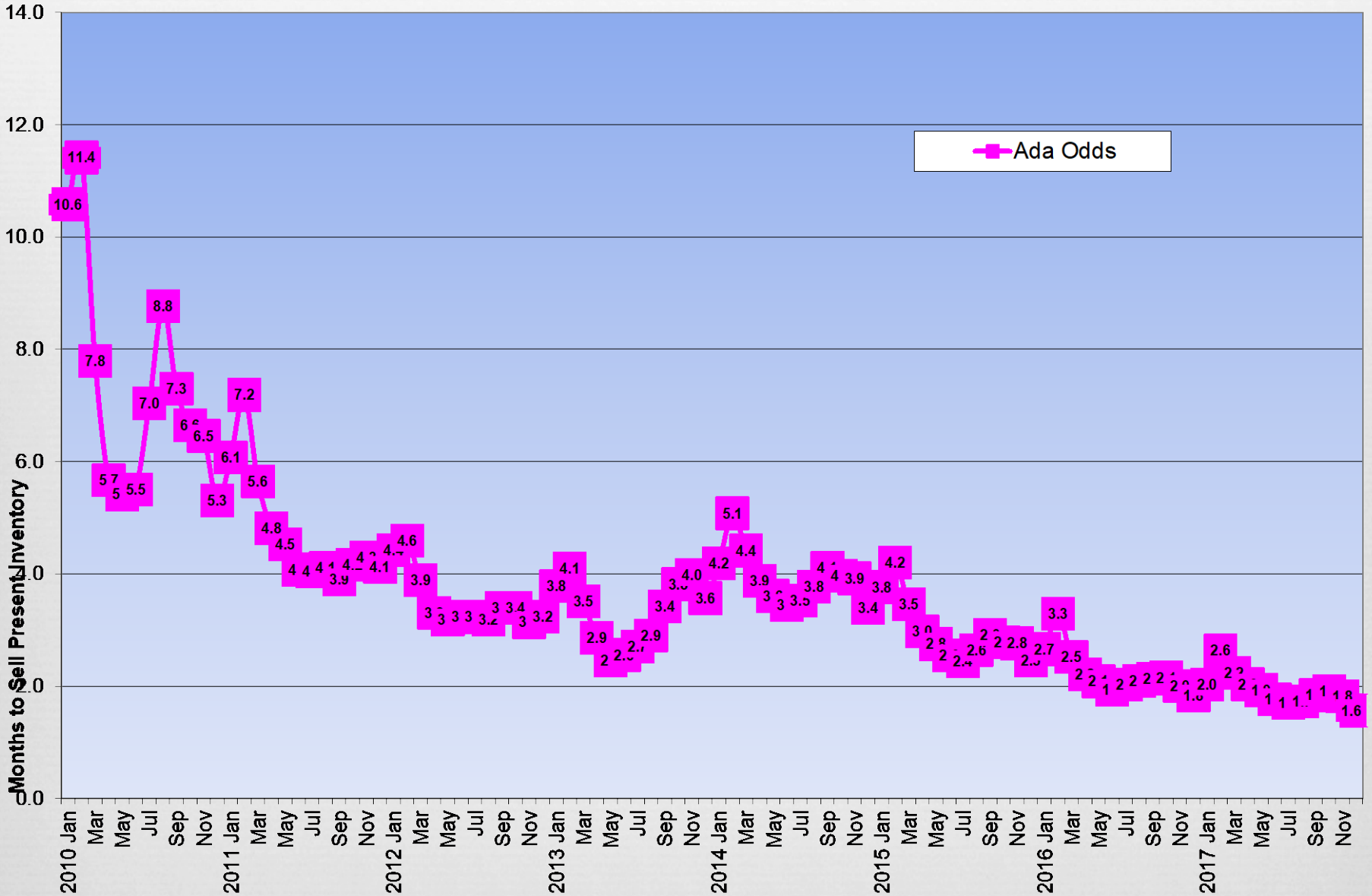
# Resale vs. New Construction Inventory

## Ada County



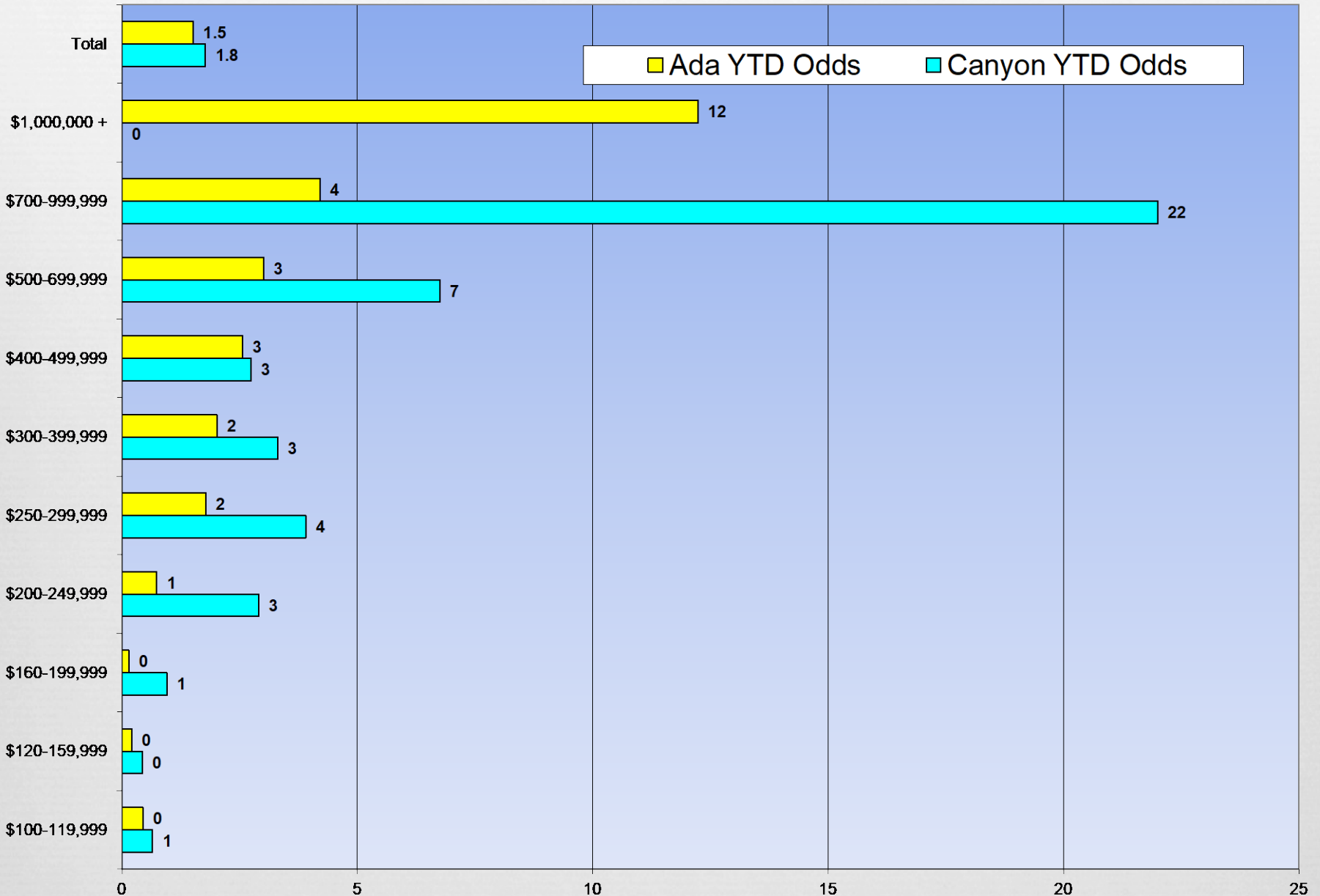
