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CHICAGO

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MEMORANDUM

TO: Mandy DeMayo, HousingWorks

FROM: Dan Houston

DATE: April 4, 2013

IN RE: Updated Bond Impacts

On the following page, you will find updated economic impacts from the continued expenditure of affordable housing bond money through the last spreadsheet received, which indicates spending through October 24, 2012.

Because the mix of projects funded since our May 2012 report is heavily tilted toward the more impactful supportive housing projects, the new totals are higher than predicted.

The Approach Here

The IMPLAN model is linear, assuming that each additional dollar provides the same impact as the dollar that preceded it. It was on that basis that we estimates in the original report of the impact of spending the remaining bond dollars if the mix of projects did not change with remaining bond funds.

It was also on that basis that we proposed to quickly apply ratios (new expenditures:old expenditures) to reach new impact estimates. However, on delving into the updated worksheet, we realized that the mix of projects funded had changed, with more supportive housing in the mix. Because that type of project results in more annual spending and thus impacts, we decided to take a more detailed approach to the update.

So, we compared previous and new totals in several categories to establish the ratios to apply.

- Construction and Rehabilitation: New construction and building rehabilitation call for different multipliers in the IMPLAN model, so we created separate new totals for each, then blended the change into a single ratio. This includes both GO Bond and leveraged dollars.
 - 1.131770334 times as much expenditure as before

- **Supportive Housing Services**: As before, we used an annual cost estimate of \$11,800 per unit of supporting housing and quantified the change in the number of supportive housing units funded by both GO Bond and leveraged dollars.
 - 1.325976231 as many units as before
- Operating Expenses (non-supportive housing): For rental units, we used the same
 National Apartment Association estimates of operating expenses as before (using the
 same mix of individually metered and non-metered units). We also used the same
 estimate of the annual maintenance cost associated with owner-occupied housing,
 which is 2% of the capital expenditure provided.
 - 1.223878352 times as much annual spending in those categories
- Household Savings: For the household savings associated with reduced rents in affordable housing units, we used the change in GO Bond funded units and assumed the same mix of affordability standards as in the previous report.
 - 1.089726335 times as much savings associated with these units

UPDATED FINDINGS

In the May 2012 report, reported the following:

The construction of housing made possible by the 2006 bond funds has produced an economic impact in the City of Austin approaching \$350 million in today's dollars. When the remaining funds are expended in the coming years total construction impacts will reach \$384 million, assuming comparable leverage.

Operating and maintaining these housing units produces an annual economic impact in the City of Austin of \$38.5 million in today's dollars. When the remaining funds are expended in the coming years, these annual impacts will reach \$42.2 million. Over just ten years these operations will produce a total economic impact of \$420 million.

Those estimates of the impact of remaining bond funds assumed that the mix of projects would remain the same, producing increased impact in the range of 10%.

However, projects funded since the previous report are more heavily skewed toward supportive housing, among other changes to the mix. As a result, the increased impact is actually in the range of 20%.

Impact charts are on following pages.

NEXT STEPS:

These figures should provide what you need to provide to city staff now. I'll provide these charts in a useable format, as well, when I send this memo by e-mail. I cannot confirm my availability for City Council on the 27th as we await a schedule in the other project I told you about. I will, however, let you know on that as soon as I do.

