

THE METRO AREA IMPACT OF HOME BUILDING IN LA CROSSE COUNTY, WISCONSIN

Presented

by

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National Association of Home Builders

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La Crosse, WI



LOCAL ECONOMIC IMPACT

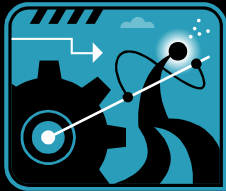
- Construction phase
 - Jobs
 - Materials
 - Local fees, taxes, contributions
- Ripple or feed-back from construction
 - Wages spent in local economy
- Occupancy phase
 - Earnings spent in local economy

- Conventional wisdom says new jobs produce new homes
- But, new home construction is a key source of continued employment!

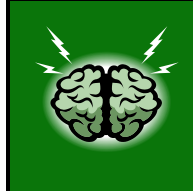
HOUSING ⇒ JOBS

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

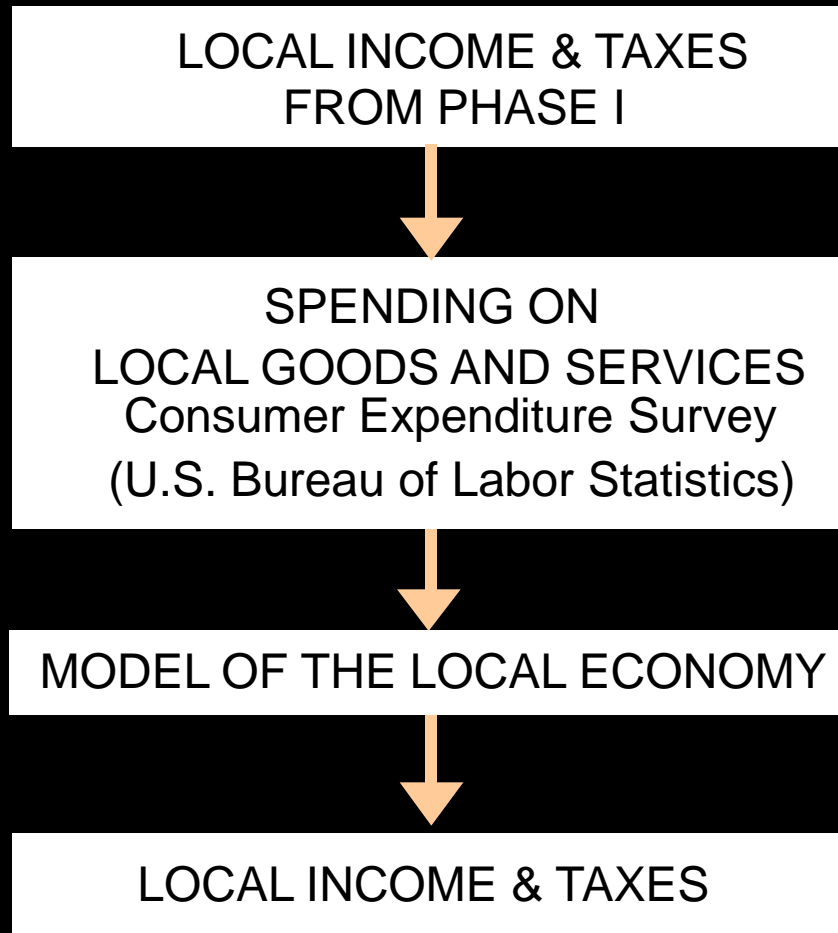
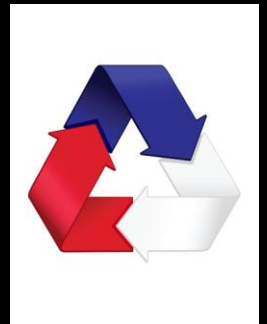


SPENDING ON
LOCAL GOODS AND SERVICES
Consumer Expenditure Survey
(U.S. Bureau of Labor Statistics)

MODEL OF THE LOCAL ECONOMY

OUTPUTS:

