



THE ECONOMIC IMPACT OF GENERAL OBLIGATION BONDS FOR AFFORDABLE HOUSING IN AUSTIN

May 2012



INTRODUCTION

Civic Economics and HousingWorks are pleased to present this analysis of the economic impact of General Obligation Bonds issued since 2006 to support affordable housing.

Background

In 2006, 63% of Austin voters supported the issuance of \$55 million in general obligation bonds to support the development of affordable housing in the city. Just short of \$50 million has been expended and leveraged to obtain an additional \$177 million in development expenditures, for a total expenditure in the city of \$226 million. These funds have been used to develop or rehabilitate 3,055 housing units, of which 2,242 are designated to provide deeply affordable housing for Austinites.

HousingWorks, an Austin non-profit that advocates for affordable housing, retained Civic Economics to analyze the economic impact of the 2006 commitment and to consider the prospective impact of another round of bonds to be issued in 2012.

Summary of Findings

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**.

Any new bonds issued in the upcoming round of general obligation bonds would be expected to produce similar impacts. Thus, should the amount issued double the 2006 amount, impacts would also be double. Moreover, any new ongoing impacts for operation and maintenance would be in addition to the ongoing impacts identified in this analysis.

ECONOMIC IMPACT ANALYSIS: THE SCOPE OF DEVELOPMENT

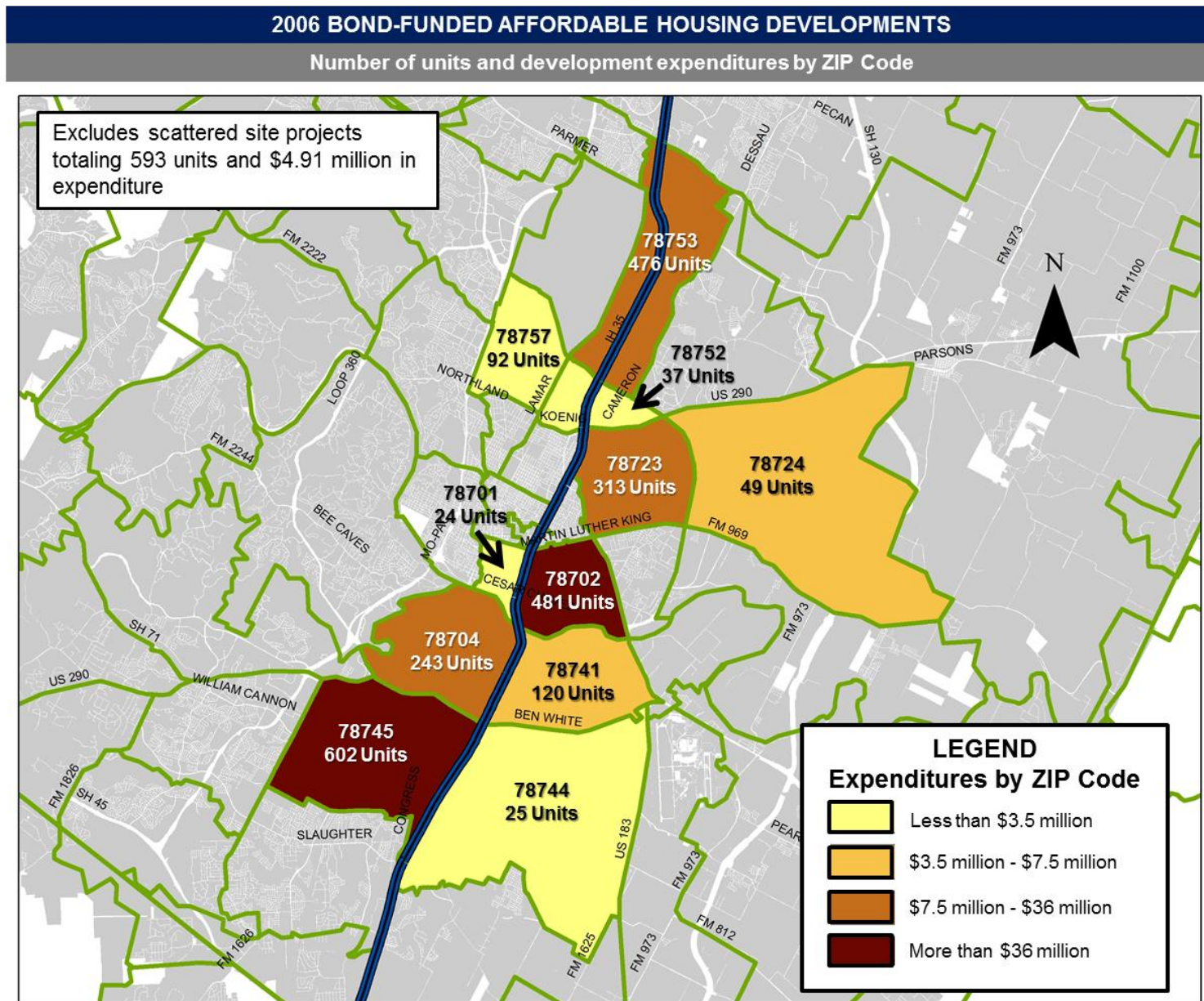
Of the \$55 million in bonds approved in 2006, roughly \$49 million has been committed to projects. Table 1 on the following page summarizes the development and rehabilitation that money has enabled. The commitment of \$49 million in general obligation bond funding has been leveraged by Austin's affordable housing developers to attract no less than an additional \$177 million in financing from a variety of sources. The total development expenditure of \$226 million reflects a ratio of leveraged funds to general obligation bond funds of 3.6.

