


# **The Metro Area Impact of Home Building in Charlotte: Income, Jobs and Taxes Generated**



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Housing Policy Department





# **The Metro Area Impact of Home Building in Charlotte**

## **Income, Jobs and Taxes Generated**

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**Attachment:  
Local Impact of Home Building—Technical Documentation for the NAHB  
Model Used to Estimate the Income, Jobs, and Taxes Generated**

## Executive Summary

Home building generates substantial local economic activity, including new income and jobs for residents, and additional revenue for local governments. The National Association of Home Builders has developed a model to estimate these economic benefits. The model captures 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. To fully understand the economic impact residential construction has on a local area, it is important to include the ripple effects and the ongoing benefits. Since the model was initially developed in 1996, NAHB has used it successfully to estimate the impacts of construction in over 800 projects, local jurisdictions, metropolitan areas, non-metropolitan counties, and states across the country.

This report presents estimates of the impacts of home building in the Charlotte metropolitan area. For purposes of the NAHB model, a local area 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) as defined by the U.S. Office of Management and Budget (OMB). Based on local commuting patterns, OMB has identified the Charlotte-Concord-Gastonia MSA as a metro area consisting of eight counties (Anson, Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan and Union) in North Carolina plus three (Chester, Lancaster and York) in South Carolina (see map below).

Charlotte-Concord-Gastonia. North Carolina-South Carolina MSA



In this report, wherever the terms local or Charlotte are used, they refer to the entire metro area. The report presents separate estimates of the impacts of building 100 single-family detached homes and 100 townhomes.

The NAHB model produces impacts on income and employment in 16 industries and local government, as well as detailed information about taxes and other types of local government revenue. Aggregate results are summarized below. Subsequent sections of the report show detail by industry and type of tax or fee revenue generated.

### Single-family Detached Construction

- The estimated one-year metro area impacts of building 100 single-family detached homes in Charlotte include
  - **\$36.6 million** in local income,
  - **\$5.4 million** in taxes and other revenue for local governments, and
  - **381** local jobs.

These are local impacts, representing income and jobs for residents of the Charlotte-Concord-Gastonia MSA, and taxes (and other sources of revenue, including permit fees) for all local jurisdictions within the metro area. They are also 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 it within the local area. Local jobs are measured in full time equivalents—i.e., one reported job represents enough work to keep one worker employed full-time for a year, based on average hours worked per week by full-time employees in the industry.

- The additional, annually recurring impacts of building 100 single-family detached homes in Charlotte include
  - **\$4.9 million** in local income,
  - **\$1.1 million** in taxes and other revenue for local governments, and
  - **63** local jobs.

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. The ongoing impacts also include the effect of increased property taxes, based on the difference between the value of raw land and the value of a completed housing unit on a finished lot, assuming that raw land would be taxed at the same rate as the completed housing unit.

The above impacts were calculated assuming that new single-family detached homes built in Charlotte have an average price of \$450,000; which includes \$27,083 in raw land value and \$21,394 in permit, hook-up, impact and other fees paid to local governments; and incur an average property tax of \$1,916 per year. The estimates also assume that a local sales tax of 2.25% is charged on construction materials. This information was provided by the Home Builders Association of Greater Charlotte.

## Townhome Construction

- The estimated one-year local impacts of building 100 townhomes in Charlotte include
  - **\$29.9 million** in local income,
  - **\$4.8 million** in taxes and other revenue for local governments, and
  - **314** local jobs.

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

- The additional, annually recurring impacts of building 100 townhomes in Charlotte include
  - **\$4.5 million** in local income,
  - **\$1.0 million** in taxes and other revenue for local governments, and
  - **57** local jobs.

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

These impacts were calculated assuming that new townhomes built in Charlotte have an average price of \$350,000; which includes \$6,481 in raw land value and \$21,394 in permit, hook-up, impact and other fees paid to local governments; and incur an average annual property tax of \$1,490 per unit. As with the assumptions underlying the single-family detached impact estimates, the information for townhomes was provided by the Home Builders Association of Greater Charlotte.