LOCAL INCOME & TAXES



OCCUPANCY PHASE

INPUTS:

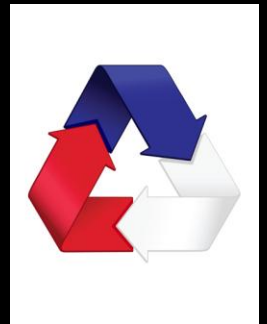
INCOME OF HOUSEHOLD
OCCUPYING NEW HOUSING UNIT

SPENDING ON
LOCAL GOODS AND SERVICES
PROPERTY TAX PAYMENTS

MODEL OF THE LOCAL ECONOMY

OUTPUTS:

LOCAL INCOME & TAXES



La Crosse, WI-MN MSA



The La Crosse, WI-MN MSA Multiplier

**Only Captures
Spending that Stays in the MSA**

Includes:

Banking, Car Repair, Dry Cleaning

Day Care Services, Legal Services

Newspaper Delivery, and Restaurants

But not:

Auto Manufacturing, Mattress Manufacturing, Movie

Production, and Travel Agency Services

History of the Model

- Over 520 eco. impact analyses performed

Users of the model include:

Boone County Kentucky

Habitat for Humanity, International

MI State Housing Development Authority

Michigan State University

Missouri Housing Development Commission

Univ. of Florida

Univ. of Massachusetts

Univ. of Montana

West Virginia Housing Development Fund...

Assumptions of the Model

	<u>Single Family</u>	<u>Multifamily</u>
Average house price:	\$197,848	\$141,279
Average raw lot cost:	\$12,500	\$3,125
Permits/Infrastructure:	\$1,250	\$625
Annual prop. taxes:	\$3,777	\$2,697

Economic Impact of Single Family Home Building

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

FIRST YEAR IMPACT: SF Construction

Every 405 SF Homes

Local Income	Local Taxes	Local Jobs
\$33,149,000	\$1,512,000	785

INCLUDING:

557 Jobs in Construction

120 Jobs in Wholesale & Retail Trade

69 Jobs in Business and Professional Services

FIRST YEAR IMPACT: SF Ripple

Local Income	Local Taxes	Local Jobs
\$14,584,000	\$1,421,000	360

INCLUDING:

85 Jobs in Wholesale and Retail Trade

46 Jobs in Local Government

45 Jobs in Health, Education & Social Services

ONGOING SF ANNUAL EFFECT

Local Income	Local Taxes	Local Jobs
\$11,894,000	\$2,671,000	317

INCLUDING:

71 Jobs in Wholesale and Retail Trade

57 Jobs in Local Government

36 Jobs in Health, Education & Social Services

**TOTAL SF IMPACT:
FIRST TEN YEARS
405 HOMES**

Local Income	Local Taxes
\$160,726,000	\$28,308,000

**Along with 1,145 temporary jobs
and 317 permanent ones!**

FIRST YEAR IMPACT: MF Construction

Every 164 MF Homes

Local Income	Local Taxes	Local Jobs
\$11,162,000	\$414,000	296

INCLUDING:

228 Jobs in Construction

31 Jobs in Business and Professional Services

26 Jobs in Wholesale & Retail Trade

FIRST YEAR IMPACT: MF Ripple

Local Income	Local Taxes	Local Job
\$4,843,000	\$476,000	119

INCLUDING:

29 Jobs in Wholesale and Retail Trade

15 Jobs in Health, Education & Social Services

14 Jobs in Local Government

ONGOING MF ANNUAL EFFECT

Local Income	Local Taxes	Local Jobs
\$5,288,000	\$962,000	129

INCLUDING:

28 Jobs in Wholesale and Retail Trade

20 Jobs in Local Government

15 Jobs in Health, Education & Social Services

TOTAL MF IMPACT: FIRST TEN YEARS

Local Income	Local Taxes
\$66,241,000	\$10,029,000

**Along with 415 temporary jobs
and 129 permanent ones!**

BIGGEST LOCAL EMPLOYERS

<u>EMPLOYER</u>	<u># of FT JOBS</u>
Gunderson Lutheran	5,000
Ashley Furniture industries, Inc.	2,500
Franciscan Skemp Healthcare/Mayo	2,350
Trane	2,250
New Residential Construction	1,081
Kwik Trip	900
CenturyTel	830