The 33 developments and initiatives made possible by bond funds have added 2,242 affordable units to Austin's housing stock, with an additional 813 market rate units mixed among them. Among the affordable units counted here are 592 repair and barrier removal projects that made safe, affordable housing available to existing residents. Map 1 on page 4 illustrates the geographic distribution of units and expenditures, excluding scattered site projects.

Table 1

2006 GENERAL OBLIGATION BONDS, AFFORDABLE HOUSING DEVELOPMENT									
Builder/Developer	Project Name	Zip Code	Housing Type	Total Units	Bond Funded Units	Bond Funding Amount	Leveraged Funding	Total Expenditure	
various	Owner-occupied Home Repair Program	n/a	Homeowner	547	547	\$ 4,270,000	\$ -	\$ 4,270,000	
The Mulholland Group	Malibu Apartments	78753	Rental	476	215	\$ 3,000,000	\$ 32,160,716	\$ 35,160,716	
Captivity Investments III	Village on Little Texas	78745	Rental	240	50	\$ 2,940,000	\$ 19,900,000	\$ 22,840,000	
Foundation Communities	Shady Oaks Apartments	78745	Rental	238	143	\$ 3,000,000	\$ 9,874,000	\$ 12,874,000	
DMA Development Co.	Wildflower Terrace	78723	Rental (Senior)	201	86	\$ 2,000,000	\$ 22,969,849	\$ 24,969,849	
Foundation Communities	M Station	78702	Rental	150	89	\$ 2,000,000	\$ 17,376,590	\$ 19,376,590	
Elm Ridge Affordable Housing Partners	Elm Ridge Apartments	78702	Rental	130	130	\$ 2,500,000	\$ 7,489,048	\$ 9,989,048	
Foundation Communities	Suburban Lodge SRO	78741	Rental/Transitional/Supportive	120	120	\$ 898,934	\$ 6,495,000	\$ 7,393,934	
Marshall Affordable Partners	Marshall Apartments	78702	Rental/Supportive	100	100	\$ 2,500,000	\$ 7,215,753	\$ 9,715,753	
Foundation Communities	Skyline Terrace	78704	Rental	100	100	\$ 1,516,850	\$ 9,176,368	\$ 10,693,218	
Foundation Communities	Children's HOME Initiative & VLI Unit Expansion @ Crossroads Apartments	78757	Rental/ Transitional Supportive	92	14	\$ 900,000	\$ 300,000	\$ 1,200,000	
Guadalupe Neighborhood Development Corp.	GNDC 11-Acre Subdivision	78702	Homeowner/Rental	90	83	\$ 1,657,354	\$ 18,199,759	\$ 19,857,113	
Mary Lee Community	The Willows	78704	Rental	64	60	\$ 2,475,000	\$ 2,222,560	\$ 4,697,560	
PeopleTrust	Westgate II Ownership Project	78745	Homeowner	50	50	\$ 1,250,000	\$ 4,852,276	\$ 6,102,276	
Momark Development, LLC	Westgate Ownership Project	78745	Homeowner	50	50	\$ 1,815,300	\$ 5,191,354	\$ 7,006,654	
Austin Neighborhood Alliance for Habitat	Sendero Hills, Phase IV Subdivision	78724	Homeowner	49	49	\$ 2,000,000	\$ 3,722,162	\$ 5,722,162	
Green Doors	Treaty Oaks	78704	Rental/Transitional/Supportive	47	47	\$ 857,683	\$ 1,836,966	\$ 2,694,649	
Green Doors (formerly Community Partnership for the Homeless)	Pecan Springs Commons, Phase II	78723	Rental	46	46	\$ 2,200,000	\$ 1,498,691	\$ 3,698,691	
various	Architectural Barrier Removal Program (Rental)	n/a	Rental	45	45	\$ 500,000	\$ -	\$ 500,000	
Austin-Travis County MHMR (now Austin-Travis County Integral Care)	Crisis Respite Center	78752	Rental/ Transitional Supportive	37	37	\$ 2,300,000	\$ 721,501	\$ 3,021,501	
Austin Children's Shelter/Southwest Constructors, Inc.	Austin Children's Shelter	78723	Rental/ Transitional Supportive	28	28	\$ 1,000,000	\$ 1,181,527	\$ 2,181,527	
Austin Neighborhood Alliance for Habitat	Meadow Lake Acquisitions	78744	Homeowner	25	25	\$ 450,767	\$ 452,495	\$ 903,262	
Austin-Travis County MHMR (now Austin-Travis County Integral Care)	East 15th Street Transitional Housing Facility	78701	Rental/ Transitional	24	24	\$ 1,013,175	\$ 454,921	\$ 1,468,096	
Saint Louise House	St. Louise House Transitional Housing & Supportive Services #2	78704	Rental/ Transitional Supportive	24	24	\$ 1,500,000	\$ 324,303	\$ 1,824,303	
Saint Louise House	St. Louise House Transitional Housing & Supportive Services #1	78745	Rental/ Transitional Supportive	24	24	\$ 1,765,294	\$ 85,415	\$ 1,850,709	
Chestnut Neighborhood Development Corp.	Franklin Gardens	78723	Rental	22	22	\$ 1,000,000	\$ 2,190,295	\$ 3,190,295	
Green Doors (formerly Community Partnership for the Homeless)	Pecan Springs Commons, Phase I	78723	Rental	16	16	\$ 791,158	\$ 486,380	\$ 1,277,538	
Easter Seals Central Texas	The Ivy	78704	Rental	8	8	\$ 494,740	\$ 743,600	\$ 1,238,340	
Blackshear Neighborhood Development Corporation	Blackshear Infill Rental Project	78702	Rental	6	4	\$ 100,000	\$ 100,000	\$ 200,000	
Blackshear Neighborhood Development Corporation	Blackshear Infill Rental Project	78702	Rental	3	3	\$ 100,000	\$ 21,100	\$ 121,100	
Guadalupe Neighborhood Development Corp.	807 Waller St. Acquisition	78702	Homeowner	1	1	\$ 100,000	\$ 146,700	\$ 246,700	
United Cerebral Palsy Texas/ Accessible Housing	Carol's House	78758	Rental	1	1	\$ 100,000	\$ 40,810	\$ 140,810	
Austin!, Inc.									
Guadalupe Neighborhood Development Corp.	GNDC-Lydia Alley Flat	78702	Rental	1	1	\$ 60,000	\$ 86,000	\$ 146,000	
				TOTALS	3055	2242	\$ 49,056,255	\$ 177,516,139	\$ 226,572,394
								Leverage Ratio	3.6