2016/2017

## A28 - Ada Odds Progression w 2 Month Rolling Sales Ave.



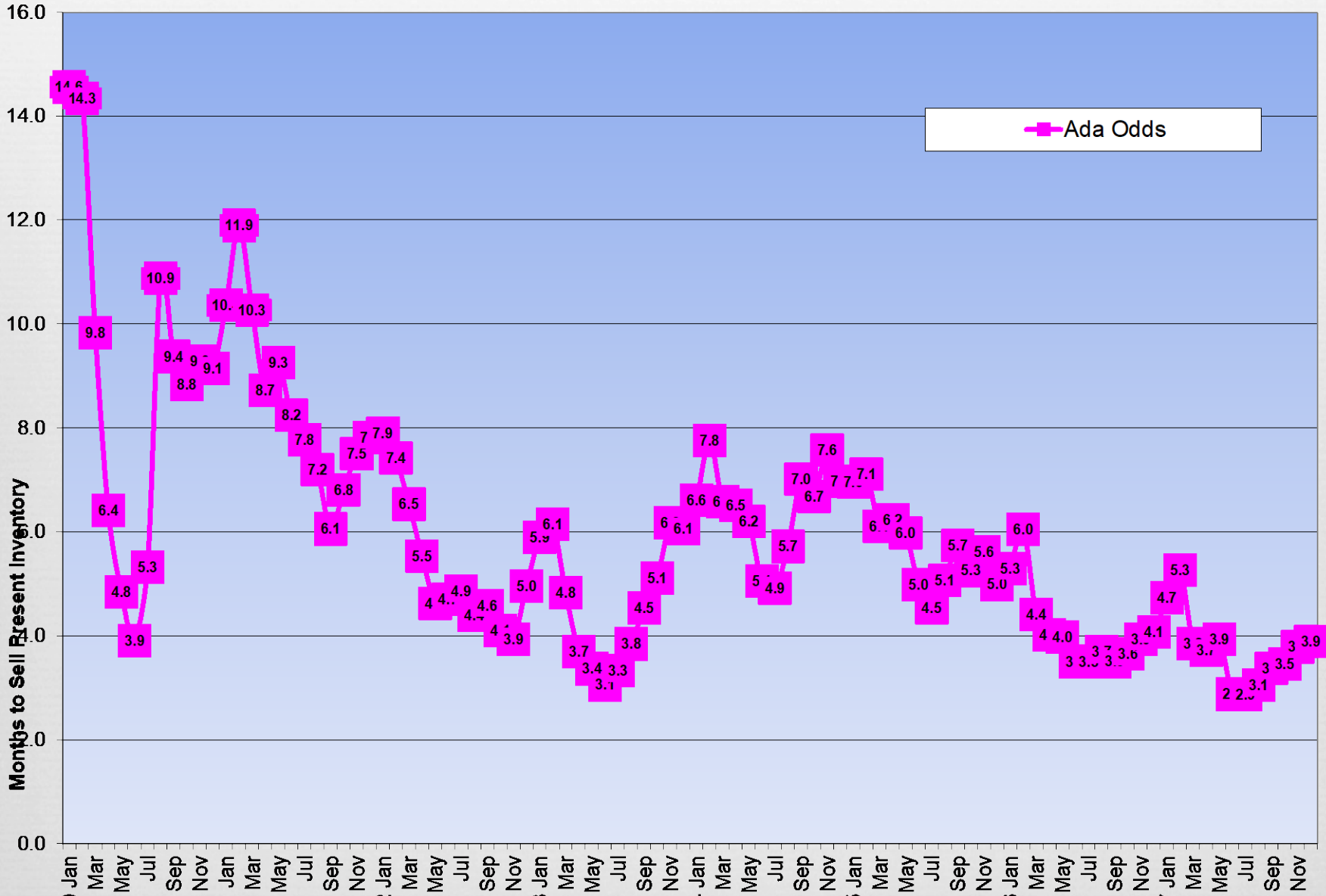