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 SF Unit

Function	Single Family	State Aid
Education	\$2,092	65%
Police Protection	\$555	0%
Fire Protection	\$324	0%
Corrections	\$202	0%
Street and Highways	\$109	74%
Water Supply	\$130	0%
Sewerage	\$125	0%
Recreation and Culture	\$410	0%
Other General Government	\$1,732	32%
Electric Utilities	\$66	0%
Public Transit	\$18	73%
Other Government Enterprises	\$30	0%
Total	\$5,792	

Required Current Expenses per MF Unit

Function	Single Family	State Aid
Education	\$1,217	65%
Police Protection	\$413	0%
Fire Protection	\$241	0%
Corrections	\$150	0%
Street and Highways	\$75	74%
Water Supply	\$68	0%
Sewerage	\$65	0%
Recreation and Culture	\$305	0%
Other General Government	\$1,289	32%
Electric Utilities	\$49	0%
Public Transit	\$13	73%
Other Government Enterprises	\$22	0%
Total	\$3,909	

Required Capital per SF Unit

Function	Single Family
Schools	\$6,478
Hospitals	\$331
Other Buildings	\$5,262
Highways and Streets	\$2,068
Conservation & Dev.	\$1
Sewer Systems	\$2,190
Water Supply	\$3,021
Other structures	\$2,263
Equipment	\$200
Total	\$21,814

Required Capital per MF Unit

Function	Multifamily
Schools	\$3,769
Hospitals	\$246
Other Buildings	\$3,916
Highways and Streets	\$1,433
Conservation & Dev.	\$1
Sewer Systems	\$1,146
Water Supply	\$1,581
Other structures	\$1,684
Equipment	\$149
Total	\$13,924

Now that we know:

The benefits of construction

&

The costs of construction

Does new construction pay for itself?

Yes it does!

