



# **THE METRO AREA IMPACT OF HOME BUILDING IN BROWN COUNTY, WI**

Presented by:  
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Green Bay, 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

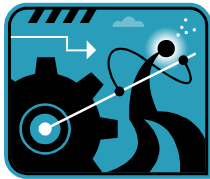
The model does not say build housing to stimulate the local economy

Rather, it is job creation that results in increased demand for housing, but remember that.....

**HOUSING ⇒ JOBS**

# CONSTRUCTION PHASE

## INPUTS:



**\$\$ VALUE OF CONSTRUCTION \$\$**  
**SERVICES PROVIDED AT CLOSING**  
**PERMIT/HOOK-UP FEES**  
**\$ \$ \$ \$ \$**  
(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 1



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



MODEL OF THE LOCAL ECONOMY



LOCAL INCOME & TAXES



**OUTPUTS:**

# OCCUPANCY PHASE

**INPUTS:**

INCOME OF HOUSEHOLD  
OCCUPYING NEW HOUSING UNIT



SPENDING ON  
LOCAL GOODS & SERVICES  
PROPERTY TAX PAYMENTS



MODEL OF THE LOCAL ECONOMY

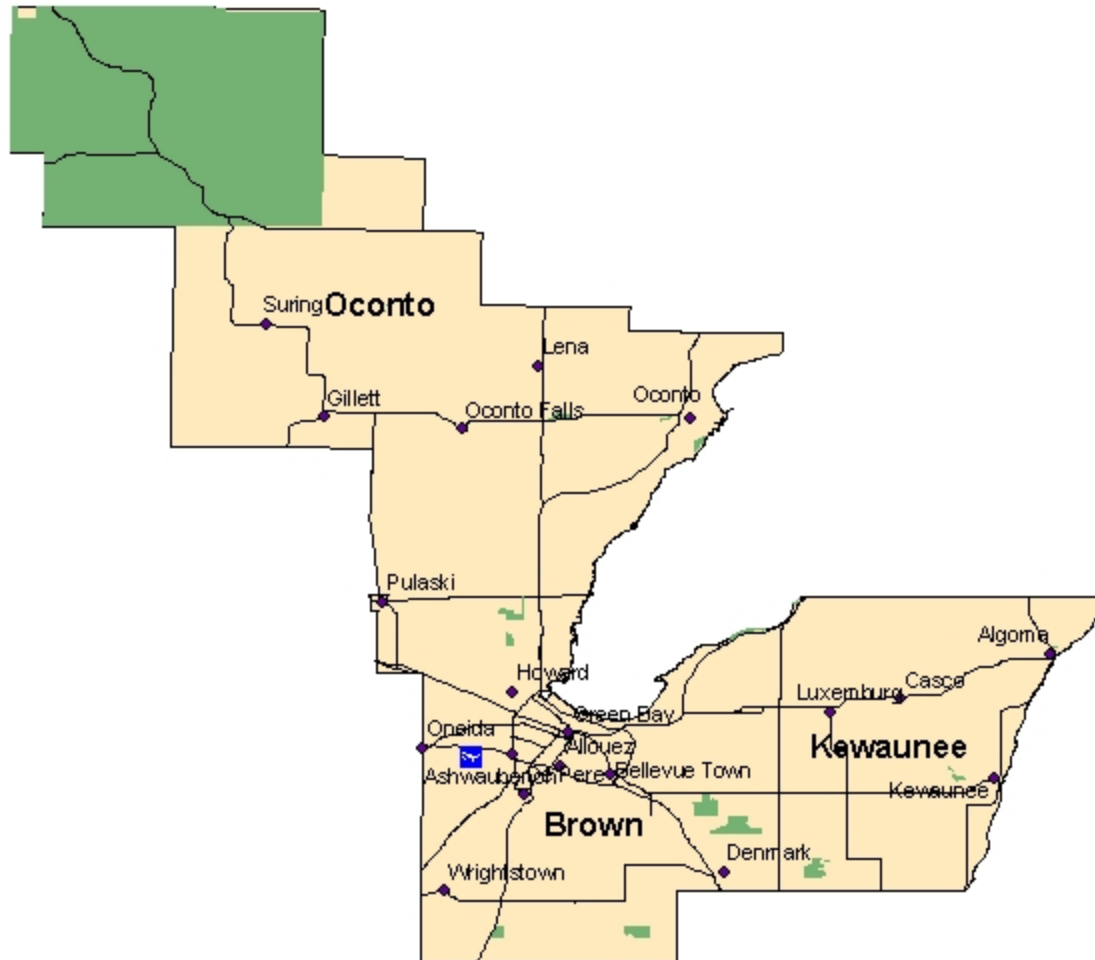


**OUTPUTS:**

LOCAL INCOME & TAXES



# Green Bay, WI MSA



# The Green Bay, WI MSA Multiplier

## Only Captures Spending that Stays in the MSA

### Includes:

Banking, Car Repair, Dry Cleaning, Day Care Services, Dental Services, Electricity, Landscaping, Legal Services, Manicures, Medical Services, Newspaper Delivery, Restaurants and Psychiatric Care.