# AC23 DECEMBER 2017 YTD SELLING ODDS

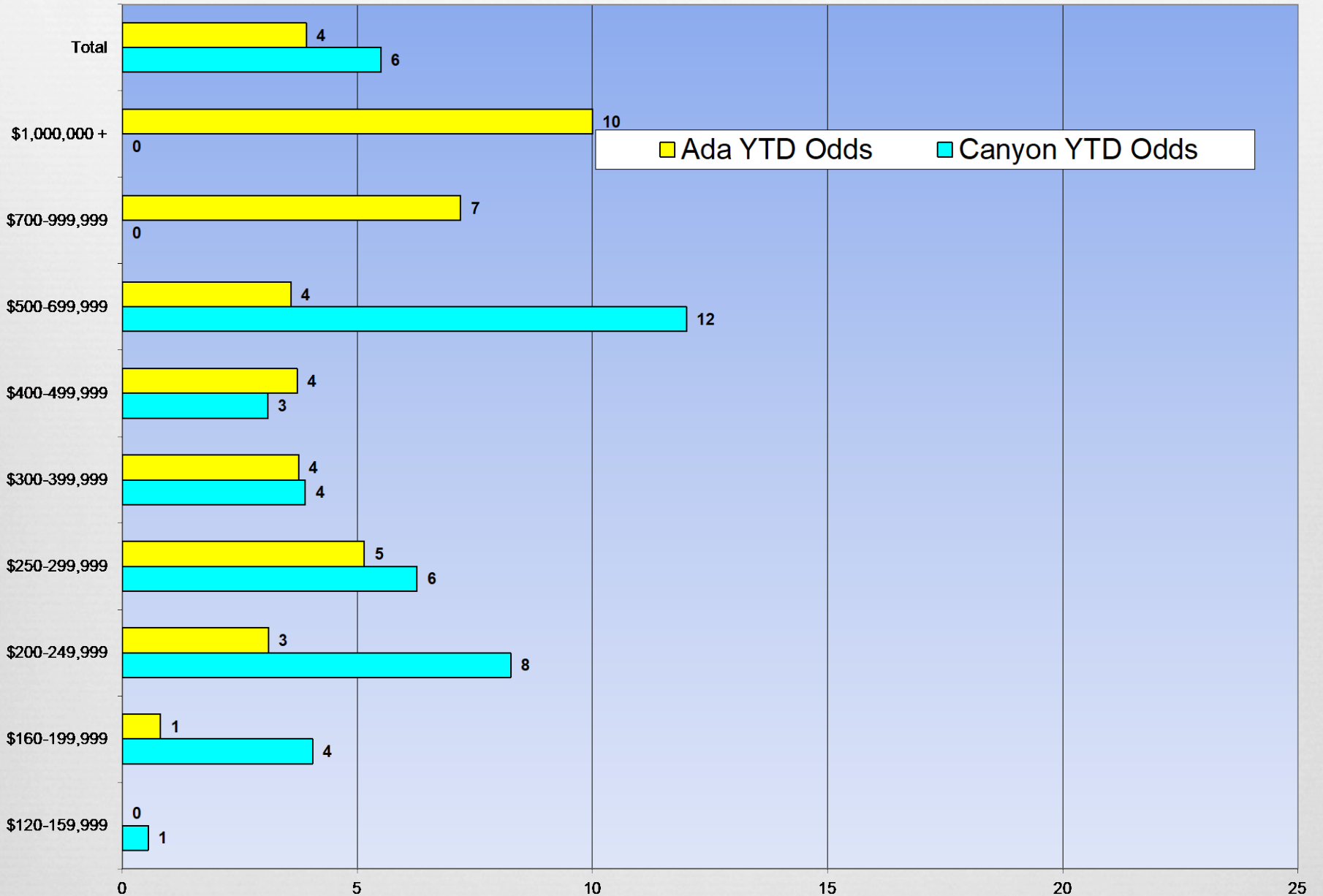


Months to Sell Present Inventory

# A30 - Ada Odds Progression New Construction