Map 1



Source: Civic Economics, Housing Works

THE ECONOMIC IMPACT OF AFFORDABLE HOUSING BONDS

Introduction to Economic Impact

Civic Economics utilizes the IMPLAN model, a product of the Minnesota Implan Group and an industry-standard tool for evaluating the impact of any economic activity.

For this study, Civic Economics procured IMPLAN multipliers for every ZIP Code that includes any portion of the City of Austin within Travis, Hays, and Williamson Counties. This study utilizes 2011 dollars for all values.

Economic impacts are comprised of three separate categories. Each category is analyzed separately from one another in IMPLAN.

- **Economic Output** is the total production or sales derived from the project.
- **Employment** is the total number of study-area residents employed both on a full and part time basis overall and in a given industry.
- **Wages** is the amount of salaries and benefits paid to study-area employees.

For each of the categories listed above a direct effect, indirect effect, and induced effect has been calculated.

- **Direct** effects capture the initial impact created by the initial outlay of funds.
 - Example: This captures spending on the project during either construction or operating phases.
- **Indirect** effects are additional impacts derived from businesses providing products or services to the project.

The Essence of IMPLAN: How money moves in the local economy

Input-output accounting (using the IMPLAN model as an example) describes commodity flows from producers to intermediate and final consumers. The total industry purchases of commodities, services, employment compensation, value added, and imports are equal to the value of the commodities produced. Industries producing goods and services for final use and purchases for final use (final demand) drive the model. Industries producing goods and services for final demand purchase goods and services from other producers. These other producers, in turn, purchase goods and services. This buying of goods and services continues until leakages from the region stop the cycle. The resulting sets of multipliers describe the change of output for every regional industry caused by a \$1.00 change in final demand for any given industry.

- Examples: Construction involves the purchase of building materials from suppliers. Ongoing operations involve the purchase of a variety of goods and services from a number of suppliers.
- **Induced** effects are the result of increased household spending due to the direct and indirect effects.
 - Example: Employees of firms directly or indirectly affected by the project buy new cars, homes, and groceries locally.

ECONOMIC IMPACT FORMULATIONS

Affordable housing is a diverse and complex realm and presents unique difficulties in calculating economic impacts. Civic Economics sought to include only real, quantifiable economic activity triggered by the 2006 bond issue. As a result, we would characterize our findings as conservative. For example, while central locations well served by transit undoubtedly produce savings for residents in the form of reduced transportation expenditures, this analysis does not attempt to quantify that savings.

This study quantifies economic impacts in two time periods: construction and ongoing operations.

Construction Impacts

Construction impacts are based on the actual expenditure of funds to develop and/or rehabilitate housing units that would not have occurred without the bond funding and represent a one-time expenditure and impact. Since 2006, Austin developers have expended \$49 million of bond money and leveraged an additional \$177 million, for a total of \$226 million in development and rehabilitation. For this analysis, Civic Economics distinguished between rehabilitation and new construction projects because they yield different impacts. Rehabilitation budgets are heavier on labor costs and thus on employment, while new construction requires a higher proportion of the budget for materials.

Ongoing Operation Impacts

Affordable housing is, as previously noted, a diverse and complex realm. The mix of projects here includes conventional garden apartments, both new and renovated, single-family homes, also both new and renovated, and a number of supportive housing facilities with additional staff and services. To quantify these activities, Civic Economics identified three distinct classes of value:

