



**Housing Equals Jobs**  
**The Economic Impact of Home Building in Greater Greenville**

According to the National Association of Home Builders (NAHB), the housing industry makes up nearly 15 percent of the country’s gross domestic product (GDP) and when it is healthy, it generates substantial local economic activity including new income and jobs for residents, and additional revenue for local governments. NAHB estimates that three full-time jobs are created for every new single-family home built.

In the recent recession, the industry that was impacted the most was home building. As a result, the impact, or lack thereof, was felt throughout the Upstate.

When homes are built and neighborhoods are created, people spend dollars in the local market far into the future — including improving their new homes, buying groceries and furniture, hiring housekeepers and landscapers, and spending money on local entertainment and in area restaurants.

Recently the Home Builders Association of Greenville commissioned NAHB to update its analysis of the economic impact of home building on the four counties that make up the Greenville-Mauldin-Anderson Metropolitan area (Greenville, Pickens, Laurens, and Anderson counties). NAHB’s analysis evaluates the number of jobs created, wages paid, and taxes generated by home building. The study modeled the effect of the construction activity itself, the ripple impact that occurs when income earned from construction activity is spent and recycles in the local economy, and the ongoing impact that results from new homes becoming occupied by residents who pay taxes and buy locally produced goods and services.

**Single Family Construction**

In 2014 Home Builders in the Greater Greenville area built 3,492 new single-family homes. We have compared that activity to the studies we previously commissioned, although we cannot compare them side-by-side without disclosing that the 2008 and 2007 production was for Greenville County only, not the entire market. Even so, the construction activity in Greenville County is a substantial portion of the total activity for the market, and because of its size Greenville County has a significant impact on the other counties in the region.

	2014	2008	2007
SF Homes Constructed	3,492	1,852	3,553
Local income generated	\$522.8 million	308.8 million	\$507 million
Taxes/fees to local governments	\$53.5 million	51.2 million	\$66 million
Local jobs created	7,795 jobs	5,388 jobs	10,906 jobs

The above impacts were calculated assuming that new single family homes built in Greenville, Pickens, Laurens, and Anderson counties for 2014, and Greenville County online in 2008 and 2007. In 2014 home building had an average price of \$272,000; were built on a lot for which the average value of the raw land was \$10,000; required the builder and developer to pay an average of \$7,231 in impact, permit, and other fees to local governments; and incurred an average

property tax of \$1,438 per year. The additional, annually recurring impacts of building 3,492 single-family homes in Greenville County include:

- *\$111.1 million in local income*
- *\$28.9 million in taxes and other revenue for local governments*
- *2,208 local jobs*

These are ongoing, annual local impacts that result from the new homes being occupied and the occupants paying taxes and otherwise participating in the local economy year after year. In order to fully understand the impact residential construction has on a community, it is important to account for the ongoing benefits as well as the one-time effects.

### **Multifamily Construction**

In 2014 Home Builders built 1,282 multifamily homes in the Greater Greenville area. The impact of those homes on the Greater Greenville area includes:

	2014	2008	2007
Homes Constructed	1,282	532	990
Local income generated	\$107.5	\$68.4 million	\$125 million
Taxes/fees to local governments	\$15.1 million	\$9.3 million	\$12 million
Local jobs created	1,548 jobs	1,193 jobs	2,893

These impacts were calculated assuming that new multifamily units built in Greenville, Pickens, Laurens, and Anderson counties each have an average market value of \$186,164; embody an average raw land value of \$9,090; require the builder and developer to pay an average of \$1,588 in impact, permit, and other fees per unit to local governments; and incur an average annual property tax of \$2,838 per unit. In addition, the estimates assume that 25 percent of the new multifamily construction consists of owner-occupied condominiums.

The additional, annually recurring impacts of building 1,282 multifamily units in the Greater Greenville area include;

- \$28.8 million in local income
- \$8.8 million in taxes and other revenue for local governments
- 572 local jobs

These are ongoing, annual local impacts that result from the new homes being occupied and the occupants paying taxes and otherwise participating in the local economy year after year. In order to fully understand the impact residential construction has on a community, it is important to account for the ongoing benefits as well as the one-time effects.

In the NAHB model, the primary difference between condominiums and rental apartments is the way incomes and spending tendencies of the occupants are estimated. Also, in the Greater Greenville area, a substantially higher assessment ratio is applied to rental property for tax purposes. This explains why the annual property tax payment for an average new multifamily unit is high relative to the property tax for a single-family home.

