

Economic Impacts of the Homebuilding Industry in Pierce County



Introduction:

Housing development is a major contributor to Pierce County's fiscal and economic health. From start to finish, local governments rely on permit fees, impact fees, and sales tax from construction to help fund schools, parks, roads, and utilities.

Once homes are occupied, property owners generate ongoing revenue through property taxes, Real Estate Excise Taxes, and sales taxes, supporting public safety, education, and essential services. Housing also drives local economic activity by creating jobs and supporting small businesses.

However, rising costs, regulatory delays, and economic uncertainty make development increasingly challenging. Now more than ever, elected officials must engage housing industry experts and recognize that housing production provides a clear public benefit.

One Home Case Study:

Using 2024 licensing, permitting requirements and base impact fee estimates, the average cost to permit and connect a 2,000-square-foot single-family home in Pierce County can be approximated as follows:



Building permit & Plan Review	+ 2,757
Administration, Addressing, Technology Fees	+ 427
Plumbing, Mechanical, Fire Plan Check Fees	+ 221
Erosion Control, Energy Code Surcharge, GFC	+ 770
Utilities Review and Right of Way Access	+ 844
Engineering and Engineering Inspection	+ 1770
Base Sewer/Water Connection	+ 6000
Base School Impact	+ 2000
Base Traffic Impact	+ 2000
Base Park Impact	+ 3,884

Total Estimated 2024 Cost:	= 20,673
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This figure represents a general cost estimate; however, actual permitting expenses can vary significantly depending on the project's location, type, size, and specific requirements.

These figures illustrate the essential role of residential development in maintaining local government operations and funding community services.

Pierce County Revenue Overview

The economic ramifications of the housing industry extend far beyond the initial structure. The county budget demonstrates the fiscal importance of housing and development. In 2024:

- **Property Taxes:** Approximately \$160 million of \$450 million in total General Fund revenue, or **35.5%** of the General Fund.
- **Real Estate Excise Taxes (REET):** Approximately \$25 million, representing **5%** of total Special Fund revenue.

Jobs and Economic Impacts

Residential development is a major economic catalyst in Pierce County. It directly employs workers, supports subcontractors, and sustains local suppliers and service providers. Key impacts include:

- Each new home supports approximately **2.9 local jobs** on average (direct, indirect, and induced).
- For every **\$1 million invested in home construction**, roughly **\$650,000 remains in the local economy** through wages, services, and local purchases.

Additionally, new households contribute long-term retail spending, boosting local businesses and tax revenues.

Off-Site Improvements: Builders as Infrastructure Partners

Beyond fees and taxes, builders routinely construct off-site infrastructure that benefits the entire community, including:

- Roads and sidewalks to support public and emergency access
- Stormwater systems that protect properties and the environment
- Water, sewer, and electrical utility extensions
- Street lighting, landscaping, and neighborhood amenities

These improvements are often funded entirely by developers at no cost to existing taxpayers and help to enhance safety, property values, and quality of life. Without builder participation, these infrastructure costs would fall to city or county budgets.

Future Housing Production

Looking ahead, continued residential development is critical to sustaining Pierce County's economic growth and public service funding. Without predictable permitting processes, reasonable fees, and engagement with industry experts, delays and regulatory uncertainty could slow development, reducing both revenue and job creation.

Call to Action

Elected officials can maximize the public benefits of housing by:

- Streamlining permitting and approval timelines.
- Balancing fee structures to encourage development while maintaining affordability.
- Engaging housing industry professionals in policy and planning discussions.
- Coordinating infrastructure investment with anticipated growth.

Housing builds more than homes; it builds **budgets, jobs, and opportunities**. By partnering with the housing industry, Pierce County can ensure that communities remain vibrant, sustainable, and economically strong for years to come.