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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	Labor Income	Value Added	Output
Direct Effect	1,564	\$ 82,364,326	101,779,274	\$ 221,805,562
Indirect Effect	474	\$ 24,302,527	35,880,139	\$ 56,906,609
Induced Effect	541	\$ 24,010,528	44,358,484	\$ 68,007,405
Total Effect	2,579	\$ 130,677,381	182,017,897	\$ 346,719,576

TOTAL IMPACTS - SUPPORTIVE SERVICES

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	122	\$ 4,100,344	4,168,369	\$ 5,983,799
Indirect Effect	10	\$ 488,762	836,089	\$ 1,310,577
Induced Effect	23	\$ 1,002,113	1,849,475	\$ 2,837,708
Total Effect	154	\$ 5,591,219	6,853,933	10,132,084

TOTAL IMPACTS - OPERATING EXPENSES

Impact Type	Employment	Labor 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	Labor Income	Value Added	Output
Direct Effect	0	\$ -	0	\$ -
Indirect Effect	0	\$ -	0	\$ -
Induced Effect	48	\$ 2,164,879	3,908,204	\$ 6,057,444
Total Effect	48	\$ 2,164,879	3,908,204	\$ 6,057,444

ONGOING ANNUAL IMPACTS

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	257	9,718,778	12,285,223	19,949,807
Indirect Effect	42	2,136,112	3,239,534	5,089,535
Induced Effect	107	4,781,907	8,739,911	13,468,787
Total Effect	406	16,636,797	24,264,668	38,508,129

APRIL 2013 ECONOMIC IMPACTS

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

TOTAL IMPACTS - CONSTRUCTION

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	1,770	93,217,501	115,190,763	251,032,955
Indirect Effect	537	27,504,879	40,608,077	64,405,212
Induced Effect	613	27,174,403	50,203,616	76,968,763
Total Effect	2,919	147,896,783	206,002,456	392,406,930

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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

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

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