



Growth and Development Help Families & Communities Prosper

Residential growth and development sustains jobs, families and communities by providing local communities with fees, taxes and employment.

According to an NAHB study, the construction of one single-family home generates \$8,540 in local taxes, revenues and fees in the year of construction plus \$3,930 every year as long as the home is occupied.

The construction of a new, single-family home also produces 2.5 jobs in the metropolitan area where the home is built during the year of construction. Those jobs translate into \$100,000 in local income, wages and salaries during the year of construction.

Every time a new home is built, it affects the area in a variety of ways. Wages earned by construction workers, payments for transportation of building materials, payments received by support staff, and fees and taxes collected by governments are only a few of the financial impacts. Some of these impacts, such as the wages of construction workers, occur only once, when development and construction take place. Others, such as the payment of real estate taxes, continue to occur and sustain a community year after year.

While some of the impacts of construction are national in scope, such as the purchase of lumber from mills around the country, many others are local. For example, construction workers typically live within commuting distance of the construction site and spend a substantial part of the wages they earn in the same area. Also, permit and impact fees are usually collected by local governments.

These are just the first in a series of economic "ripple effects" as the wages and profits earned during construction are spent by local workers and business owners on locally supplied goods and services. The continuing effects from recycling income back into the community produces more jobs, wages and local taxes.

The economic impacts referred to above occur just once, due to the construction of the home. However, there are other effects that recur year after year, such as increased property taxes and spending by the family that lives in the home. These spending patterns cause their own ripple effect throughout the community.

For example, the building of 100 single-family homes in a typical U.S. city generates \$7 million in local income, which is divided between business owners (\$2.1 million), and wages and salaries (\$4.8 million). The homes also generate \$655,000 in local taxes and support 158 jobs during the year of construction activity. That spending produces "ripple" effects of \$3 million in local income, which is divided between business owners (\$518,000), and wages and salaries (\$2.5 million), and also generates \$199,000 in local taxes and supports 94 jobs.

Year after year, those homes — the property taxes paid on them and the money the families who live in them spend in the local economy — contribute \$2.4 million in local income, which is divided between business owners (\$416,000), and wages and salaries (\$1.9 million). The homes also generate \$393,000 in local taxes and support 76 jobs.

These numbers are for a typical metropolitan area using national averages. The local impact of home building will vary from place to place due to differences in local incomes, average house prices, the value of raw land and the local tax and building fee system.