

September 30, 2003

Mike Short, Chairman
York County Council
PO Box 652
Fort Mill, SC, 29716

Dear Chairman Short:

Members of the Homebuilders Association of York County (HBAYC) and other local developers recently attended the County Council's growth workshop. A number of Council members spoke about the importance of the homebuilding industry to the local economy and encouraged other Council members to refrain from adopting policies that would negatively impact this industry. Councilman Buddy Motz pointed out that he had just attended the Winthrop University Economic Forecast Breakfast where a local economist praised the homebuilding industry as the only industry that continued to flourish through the latest recession.

In light of the County's ongoing growth control discussions, the HBAYC wanted to outline the impact that the homebuilding industry has on the local economy.

National Housing Facts (Source: National Association of Homebuilders)

New homebuyers spend an average of \$6,475 in the first year after purchasing a new home. This is spent on property alterations, furnishings, landscaping, appliances, etc.

The construction of **1,000 single-family homes** generates:

- **2,448 jobs** in the construction and construction related industries.
- **Approximately \$79.4 million in wages** and more than **\$42.5 million in federal, state and local tax revenues and fees.**

York County (2002)

In 2002, there were **2,134 permits issued for single-family dwellings.**

- The **construction value** of these permits was **\$312,986,415.**

Based on national averages, these 2,134 permits generated:

- **5,225 jobs!**
- **\$169.4 million in wages!**
- **\$90.7 million in federal, state and local tax revenues!**
- **Approximately \$13,817,650 on furnishings and other home-related purchases!**

York County: Trends for Total Housing Units

There is no doubt that single-family permits have increased every year since 1997. However, **a more fair and accurate comparison to consider when looking at the impact on local government services is to look at the total number of housing units (single-family, multi-family, and mobile home) that are permitted each year.**

You also have to consider the **impact of local government policy decisions on housing trends.** In the early 1990's, York County, like many counties in the Carolinas, adopted policies that made it more difficult and expensive to locate mobile homes in the county. The housing market responded to this public policy by **increasing the number of affordable homes** that are available to working-class residents.

The chart below tracks the total number of housing units per year from 1996 to 2002. It is important to note that **more total housing units were permitted in 1996 than in both 2001 and 2002.** During this same time period, you will also note that the total number of commercial permits spiked dramatically in 1998 and 1999. We believe the fall-off in commercial permits following 1999 was due to the market absorption associated with such a large number of new commercial properties coming on line at one time and the national recession. Based on recent activity in the commercial sector, we believe commercial permits will rise again as the national economy fully recovers and the new local commercial centers that have been announced begin construction.

Building Permit Trends (Source: Catawba Regional Council of Governments)

<u>Year</u>	<u>Total Housing Units</u>	<u>Commercial Permits</u>	<u>Industrial Permits</u>
1996	3,174	95	14
1997	2,444	82	3
1998	2,482	156	5
1999	2,591	129	4
2000	3,486	71	3
2001	2,974	70	5
2002	3,007	54	1
Average	2,880	94	5

Impact on Local Gross Retail Sales

The traditional rule for retail development is that “**retail follows rooftops**”. Retail does not “lead the way” nor does it “need a community to slow down residential growth so the retail can catch up” as has been stated on occasion by several elected officials. The **un-intended consequence of slowing residential growth is that it will actually redirect commercial growth and cause it to locate in other local markets that have pro-growth policies.**

Since 1997, York County’s Gross Retail Sales have actually increased by over \$400,000,000. At the same time, Mecklenburg County’s Gross Retail Sales have dropped by over \$100,000,000 during the same period. What’s even more astounding is that **Mecklenburg’s Gross Retail Sales actually dropped by over \$1 BILLION from 2000 to 2001.** We believe this can be directly attributed to the increase in commercial activity in the suburban counties, like York County, that surround Mecklenburg County.

Total Gross Retail Sales (Source: SC Dept. of Revenue, NC Dept. of Revenue)

<u>Year</u>	<u>York</u>	<u>Mecklenburg</u>
1997-1998	\$2,826,554,449	\$15,474,468,876
1998-1999	\$3,063,190,356	\$16,757,604,133
1999-2000	\$3,172,340,049	\$16,807,017,536
2000-2001	\$3,193,414,534	\$16,483,706,324
2001-2002	\$3,254,466,910	\$15,372,032,577

As you can see by this information, the **local homebuilding industry plays an important role in sustaining York County’s local economy.** Therefore, we encourage the York County Council to carefully review and consider the impacts and ramifications that no-growth and slow-growth policies will on our industry and the overall health of our local economy.

Like you, we want York County to remain a highly desirable place to live, work and play. **Stopping the growth of the one segment of our economy that has kept the county and nation afloat during this recent recession is not in the best interest of our local citizens.**

Sincerely,

Robert Rutledge, President
HBA of York County

c.c. York County Council members
Al Greene, County Manager