# **The Metro Area Impact of Home Building in Charlotte**

## **Income, Jobs and Taxes Generated**



### **Detailed Tables on Single-family Detached Construction**

# Impact of Building 100 Single-family Detached Homes in Charlotte

## Summary

Total One-Year Impact: Sum of Phase I and Phase II:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes <sup>1</sup>	Local Jobs Supported
\$36,557,200	\$10,963,300	\$25,594,000	\$5,394,000	381

Phase I: Direct and Indirect Impact of Construction Activity:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes <sup>1</sup>	Local Jobs Supported
\$24,496,300	\$8,295,200	\$16,201,000	\$3,480,400	222

Phase II: Induced (Ripple) Effect of Spending the Income and Taxes from Phase I:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes <sup>1</sup>	Local Jobs Supported
\$12,060,900	\$2,668,100	\$9,393,000	\$1,913,600	159

Phase III: Ongoing, Annual Effect that Occurs When New Homes are Occupied:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes <sup>1</sup>	Local Jobs Supported
\$4,871,700	\$1,148,300	\$3,723,900	\$1,116,200	63

<sup>1</sup> The term local taxes is used as a shorthand for local government revenue from all sources: taxes, fees, fines, revenue from government-owned enterprises, etc.

**Impact of Building 100 Single-family Detached Homes in Charlotte  
Phase I—Direct and Indirect Impact of Construction Activity**

**A. Local Income and Jobs by Industry**

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$18,956,400	\$6,464,000	\$12,492,400	\$75,000	166
Manufacturing	\$2,000	\$100	\$1,900	\$61,000	0
Transportation	\$4,600	\$2,200	\$2,400	\$54,000	0
Communications	\$157,800	\$55,100	\$102,700	\$91,000	1
Utilities	\$35,300	\$7,600	\$27,700	\$122,000	0
Wholesale and Retail Trade	\$1,963,900	\$433,100	\$1,530,800	\$52,000	30
Finance and Insurance	\$349,200	\$12,900	\$336,200	\$154,000	2
Real Estate	\$905,200	\$779,400	\$125,800	\$92,000	1
Personal & Repair Services	\$96,900	\$23,100	\$73,900	\$56,000	1
Services to Dwellings / Buildings	\$65,800	\$25,400	\$40,400	\$56,000	1
Business & Professional Services	\$1,550,400	\$359,700	\$1,190,700	\$86,000	14
Eating and Drinking Places	\$55,800	\$9,200	\$46,600	\$37,000	1
Automobile Repair & Service	\$20,700	\$6,200	\$14,400	\$56,000	0
Entertainment Services	\$12,200	\$1,200	\$11,000	\$44,000	0
Health, Educ. & Social Services	\$2,200	\$100	\$2,100	\$49,000	0
Local Government	\$71,200	\$0	\$71,200	\$57,000	1
Other	\$246,700	\$115,900	\$130,800	\$66,000	2
<b>Total</b>	<b>\$24,496,300</b>	<b>\$8,295,200</b>	<b>\$16,201,000</b>	<b>\$73,000</b>	<b>222</b>

**B. Local Government General Revenue by Type**

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$50,300	Residential Permit / Impact Fees	\$2,139,400
Residential Property Taxes	\$0	Utilities & Other Govt. Enterprises	\$238,100
General Sales Taxes	\$347,300	Hospital Charges	\$483,300
Specific Excise Taxes	\$3,900	Transportation Charges	\$54,800
Income Taxes	\$0	Education Charges	\$39,100
License Taxes	\$8,700	Other Fees and Charges	\$115,500
Other Taxes	\$100	<b>TOTAL FEES &amp; CHARGES</b>	<b>\$3,070,100</b>
<b>TOTAL TAXES</b>	<b>\$410,300</b>	<b>TOTAL GENERAL REVENUE</b>	<b>\$3,480,400</b>

**Impact of Building 100 Single-family Detached Homes in Charlotte  
Phase II—Induced Effect of Spending Income and Tax Revenue from Phase I**