w 2 Month Rolling Sales Ave.



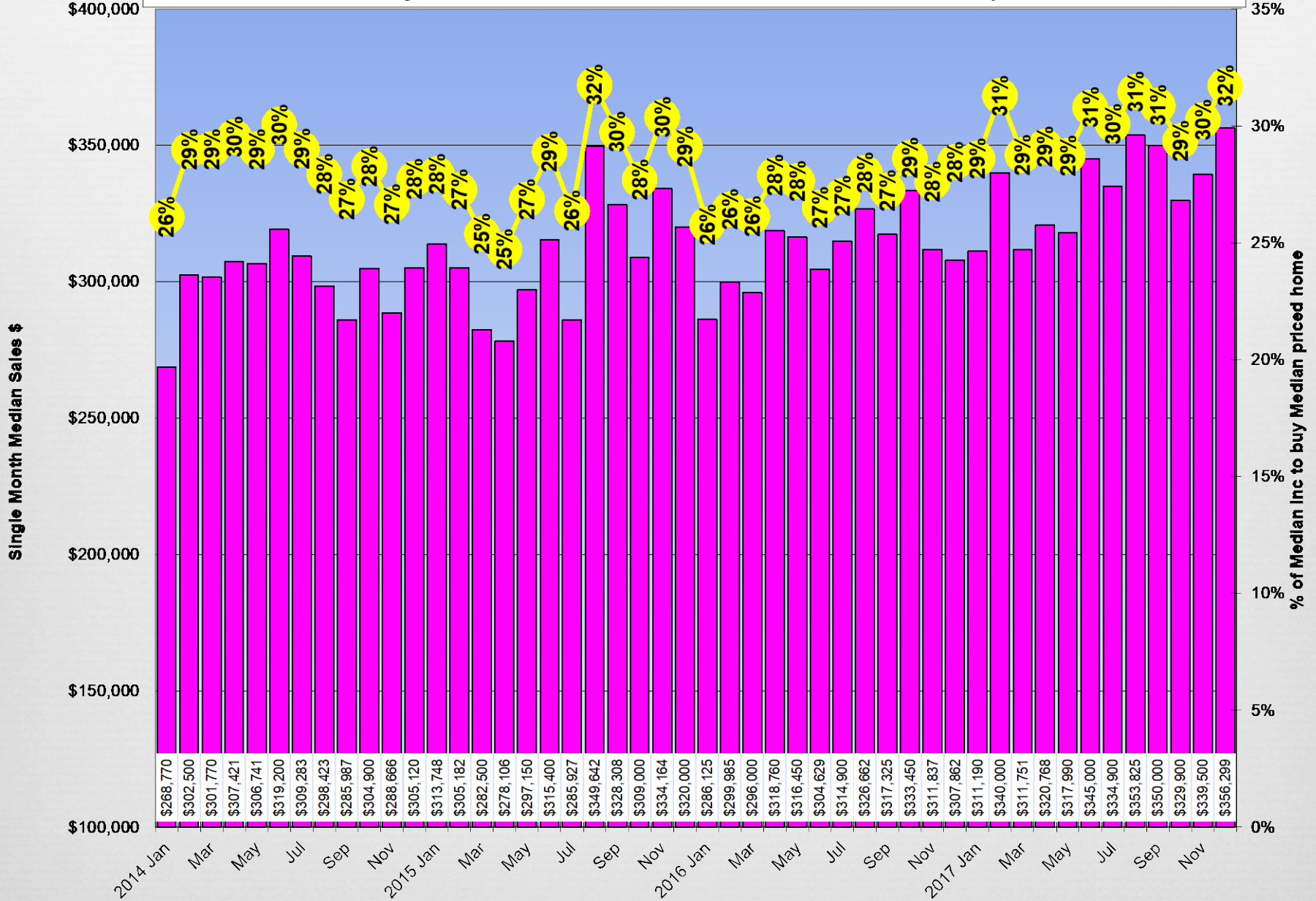
# AC24 DECEMBER 2017 YTD SELLING ODDS New Construction



