

Home Building Is the Key to Sacramento's Economic Growth

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It's an honor and a privilege to begin work as the North State BIA's new President and CEO. As an association professional, I have long admired the BIA's standing in our region and I am deeply committed to upholding the values, innovation, and excellence exemplified by my friend and predecessor, Mike Strech.

I am looking forward to my new role because the home building industry is vitally important to our region. Not only do our members provide the new homes that the community's growing population needs, but home building is also the driver for our region's economy. History shows that residential building comes first, and in its trail follows economic growth. Here are some examples.

Economic Impact: The

home building industry in Sacramento contributes significantly to the region's economy. In our eight-county region in 2022, there were 9,853 housing starts which resulted in \$3.23 billion in construction costs, according to the Construction Industry Research Board.

However, the U.S. Bureau of Economic Analysis estimates that the total output value for each dollar of construction spending amounts to 3.02 times the amount spent on actual construction, raising home building's economic impact to \$9.75 billion in the region.

Job Creation: Building homes requires a diverse workforce, ranging from architects and engineers to construction workers and sales representatives. The industry provides jobs for individuals with varying skill sets and educational backgrounds, thereby reducing unemployment rates and supporting livelihoods. BIA members



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alone employ more than 55,000 workers in the Sacramento region.

Home Building Stimulates Local Businesses: Building homes stimulates demand for goods and services from local businesses such as construction material suppliers, furniture retailers, landscaping companies and

home improvement stores — fostering a vibrant ecosystem of economic activity.

Home Building Adds Tax Revenue: The industry generates substantial tax revenue for local governments through property taxes, sales taxes on construction materials and fees associated with per-

mits and licenses. Fees alone average about \$100,000 per home. These revenues contribute to funding vital public services, public safety and infrastructure development within the region.

Housing Affordability: The construction of new homes adds to the region's housing inventory, helping to alleviate housing shortages and enhancing affordability by increasing the supply of available housing units. This is particularly crucial in Sacramento, where rapid population growth has put pressure on housing affordability. If builders had been able to actually meet the demand, the rampant housing inflation of recent years would have been far less.

Infrastructure Investment: Home builders collaborate with local governments to invest in infrastructure projects such as roads, utilities and public transportation to support new developments. These investments not only benefit residents but also contribute to the overall economic development of the region, while also making sure new growth helps to pay its way.

Long-Term Growth: Perhaps most crucially, the home building industry plays a fundamental role in driving long-term economic growth by providing the foundation for sustainable urban development and expansion. By continuously adapting to changing demographic trends and consumer preferences, the industry contributes to the resilience and competitiveness of Sacramento's regional economy.

Home building really is the key to economic growth, and I am looking forward to working with our members and the community at large to support home building in the Sacramento region. Tim Murphy is the President & CEO of the North State Building Industry Association, which is the leading advocate for the home building industry in the greater Sacramento region. Representing more than 500 members who provide 55,000 industry jobs, the North State BIA is committed to preserving and furthering the economic interests of its members while also working to enhance the industry's standing as a significant contributor to the regional economy. For more information, visit www.northstatebia.org.