1. Household Savings: Affordable housing is designed to allow families to afford safe, decent housing and in most cases provides those households with a savings relative to market rate housing.
 - a. The approach to calculating subsidies and tenant costs is highly individualized, involving a range of factors including the local housing market, the family composition and income of prospective tenants, and the mix of affordable housing programs to be tapped. Thus, Civic Economics formulated an approach to estimating household savings based on income relative to the median with the goal of matching our formulaic outcomes with the real world costs identifiable in a sample of rent rolls of Austin affordable housing developments.
 - i. Austin's median household income for all household sizes in 2010 was \$73,800. At that level, the typical American household spent 18.8% of income on housing. Housing cost as a share of income increases as household income decreases, rising to more than 42% for families earning just 30% of the median.
 - ii. If those values represent market rate options, then subsidized housing options bring housing costs down in proportion to household income. A straight line estimate of savings (i.e. families at 30% of the median pay just 30% of market rate) yielded household savings more generous than real world outcomes. Thus, we added back in a factor based on the proportion of income dedicated to housing for a typical family.
 - iii. Table 2 shows the household savings estimates produced by Civic Economics and applied across the range of rental projects in this study.
 - b. We have treated household savings as a positive local economic impact because that money is treated by low income households as if it were additional income, allowing an increase in spending on other goods and services.
2. Operating Costs: All of the projects described above involve ongoing operating costs.
 - a. For multifamily properties, Civic Economics relied upon the National Apartment Association's 2011 Survey of Operating Income and Expenses in Rental Apartment Communities to estimate annual costs for facilities support services, marketing, utilities, insurance, and capital improvements.
 - b. For owner-occupied dwellings built or improved with bond money, we assumed an annual maintenance and repair cost equivalent to 2% of the cost of those improvements.

3. Supportive Housing Expenses: In addition, 472 of the units in this study provide an array of supportive services not available in typical housing situations. For the purposes of this study, those costs have been estimated at \$11,800 per year per unit, which is based upon estimates used in the City of Austin Permanent Supportive Housing Strategy.
 - a. For the purposes of this study, Civic Economics analyzed supportive services expenditures as if the entire amount fell into the category of Home Health Services, which produces a relatively low multiplier. In reality, much of this spending will fall into higher impact categories for medical and rehabilitative services. However, lacking a solid breakdown of these costs, we elected to take a conservative approach.
 - b. The costs of these supportive services are here treated as positive in terms of local economic impact. There exists a strong body of literature supporting the idea that supportive permanent housing investment results in measurable cost savings for local governments. Moreover, most of the funding for these programs is sourced beyond the City of Austin.

Table 2

ESTIMATING HOUSEHOLD SAVINGS ACROSS AFFORDABLE HOUSING DEVELOPMENTS						
Median Income and Housing Costs, City of Austin, 2010						<i>Source: Bureau of Labor Statistics</i>
Household income relative to median	100%	80%	60%	50%	30%	
Household income	\$73,800	\$59,040	\$44,280	\$36,900	\$22,140	<i>City of Austin, all households at each income level</i>
Percentage of Income for Housing	18.8%	25.6%	31.8%	31.8%	42.5%	<i>National average, all households, rent only</i>
Average Market Rate Housing Costs without Affordability Programs						<i>Source: Civic Economics</i>
Household income relative to median	100%	80%	60%	50%	30%	
Annual Rent Costs	13,874	15,114	14,081	11,734	9,410	<i>Calculated assuming Austin households at each income level spend the same proportion of income on rent as the national average</i>
Monthly Rent Costs	1,156	1,260	1,173	978	784	
Estimated Housing Costs and Savings with Affordability Programs						<i>Source: Civic Economics</i>
STEP 1: If rent subsidies were proportional to household income relative to median:						
Household income relative to median	100%	80%	60%	50%	30%	
Annual Rent Costs	13,874	11,100	8,325	6,937	4,162	<i>Calculated as market rate for median income * income relative to median. For example, 30% households paying 30% of market rates.</i>
Monthly Rent Costs	1,156	925	694	578	347	<i>Produces excessive savings compared to our sample of rental rates.</i>
STEP 2: Increase in estimated rent costs consistent with household income dedicated to housing:						
Household income relative to median	100%	80%	60%	50%	30%	
Annual Rent Costs	13,874	11,854	9,407	7,839	5,149	<i>Adding back an increase in rent costs in proportion to the share of income dedicated to housing at each income level.</i>
Monthly Rent Costs	1,156	988	784	653	429	<i>Produces savings in line with our sample of rental rates.</i>
STEP 3: Conversion of estimated rent cost to estimated savings per household:						
Household income relative to median	100%	80%	60%	50%	30%	
Annual Rent SAVINGS	0	3,260	4,674	3,895	4,261	<i>Calculated as market rate rent costs minus estimated rent costs with affordability programs.</i>
Monthly Rent SAVINGS	0	272	390	325	355	
Percentage of Income for Housing	18.80%	20.08%	21.24%	21.24%	23.26%	

ECONOMIC IMPACT FINDINGS: CONSTRUCTION

As of February 2012, just over \$49 million dollars of general obligation bond funding for affordable housing had been committed to projects in Austin. Developers leveraged a further \$177 million in additional funding, for a total development expenditure approaching \$227 million. That is the value of spending that Civic Economics utilized to calculate the economic impacts of constructing affordable housing with 2006 bond funds.

TOTAL IMPACTS - CONSTRUCTION			
Impact Type	Employment	Labor Income	Output
Direct Effect	1,564	\$ 82,364,326	\$ 221,805,562
Indirect Effect	474	\$ 24,302,527	\$ 56,906,609
Induced Effect	541	\$ 24,010,528	\$ 68,007,405
Total Effect	2,579	\$ 130,677,381	\$ 346,719,576

In total, projects to date have created employment for more than 2,500 Austinites earning more than \$130 million in income. The total impact on the Austin economy just from building and rehabilitating housing from these bonds is nearly \$350 million.