Months to Sell Present Inventory

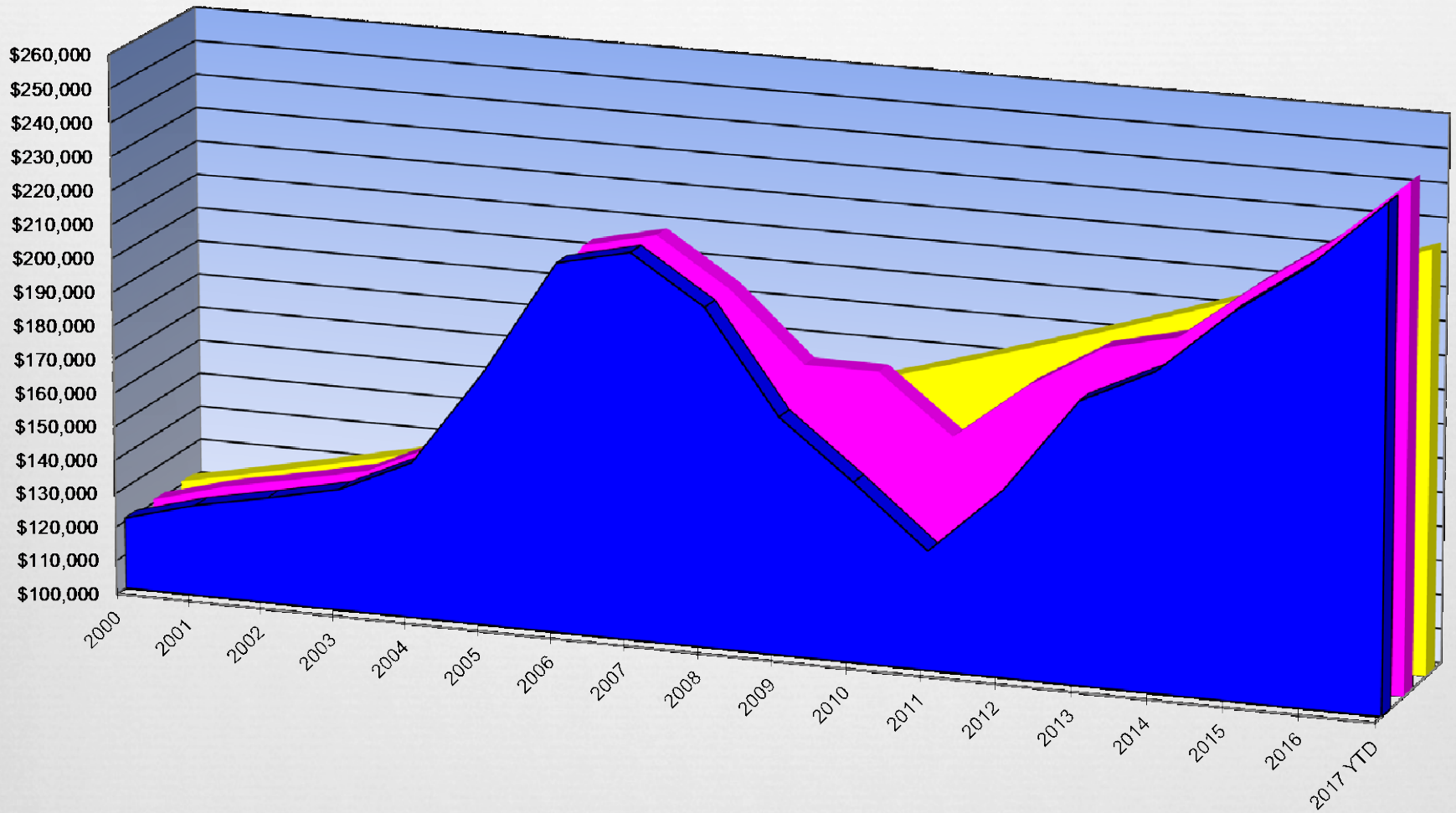
# A40 - Ada County NEW CONSTRUCTION AFFORDABILITY Index

