

THE ADA COUNTY - METRO AREA ECONOMIC IMPACT OF HOME BUILDING AND HOUSING REPORT

Presented by:

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Boise, ID



Introduction & Welcome



Topics:

1. Local Impact of Housing
 - NAHB Study completed in Dec 2013
2. Local Housing Report & Forecast
3. Local Issues Addressed by BCA

History of the NAHB Model



- ✓ Over 700 eco. impact analyses performed
- ✓ Users of the model include:
 - Boone County Kentucky
 - Habitat for Humanity, International
 - MI State Housing Development Authority
 - Michigan State University
 - Univ. of Florida
 - Univ. of Massachusetts
 - West Virginia Housing Development Fund...

The Boise, ID MSA



- ✓ Conventional Wisdom is that more jobs produce homes
- ✓ But, new homes produce more jobs too!

HOUSING ⇒ JOBS

LOCAL ECONOMIC IMPACT

- ✓ Construction phase
 - Jobs
 - Materials
 - Local fees, taxes, contributions

- ✓ Ripple or feed-back from construction
 - Wages spent in local economy

- ✓ Occupancy phase
 - Earnings spent in local economy

CONSTRUCTION PHASE

INPUTS:

VALUE OF CONSTRUCTION
SERVICES PROVIDED AT CLOSING
PERMIT/HOOK-UP/IMPACT FEES
(Info Obtained From Local Sources)



MODEL OF THE LOCAL ECONOMY



OUTPUTS:

INCOME FOR LOCAL RESIDENTS
TAX/FEE REVENUE
FOR LOCAL GOVERNMENTS

RIPPLE PHASE

INPUTS:

LOCAL INCOME & TAXES
FROM PHASE I



SPENDING ON
LOCAL GOODS AND SERVICES
Consumer Expenditure Survey
(U.S. Bureau of Labor Statistics)



MODEL OF THE LOCAL ECONOMY



OUTPUTS:

LOCAL INCOME & TAXES



OCCUPANCY PHASE

INPUTS:

INCOME OF HOUSEHOLD
OCCUPYING NEW HOUSING UNIT



SPENDING ON
LOCAL GOODS AND SERVICES
PROPERTY TAX PAYMENTS



MODEL OF THE LOCAL ECONOMY



OUTPUTS:

LOCAL INCOME & TAXES



Assumptions of the Model



Ada County

Single Family

Number of Permits 2013	2,611
Average house price:	\$260,000
Average raw lot cost:	\$25,000
Permit/Impact fees:	\$12,000
Annual property taxes:	\$2,925

Assumptions of the Model



Ada County

Multi-Family

Number of Permits 2013

523

Average house price:

\$90,000

Average raw lot cost:

\$6,250

Permit/Impact fees:

\$8,700

Annual property taxes:

\$1,471

Economic Impact Single Family Home Building



- ✓ Construction phase
- ✓ Ripple effect from construction phase
- ✓ Occupancy phase
- ✓ Ten year total

FIRST YEAR IMPACT: SF Construction

2,611 SF Homes

Local Income	Local Taxes	Local Jobs
\$310,213,100	\$37,101,400	5,493

INCLUDING:

- 3,797 Jobs in Construction
- 828 Jobs in Wholesale & Retail Trade
- 431 Jobs in Business and Professional Services

FIRST YEAR IMPACT: SF Ripple

Local Income	Local Taxes	Local Jobs
\$153,410,400	\$10,993,400	2,943

INCLUDING:

- 753 Jobs in Wholesale and Retail Trade
- 452 Jobs in Health, Education & Social Services
- 378 Jobs in Eating and Drinking Places
- 335 Jobs in Local Government
- 234 Jobs in Business and Professional Services

ONGOING SF ANNUAL EFFECT

Local Income	Local Taxes	Local Jobs
\$72,260,400	\$13,197,000	1,473

INCLUDING:

- 404 Jobs in Wholesale and Retail Trade
- 220 Jobs in Health, Education & Social Services
- 204 Jobs in Eating and Drinking Places
- 110 Jobs in Business & Professional Services
- 100 Jobs in Local Government

TOTAL SF IMPACT: FIRST TEN YEARS

Local Income	Local Taxes
\$1,150,000,000	\$173,400,000

**Along with 8,436 temporary jobs
and 1,473 permanent ones!**

BIGGEST LOCAL EMPLOYERS

<u>EMPLOYER</u>	<u># of FT JOBS</u>
St. Luke's Health Systems, Ltd.	7,600
Micron Technology, Inc.	5,900
New SF Residential Construction	5,493
Boise State University	4,500
Meridian Joint School Dist. #2	4,400
Boise Independent School Dist #1	3,800
St. Alphonsus Regional Med. Center	3,300
Albertsons	2,100
Hewlett-Packard Co.	2,000

BUT

NEW HOMES REQUIRE:

INFRASTRUCTURE

- Fire and police protection
- Garbage collection
- Parks and recreational opportunities
- Roads
- Primary and secondary education
- Etc...

Required Current Expenses per Housing Unit

Function	Single Family	Multi Family
Education	\$495	\$297
Police Protection	\$517	\$392
Fire Protection	\$270	\$205
Corrections	\$98	\$74
Streets & Highways	\$157	\$120
Water Supply	\$43	\$22
Sewerage	\$86	\$45
Health Services	\$110	\$83
Recreation and Culture	\$252	\$191
Electric Utilities	\$5	\$4
Other General Government	\$634	\$480
Total	\$2,667	\$1,913

Required Capital per Housing Unit

Function	Single Family	Multi Family
Schools	\$6,826	\$4,093
Hospitals	\$409	\$310
Other Buildings	\$682	\$516
Streets and Highways	\$2,271	\$1,739
Sewer Systems	\$2,380	\$1,245
Water Supply	\$139	\$72
Other structures	\$707	\$536
Equipment	\$353	\$268
Total	\$13,768	\$8,780

Now that we know:

The benefits of construction

&

The costs of construction

Does new construction pay for itself?