As the remaining \$5.9 million in bond money is spent, assuming the same rate of leverage for additional financing, that total impact will rise by 10.7% to \$384 million dollars.

Table 3 – CONSTRUCTION IMPACTS

THE ECONOMIC IMPACT OF 2006 AFFORDABLE HOUSING BONDS - CONSTRUCTION

TOTAL IMPACTS				IMPACTS BY BROAD SECTOR					
Impact Type	Employment	Labor Income	Output						
Direct Effect	1,564	\$ 82,364,326	\$ 221,805,562						
Indirect Effect	474	\$ 24,302,527	\$ 56,906,609						
Induced Effect	541	\$ 24,010,528	\$ 68,007,405						
Total Effect	2,579	\$ 130,677,381	\$ 346,719,576						
				Employment					
				<i>Sector</i>	<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
				0	Total	1,564	474	541	2,579
				1	Agriculture	0	1	1	2
				2	Mining	0	3	2	5
				3	Construction	1,564	4	4	1,572
				4	Manufacturing	0	31	6	36
				5	TIPU	0	28	11	39
				6	Trade	0	200	133	334
				7	Service	0	205	379	584
				8	Government	0	3	5	8
				Labor Income					
				<i>Sector</i>	<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
				0	Total	\$ 82,364,326	\$ 24,302,527	\$ 24,010,528	\$ 130,677,381
				1	Agriculture	\$ -	\$ 7,358	\$ 9,106	\$ 16,464
				2	Mining	\$ -	\$ 227,228	\$ 130,023	\$ 357,251
				3	Construction	\$ 82,364,326	\$ 189,972	\$ 206,354	\$ 82,760,653
				4	Manufacturing	\$ -	\$ 1,561,591	\$ 462,662	\$ 2,024,253
				5	TIPU	\$ -	\$ 1,114,684	\$ 589,745	\$ 1,704,429
				6	Trade	\$ -	\$ 8,946,101	\$ 5,612,554	\$ 14,558,655
				7	Service	\$ -	\$ 12,015,971	\$ 16,587,231	\$ 28,603,203
				8	Government	\$ -	\$ 239,620	\$ 412,854	\$ 652,474
				Output					
				<i>Sector</i>	<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
				0	Total	\$ 221,805,562	\$ 56,906,609	\$ 68,007,405	\$ 346,719,576
				1	Agriculture	\$ -	\$ 56,643	\$ 67,544	\$ 124,188
				2	Mining	\$ -	\$ 1,097,824	\$ 658,780	\$ 1,756,604
				3	Construction	\$ 221,805,562	\$ 485,493	\$ 505,145	\$ 222,796,200
				4	Manufacturing	\$ -	\$ 5,965,909	\$ 2,924,275	\$ 8,890,184
				5	TIPU	\$ -	\$ 3,417,349	\$ 2,117,691	\$ 5,535,040
				6	Trade	\$ -	\$ 17,484,521	\$ 11,115,998	\$ 28,600,519
				7	Service	\$ -	\$ 27,790,288	\$ 49,367,158	\$ 77,157,446
				8	Government	\$ -	\$ 608,581	\$ 1,250,813	\$ 1,859,395

Source: Civic Economics, IMPLAN, HousingWorks

Table 4 – CONSTRUCTION EMPLOYMENT

THE ECONOMIC IMPACT OF 2006 AFFORDABLE HOUSING BONDS - CONSTRUCTION

Top Ten Sectors by Employment

<i>Sector</i>	<i>Description</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Output</i>
40	Maintenance and repair construction of residential structures	903	46,630,506	103,917,760
37	Construction of new residential permanent site single- and multi-family structures	662	35,804,657	118,045,664
413	Food services and drinking places	66	1,420,179	3,875,393
329	Retail Stores - General merchandise	50	1,416,750	2,828,498
324	Retail Stores - Food and beverage	49	1,604,438	2,944,220
369	Architectural, engineering, and related services	45	3,795,636	6,152,854
319	Wholesale trade businesses	43	4,056,606	8,194,755
320	Retail Stores - Motor vehicle and parts	40	2,364,834	4,188,772
360	Real estate establishments	30	563,454	5,334,753
397	Private hospitals	28	2,169,146	4,088,032

Source: Civic Economics, IMPLAN, HousingWorks

ECONOMIC IMPACT FINDINGS: ONGOING

Household Savings

The impact of savings to residents of affordable housing units is treated as household income. Therefore, it appears only as induced impacts for study purposes. Residents of the affordable rental units in bond supported projects save an estimated \$6 million annually.

Operating and Homeowner Expenses

The cost of operating and maintaining both rental and owner-occupied housing units made possible by bond funds produces 204 jobs and \$8.9 million in labor income each year. Total impacts exceed \$22 million annually.

Supportive Services Expenditures

Supportive services to residents of bond funded units produce a conservative estimate of 154 jobs, with total economic impact of more than \$10 million each year.

Total Annual Economic Impacts

All told, these identifiable, quantifiable activities produce a substantial economic impact on the Austin economy of \$31.5 million each year. Over just ten years, then, these impacts exceed \$385 million dollars. If the remaining bond funds are expended in similar ways, total annual impact will reach \$42.2 million.