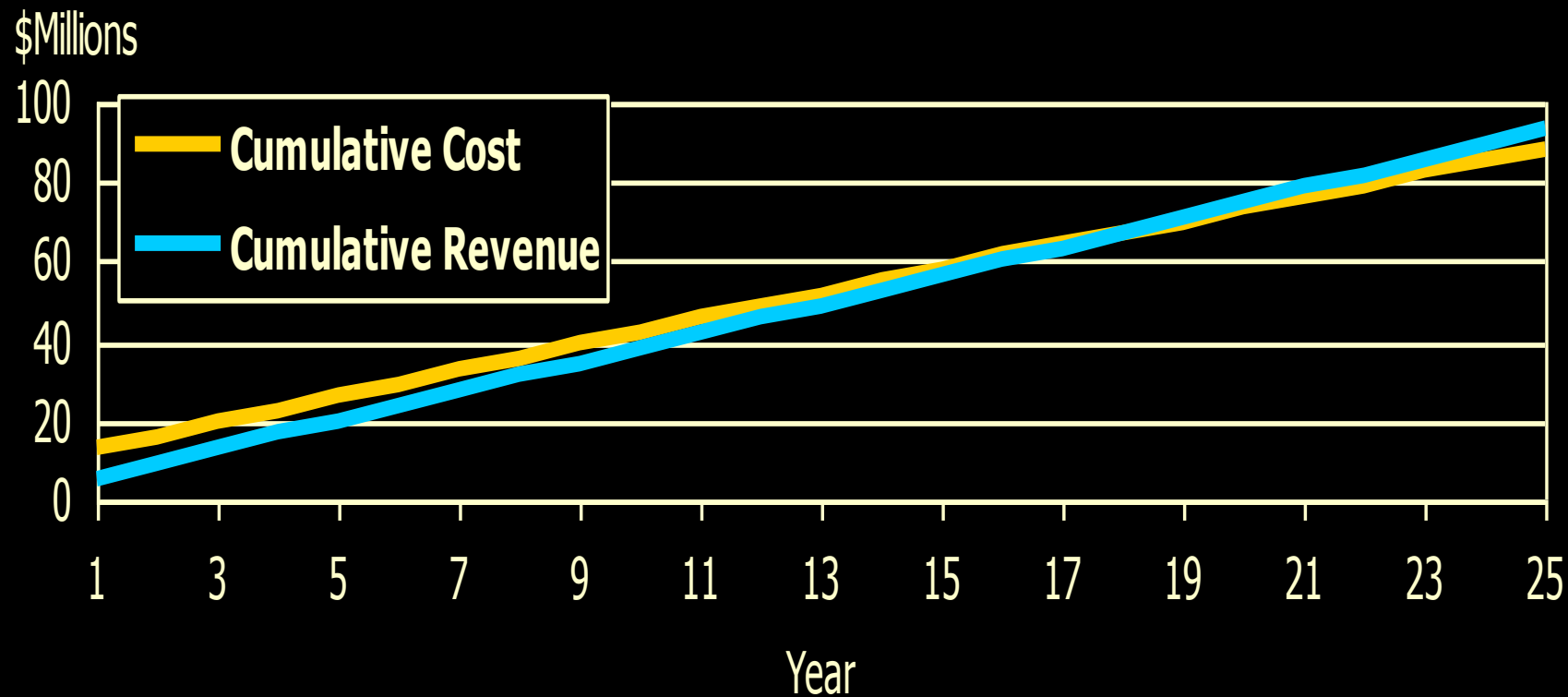
For every 405 SF and 164 MF units--

- By the 2nd year economic impacts offset fiscal costs
- By the end of the 18th year the debt is fully paid off
- In the 18th year, net is \$623,612 and is \$644,384 thereafter

Year	Current Expenses	Revenue	Operating Surplus	Investment Start of Year	Debt at Year End	Interest On Debt	Net Income
1	1,494,500	5,639,671	4,145,171	11,116,000	7,460,025	489,197	-7,460,025
2	2,989,000	3,633,384	644,384	0	7,143,944	328,303	316,082
3	2,989,000	3,633,384	644,384	0	6,813,954	314,393	329,991
4	2,989,000	3,633,384	644,384	0	6,469,440	299,871	344,513
5	2,989,000	3,633,384	644,384	0	6,109,765	284,709	359,675
16	2,989,000	3,633,384	644,384	0	1,069,329	72,239	572,145
17	2,989,000	3,633,384	644,384	0	472,004	47,059	597,325
18	2,989,000	3,633,384	644,384	0	0	20,772	623,612
19	2,989,000	3,633,384	644,384	0	0	0	644,384
20	2,989,000	3,633,384	644,384	0	0	0	644,384

Over 25 years, every 405 SF and 165 MF units generate a cumulative \$92.8 million in revenue for local governments—but only \$88.2 million in costs

Costs Compared to Revenue:
405 SF and 164 MF Units



Almost done, just a bit more



What does 18 years really mean?

- Is it OK, or should it be done faster?**
- Big purchases take time to pay off.**
- Car loans now last 5 years, and many lease!**
- How fast did you pay off your student loans?**
- How fast are your kids paying off theirs?**
- Did you pay off your home in 18 years?**

A Closer Look at Primary and Secondary Ed.

- 12.6% attend Private Schools
- 1.7% are Home schooled
- 0.4 school age children / MF unit
- 0.6 school age children / SF unit
- State aid is \$136 million or 65% of budget

How Large Are Non Property Tax Revenues

- SF property taxes are \$3,777/year
But, yearly revenue is \$6,596/unit per year, which is 75% more.
- SF property taxes are \$2,697/year
But, yearly revenue is \$5,867/unit per year, which is 117% more.
- Clearly, property taxes are not the whole story!

QUESTIONS?

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