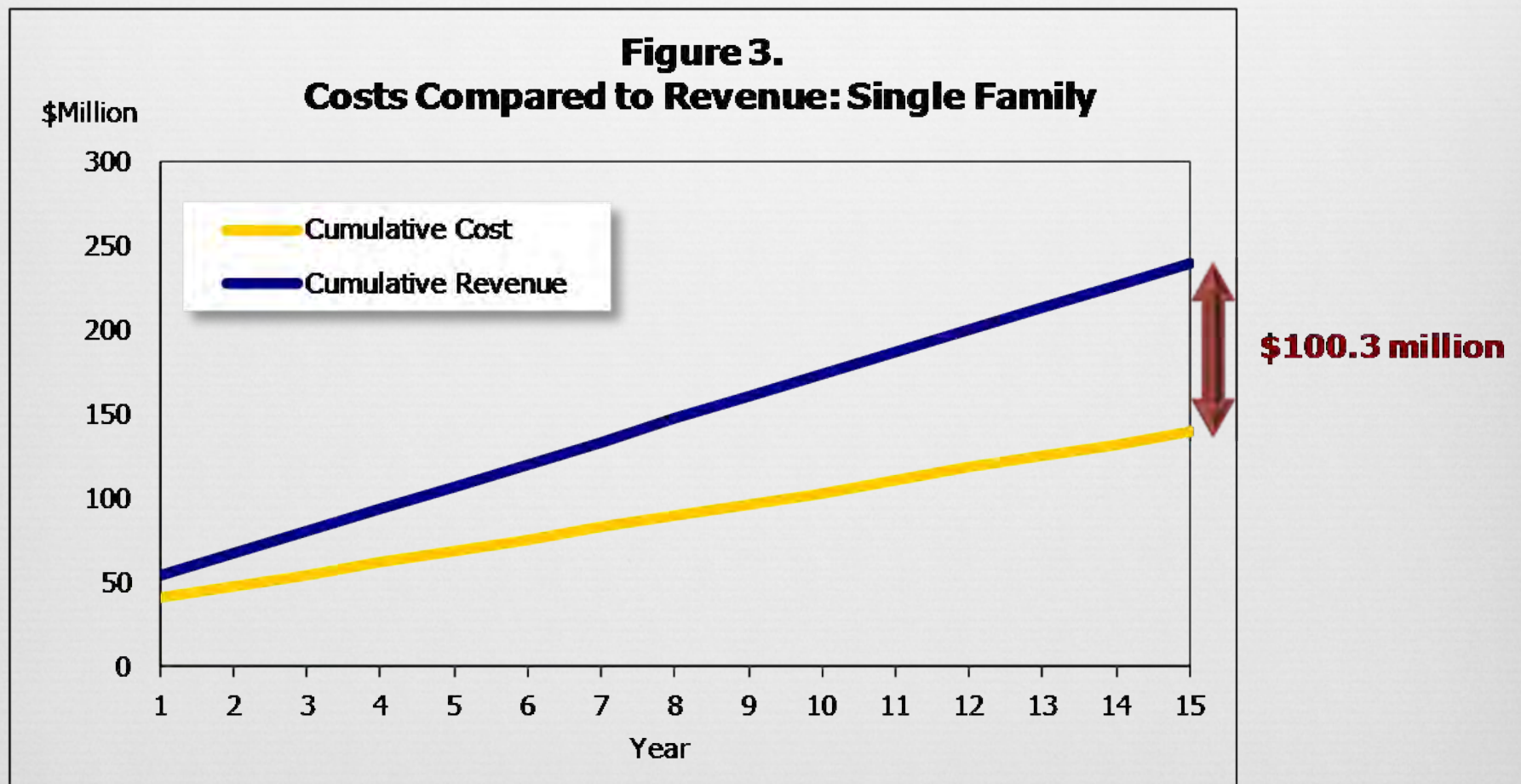
Yes it does!

For 2,611 SF units--

- By the 1st year economic impacts offset fiscal costs

Year	Current Expenses	Revenue	Operating Surplus	Investment Start of Year	Debt at Year End	Interest On Debt	Revenue Net of Costs & Int.
1	3,481,900	54,693,300	51,211,400	35,947,100	0	1,340,500	13,923,800
2	6,963,800	13,197,000	6,233,200	0	0	0	6,233,200
3	6,963,800	13,197,000	6,233,200	0	0	0	6,233,200
4	6,963,800	13,197,000	6,233,200	0	0	0	6,233,200
5	6,963,800	13,197,000	6,233,200	0	0	0	6,233,200
6	6,963,800	13,197,000	6,233,200	0	0	0	6,233,200
7	6,963,800	13,197,000	6,233,200	0	0	0	6,233,200
8	6,963,800	13,197,000	6,233,200	0	0	0	6,233,200
9	6,963,800	13,197,000	6,233,200	0	0	0	6,233,200
10	6,963,800	13,197,000	6,233,200	0	0	0	6,233,200

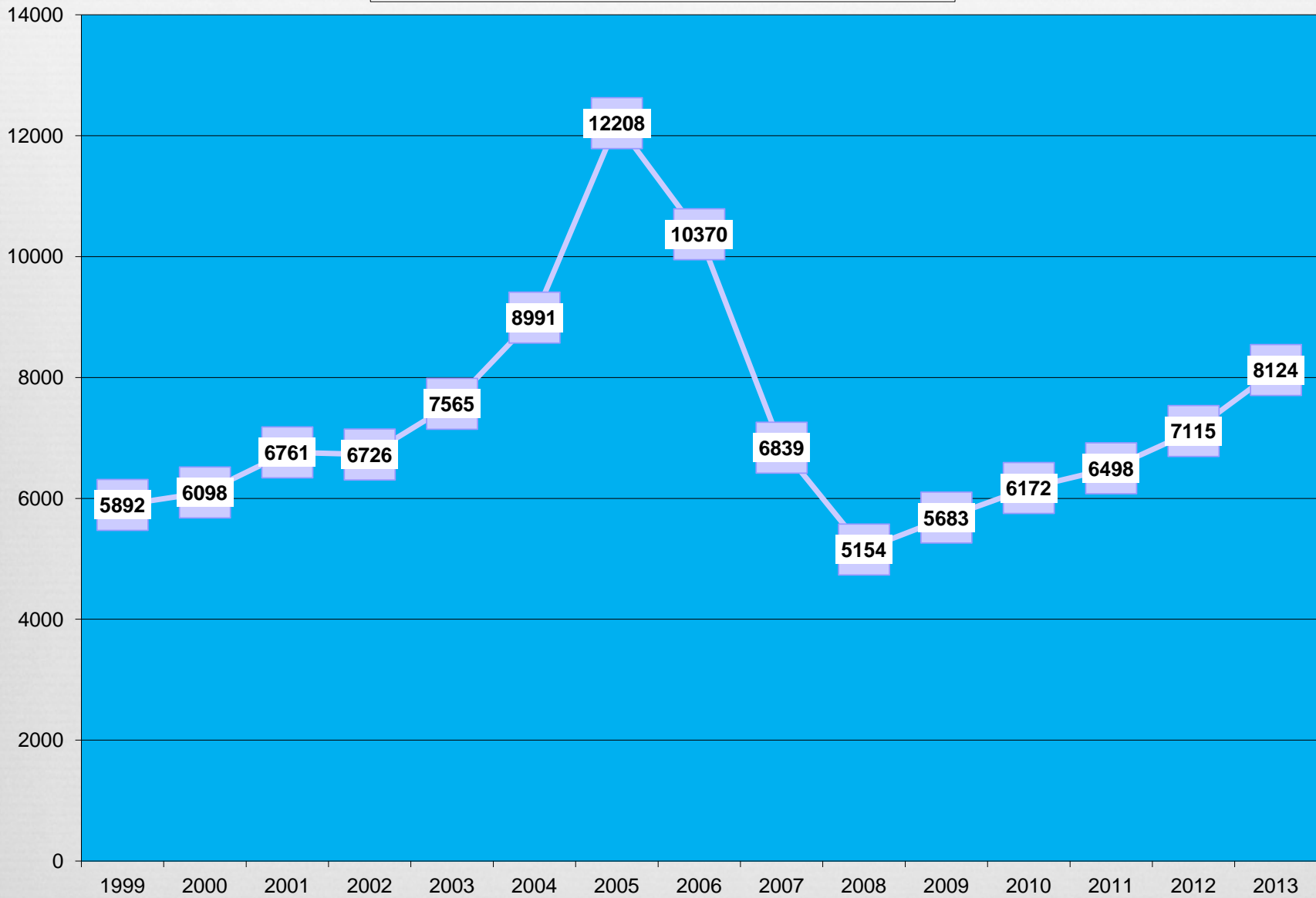
Over 15 years, 2,611 SF units generate a cumulative \$239.5 million in revenue for local governments—but only \$139.2 million in costs