### But Not:

Auto Manufacturing, Beer Bottling, Mattress Manufacturing, Meat Packing, Movie Production, and Travel Agency Services



# History of the Model

Over 600 Economic 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

University of Florida

University of Massachusetts

University of Montana

West Virginia Housing Development Fund...

# Assumptions of the Model

## Inputs To Model

## Single Family

Average house price:	\$232,850
Average raw lot cost:	\$12,000
Permits/Infrastructure:	\$4,565
Annual prop. taxes:	\$4,794

# Economic Impact of Single Family Home Building

1<sup>st</sup> - Construction phase

2<sup>nd</sup> - Ripple effect from construction phase

3<sup>rd</sup> - Occupancy phase

4<sup>th</sup> - Ten year total

# FIRST YEAR IMPACT: SF Construction Every 100 SF Homes

Local Income	Local Taxes	Local Jobs
\$11,138,000	\$890,000	199

## INCLUDING:

138 Jobs in Construction

30 Jobs in Wholesale & Retail Trade

16 Jobs in Business and Professional Services

# FIRST YEAR IMPACT: SF Ripple

Local Income	Local Taxes	Local Jobs
\$4,611,000	\$431,000	95

## INCLUDING:

23 Jobs in Wholesale and Retail Trade

11 Jobs in Health, Education & Social Services

8 Jobs in Business and Professional Services

# ONGOING SF ANNUAL EFFECT

Local Income	Local Taxes	Local Jobs
\$2,739,000	\$801,000	57

## INCLUDING:

14 Jobs in Wholesale and Retail Trade

7 Jobs in Local Government

6 Jobs in Health, Education & Social Services

# Total SF Impact: First Ten Years

Local Income	Local Taxes
\$41,770,000	\$8,931,000

**Along with 294 temporary jobs  
And 57 permanent ones!**

# Largest Local Employers

## Employer

## # of FT Jobs

Humana	3,146
Schneider National, Inc.	3,094
Oneida Tribe of Indians of WI	2,916
Georgia-Pacific Corp	2,600
Bellin Health	1,998
Aurora Health Care	1,703
St. Vincent Hospital	1,637
American Foods Group	1,591
WI Public Service	1,573
JBSPackerland	1,450
ShopKo Stores	1,353
Associated Banc-Corp.	1,086
KI	1,046
Proctor & Gamble Paper Products	969
Wal-Mart Stores, Inc.	968
Ameriprise Auto & Home Insurance	959
21. New SF Residential Construction (400 Units)	800



# ***BUT***

## **NEW HOMES REQUIRE:**

### INFRASTRUCTURE

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

# Required Current Expenses per SF Unit

Function	Single Family	State Aid
Education	\$2,006	64%
Police Protection	\$581	0%
Fire Protection	\$335	0%
Corrections	\$193	0%
Streets and Highw ays	\$130	71%
Water Supply	\$143	0%
Sew erage	\$226	0%
Health Services	\$116	85%
Recreation and Culture	\$296	0%
Other General Government	\$514	64%
Electric Utilities	\$32	0%
Public Transit	\$15	73%
<b>Total</b>	<b>\$4,588</b>	

# Required Capital per SF Unit

Function	Single Family
Schools	\$6,007
Hospitals	\$394
Other Buildings	\$1,480
Highways and Streets	\$2,046
Conservation and Dev.	\$10
Sewer Systems	\$3,305
Water Supply	\$1,845
Other Structures	\$1,144
Equipment	\$179
Total	\$16,410