Table 5

TOTAL IMPACTS - HOUSEHOLD SAVINGS

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

TOTAL IMPACTS - OPERATING EXPENSES

Impact Type	Employment	Labor Income	Output
Direct Effect	136	\$ 5,618,434	\$ 13,966,008
Indirect Effect	32	\$ 1,647,350	\$ 3,778,958
Induced Effect	36	\$ 1,614,915	\$ 4,573,635
Total Effect	204	\$ 8,880,699	\$ 22,318,601

TOTAL IMPACTS - SUPPORTIVE SERVICES

Impact Type	Employment	Labor Income	Output
Direct Effect	122	\$ 4,100,344	\$ 5,983,799
Indirect Effect	10	\$ 488,762	\$ 1,310,577
Induced Effect	23	\$ 1,002,113	\$ 2,837,708
Total Effect	154	\$ 5,591,218	\$ 10,132,084

TOTAL IMPACTS - ALL OF THE ABOVE

Impact Type	Employment	Labor Income	Output
Direct Effect	257	\$ 9,718,778	\$ 19,949,807
Indirect Effect	42	\$ 2,136,112	\$ 5,089,535
Induced Effect	107	\$ 4,781,907	\$ 13,468,787
Total Effect	406	\$ 16,636,797	\$ 38,508,129

Table 6 – HOUSEHOLD SAVINGS IMPACTS

TOTAL IMPACTS - HOUSEHOLD SAVINGS			
Impact Type	Employment	Labor Income	Output
Direct Effect	0 \$	- \$	-
Indirect Effect	0 \$	- \$	-
Induced Effect	48 \$	2,164,879 \$	6,057,444
Total Effect	48 \$	2,164,879 \$	6,057,444

TOTAL IMPACTS - OPERATING EXPENSES			
Impact Type	Employment	Labor Income	Output
Direct Effect	136 \$	5,618,434 \$	13,966,008
Indirect Effect	32 \$	1,647,350 \$	3,778,958
Induced Effect	36 \$	1,614,915 \$	4,573,635
Total Effect	204 \$	8,880,699 \$	22,318,601

TOTAL IMPACTS - SUPPORTIVE SERVICES			
Impact Type	Employment	Labor Income	Output
Direct Effect	36 \$	1,285,701 \$	1,876,276
Indirect Effect	3 \$	153,256 \$	410,944
Induced Effect	7 \$	314,222 \$	889,790
Total Effect	46 \$	1,753,179 \$	3,177,009

TOTAL IMPACTS - ALL OF THE ABOVE			
Impact Type	Employment	Labor Income	Output
Direct Effect	171 \$	6,904,135 \$	15,842,284
Indirect Effect	35 \$	1,800,605 \$	4,189,902
Induced Effect	91 \$	4,094,016 \$	11,520,869
Total Effect	297 \$	12,798,756 \$	31,553,055

IMPACTS BY BROAD SECTOR					
Employment					
Sector	Description	Direct	Indirect	Induced	Total
0	Total	0	0	48	48
1	Agriculture	0	0	0	0
2	Mining	0	0	0	0
3	Construction	0	0	0	0
4	Manufacturing	0	0	1	1
5	TIPU	0	0	1	1
6	Trade	0	0	11	11
7	Service	0	0	34	34
8	Government	0	0	1	1
Labor Income					
Sector	Description	Direct	Indirect	Induced	Total
0	Total	\$ -	\$ -	\$ 2,164,879	\$ 2,164,879
1	Agriculture	\$ -	\$ -	\$ 832	\$ 832
2	Mining	\$ -	\$ -	\$ 12,854	\$ 12,854
3	Construction	\$ -	\$ -	\$ 18,034	\$ 18,034
4	Manufacturing	\$ -	\$ -	\$ 47,523	\$ 47,523
5	TIPU	\$ -	\$ -	\$ 56,271	\$ 56,271
6	Trade	\$ -	\$ -	\$ 474,648	\$ 474,648
7	Service	\$ -	\$ -	\$ 1,514,458	\$ 1,514,458
8	Government	\$ -	\$ -	\$ 40,259	\$ 40,259
Output					
Sector	Description	Direct	Indirect	Induced	Total
0	Total	\$ -	\$ -	\$ 6,057,444	\$ 6,057,444
1	Agriculture	\$ -	\$ -	\$ 6,568	\$ 6,568
2	Mining	\$ -	\$ -	\$ 65,130	\$ 65,130
3	Construction	\$ -	\$ -	\$ 44,492	\$ 44,492
4	Manufacturing	\$ -	\$ -	\$ 317,721	\$ 317,721
5	TIPU	\$ -	\$ -	\$ 205,454	\$ 205,454
6	Trade	\$ -	\$ -	\$ 941,112	\$ 941,112
7	Service	\$ -	\$ -	\$ 4,352,670	\$ 4,352,670
8	Government	\$ -	\$ -	\$ 124,297	\$ 124,297

Source: Civic Economics, IMPLAN, HousingWorks

Table 7 – HOUSEHOLD SAVINGS EMPLOYMENT

THE ECONOMIC IMPACT OF 2006 AFFORDABLE HOUSING BONDS - HOUSEHOLD SAVINGS				
Top Ten Sectors by Employment				
<i>Sector</i>	<i>Description</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Output</i>
413	Food services and drinking places	5	103,445	282,280
397	Private hospitals	3	211,105	397,854
360	Real estate establishments	2	42,302	400,518
394	Offices of physicians, dentists, and other health practitioners	2	200,870	316,644
398	Nursing and residential care facilities	2	55,573	99,527
329	Retail Stores - General merchandise	2	48,382	96,594
324	Retail Stores - Food and beverage	2	54,579	100,155
319	Wholesale trade businesses	2	154,037	311,170
426	Private household operations	2	14,016	14,360
356	Securities, commodity contracts, investments, and related activities	1	31,874	157,037