Local Housing Report

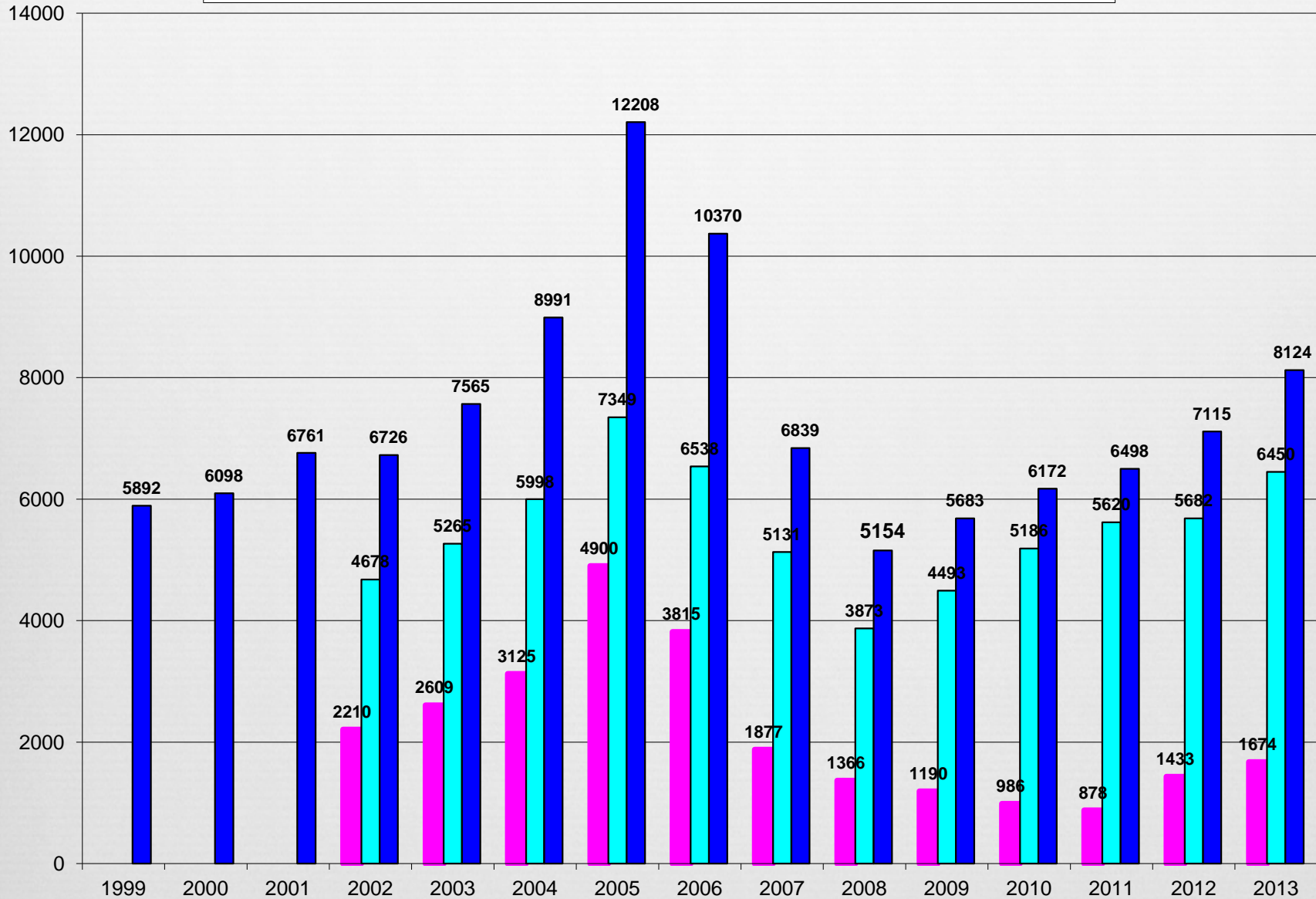
A1 - Ada County Yearly Sales HISTORY

Total Single Family Home Sales

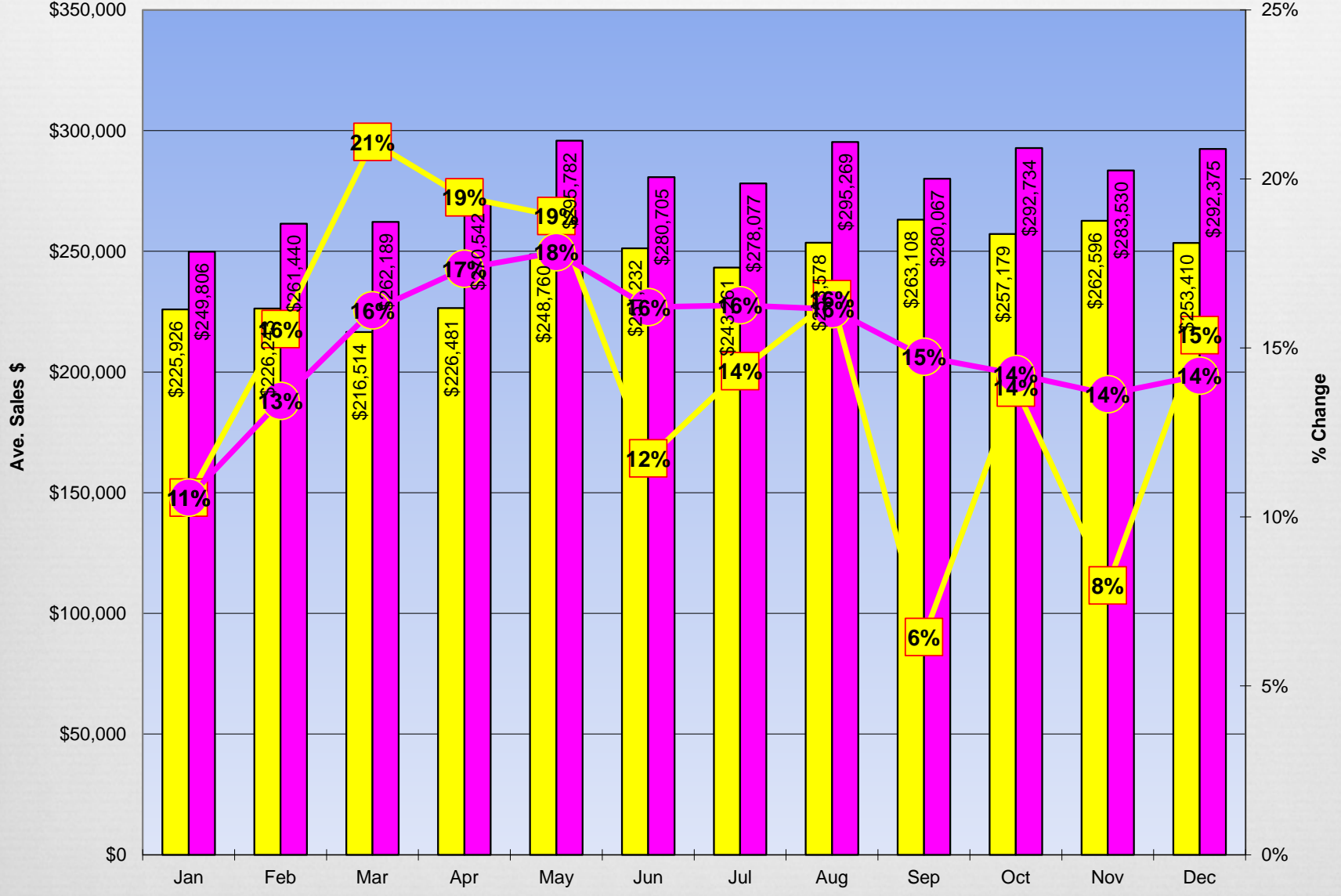