Single Month Median Sales \$      Affordability Index

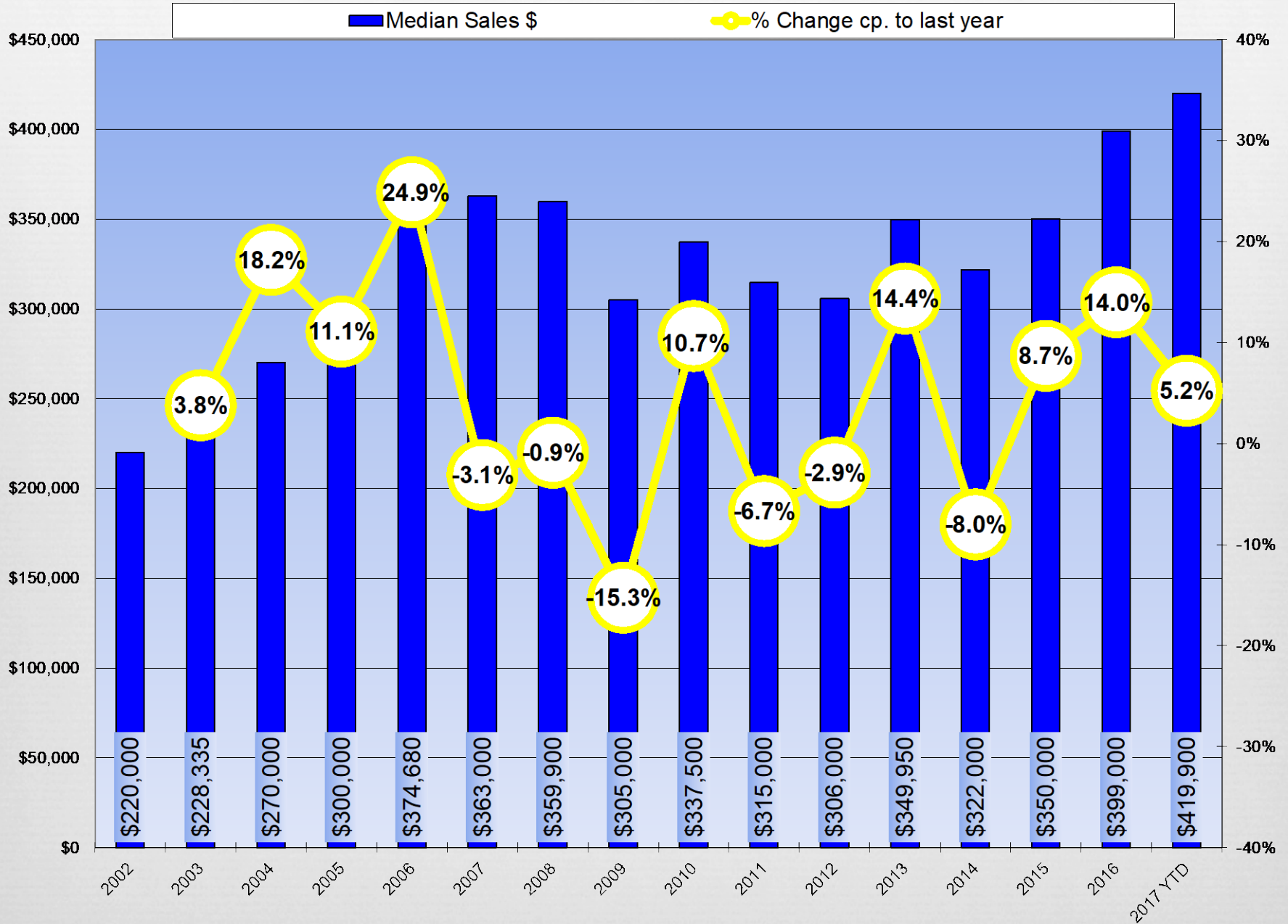


# A57 - Ada County Market Correction - DECEMBER 2017

■ Yearly Existing Median Sales Price   ■ Equity Existing Median Sales Price   ■ 3.7% Appreciation Line - 2000 Base Year



# A55E- Eagle 0900 EXISTING EQUITY YEARLY MEDIAN Sales Price - DECEMBER 2017



# Local Housing Report

## 2017 New Construction Summary

- **Sales:** **UP (6.9%)**
- **Price:** **UP (10+%)**
- **Permits:** **UP (14%)**
- **Inventory:** **FLAT**
- **Distressed Inventory:** **VERY LOW**
- **Months Supply:** **DOWN (3.9)**
- **Affordability:** **DOWN**

# **New Construction Forecast**



# New Construction Forecast



- ✓ 2017 Prediction: **BUILDING CONFIDENCE ....**  
**More of the same (use caution)**
  - ✓ Sales should be strong, but not the same % increase as last year
  - ✓ “Later innings”
- ✓ 2017 Wild Cards:
  - ✓ Interest Rates will rise ..... how much?
  - ✓ Inventories (Homes and Lots) ... continue as a disciplined recovery?
  - ✓ Inflation: Building Costs, Land & Lot Prices
  - ✓ Labor shortages .... impacts inventory production and costs
  - ✓ Government Regulations - Local and National
  - ✓ Trump Effect (Tax Code, Gov’t Spending, Regulations, etc)

# New Construction Forecast



- ✓ 2018 Prediction:
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  - ✓ Price gains not the same % increase as last year
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# New Construction Forecast



- ✓ 2018 Prediction: **More of the same (use caution)**
  - ✓ Sales should be strong, but price gains not the same % increase as last year
  - ✓ “Later innings”
  
- ✓ **Wild Cards (KNOWN):**
  - ✓ Inventories (Homes and Lots) ... continue as a disciplined recovery?
  - ✓ Interest Rates will rise ..... how much?
  - ✓ Inflation: Building Costs, Land & Lot Prices
  - ✓ Labor shortages .... impacts inventory production and costs
  - ✓ Commercial construction .... Will it absorb more trades / labor?
  - ✓ Government Regulations - Local and National
  
- ✓ **Wild Cards (BIG UNKNOWN):**
  - ✓ Trump Effect ??? – Trade War (China, Mexico, Canada, other?)

