

Economic Effects of the New Housing Industry in the Sacramento Region



KEY FINDINGS

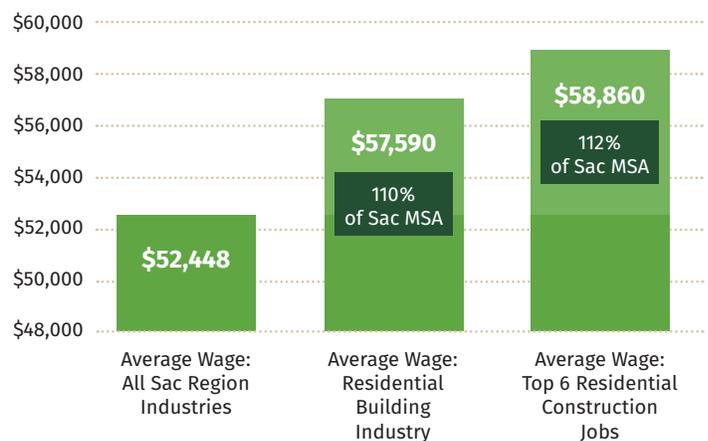
- Sacramento’s homebuilding industry sustains about 50,000 jobs each year and pays 10 percent to 12 percent more than the average job in Sacramento.
- Every 100 residential construction jobs* spin off an additional 90 to 122 jobs in other sectors, which is more than what is created by a cross-section of other industries in the Region.
- New homebuilding in the Sacramento Region is critical to maintaining relatively lower home prices compared to the more constricted Bay Area. This is especially true for businesses considering staying in (or moving to) Sacramento versus other areas.
- Housing growth in the Sacramento Region provides critical funding for new infrastructure and amenities (including parks, schools, streets and bicycle paths, open space, etc.). In addition to the jobs that come along with these improvements, these amenities enhance the Region’s “quality of life” fabric, thereby helping to set the stage for continued economic growth.



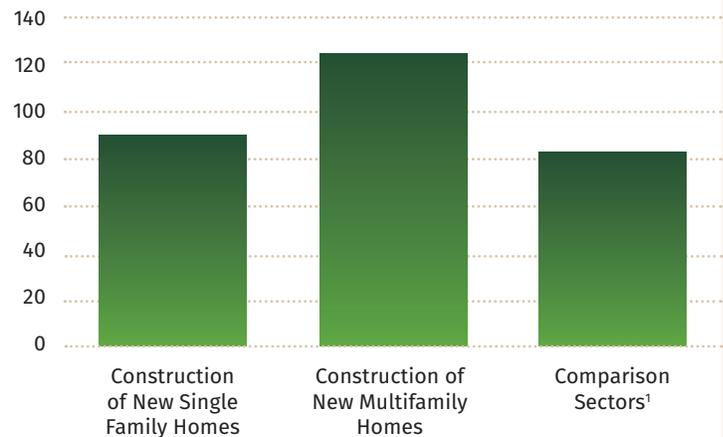
“Well researched and credible in its approach to measuring the economic impact of the homebuilding industry.”

SANJAY VARSHNEY, VARSHNEY & ASSOCIATES

AVERAGE ANNUAL WAGES (2014\$)



ADDITIONAL JOBS (SPIN-OFF FOR EVERY 100 JOBS)



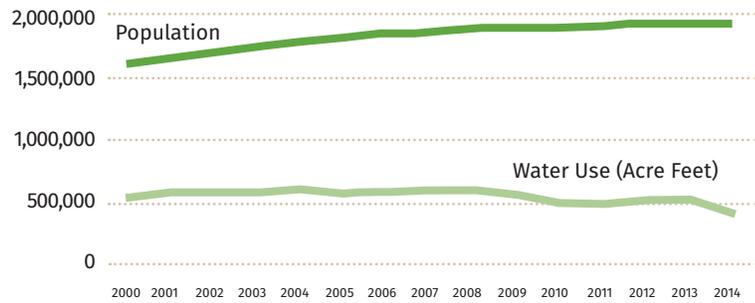
1. Comparison industries include state government, local education, restaurants, hospitals, retail, and insurance

*Construction jobs include all the jobs associated with the companies whose primary business activity is classified with that sector. For single-family and multifamily construction, it includes all of the jobs associated with buildings, mechanical/electrical installations, and site preparation. It does not, however, include jobs associated with land acquisition.