MAY 2012 ECONOMIC IMPACTS

Based on G.O. bond expenditures and leveraged funds through March 2012

TOTAL IMPACTS - CONSTRUCTION									
Impact Type	Employment		bor Income	Value Added	Output				
Direct Effect	1,564		82,364,326	101,779,274					
Indirect Effect	474	•	24,302,527	35,880,139					
Induced Effect _	541		24,010,528	44,358,484					
Total Effect	2,579	\$	130,677,381	182,017,897	\$ 346,719,576				
TOTAL IMPACTS - SUPPORTIVE SERVICES									
Impact Type	Employment	lа	bor Income	Value Added	Output				
Direct Effect	122		4,100,344	4,168,369	•				
Indirect Effect	10	•	488,762	836,089					
Induced Effect	23		1,002,113	1,849,475					
Total Effect	154	Ψ	5,591,219	6,853,933	10,132,084				
TOTAL IMPACTS - OPERATING EXPENSES									
Impact Type	Employment	La	bor Income	Value Added	Output				
Direct Effect	136	\$	5,618,434	8,116,854	\$ 13,966,008				
Indirect Effect	32	\$	1,647,350	2,403,445	\$ 3,778,958				
Induced Effect	36	\$	1,614,915	2,982,232	\$ 4,573,635				
Total Effect	204	\$	8,880,699	13,502,530	\$ 22,318,601				
TOTAL IMPACTS - HOUSEHOLD SAVINGS									
Impact Type	Employment		bor Income	Value Added	Output				
Direct Effect	0		-	0 \$	•				
Indirect Effect		\$	-	0 \$	•				
Induced Effect		\$	2,164,879	3,908,204					
Total Effect	48	\$	2,164,879	3,908,204	\$ 6,057,444				
ONGOING ANNUAL IMPACTS									
Impact Type	Employment	۱.	bor Income	Value Added	Quitnut				
Impact Type Direct Effect	Employment 257	La	9,718,778	Value Added	Output				
Indirect Effect	257 42			12,285,223 3,239,534	19,949,807				
	· -		2,136,112		5,089,535				
Induced Effect Total Effect	107 406		4,781,907 16,636,797	8,739,911 24,264,668	13,468,787 38,508,129				
I Olai Ellett	400		10,030,797	<i>24,204,00</i> 8	30,300,129				

APRIL 2013 ECONOMIC IMPACTS

Based on G.O. bond expenditures and leveraged funds through October 2012

TOTAL IMPACTS - CONSTRUCTION									
Impact Type	Empleyment	Labor Income	Value Added	Output					
Impact Type Direct Effect	Employment 1,770	93,217,501	115,190,763	Output 251,032,955					
Indirect Effect	537	27,504,879	40,608,077	64,405,212					
Induced Effect									
Total Effect	613 2,919	27,174,403 147,896,783	50,203,616 206,002,456	76,968,763 392,406,930					
Total Ellect	2,919	147,090,703	200,002,430	392,400,930					
TOTAL IMPACTS - SUPPORTIVE SERVICES									
Impact Type	Employment	Labor Income	Value Added	Output					
Direct Effect	161	5,436,959	5,527,158	7,934,375					
Indirect Effect	14	648,087	1,108,634	1,737,794					
Induced Effect	30	1,328,778	2,452,360	3,762,733					
Total Effect	205	7,413,823	9,088,152	13,434,903					
		1,110,020	0,000,10=	10, 10 1,000					
TOTAL IMPACTS - OPERATING EXPENSES									
Impact Type	Employment	Labor Income	Value Added	Output					
Direct Effect	166	6,876,280	9,934,042	17,092,695					
Indirect Effect	39	2,016,156	2,941,524	4,624,985					
Induced Effect	45	1,976,460	3,649,889	5,597,573					
Total Effect	249	10,868,895	16,525,455	27,315,253					
TOTAL IMPACTS - HOUSEHOLD SAVINGS									
Impact Type	Employment	Labor Income	Value Added	Output					
Direct Effect	0	0	0	0					
Indirect Effect	0	0	0	0					
Induced Effect _	52	2,359,126	4,258,873	6,600,956					
Total Effect	52	2,359,126	4,258,873	6,600,956					
ONGOING ANNUAL IMPACTS									
Impact Type	Employment	Labor Income	Value Added	Output					
Direct Effect	327	12,313,238	15,461,200	25,027,070					
Indirect Effect	52	2,664,243	4,050,158	6,362,779					
Induced Effect	126	5,664,363	10,361,122	15,961,262					
Total Effect	506	20,641,844	29,872,480	47,351,111					
	550	_0,011,017	_0,012,400	,001,111					