### **Does Growth and New Construction Pay for Itself?**

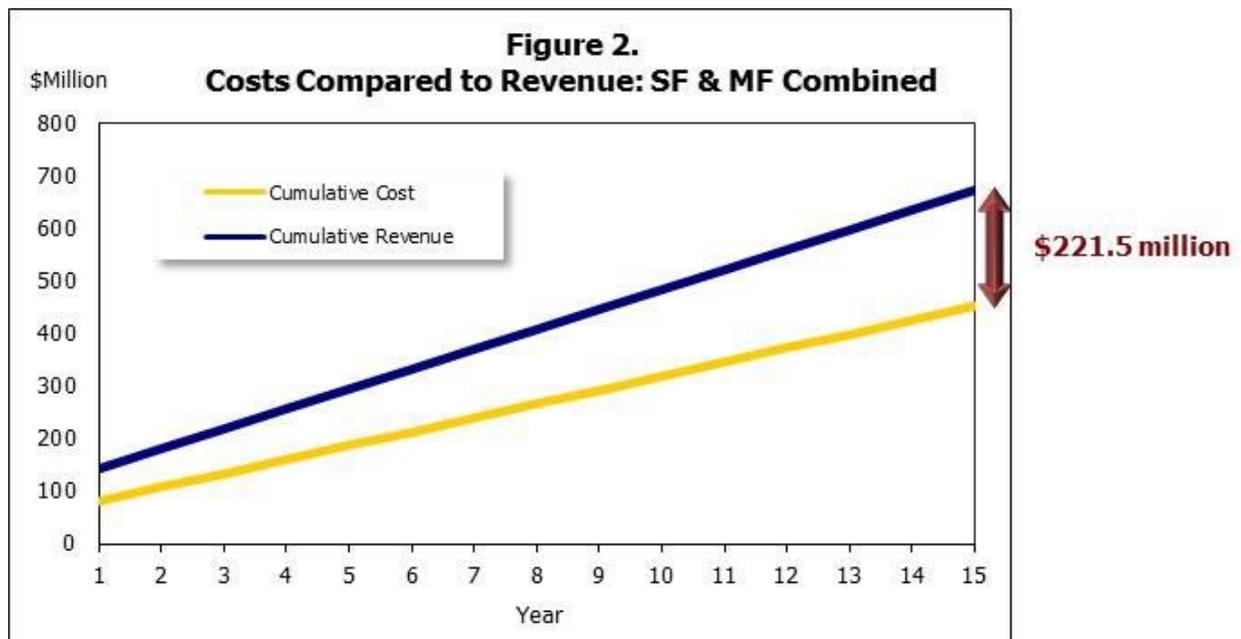
***Yes it does!***

For every 3,492 single-family home and 1,282 multifamily housing unit built:

- By the end of the first year after these new homes are built, economic impacts offset all fiscal costs of serving the new homes, including infrastructure costs

- By the end of the second year, these new homes are contributing NET INCOME to local governments of more than \$11 million per year
- After 10 years, these new homes have contributed NET INCOME to local governments of more than \$166 million

**Combined Results for 3,492 Single Family and 1,282 Multifamily Units**



Combined Results	Current Expenses	Revenue	Operating Surplus	Capital Investment Start of Year	Debt Outstanding End of Year	Interest on the Debt	Revenue Net of Costs and Interest
1	13,190,900	144,370,100	131,179,200	64,945,600	0	2,421,900	63,811,700
2	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
3	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
4	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
5	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
6	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
7	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
8	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
9	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
10	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
11	26,381,800	37,718,900	11,337,100	1,054,200	0	0	10,282,900
12	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
13	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
14	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100
15	26,381,800	37,718,900	11,337,100	0	0	0	11,337,100

These are local impacts, representing income and jobs for residents of the Greenville-Mauldin-Anderson MSA, and taxes (and other sources of revenue, including permit fees) for all local jurisdictions within the metro area. They also

are one-year impacts that include both the direct and indirect impact of the construction activity itself, and the impact of local residents who earn money from the construction activity spending part of their wages within the local area.

This information was gathered from the Appalachian Council of Governments, the City of Greenville Water and Sewer Department, the City of Greer Utilities Department, the Greenville County Assessor's Office, the Greenville County Building Services Department, the Greenville County Planning Commission, the Metro Water and Sewer Authority, the South Carolina Department of Revenue, the U.S. Census Bureau, and the Regional Sewer Authority (ReWa).

Since the NAHB model was initially developed in 1996, it has been successfully applied to construction in more than 800 projects, local jurisdictions, metropolitan areas, non-metropolitan counties, and states across the country. The comprehensive nature of the NAHB model means that the local area over which the benefits are spread must be large enough to include the places where construction workers live and spend their money, as well as the places where the new home occupants are likely to work, shop, and go for recreation. In practice, this usually means a Metropolitan Statistical Area (MSA). For this model, the MSA includes Greenville, Pickens, Laurens, and Anderson counties.

The report presents estimates of the impacts of building 3,492 single family and 1,282 multifamily homes, based on construction activity in the Greenville-Mauldin-Anderson MSA in calendar year 2014.