

Housing Attracts People; People Attract Businesses; Businesses Provide Jobs; Jobs Provide Revenue; Revenue Provides Goods and Services

The focus of our Frankfort, KY – It Grows on You initiative for December is commercial and residential development (and developers) here in the Capitol City. The positive impact of new construction in a community is far-reaching, creating jobs, businesses and services throughout the community immediately, as well as for years to come. And in Franklin County, we are fortunate to have a number of local developers who keep our economy growing.

Development is instrumental in revitalizing communities. A portion of local income generated by construction is spent locally, generating more income, which generates more spending. This is known as the ripple effect. In addition to the direct purchase of materials, construction workers make purchases that affect the local economy. Workers generally live close, and thus spend a substantial part of their wages in the local community for food, entertainment and other services.

Families who buy a newly built home enjoy benefits including safety, amenities, energy efficiency and floor plans to fit a modern lifestyle. But the advantages of new homes extend far beyond the buyers and the builders—residential construction has a positive, direct impact on the local community for years.

According to the National Association of Home Builders (NAHB), the one-year estimated local impacts of building 100 single-family homes include \$21.1 million in local income, \$2.2 million in taxes and other local government revenue, and 324 local jobs. Over the long term their positive impact continues. NAHB estimates that those 100 new homes also provide the community with additional, annually-recurring impacts of \$3.1 million in local income, \$743,000 in taxes and 53 local jobs.

In other words, housing attracts people; people attract businesses; businesses provide jobs; jobs provide revenue; revenue provides goods and services.

When a family moves to a community and buys a new house, they will likely shop at local stores to buy furniture and accessories to decorate the home. They will purchase groceries to fill the pantry. They will fill their gas tank at local gas stations so they can get to the stores, have local mechanics work on the car when it breaks down or needs the oil changed, or buy a new car at a local dealer when it's time to replace the old one. And they will purchase insurance for the home and car from a local insurance agent.

The family may need to hire local companies for regular services to maintain their home, such as landscaping, house cleaning, pet sitters, child care or pool upkeep. They will visit local physicians, dentists, gyms and healthcare facilities.

Area businesses benefit from this increased patronage, and the number of businesses will grow to be able to provide all the goods and services required, creating more GDP, jobs and prosperity for the community.

The children will enroll in local schools. This increased enrollment means more teachers, janitors, cafeteria workers and other school support staff will need to be hired. Those kids will also join sports leagues and other activities, buy equipment and pay registration fees that provide stipends for referees and coaches.

They will see movies in local cinemas and attend plays at local theatres. They will eat in local restaurants, bank at local banks, and get their hair cut by local professionals.

The new family will also pay local and state taxes. These tax revenues help pay for a wide range of services, including school teachers, police and firemen, trash collection, animal shelters, recreational facilities, parks maintenance and road repairs.

All of this economic activity puts income into the pockets of local business owners and their families, who can then afford to go out and spend money themselves, which recycles even more money into the community's economy. And that shows other potential business owners that this is a great place to do business.

This continued cycle of growth provides for a diverse, economically stable population, with adequate infrastructure and resources for businesses. Whether the development is residential or commercial, construction brings economic stability. When businesses are expanding, new commercial buildings are being constructed, new neighborhoods are being built and existing homes are being renovated, it signifies a growing community. Businesses know that when you see construction in a community, it is a sign of a healthy economy.

In a study done by Area Development Magazine, the number one site selection criteria listed by readers was "availability of workforce". In communities without skilled workers, innovation that solves global problems, wages that drive economic prosperity and public investment that funds infrastructure and education, all fall by the wayside.

Commercial and residential construction stimulates growth in retail, real estate, equipment, manufacturing facilities, schools, and tourism, to name a few. Even though to some community members, construction and development can seem unnecessary, it is vital for our economy.

Communities are just like people, they are either green and growing or ripe and rotting, nothing stays the same. Each of us tries to grow personally and professionally and, as a result, we are better than we were before. In fact, most of us choose to continually grow and improve. Yes, we all know that one guy from high school that 20 years later is still sitting on the couch re-living the same game-winning-touchdown-pass he caught. That is an example of no growth.

Communities are the same, we can't sit around remembering the good ol' days or we can look forward and position ourselves for a positive, productive future. Residential and commercial development is a big step toward that positive, productive future.