Induced Effect Indirect Effect Direct Effect **Direct Effect** Indirect Effect Direct Effect Direct Effect Impact Type Induced Effect Indirect Effect Impact Type Induced Effect Indirect Effect impact Type Induced Effect Impact Type Induced Effect Indirect Effect Direct Effect Total Effect mpact Type Total Effect Total Effect Total Effect Based on G.O. bond expenditures and leveraged funds through March 2012 **Employment Employment Employment Employment Employment MAY 2012 ECONOMIC IMPACTS** TOTAL IMPACTS - SUPPORTIVE SERVICES TOTAL IMPACTS - OPERATING EXPENSES TOTAL IMPACTS - HOUSEHOLD SAVINGS TOTAL IMPACTS - CONSTRUCTION 2,579 1,564 \$ 474 \$ 541 \$ 257 42 107 **406** ONGOING ANNUAL IMPACTS 136 32 \$ 36 \$ 122 \$ 10 \$ 23 \$ 25 0 \$ 0 \$ 48 \$ 8 Labor Income Labor Income Labor Income Labor Income Labor Income 82,364,326 24,302,527 24,010,528 130,677,381 16, 636, 797 2,136,112 4,781,907 4,100,344 2,164,879 2,164,879 8,880,699 1,647,350 5,618,434 9,718,778 5,591,219 1,614,915 488,762 1,002,113 Value Added Value Added Value Added Value Added Value Added 182,017,897 35,880,139 44,358,484 101,779,274 0 0 3,908,204 24, 264, 668 13,502,530 2,403,445 2,982,232 836,089 1,849,4<u>7</u>5 12,285,223 8,739,911 6,853,933 4,168,369 3,239,534 3,908,204 8,116,854 6 69 69 69 S **&** & & so so S Output 221,805,562 56,906,609 68,007,405 Output Output Output Output 346, 719, 576 22, 318, 601 13,966,008 38,508,129 10,132,084 13,468,787 3,778,958 5,983,799 6,057,444 6,057,444 1,310,577 19,949,807 4,573,635 2,837,708 5,089,535 Impact Type Induced Effect Indirect Effect Direct Effect Impact Type Induced Effect Indirect Effect Direct Effect Indirect Effect Direct Effect Indirect Effect Direct Effect Impact Type Indirect Effect **Direct Effect** Total Effect Induced Effect Impact Type Induced Effect Induced Effect Impact Type Total Effect Total Effect Total Effect Total Effect Based on G.O. bond expenditures and leveraged funds through October 2012 Employment **Employment Employment Employment Employment** APRIL 2013 ECONOMIC IMPACTS TOTAL IMPACTS - SUPPORTIVE SERVICES TOTAL IMPACTS - OPERATING EXPENSES TOTAL IMPACTS - HOUSEHOLD SAVINGS TOTAL IMPACTS - CONSTRUCTION 2,919 1,770 327 52 126 **506** ONGOING ANNUAL IMPACTS 249 537 613 205 166 39 45 161 14 30 52 **52** Labor Income Labor Income Labor Income Labor Income Labor Income 27,504,879 27,174,403 147,896,783 20,641,844 93,217,501 10,868,895 2,016,156 1,976,460 5,664,363 2,664,243 12,313,238 2,359,126 6,876,280 5,436,959 2,359,126 7,413,823 ,328,778 648,087 0 0 Value Added Value Added Value Added Value Added Value Added 115,190,763 40,608,077 50,203,616 4,050,158 10,361,122 **29,872,480** 206,002,456 15,461,200 16,525,455 9,088,152 5,527,158 4,258,873 4,258,873 2,941,524 9,934,042 1,108,634 3,649,889 2,452,360 00 Output Output Output Output Output 251,032,955 15,961,262 **47,351,111** 392,406,930 27,315,253 64,405,212 25,027,070 4,624,985 5,597,573 13,434,903 76,968,763 17,092,695 1,737,794 3,762,733 6,362,779 6,600,956 6,600,956 7,934,375