# More Trends & Impacts

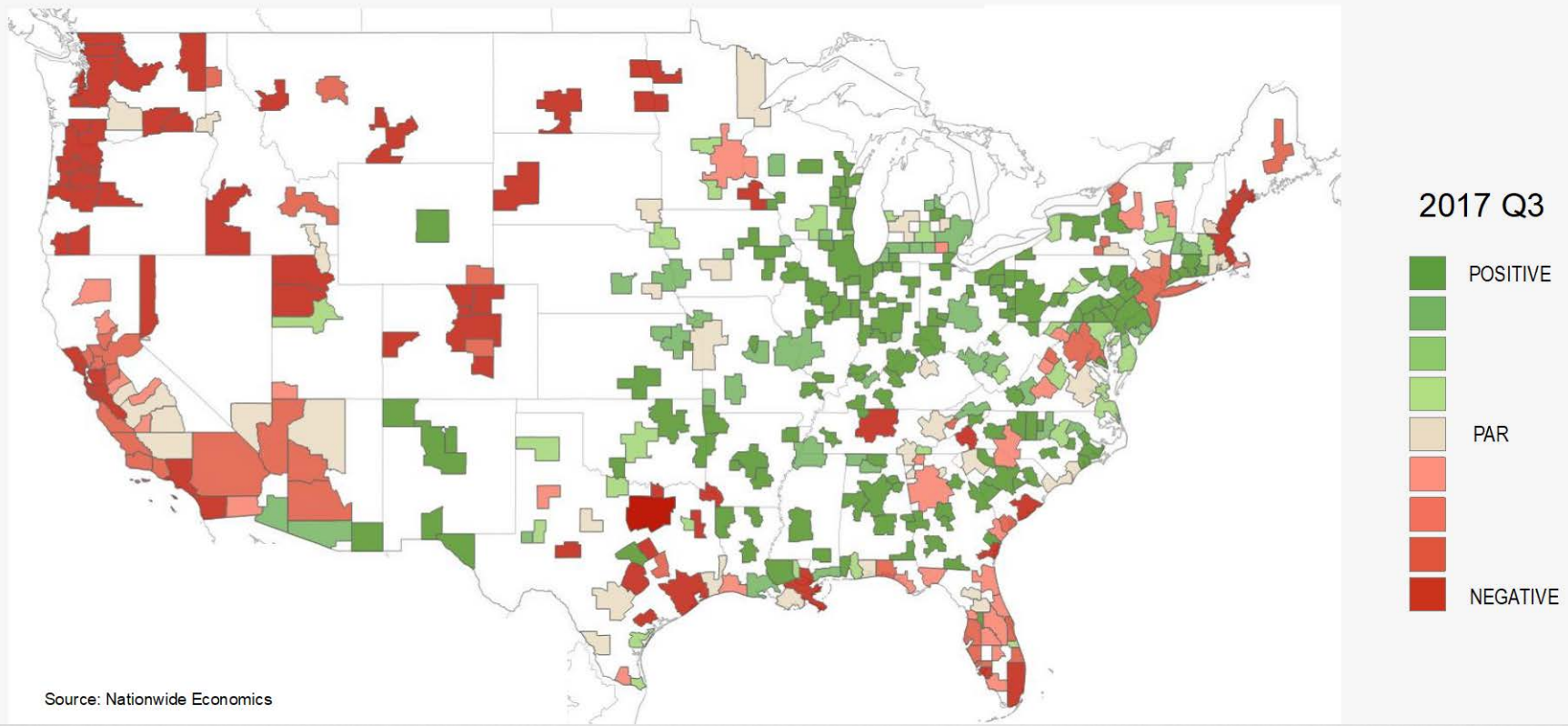
based on Builder Show, NAHB, NAR, etc.



- ✓ Millennials and Boomers will dominate market
  - ✓ What do Millennials want?
  - ✓ Boomers downsizing = Selling McMansions
- ✓ Price spread between New and Existing Homes
  - ✓ Over 30% is concerning
- ✓ New Tax Code impacts will vary across country
- ✓ Fewer homes on the market is the new normal
- ✓ Western & Southern cities will continue to lead nation