A1A - Ada County Yearly Sales HISTORY

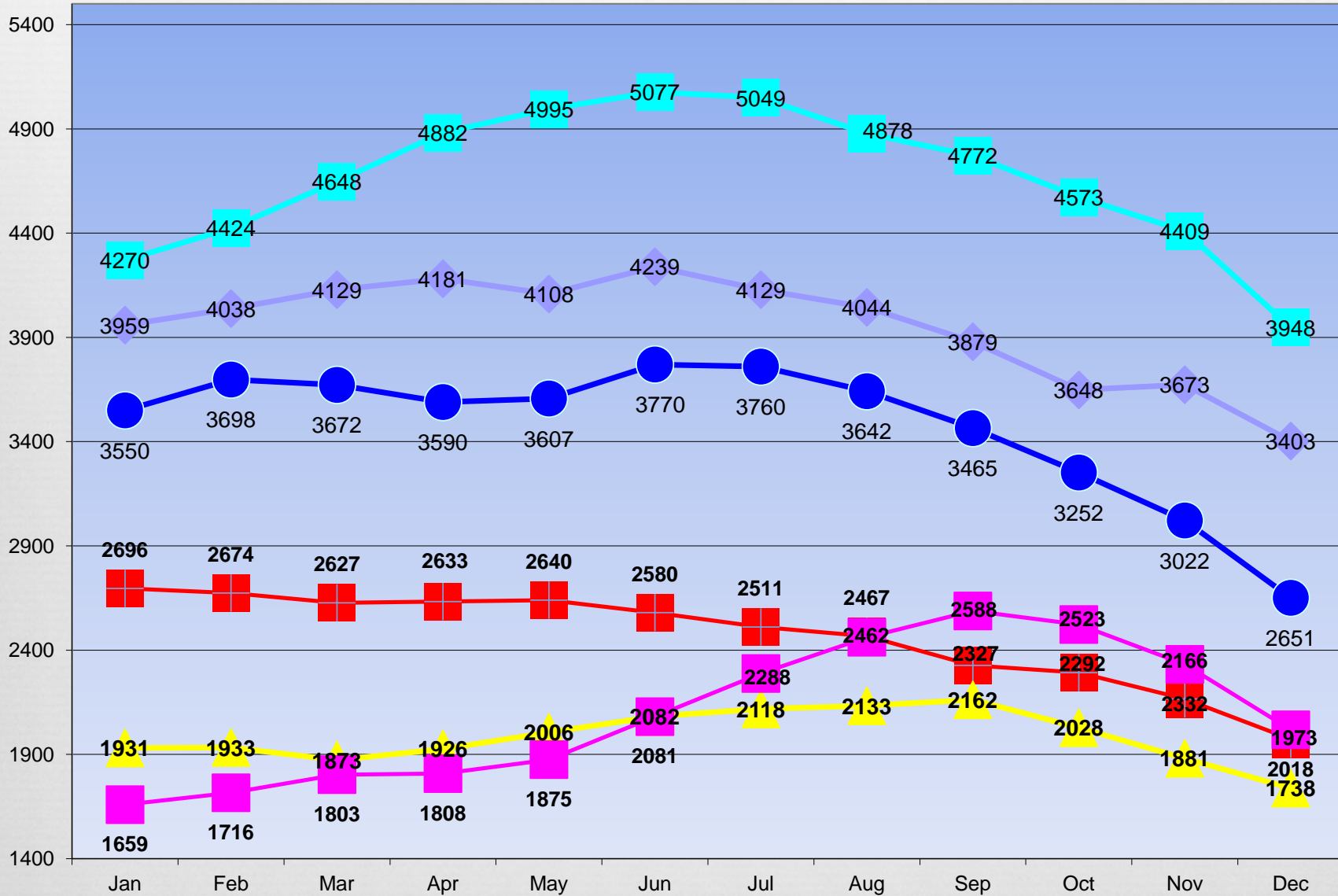
■ New Construction Sales ■ Existing Sales ■ Total Single Family Home Sales



