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Economic Impact of Phelps road school development

A Proposed residential renovation for amherst county

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# INTRODUCTION

Amherst County and the Economic Development Authority of Amherst County (EDA) desire to promote and encourage the economic development and vitality of the County through the redevelopment and preservation of the historic former Phelps Road School, located in Madison Heights, in order to increase economic activity, employment, corporate investment in the County, and generate new local tax revenues for the County.

The former Phelps Road School is a historic property of significance to the Amherst community that will be redeveloped, restored and converted into 41 market-rate apartments while maintaining the historic character of the building and incorporating modern conveniences.

# ECONOMIC IMPACT OF CONSTRUCTION

The construction of the proposed project is expected to cost $5,000,000 and would include the renovation of the school into 41 residential units. The construction phase of this study is expected to occur in 2019.

Table 1 displays total potential economic impacts from construction spending. Local purchase of construction supplies was accounted for in determining the economic impact.

### Table 1. Economic Impact of New construction of Residential units in Amherst county

|  |  |
| --- | --- |
|  | Economic Impact Totals |
| EMPLOYMENT |  |
| Direct Effect | 33 |
| Indirect Effect | 12 |
| Induced Effect | 6 |
| Total Jobs | **51** |
|  |  |
| LABOR INCOME |  |
| Direct Effect | $1,341,241 |
| Indirect Effect | $308,810 |
| Induced Effect | $155,776 |
| Total | **$1,805,827** |
|  |  |
| OUTPUT (Total Value of Production) |  |
| Direct Effect | $5,000,000 |
| Indirect Effect | $972,916 |
| Induced Effect | $610,923 |
| Total Effect | **$6,583,839** |

***Direct:*** *Direct impact is generated directly from the jobs created with the assistance of the new initiative.*

***Indirect:*** *Indirect impact changes the employment, income and output in various industry sectors of the local economy supplying goods and services to the companies that expanded.*

***Induced:*** *Induced impact captures the ripple effect of increased household and/or institutional income.*

Indirect and induced impacts are accounted for based on spending with secondary businesses and service-sector businesses. Some examples of sectors that could see increased economic activity are: Retail-Building Materials, Retail-Gasoline, Truck Transportation and Hotels. The economic impacts presented in this report are specifically for Amherst County.

***It is estimated Amherst County could gain a potential of $71,044 in tax revenue during the construction phase of this project (estimated year - 2019). There would be a total economic impact during the construction phase of $6,583,839.***

*Note: The impacts of construction projects are temporary and as the project reaches completion, the impacts will become smaller.*

# ECONOMIC IMPACT OF new residents

For the purpose of this impact study, the following calculation was used:

41 apartments at double occupancy = 82 persons

The Amherst County median income is approximately $35,270 and was used for the calculation of this impact study (Source: JobsEQ – Amherst County Economic Profile).

It should be noted this study assumes all households would be new to Amherst County. Residents that move within the county would decrease the impact as it would not be new dollars. The study also reflects residents spending in Amherst County only, but due to the location of the potential development it should be assumed spending would occur outside of Amherst County and within the Lynchburg MSA.

Table 2 displays high-level detailed impacts for Amherst County. The total impact of 41 additional apartment units is estimated to generate 14 jobs, support current employment sectors and generate additional labor income of $374,640 and a total output of $1,364,761.

### Table 2. Economic Impact of New residents in Amherst county

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Employment Sector | Employment | Labor Income | Value Added | Output |
| Child care services | 1 | $29,080 | $36,455 | $54,788 |
| Real Estate | 1 | $4,339 | $38,218 | $88,725 |
| Limited-service restaurants | 1 | $12,553 | $31,177 | $61,577 |
| Retail – General | 1 | $20,653 | $34,121 | $53,092 |
| Nursing and community care facility | 1 | $26,258 | $29,036 | $48,883 |

***Value Added:*** *Estimates the increase in the study region's gross regional product (a monetary measure of the market value of all final goods and services produced in a period of time).*

Other employment sectors impacted include full-service restaurants, automotive repair and maintenance, building material and supplies, and retail – gasoline.

***It is estimated Amherst County could gain an annual addition of $7,726 in sales tax, $35,703 in property tax, and $3,252 in others taxes/fee/fines from additional households.***

***Amherst County could also gain an annual addition of .61/$100 of the assessed value following renovation of the Phelps Road School Development. Based on regional comps it is estimated the value of the property would be $1,700,000, providing an additional $10,370 annual property tax to Amherst County.***

***The total annual tax revenue for Amherst County would be $57,051.***

# Summary

The proposed project of Phelps Road School Development would have several impacts on the County of Amherst. The construction phase of the project would have a significant temporary impact over an estimated one-year period. The remaining impacts would be annual impacts that should show growth year-after-year depending upon economic conditions and tax rates.

The temporary impacts of the construction phase would maintain or support approximately 51 jobs and increase economic activity by $6,583,839 in Amherst County over a one-year period. Amherst County could gain as much as $71,044 in tax revenue during the construction phase.

The increase in residential units would have additional impact on Amherst County. An estimated 14 jobs would be supported by new residents with an overall impact of $1,350,016 and Amherst County could potentially gain as much as $57,051 in tax revenue at the current tax rates.

**Construction Phase: $71,044 tax revenue, 51 jobs, $6,583,839 economic activity**

**Annual Impact: $57,051 tax revenue, 14 jobs, $1,350,016 economic activity**

The following table (table 3) shows the forecast of 10-year tax revenues generated by the Phelps Road School Development project. This includes sales tax, property tax and miscellaneous taxes, fines and fees, and the construction phase taxes in year 2019.

### Table 3. 10-year tax revenues generated by the phelps road school development project

|  |  |
| --- | --- |
| Year | Total Tax Revenue (Property, Real Estate, Sales, Misc.) |
| 2019 | $57,051 + 71,044 (construction) = $128,095 |
| 2020 | $57,343 |
| 2021 | $57,637 |
| 2022 | $57,932 |
| 2023 | $58,231 |
| 2024 | $58,530 |
| 2025 | $58,832 |
| 2026 | $59,136 |
| 2027 | $59,440 |
| 2028 | $59,748 |
| Total | **$654,924** |

All numbers used to generate this report were obtained from the developer of the Phelps Road School Development project. The accuracy of the impact report is dependent upon investment, revenues and job creation projected by the developer.

# about implan

IMPLAN is an online-based economic impact assessment modeling system that is used for generating impact analysis. The modeling system allows users to build input-output models for designated geographic areas, including counties, regions and/or states. Economic factors considered are jobs, revenues, earnings and taxes. IMPLAN is headquartered in Huntersville, North Carolina and is a world leader in providing economic impact data and modeling to governments, universities and public-private sector organizations for assessing project decisions.

# about the lynchburg regional business alliance

The Lynchburg Regional Business Alliance is a public-private partnership formed in January 2016 as a result of the merger of the Region 2000 Business and Economic Development Alliance and the Lynchburg Regional Chamber of Commerce. The Alliance enhances economic development by promoting our region globally in efforts to expand job creation, capital investment and business growth within the Lynchburg Region. The Alliance strengthens the existing business community through its member programs and services, strong pro-business advocacy on all government levels and award-winning leadership and workforce development programs.   The Alliance holds five-star accreditation status with the US Chamber, which is the highest status that a Chamber of Commerce can receive, and is a member of the International Economic Development Council. This report was provided at no cost due to Amherst County’s economic development partnership with the Alliance.