

HOUSING GROWTH IS GOOD FOR A COMMUNITY

Lynn Kilgore, CAE, BIAE

Executive Director

Huntsville/Madison County Builders Association, Inc.

In addition to satisfying a critical social need – shelter, stability and security for families – new housing brings tremendous economic benefits to a community. The positive effects of housing construction are far-reaching and long-lasting.

A national study indicates construction of 100 single-family homes generates \$11.6 million in new income to local businesses and workers in the first year of construction, and \$2.8 million every year thereafter. It also creates jobs in the local community during the first year of construction and every year thereafter. In terms of contribution to public revenue, these 100 new homes bring \$1.4 million in additional local taxes and fees in the first year of construction, and \$498,000 every year thereafter, for a total of \$5.9 million over 10 years.

Housing's economic impact doesn't end when a home is sold and the new owners move in. In fact, housing continues to be an economic force long after the sale is closed. In the first 12 months after purchasing a new home, owners spend an average of \$8,900 to furnish, decorate and improve their homes – more than twice the \$4,000 spent by non-movers. Such economic activity brings tax revenue to local government that is often overlooked by those who argue that growth doesn't pay its way. Housing is crucial to the performance of every community's economy. "Rooftops" provide the mechanism to entice commercial development which generates additional sales taxes to a community's coffers.

The production of housing and the value of services produced by the housing stock account for about 14 percent of the nation's gross domestic product (GDP). **Put another way, the housing industry represents more than one-seventh of the United States' annual economic output.**

Regulation is a major factor in the cost of housing and contributes to the affordability problems confronting American families. Excessive and unnecessary regulation can add thousands of dollars to the cost of a new home, making it difficult or even impossible for families to achieve homeownership. **"Affordable housing" does**

not mean “low income housing”. Affordable housing is needed for middle income individuals such as teachers, police officers, firefighters, nurses, and other public servants. **Communities that really seek to promote affordable housing should consider business-friendly policies that encourage builder investment.**

Every community needs infrastructure which must be maintained, expanded, updated or renovated as a community grows or ages. Developers and builders pay thousands of dollars in impact fees per unit to improve or add infrastructure to the area in which the home or development is located. **Unfortunately,** most communities have not kept up with maintaining infrastructure and with tax increases considered taboo, often make the mistake of targeting housing growth as a quick fix to their problems by increasing regulatory fees. **There are many options available to communities which do not stifle housing growth. Each community must look at all its options before passing regulations which could jeopardize one of its best sources of revenue – affordable housing.**