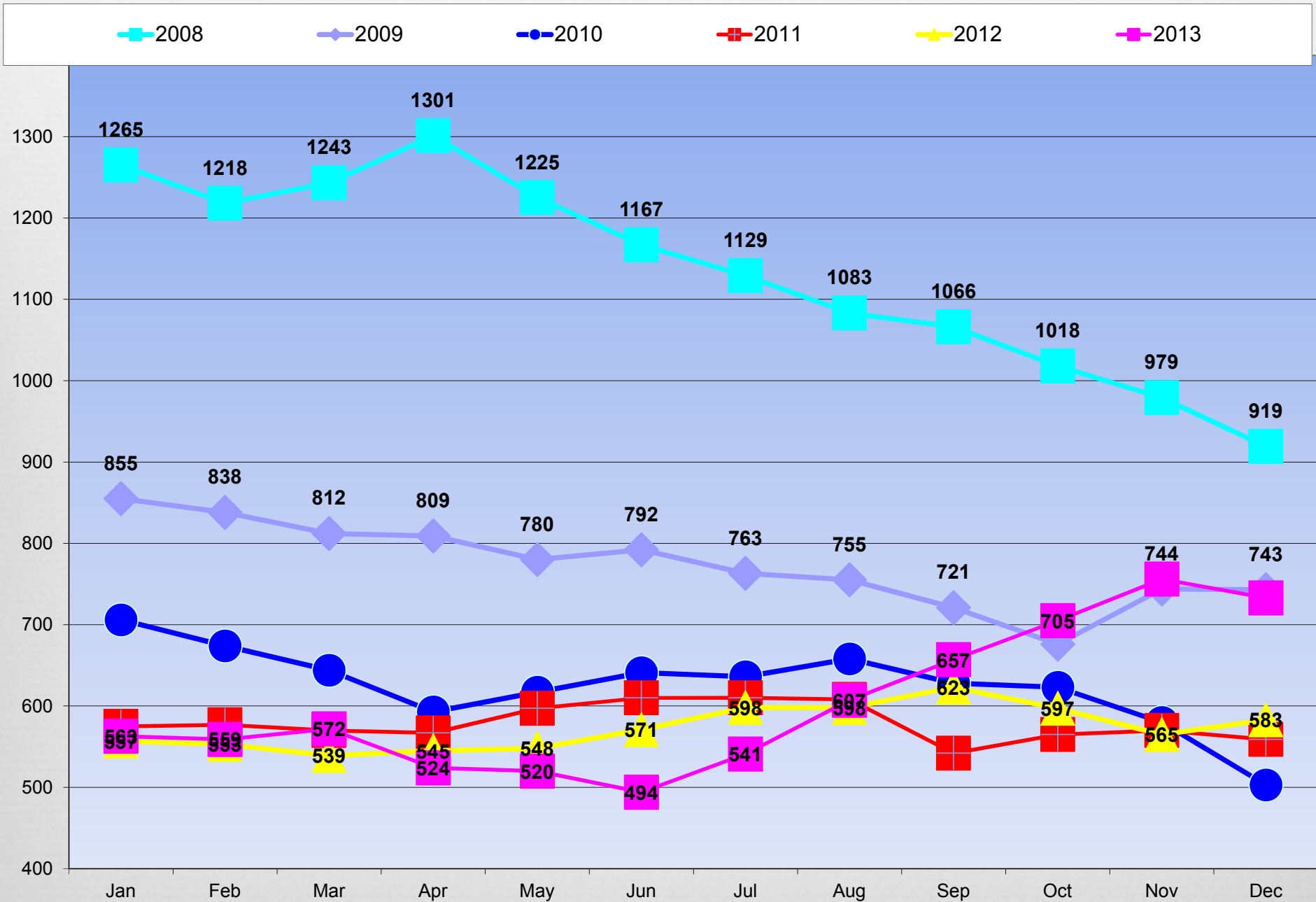
A8 - Ada County NEW CONSTRUCTION Monthly AVERAGE Sales Price