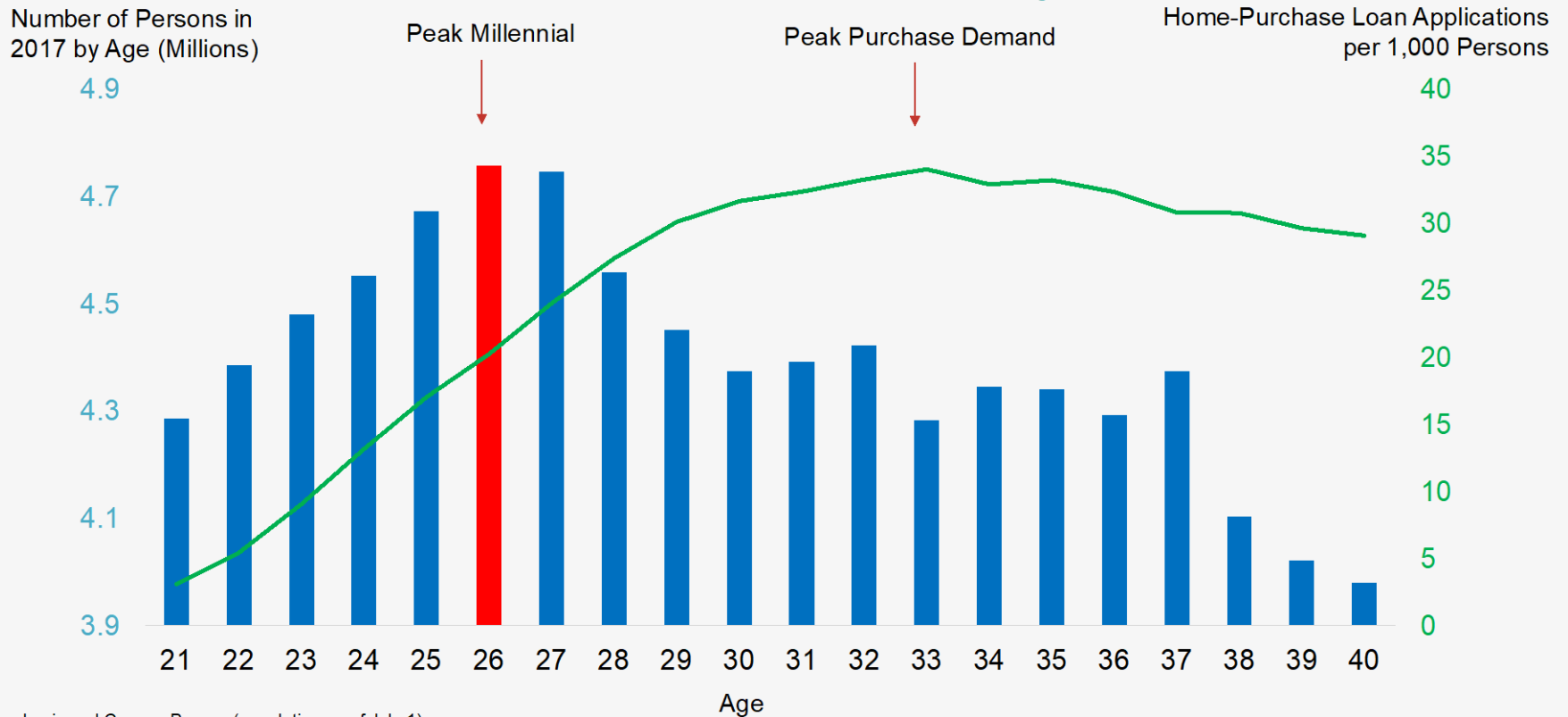


# LIHHM Components: Price-to-Income Score





# Millennials Will Propel First-time Buyer Demand



# **Local Housing Economic Impact**

# Economic Impact

## 2017 SF Residential Construction



Ada County

2017

# of SF Building Permits:	4,296
Median house price:	\$350,000
Permit/Impact fees:	\$13,500
Annual property taxes (1 <sup>st</sup> year):	\$2,300



# Economic Impact

## 2017 SF Residential Construction



Total Taxes & Fees paid to local governments:

Total Fees Paid:	\$57,996,000
1 <sup>st</sup> Yr. Property Taxes:	<u>\$ 9,880,800</u>
<b>TOTAL</b>	<b>\$67,876,800</b>

Note: Total Fees Paid = total permits x permit fees

Property Taxes =  $\frac{1}{2}$  of total permits x home value x avg. levy

# **Economic Impact**

## **2017 SF Residential Construction**



### **Taxes & Fees paid to local governments:**

- **1<sup>st</sup> Year: \$67,876,800**
- **Prop. Taxes Future: \$19,744,400**  
**(each year)**

# Top Regulatory Issues Addressed by BCA in 2017



<u>Top BCA issues in 2017</u>	<u>Est. Savings / home</u>
1. State Building Codes (Residential, Energy, etc.)	\$7,000
2. ACHD Storm Water & other Development Policies	\$3,600
3. Final Plat Processing (Reduced carry costs)	\$750
4. Tax Reform (NAHB & local)	

# Current Local Regulatory Issues



## 1. State Building Codes

Residential, Energy, Electrical, etc.

- Problem: Boise City adopted 2015 IRC

## 2. Legislative Issues:

- Contractor Registration vs. Licensing

## 3. All Agencies: Subdivision Final Plat Process

# Top Regulatory Issues

## Estimated Savings in 2016 - 2017



**\$22,000 per home**

**... 10 homes = \$220,000**

**... 100 homes = \$2,200,000**

- ✓ For every \$1,000 increase in home = 500 people priced out of the local housing market

# QUESTIONS?

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**Email: [dyorgason6@gmail.com](mailto:dyorgason6@gmail.com)**



# DATA SOURCES

## LOCAL HOUSING REPORT – YEAR END 2017

- Intermountain MLS, Webb Charts, National Association of Realtors

## HOUSING ECONOMIC IMPACT – DEC. 2017

- Building Costs & Sales Price: Local Builders, Developers & IMLS
- Permits: Ada County and Cities
- Local Gov't Revenue (building permit, impact & connection fees, prop. taxes, etc.): Ada County and City Building Depts & Ada County Assessor