Source: Civic Economics, IMPLAN, HousingWorks

Table 8 – OPERATING AND MAINTENANCE IMPACTS

TOTAL IMPACTS - OPERATING EXPENSES				IMPACTS BY BROAD SECTOR					
Impact Type	Employment	Labor Income	Output						
Direct Effect	136	\$ 5,618,434	\$ 13,966,008						
Indirect Effect	32	\$ 1,647,350	\$ 3,778,958						
Induced Effect	36	\$ 1,614,915	\$ 4,573,635						
Total Effect	204	\$ 8,880,699	\$ 22,318,601						
				Employment					
				<i>Sector</i>	<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
				0	Total	136	32	36	204
				1	Agriculture	0	0	0	0
				2	Mining	0	0	0	0
				3	Construction	53	1	0	54
				4	Manufacturing	0	1	0	2
				5	TIPU	1	1	1	3
				6	Trade	0	4	9	13
				7	Service	81	24	26	131
				8	Government	0	0	0	1
				Labor Income					
				<i>Sector</i>	<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
				0	Total	\$ 5,618,434	\$ 1,647,350	\$ 1,614,915	\$ 8,880,699
				1	Agriculture	\$ -	\$ 387	\$ 611	\$ 998
				2	Mining	\$ -	\$ 20,860	\$ 8,802	\$ 29,661
				3	Construction	\$ 2,513,761	\$ 23,836	\$ 13,867	\$ 2,551,465
				4	Manufacturing	\$ -	\$ 58,182	\$ 31,281	\$ 89,463
				5	TIPU	\$ 219,460	\$ 52,037	\$ 39,708	\$ 311,205
				6	Trade	\$ -	\$ 203,309	\$ 377,352	\$ 580,662
				7	Service	\$ 2,885,213	\$ 1,267,069	\$ 1,115,442	\$ 5,267,724
				8	Government	\$ -	\$ 21,669	\$ 27,851	\$ 49,521
				Output					
				<i>Sector</i>	<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
				0	Total	\$ 13,966,008	\$ 3,778,958	\$ 4,573,635	\$ 22,318,601
				1	Agriculture	\$ -	\$ 2,162	\$ 4,554	\$ 6,716
				2	Mining	\$ -	\$ 105,011	\$ 44,594	\$ 149,605
				3	Construction	\$ 5,602,006	\$ 60,919	\$ 33,957	\$ 5,696,881
				4	Manufacturing	\$ -	\$ 219,143	\$ 198,232	\$ 417,375
				5	TIPU	\$ 1,127,159	\$ 153,743	\$ 142,707	\$ 1,423,609
				6	Trade	\$ -	\$ 398,721	\$ 747,433	\$ 1,146,153
				7	Service	\$ 7,236,843	\$ 2,781,472	\$ 3,317,684	\$ 13,335,999
				8	Government	\$ -	\$ 57,789	\$ 84,473	\$ 142,262

Source: Civic Economics, IMPLAN, HousingWorks

Table 9 – OPERATING AND MAINTENANCE EMPLOYMENT

THE ECONOMIC IMPACT OF 2006 AFFORDABLE HOUSING BONDS - OPERATING EXPENSES AND HOMEOWNER MAINTENANCE

Top Ten Sectors by Employment				
<i>Sector</i>	<i>Description</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Output</i>
40	Maintenance and repair construction of residential structures	53	2,518,583	5,612,752
385	Facilities support services	50	1,556,497	4,589,500
388	Services to buildings and dwellings	25	765,905	1,690,555
358	Insurance agencies, brokerages, and related activities	6	554,565	908,615
382	Employment services	5	181,234	232,696
413	Food services and drinking places	5	111,414	304,026
374	Management, scientific, and technical consulting services	3	232,769	377,422
377	Advertising and related services	3	168,121	353,587
360	Real estate establishments	2	44,786	424,027
329	Retail Stores - General merchandise	2	57,118	114,035