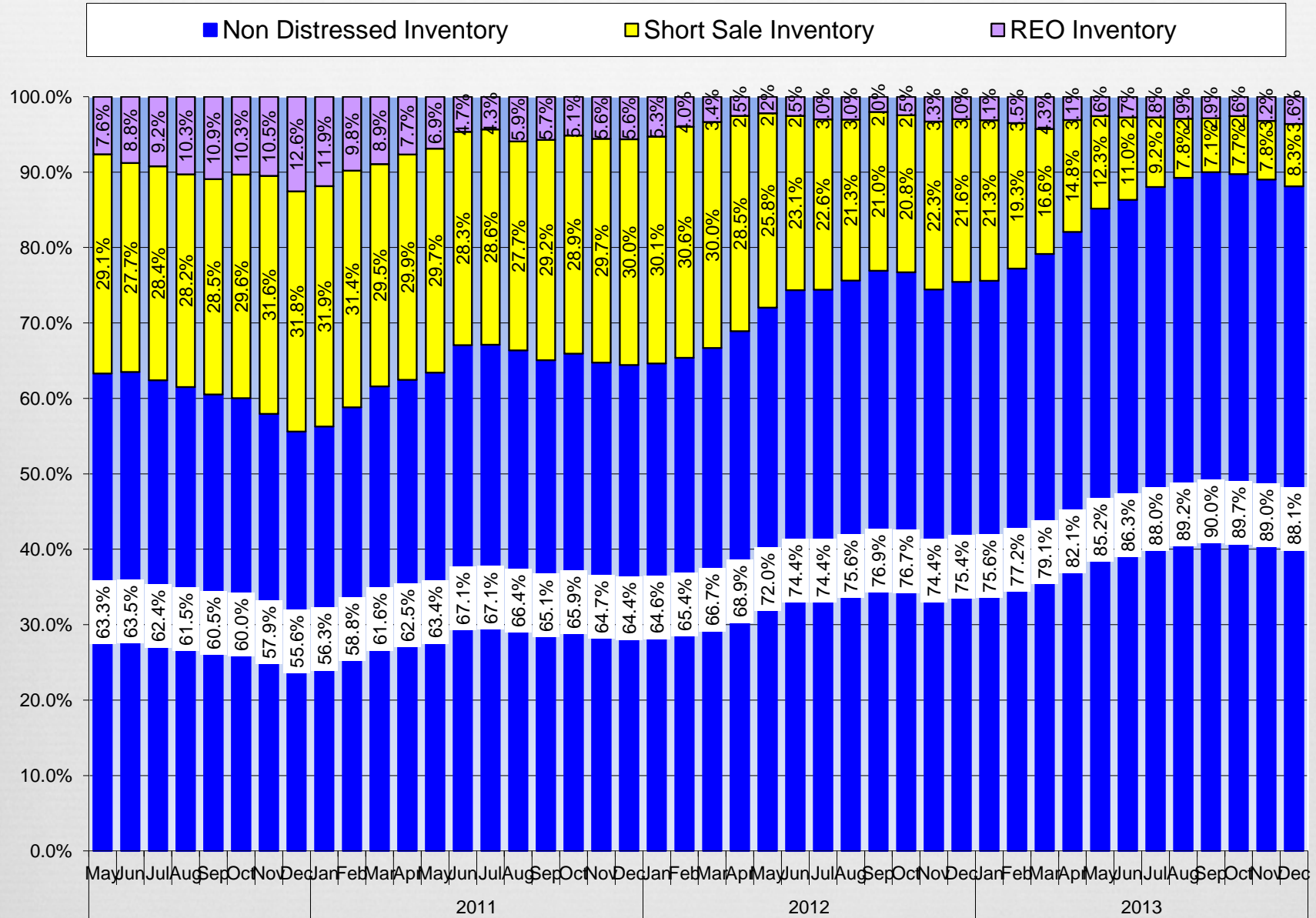
A16 - Ada County Residential INVENTORY



A16A - Ada County NEW CONSTRUCTION INVENTORY



A52 - Ada County Inventory Analysis - %



Distressed Sales

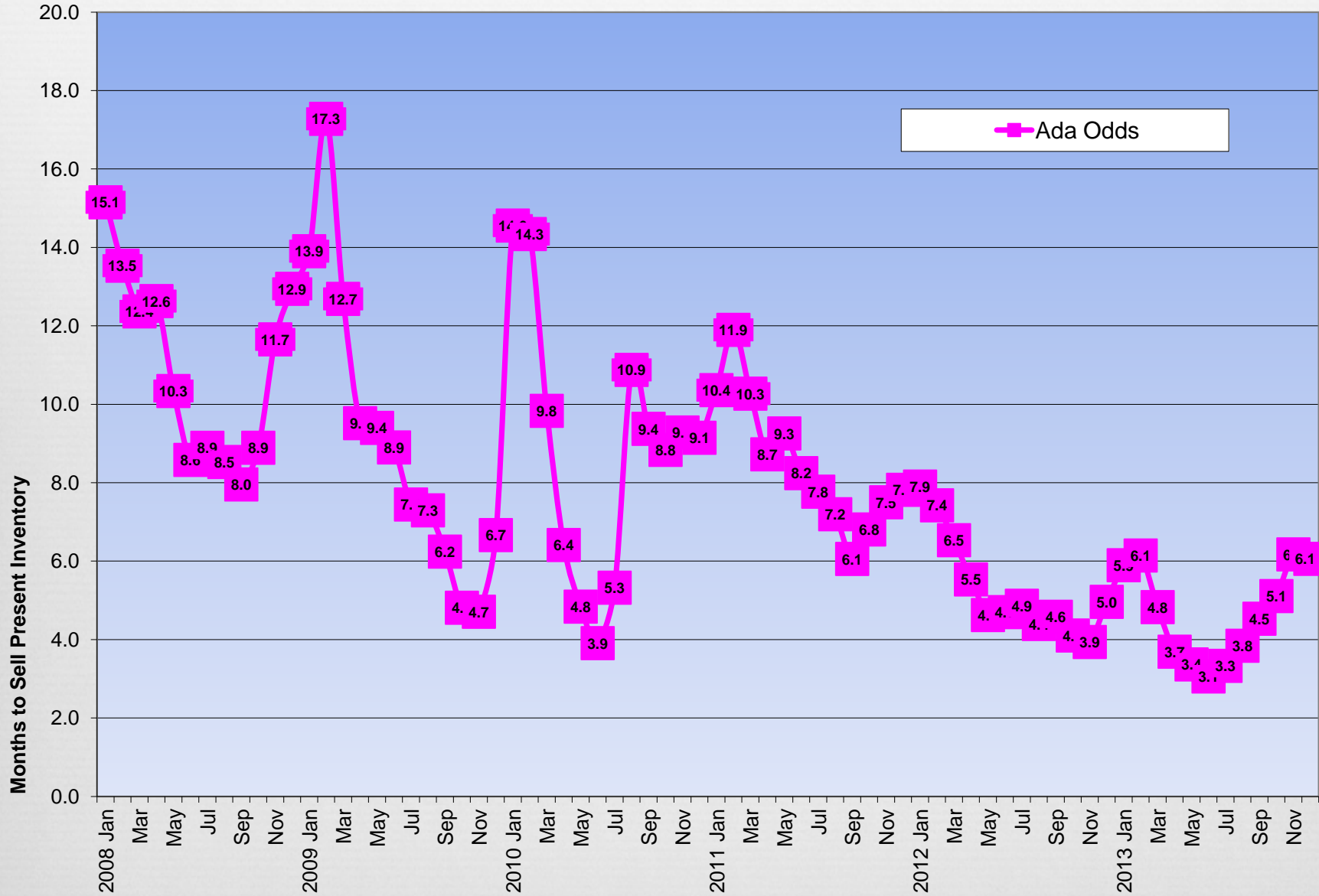
- Down from 25% of the market to 12% (Ada).
- Down from 33% of the market to 21% (Canyon).