**A. Local Income and Jobs by Industry**

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$751,600	\$279,400	\$472,200	\$75,000	6
Manufacturing	\$2,400	\$100	\$2,300	\$60,000	0
Transportation	\$42,800	\$20,700	\$22,000	\$54,000	0
Communications	\$636,200	\$263,300	\$372,800	\$95,000	4
Utilities	\$193,700	\$41,800	\$151,900	\$122,000	1
Wholesale and Retail Trade	\$1,697,900	\$286,100	\$1,411,900	\$43,000	33
Finance and Insurance	\$376,000	\$14,900	\$361,200	\$139,000	3
Real Estate	\$1,170,600	\$485,200	\$685,400	\$92,000	7
Personal & Repair Services	\$435,100	\$160,100	\$275,000	\$56,000	5
Services to Dwellings / Buildings	\$155,500	\$60,000	\$95,500	\$56,000	2
Business & Professional Services	\$1,604,600	\$462,500	\$1,142,200	\$83,000	14
Eating and Drinking Places	\$785,000	\$153,500	\$631,500	\$36,000	18
Automobile Repair & Service	\$346,800	\$104,400	\$242,500	\$56,000	4
Entertainment Services	\$95,600	\$18,200	\$77,400	\$38,000	2
Health, Educ. & Social Services	\$1,678,100	\$198,800	\$1,479,300	\$74,000	20
Local Government	\$1,846,800	\$0	\$1,846,800	\$49,000	38
Other	\$242,200	\$119,100	\$123,100	\$62,000	2
<b>Total</b>	<b>\$12,060,900</b>	<b>\$2,668,100</b>	<b>\$9,393,000</b>	<b>\$59,000</b>	<b>159</b>

**B. Local Government General Revenue by Type**

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$262,700	Residential Permit / Impact Fees	\$0
Residential Property Taxes	\$0	Utilities & Other Govt. Enterprises	\$786,400
General Sales Taxes	\$119,300	Hospital Charges	\$475,400
Specific Excise Taxes	\$20,600	Transportation Charges	\$27,000
Income Taxes	\$0	Education Charges	\$19,200
License Taxes	\$29,500	Other Fees and Charges	\$173,200
Other Taxes	\$400	<b>TOTAL FEES &amp; CHARGES</b>	<b>\$1,481,200</b>
<b>TOTAL TAXES</b>	<b>\$432,400</b>	<b>TOTAL GENERAL REVENUE</b>	<b>\$1,913,600</b>

**Impact of Building 100 Single-family Detached Homes in Charlotte  
Phase III—Ongoing, Annual Effect that Occurs as the Homes are Occupied**

**A. Local Income and Jobs by Industry**

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$306,300	\$113,800	\$192,400	\$75,000	3
Manufacturing	\$1,000	\$0	\$900	\$61,000	0
Transportation	\$10,400	\$5,100	\$5,400	\$54,000	0
Communications	\$285,600	\$119,000	\$166,600	\$95,000	2
Utilities	\$90,100	\$19,400	\$70,700	\$122,000	1
Wholesale and Retail Trade	\$793,300	\$129,300	\$664,000	\$44,000	15
Finance and Insurance	\$191,600	\$7,100	\$184,500	\$140,000	1
Real Estate	\$348,300	\$144,400	\$204,000	\$92,000	2
Personal & Repair Services	\$177,700	\$71,300	\$106,500	\$56,000	2
Services to Dwellings / Buildings	\$68,100	\$26,300	\$41,800	\$56,000	1
Business & Professional Services	\$769,000	\$237,400	\$531,700	\$86,000	6
Eating and Drinking Places	\$382,400	\$72,100	\$310,300	\$35,000	9
Automobile Repair & Service	\$154,600	\$46,500	\$108,100	\$56,000	2
Entertainment Services	\$59,700	\$10,300	\$49,500	\$37,000	1
Health, Educ. & Social Services	\$679,300	\$84,100	\$595,300	\$73,000	8
Local Government	\$427,200	\$0	\$427,200	\$49,000	9
Other	\$127,100	\$62,200	\$65,000	\$62,000	1
<b>Total</b>	<b>\$4,871,700</b>	<b>\$1,148,300</b>	<b>\$3,723,900</b>	<b>\$60,000</b>	<b>63</b>

**B. Local Government General Revenue by Type**

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$124,400	Residential Permit / Impact Fees	\$0
Residential Property Taxes	\$180,100	Utilities & Other Govt. Enterprises	\$216,100
General Sales Taxes	\$56,500	Hospital Charges	\$417,700
Specific Excise Taxes	\$9,700	Transportation Charges	\$10,900
Income Taxes	\$0	Education Charges	\$7,800
License Taxes	\$13,800	Other Fees and Charges	\$78,900
Other Taxes	\$200	<b>TOTAL FEES &amp; CHARGES</b>	<b>\$731,400</b>
<b>TOTAL TAXES</b>	<b>\$384,700</b>	<b>TOTAL GENERAL REVENUE</b>	<b>\$1,116,200</b>