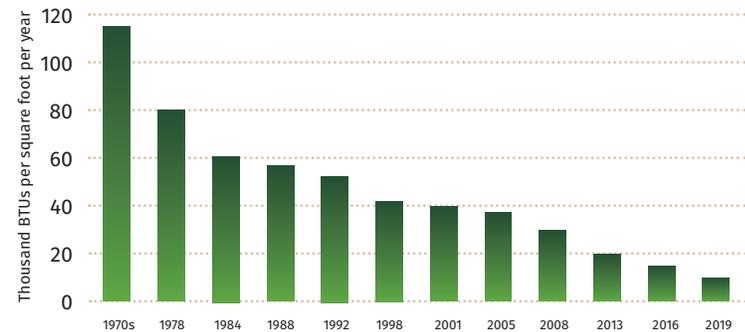
- The homebuilding industry has been a leader in sustainable communities that contribute to water conservation and energy efficiency.
 - While the region has grown significantly since 2000, the Sacramento Region has decreased its water consumption both on a per-capita basis (from 285 gallons to 190 gallons) and overall basis (from 174 million acre-feet to 169 million acre-feet) during that period. The implementation of increasingly innovative water fixtures and design in new homes has contributed to this achievement.
 - Since the 1970s, home energy use has been cut by more than 80 percent (on a per square foot basis).
- Each year, local governments receive more property tax revenue from new residential construction than from retail, office, and industrial construction combined. Between 2000 and 2016, residential construction accounted for nearly 80 percent of new assessed value (which drives property tax revenue), versus about 20 percent for commercial and industrial development. These new revenues provide a major source of funding to cities and counties for police, fire, parks, and other public services.
- As on-line shopping continues to grow, remaining store-based retail will be more oriented toward local services and entertainment. New homes located close to store-based retail are needed to help sustain those existing brick-and-mortar retail outlets and to capture sales/use tax from on-line shopping. Sales and use tax distribution formulas for on-line shopping are based largely on local store sales, making it even more important for cities and counties to sustain as much brick-and-mortar sales as possible.

ANNUAL POPULATION VS WATER USAGE



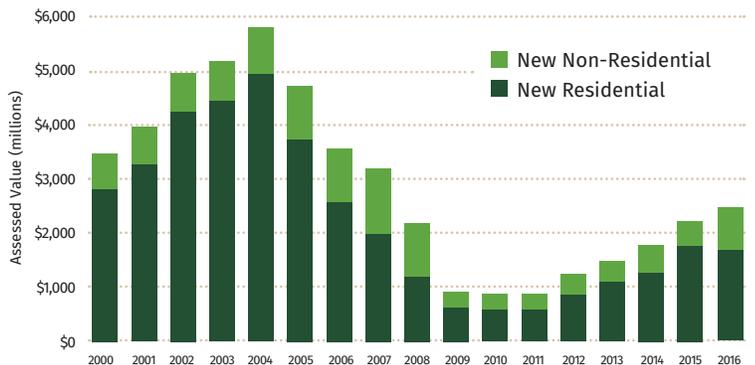
Source: Regional Water Authority, 2016

HOME ENERGY USE (PER SQUARE FOOT)



Source: California Energy Commission

ASSESSED VALUE FROM NEW DEVELOPMENT



“Thought provoking and of great interest to senior management and elected officials of municipalities within the Sacramento region.”

BILL ZENONI, FINANCE CONSULTANT AND FORMER FINANCE DIRECTOR



ABOUT NEW ECONOMICS & ADVISORY

This Research Study, conducted by New Economics & Advisory, evaluates the impacts of the New Residential Homebuilding Industry on jobs and wages, growth, and revenues to cities and counties in the Sacramento Region. The entire technical report can be accessed [here](#).

Founded in 2011, New Economics & Advisory is a boutique economic consulting firm that provides economic analysis for planners, developers, and government officials to inform intelligent and financially sustainable land-use planning. Analytics used by New Economics are shaped by the latest market trends, economic dynamics, and best financial practices. New Economics serves Northern California and Northern Nevada, and has offices in Roseville, CA and Lake Tahoe, NV.

ABOUT THE PROFESSIONAL PEER REVIEWERS

This study placed great importance on objectivity and was professionally peer reviewed by two economic and finance experts, whose feedback and insights were integrated into the study. Sanjay Varshney, of Varshney & Associates, teaches at California State University, Sacramento, and is the head of the Sacramento Business Review. He is also the Faculty Director of the EMBA program at California State University, Sacramento and was the previous Dean of the College of Business at Sac State. William Zenoni is a former Director of Finance and Assistant Director of Finance for various cities and special districts in California, including the City of Alameda, San Leandro, Vallejo, and Oakland. Mr. Zenoni now serves as a financial and management consultant and has provided expertise and interim staffing positions for cities and other agencies throughout Northern California.

ABOUT THE NORTH STATE BUILDING INDUSTRY FOUNDATION (NSBIF)

This Research Study was commissioned by the NSBIF, a 501(c)(3) nonprofit organization operating exclusively for charitable and educational purposes especially focused on developing various community projects. The NSBIF utilizes the skills and resources of the building industry and raises funds to support various research, educational and community projects, including student scholarships and projects that benefit children, people in the military, homeless individuals and families, and others in need.

<http://biaworkforce.com>

ABOUT THE CALIFORNIA HOMEBUILDING FOUNDATION (CHF)

Additional funding for this Research Study was provided by CHF, a 501(c)3 tax-exempt organization investing in the future of California's homebuilding industry. CHF's mission is to ensure the continued success of homebuilding through the development of its current and future workforce by providing scholarships to college students in building-related programs, promoting high school trades education courses, funding pertinent construction and employment research, and honoring exemplary industry leaders. The Foundation hosts California's annual homebuilding gala, Hall of Fame.

<http://www.myCHF.org>

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