



## Impact of Home Building Unincorporated Pima County, Arizona

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SAHBA Communications

### Objective

This NAHB report estimates the costs (current and capital expenses) that new homes impose on local jurisdictions, compared to the revenue generated. This section follows the same economic principles as described in the Tucson, Arizona MSA *Overview* and *Method Used to Estimate Costs*. From the perspective of a local government, the results answer the question whether residential development pays for itself.

### Government Costs Compared to Revenue: Single-Family Construction

The core economic assumptions include: property taxes, construction-related fees, and sales taxes. The NAHB model has local governments financing their capital investment by borrowing at the current municipal bond rate. In a given year, the difference between revenues and current expenses is **“operating surplus.”**

### 2004 Market data

New home permits issued: 3,271

Average price per home: \$218,818

Average value of raw land: \$20,700

Average fees (impact, permit, etc.) paid to government: \$7,091

Average annual property tax paid to government: \$3,282

The estimated one-year impact of building 3,271 new single-family homes in Unincorporated Pima County include:

- ▶ \$38.5 million in taxes and other revenue for local governments

The additional, ongoing Annual impact of these homes include:

- ▶ \$17.3 million in taxes and other revenue for local governments

### Conclusion

Unincorporated Pima County is part of the Tucson MSA. Within the Tucson MSA, all government debt incurred by investing in services, infrastructure and equipment can be **entirely paid off by the end of the fourth year**. After that, the operating surplus from home building is available to finance other projects, reduce taxes or decrease construction-related fees.