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Building industry plummets

Homebuilder group's past president predicts a drop-off of 70 percent this year.

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Union County's building industry has slowed dramatically. Builders say they're seeing less work and more layoffs.

"We're not in a recession, it's a depression," said Rusty Tanner, last year's president of the Union County Homebuilders Association.

"Last year was not a bad year, but we started seeing things change near the end of the year. This year, we'll have at least a 70 percent drop-off" in building, said Tanner, who works with Metrolina Construction.

County building permits are down sharply, with 666 approved between January and July this year. Last year for the same time, 1,775 were approved. In 2006, building permits numbered 2,329 for the same seven-month period, according to the county building inspector's office.

Union's fall-off also is one of the steepest in the Charlotte region.

Building permits for the second quarter of this year dropped 52 percent in the eight-county Charlotte region, compared with the same period last year, according to Market Opportunity Research Enterprises of Rocky Mount. Union County was one of the biggest losers, at 61 percent.

Union has been one of the fastest-growing counties in the state and nation, powered largely by home sales. Growth also has overwhelmed the county's infrastructure.

Now, the nation's housing and economic slump appears to have taken hold here. People close to Union's construction industry said the permit numbers give an accurate picture.

"I talked to a plumbing firm this week that laid off half its staff," Tanner said. "The residential side is not doing anything. There is some commercial work, but for building suppliers, plumbing, subcontractors, brick masons, heating and air, they're laying off."

Union County's latest unemployment numbers came out Friday. They show that the county's unemployment rate in August rose slightly, to 6.3 percent from 6.2 percent.

Jim Carpenter, head of the Union County Chamber of Commerce, said a significant portion of

the county's economy comes from the construction industry.

If homes aren't selling, that means lost income to builders and real estate professionals. That also means fewer loans.

"It ripples all the way through the economy," Carpenter said. "A person cuts off the cable or won't go eat out. Things are tough all over."

The downturn in new home construction is affecting how the county provides services, said Kai Nelson, the county finance director.

He pointed to the county's decision this month to postpone building middle/high schools "E" in the Indian Trail-Wesley Chapel area and to table indefinitely construction of elementary school "M" in the Waxhaw area. Those decisions came after fewer-than-expected students enrolled in Union County Public Schools.

Most everyone agrees the sagging economy is behind the construction decline. Limits on water and sewer capacity have stopped some building.

Then there's the county's Adequate Public Facilities Ordinance, which can require builders to pay an additional fee for each new house in areas with overcrowded schools.

Some builders say the APFO plays a big role in the building downturn.

"I know there's a downturn in housing in the whole region, and on housing starts, but we have other issues. The APFO is a discouragement from building. ...When you add fees, it takes people out of the market," said Todd Laney, a contractor and current president of the Union County Homebuilders Association.

Earlier this month, a Superior Court judge ruled against a group of developers and builders who sued Union County to throw out the Adequate Public Facilities Ordinance.

As of mid September, Union County's APFO had led to \$147,240 in fees from homebuilders.

Laney said the fees could cause homebuilders to look for work in other areas.

"I'm a contractor myself and I've been to other places," he said.

"We builders live in Union County and want to do business here, and they're making it difficult for local guys to do business. ... We have a lot of subcontractors looking for work, out of work, laying people off."

Critics of unrestrained growth say the building slowdown does have some advantages for the county.

There now may be time for the sewer and water infrastructure to catch up, said Tracy Kuehler, who likely will be on the new board of county commissioners that takes office in December.

She and another candidate, Kim Rogers, are unopposed on the November ballot.

At the same time, falling home values and flat construction could squeeze tax receipts in coming years, Kuehler said. That could necessitate painful spending cuts or tax-rate hikes.

County finance director Nelson says it's too early in the county's fiscal year to determine whether the slump in new homes would greatly affect county government's bottom line.



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LipstickPolitics wrote on 09/28/2008 11:05:58 PM:

I agree, you can't expect growth to continue at the pace it has been here in Union County over the past seven years.

At some point it had to peak and I guess the economy forced it to that point. Now hopefully the county can catch up with the growth. My husband and I would drive around on the weekends and check out the new developments and wonder how in the world they could fill all the new homes with new families. We began to see a problem long before the economy tanked.

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trupac wrote on 09/28/2008 12:27:51 PM:

Not wanting to sound unsympathetic to the plight of out of work tradesman, but the bubble as burst in Union County. It is taking the biggest statistical hit because county was the fastest growing county in the state, no. 7 in the country.

For the last seven years, Union County local builders have been riding the wave of the real estate bubble. They paid little attention to large national builders like Centex and Ryan Homes who come into Union County and built school filling sub