



HOUSING & BUILDING
ASSOCIATION
OF COLORADO SPRINGS

THE ECONOMIC IMPACT OF BUILDING A HOME IN EL PASO COUNTY



ECONOMIC IMPACT

of New Home Construction

The economic impact of home construction on the local economy and economic contributions is measured through jobs, associated payroll and economic output.

	2015	Recurring Impact*
Jobs	14,840	2,530
Related Income	\$1 Billion	\$136 Million
Local Government Revenues	\$170 Million	\$43 Million

* These are ongoing, annual local impacts that result from the new homes becoming occupied and the occupants paying taxes and otherwise participating in the local economy year after year.

Each year the industry builds new homes to accommodate our growing population and the year-over-year recurring effect magnifies the overall economic impact.

Source: National Association of Home Builders and Summit Economics, LLC



IMPACT OF REGULATION

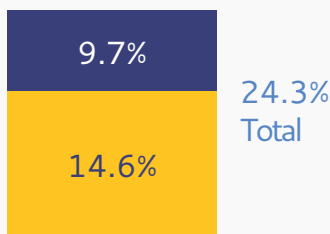
on New Home Construction

Governments impose regulations under the belief that they will generate benefits. The average cost of regulation embodied in a new home is rising **more than twice as fast** as the average American's ability to pay for it.

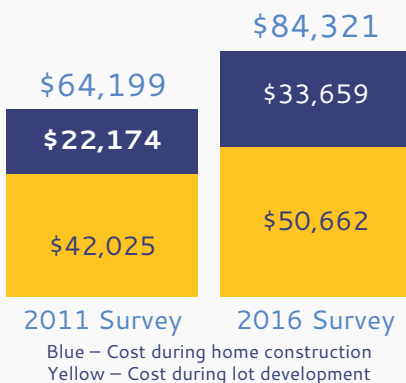
Regulations come in many forms and can be imposed by different levels of government. At the local level, jurisdictions may charge permit, utility hook-up and impact fees and establish development and construction standards that directly increase costs to builders and developers, or cause delays that translate to higher costs.

Source: National Association of Home Builders and Summit Economics, LLC

Avg. Regulatory Costs as a Share of Home Price (2016)



Avg. Cost of Regulation in New Home Price



Avg. New Home Construction Time

Permits & Regulation Compliance
Account for
20% of Construction Time



GOVERNMENT REVENUE VS. COST

of New Home Construction

It is important to also examine the trade-offs between the local revenues generated by new home construction and

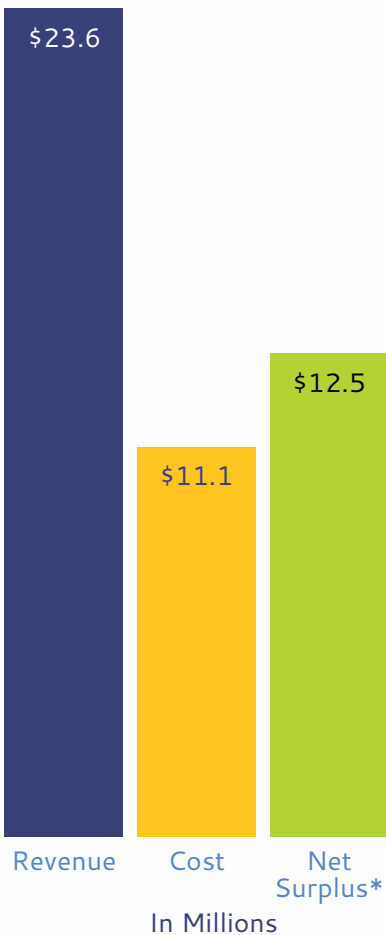
the associated increase in government costs to support the new development. The cost increases to government resulting from new homes built in 2015 fall well short of associated revenues. Even these estimates understate the offsetting revenues, due to the higher-than-average annual income of new home buyers and wage earners added in support of the new homes.

**Where do those surpluses go? To fund programs such as public safety, roads and parks that benefit all neighborhoods in the entire city and county, especially those that are in need of extra levels of service compared to newer subdivisions.*

Revenue VS. Cost

Per 100 Single Family Homes Built

Cumulative Revenue Over 15 Years



Did You Know?

See if you know the answers to these questions. Don't peek, the answers are below.

1. Interior finishes are second to _____ for the highest percentage of your home cost.
2. Taxes paid to local governments total _____% of your home price.
3. Fees paid to local governments total _____%.
4. Your electrical, plumbing and heating and air conditioning system each cost about _____% of your home.
5. Which of the following is the largest percentage of your lot cost?
 - a. Utilities installation
 - b. Roadways & sidewalks
 - c. Drainage construction
6. What has had the greatest impact on lot price increases in the last three years?
 - a. Raw land costs
 - b. Local development requirements
 - c. Federal regulations

Answers

1. Lot cost at 18.8%
2. 3.5%
3. 6.6%

The fees are paid for city planning and engineering, inspections, water and sewer hook-ups, bridges and roads, parks, schools and include land for schools and parks.
4. 2% each
5. b. Roadways and sidewalks at 13.8% of your lot cost or 2.6% of your home cost. Utilities are 13.3% of lot costs and drainage construction is 3.3% of lot cost.
6. c. Developers report federal regulations as being the biggest driver of cost increases in the last few years followed by local development requirements and raw land prices. Unfortunately finished lots costs are the fastest rising cost faced by home builders when they purchase lots. Labor costs are also increasing fast for home builders.

Source: National Association of Home Builders and Summit Economics, LLC



What's The Point?

New construction drives growth and we're committed to containing costs!



Driving Economic Growth In El Paso County

Jobs



14,840

Household Income



\$1 billion

Local Government Revenue



\$170 million

Doing Our Part

The home builders and trade partners of our association are actively involved in monitoring city, state and national regulations that have the potential for inflating the prices of homes and inhibiting buyers' ability to afford them. The HBA takes tough stands and advocates for decisions that protect your property rights, provide tax relief for small businesses, assure accessible financing and ultimately remove regulatory barriers to building affordable housing.



Monitoring Regulation

Regulation



\$84,321/average new home

The HBA Is Building Community

Together the HBA members contribute to the growth, prosperity and quality of life this exceptional community has come to enjoy.

Building Economic Vitality

The HBA promotes policies that allow our members and others to contribute to the production of safe and affordable housing and economic growth in El Paso County.

Building Connections

HBA Cares, Inc. is a non-profit organization that connects needs within the community to the skills and abilities of the local housing and building industry.

Building Futures

Careers in Construction is HBA's non-profit workforce development program, offering a promising future for young adults in our community



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