# **The Metro Area Impact of Home Building in Charlotte:**

## **Income, Jobs and Taxes Generated**



### **Detailed Tables on Townhome Construction**

# Impact of Building 100 Townhomes in Charlotte

## Summary

Total One-Year Impact: Sum of Phase I and Phase II:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes <sup>1</sup>	Local Jobs Supported
\$29,914,600	\$8,899,400	\$21,015,500	\$4,798,600	314

Phase I: Direct and Indirect Impact of Construction Activity:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes <sup>2</sup>	Local Jobs Supported
\$19,847,700	\$6,705,800	\$13,141,800	\$3,225,400	180

Phase II: Induced (Ripple) Effect of Spending the Income and Taxes from Phase I:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes <sup>1</sup>	Local Jobs Supported
\$10,066,900	\$2,193,600	\$7,873,700	\$1,573,200	134

Phase III: Ongoing, Annual Effect that Occurs When New Homes are Occupied:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes <sup>1</sup>	Local Jobs Supported
\$4,461,100	\$1,053,000	\$3,407,900	\$1,005,000	57

<sup>2</sup> The term local taxes is used as a shorthand for local government revenue from all sources: taxes, fees, fines, revenue from government-owned enterprises, etc.

**Impact of Building 100 Townhomes in Charlotte  
Phase I—Direct and Indirect Impact of Construction Activity**

**A. Local Income and Jobs by Industry**

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$15,390,000	\$5,247,800	\$10,142,100	\$75,000	135
Manufacturing	\$1,600	\$100	\$1,500	\$61,000	0
Transportation	\$3,700	\$1,800	\$1,900	\$54,000	0
Communications	\$127,900	\$44,700	\$83,200	\$90,000	1
Utilities	\$28,500	\$6,200	\$22,300	\$122,000	0
Wholesale and Retail Trade	\$1,593,400	\$351,400	\$1,242,000	\$52,000	24
Finance and Insurance	\$281,000	\$10,300	\$270,700	\$154,000	2
Real Estate	\$704,000	\$606,200	\$97,800	\$92,000	1
Personal & Repair Services	\$78,500	\$18,700	\$59,900	\$56,000	1
Services to Dwellings / Buildings	\$53,100	\$20,500	\$32,600	\$56,000	1
Business & Professional Services	\$1,254,800	\$290,600	\$964,200	\$86,000	11
Eating and Drinking Places	\$45,200	\$7,400	\$37,800	\$37,000	1
Automobile Repair & Service	\$16,700	\$5,000	\$11,700	\$56,000	0
Entertainment Services	\$9,900	\$900	\$8,900	\$44,000	0
Health, Educ. & Social Services	\$1,800	\$100	\$1,700	\$49,000	0
Local Government	\$57,400	\$0	\$57,400	\$57,000	1
Other	\$200,200	\$94,100	\$106,100	\$66,000	2
<b>Total</b>	<b>\$19,847,700</b>	<b>\$6,705,800</b>	<b>\$13,141,800</b>	<b>\$73,000</b>	<b>180</b>

**B. Local Government General Revenue by Type**

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$40,100	Residential Permit / Impact Fees	\$2,139,400
Residential Property Taxes	\$0	Utilities & Other Govt. Enterprises	\$192,900
General Sales Taxes	\$281,800	Hospital Charges	\$391,600
Specific Excise Taxes	\$3,100	Transportation Charges	\$44,400
Income Taxes	\$0	Education Charges	\$31,700
License Taxes	\$7,000	Other Fees and Charges	\$93,300
Other Taxes	\$100	<b>TOTAL FEES &amp; CHARGES</b>	<b>\$2,893,300</b>
<b>TOTAL TAXES</b>	<b>\$332,100</b>	<b>TOTAL GENERAL REVENUE</b>	<b>\$3,225,400</b>

**Impact of Building 100 Townhomes in Charlotte**  
**Phase II—Induced Effect of Spending Income and Tax Revenue from Phase I**