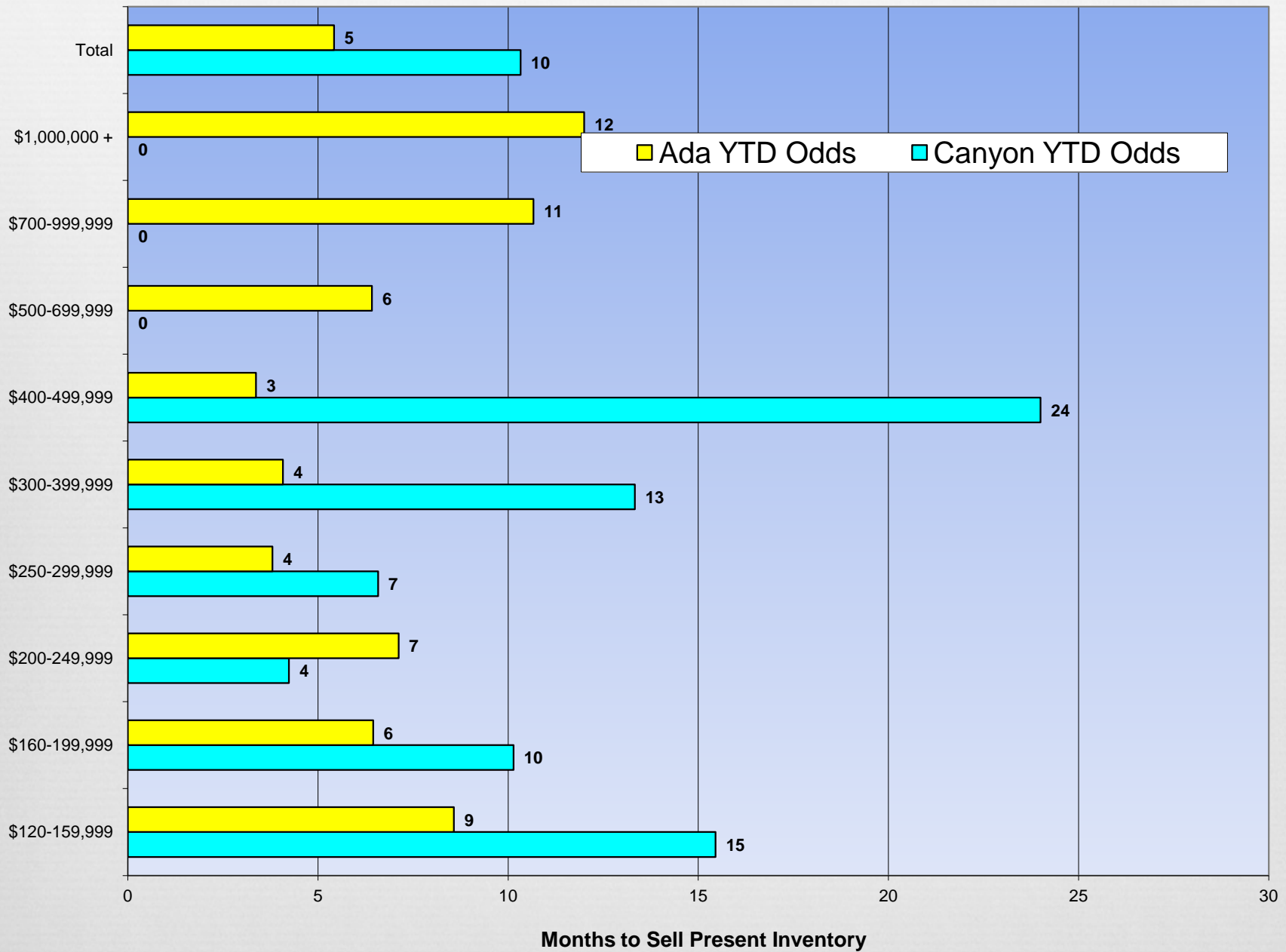
**COLDWELL
BANKER**

TOMLINSON GROUP

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

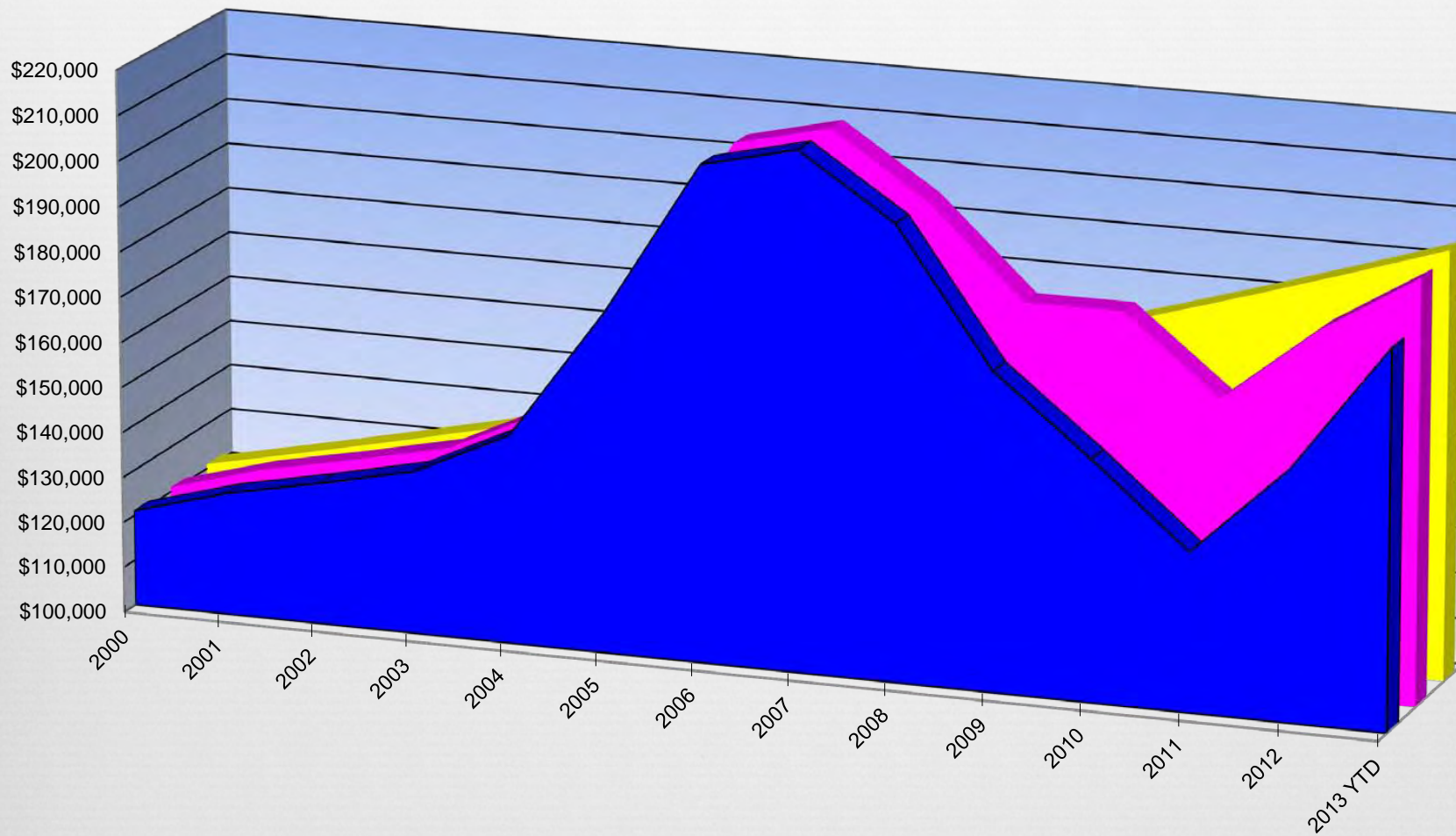


AC24 - DEC 2013 YTD SELLING ODDS New Construction



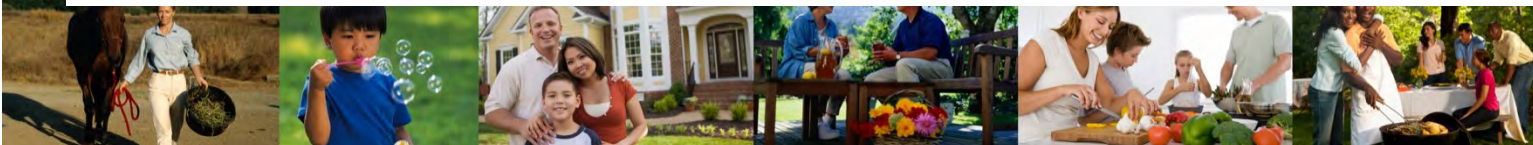
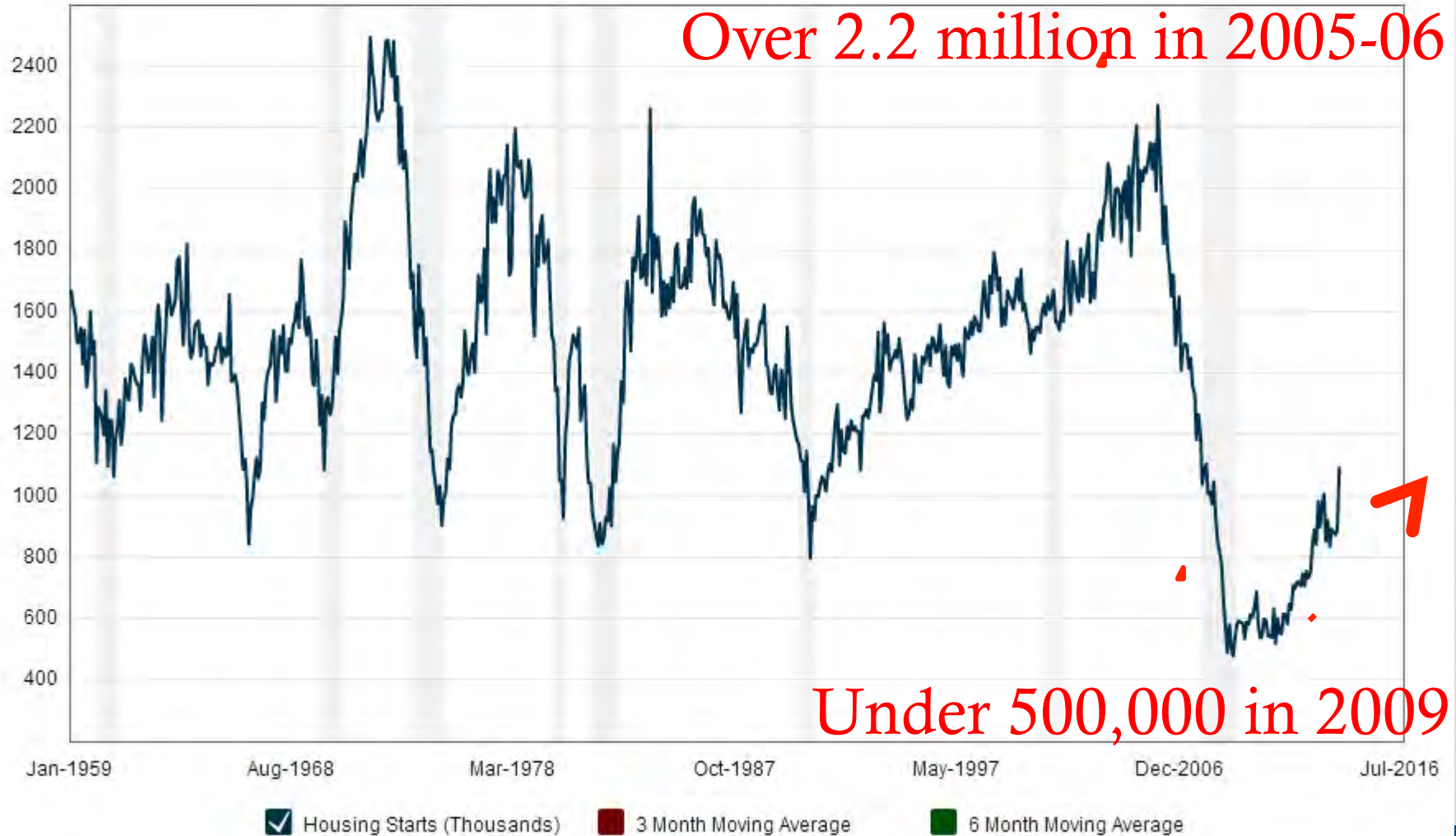
A57 - Ada County Market Correction - DEC 2013

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



Housing Starts (National)

Over 2.2 million in 2005-06



New Construction Forecast



- ✓ Sales will be
- ✓ Prices will be
- ✓ Wild Cards: Affordability and Uncertainty
 - ✓ Lot inventory
 - ✓ Interest rates
 - ✓ Jobs
 - ✓ Continuous price increases (materials & wages)
 - ✓ Government Regulations - Local and National

Top Regulatory Issues Addressed by BCA in 2013



Top BCA issues in 2013

1. Amend State Building Codes
2. ACHD storm drainage sizing
3. Meridian Dual Water Source

Dollar Savings

\$3,000/home

\$1,500/lot

Enabled
development in
many areas of City

Current Local Regulatory Issues



1. State Residential Building Code
 2. Meridian City Impact Fees
 3. ACHD Policy changes and Plan review times
 4. Meridian City - Hot Tub inspections
 5. Improve relations with each Government
- ✓ For every \$1,000 increase in home = 500 people priced out of the local housing market

QUESTIONS?

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DATA SOURCES

NAHB LOCAL IMPACT HOUSING STUDY – DEC. 2013

- Building Costs & Sales Price: Local Builders, Developers & IMLS
- Permits: Ada County, Cities and U.S. Census Bureau
- Local Gov't Revenue (impact & connection fees, prop. taxes, etc.): Ada County and City Building Depts & Ada County Assessor
- Local Government Costs (spending): U.S. Census Bureaus' Census of Governments (based on inputs from local agencies)
- Economic Impacts: NAHB, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics & U.S. Census Bureaus' Census of Governments (based on inputs from local agencies)
- Jobs: Idaho Dept. of Labor & Idaho Dept. of Commerce
(copy of study available upon request)

LOCAL HOUSING REPORT – YEAR END 2013

- Intermountain MLS, Webb Charts, National Association of Realtors