# **Now that we know:**

The benefits of construction

&

The costs of construction

**Does new construction pay for itself?**

# Yes it does!

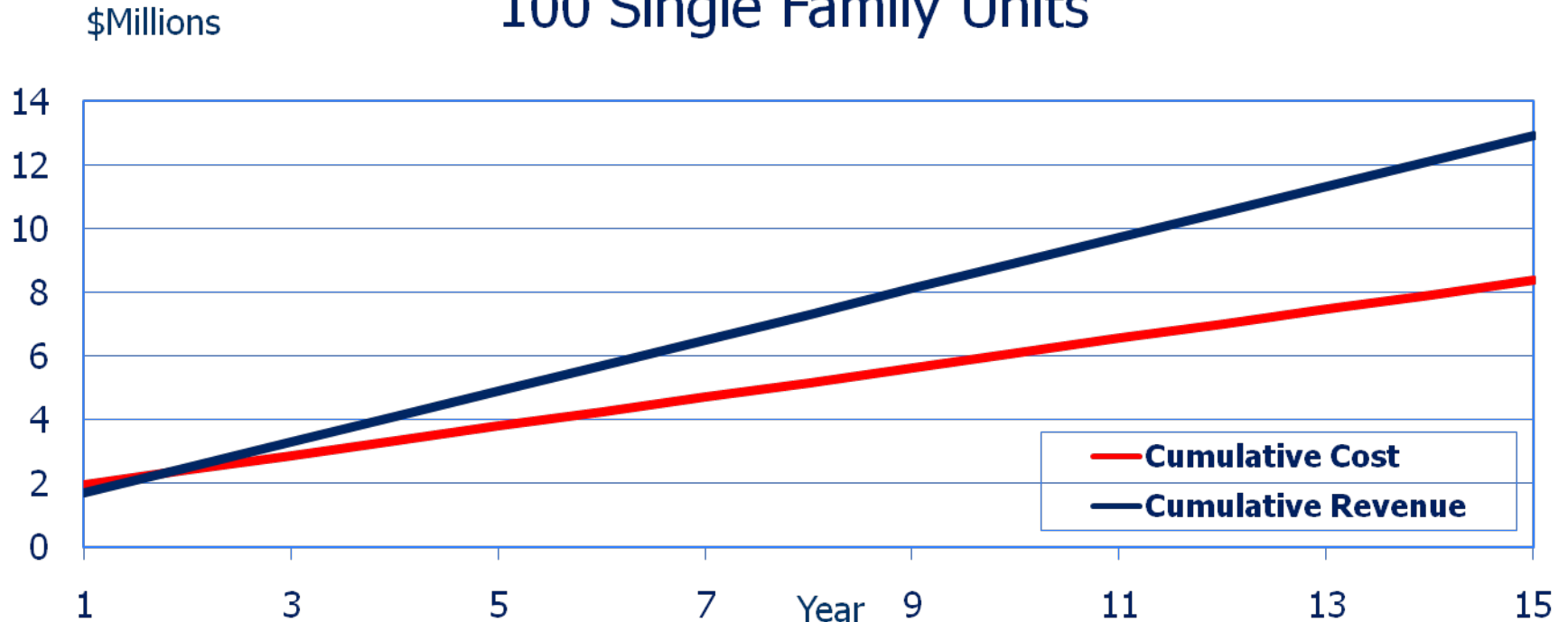
For every 100 SF units--

- By the end of the 2<sup>nd</sup> year the debt is fully paid off
- By the 2<sup>nd</sup> year economic impacts offset fiscal costs
- In the 2<sup>nd</sup> year, net is \$332,480 and is \$343,280 thereafter

Year	Current Expenses	Revenue	Operating Surplus	Investment Start of Year	Debt at Year End	Interest On Debt	Net Income
1	229,400	1,720,891	1,491,491	1,641,000	221,709	72,200	-221,709
2	458,700	800,980	342,280	0	0	9,800	332,480
3	458,700	800,980	342,280	0	0	0	342,280
4	458,700	800,980	342,280	0	0	0	342,280
5	458,700	800,980	342,280	0	0	0	342,280
6	458,700	800,980	342,280	0	0	0	342,280
7	458,700	800,980	342,280	0	0	0	342,280
8	458,700	800,980	342,280	0	0	0	342,280
9	458,700	800,980	342,280	0	0	0	342,280
10	458,700	800,980	342,280	0	0	0	342,280

Over 15 years, every 890 SF units generate a cumulative \$12.9 million in revenue for local governments—but only \$8.4 million in costs

### Costs Compared to Revenue: 100 Single Family Units



# What does 2 years really mean?

- That is, should it be done faster, or is it O.K.?
- 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 2 years?

# Almost done, just a bit more





# How Large Are Non Property Tax Revenues

Single family property taxes are \$4,794/unit per year but, yearly revenue is \$8,010/unit per year, which is 67% more.

Clearly, property taxes are not the whole story!

# A Closer Look at Primary and Secondary Education

12.6% attend private schools nationally

1.7% are Home schooled nationally

0.4 school age children/MF unit nationally

0.6 school age children/SF unit nationally

WI State aid is \$286 million or 64% of budget

# ANY QUESTIONS?

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Thank you very much!