**A. Local Income and Jobs by Industry**

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$617,500	\$229,600	\$387,900	\$75,000	5
Manufacturing	\$2,000	\$100	\$1,900	\$60,000	0
Transportation	\$36,000	\$17,500	\$18,600	\$54,000	0
Communications	\$523,900	\$216,800	\$307,200	\$95,000	3
Utilities	\$159,000	\$34,300	\$124,700	\$122,000	1
Wholesale and Retail Trade	\$1,392,300	\$234,800	\$1,157,500	\$43,000	27
Finance and Insurance	\$309,200	\$12,200	\$297,000	\$140,000	2
Real Estate	\$960,500	\$398,100	\$562,400	\$92,000	6
Personal & Repair Services	\$358,700	\$131,600	\$227,100	\$56,000	4
Services to Dwellings / Buildings	\$128,800	\$49,700	\$79,100	\$56,000	1
Business & Professional Services	\$1,325,400	\$381,500	\$943,900	\$83,000	11
Eating and Drinking Places	\$644,100	\$126,000	\$518,100	\$36,000	15
Automobile Repair & Service	\$284,100	\$85,500	\$198,600	\$56,000	4
Entertainment Services	\$78,400	\$14,900	\$63,500	\$38,000	2
Health, Educ. & Social Services	\$1,373,800	\$162,800	\$1,211,100	\$74,000	16
Local Government	\$1,673,800	\$0	\$1,673,800	\$49,000	34
Other	\$199,400	\$98,200	\$101,300	\$62,000	2
<b>Total</b>	<b>\$10,066,900</b>	<b>\$2,193,600</b>	<b>\$7,873,700</b>	<b>\$59,000</b>	<b>134</b>

**B. Local Government General Revenue by Type**

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$215,700	Residential Permit / Impact Fees	\$0
Residential Property Taxes	\$0	Utilities & Other Govt. Enterprises	\$642,200
General Sales Taxes	\$97,900	Hospital Charges	\$394,600
Specific Excise Taxes	\$16,900	Transportation Charges	\$22,500
Income Taxes	\$0	Education Charges	\$16,100
License Taxes	\$24,200	Other Fees and Charges	\$142,800
Other Taxes	\$300	<b>TOTAL FEES &amp; CHARGES</b>	<b>\$1,218,200</b>
<b>TOTAL TAXES</b>	<b>\$355,000</b>	<b>TOTAL GENERAL REVENUE</b>	<b>\$1,573,200</b>

**Impact of Building 100 Townhomes in Charlotte  
Phase III—Ongoing, Annual Effect that Occurs as the Homes are Occupied**

**A. Local Income and Jobs by Industry**

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$280,900	\$104,400	\$176,500	\$75,000	2
Manufacturing	\$900	\$0	\$800	\$61,000	0
Transportation	\$9,500	\$4,600	\$4,900	\$54,000	0
Communications	\$261,900	\$109,100	\$152,800	\$95,000	2
Utilities	\$82,700	\$17,800	\$64,800	\$122,000	1
Wholesale and Retail Trade	\$727,800	\$118,600	\$609,200	\$44,000	14
Finance and Insurance	\$175,800	\$6,500	\$169,300	\$140,000	1
Real Estate	\$319,400	\$132,400	\$187,000	\$92,000	2
Personal & Repair Services	\$163,000	\$65,400	\$97,600	\$56,000	2
Services to Dwellings / Buildings	\$62,500	\$24,100	\$38,400	\$56,000	1
Business & Professional Services	\$705,200	\$217,700	\$487,500	\$86,000	6
Eating and Drinking Places	\$350,900	\$66,200	\$284,700	\$35,000	8
Automobile Repair & Service	\$141,900	\$42,700	\$99,200	\$56,000	2
Entertainment Services	\$54,800	\$9,400	\$45,400	\$37,000	1
Health, Educ. & Social Services	\$623,300	\$77,100	\$546,200	\$73,000	7
Local Government	\$384,000	\$0	\$384,000	\$49,000	8
Other	\$116,600	\$57,000	\$59,600	\$62,000	1
<b>Total</b>	<b>\$4,461,100</b>	<b>\$1,053,000</b>	<b>\$3,407,900</b>	<b>\$60,000</b>	<b>57</b>

**B. Local Government General Revenue by Type**

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$114,100	Residential Permit / Impact Fees	\$0
Residential Property Taxes	\$146,300	Utilities & Other Govt. Enterprises	\$198,300
General Sales Taxes	\$51,800	Hospital Charges	\$383,200
Specific Excise Taxes	\$8,900	Transportation Charges	\$10,000
Income Taxes	\$0	Education Charges	\$7,100
License Taxes	\$12,700	Other Fees and Charges	\$72,400
Other Taxes	\$200	<b>TOTAL FEES &amp; CHARGES</b>	<b>\$671,000</b>
<b>TOTAL TAXES</b>	<b>\$334,000</b>	<b>TOTAL GENERAL REVENUE</b>	<b>\$1,005,000</b>