Source: Civic Economics, IMPLAN, HousingWorks

Table 10 – SUPPORTIVE SERVICES IMPACTS

TOTAL IMPACTS - SUPPORTIVE SERVICES				IMPACTS BY BROAD SECTOR					
Impact Type	Employment	Labor Income	Output						
Direct Effect	122	\$ 4,100,344	\$ 5,983,799	Employment					
Indirect Effect	10	\$ 488,762	\$ 1,310,577	<i>Sector</i>	<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
Induced Effect	23	\$ 1,002,113	\$ 2,837,708	0	Total	122	10	23	154
Total Effect	154	\$ 5,591,218	\$ 10,132,084	1	Agriculture	0	0	0	0
				2	Mining	0	0	0	0
				3	Construction	0	0	0	0
				4	Manufacturing	0	0	0	1
				5	TIPU	0	0	0	1
				6	Trade	0	0	6	6
				7	Service	122	9	16	146
				8	Government	0	0	0	0
				Labor Income					
				<i>Sector</i>	<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
				0	Total	\$ 4,100,344	\$ 488,762	\$ 1,002,113	\$ 5,591,218
				1	Agriculture	\$ -	\$ 10	\$ 378	\$ 388
				2	Mining	\$ -	\$ 1,058	\$ 5,511	\$ 6,570
				3	Construction	\$ -	\$ 6,271	\$ 8,595	\$ 14,866
				4	Manufacturing	\$ -	\$ 26,307	\$ 19,554	\$ 45,861
				5	TIPU	\$ -	\$ 12,097	\$ 24,678	\$ 36,775
				6	Trade	\$ -	\$ 33,768	\$ 234,037	\$ 267,806
				7	Service	\$ 4,100,344	\$ 399,617	\$ 692,003	\$ 5,191,964
				8	Government	\$ -	\$ 9,634	\$ 17,356	\$ 26,990
				Output					
				<i>Sector</i>	<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
				0	Total	\$ 5,983,799	\$ 1,310,577	\$ 2,837,708	\$ 10,132,084
				1	Agriculture	\$ -	\$ 54	\$ 2,836	\$ 2,889
				2	Mining	\$ -	\$ 5,326	\$ 27,924	\$ 33,250
				3	Construction	\$ -	\$ 16,002	\$ 21,055	\$ 37,057
				4	Manufacturing	\$ -	\$ 163,664	\$ 124,372	\$ 288,036
				5	TIPU	\$ -	\$ 37,743	\$ 88,796	\$ 126,539
				6	Trade	\$ -	\$ 67,922	\$ 463,620	\$ 531,543
				7	Service	\$ 5,983,799	\$ 1,000,912	\$ 2,056,383	\$ 9,041,094
				8	Government	\$ -	\$ 18,953	\$ 52,723	\$ 71,676

Source: Civic Economics, IMPLAN, HousingWorks

Table 11 – SUPPORTIVE SERVICES EMPLOYMENT

THE ECONOMIC IMPACT OF 2006 AFFORDABLE HOUSING BONDS - SUPPORTIVE SERVICES EXPENDITURES					
Top Ten Sectors by Employment					
<i>Sector</i>	<i>Description</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Output</i>	
395	Home health care services	122	4,116,702	6,007,671	
382	Employment services	3	107,480	137,999	
413	Food services and drinking places	3	59,897	163,446	
360	Real estate establishments	2	33,826	320,259	
397	Private hospitals	1	91,439	172,329	
319	Wholesale trade businesses	1	98,820	199,626	
394	Offices of physicians, dentists, and other health practitioners	1	86,820	136,859	
388	Services to buildings and dwellings	1	29,153	64,348	
329	Retail Stores - General merchandise	1	25,421	50,752	
324	Retail Stores - Food and beverage	1	28,680	52,629	

Source: Civic Economics, IMPLAN, HousingWorks

CONCLUSION

In 2006, the people of Austin committed \$55 million in general obligation bond funding to the creation of affordable housing in the city. To date, that commitment has produced 3,055 new or rehabilitated housing units, of which 2,242 are affordable to households earning less than the local median income. Those numbers will grow in the coming years as the remaining bond money is obligated to additional projects.

For this study, Civic Economics designed a methodology to place a purely economic value on the projects made possible by this bond funding. We included only economic activities that could be identified and quantified with a high degree of confidence. As a result, our findings must be taken as conservative. For example, it is likely that many residents of these developments enjoy additional household savings for transportation and other services as a result of living in safe, clean, well-located housing. Because we could not confidently place dollar values to those savings, they are not included here. In addition, these units likely contribute to the local labor force by making it possible for residents to stay in the city and reach jobs throughout the region. Again, that value is not included in this study.

Despite the inclusion of only quantifiable impacts, the results are striking. Just building and rehabilitating units made possible by the 2006 bonds has produced an economic impact of nearly \$350 in the City of Austin, with more to come. On an ongoing basis, the operation and maintenance of bond supported housing units produces a further \$38.5 million in annual economic impact, and that impact will grow as the final bond funds are expended and leveraged to create additional units. Over just ten years, then, the housing made possible by the 2006 bonds will produce a cumulative economic impact approaching a further \$420 million.

In the coming months, the people of Austin will consider committing a new round of general obligation bond funding to support affordable housing. Our expectation is that this commitment will produce economic impacts proportional to those seen from the 2006 issue. Thus, for example, a commitment of \$110 million in bonds would double the economic impacts described above.

About HousingWorks

HousingWorks advocates a wide range of housing options so that all Austinites can afford a home that is close to jobs, families, schools, recreation, and places of worship.

Guiding Principles:

- HousingWorks will build an ongoing broad-based coalition with diverse perspectives and interests to promote housing solutions over the long-term.
- HousingWorks will promote a public culture that not only values affordability but also ensures affordable homes are located throughout our community. It will promote neighborhoods with a wide range of housing options for all income levels (i.e. mixed income neighborhoods).
- HousingWorks will advocate policies that preserve neighborhoods, allowing families to stay in their homes and neighborhoods if they choose.
- HousingWorks will gather research and encourage dialogue across varied perspectives. Its public policy positions will be based on informed study.
- Through education, HousingWorks will build the public's knowledge and experience around community needs, best practices, neighborhood planning strategies, real estate options, and housing finance.
- HousingWorks will advocate policies that create and supply affordable housing in every part of town and where it is most needed. HousingWorks will confront social, economic, and racial practices that are discriminatory and result in a segregated city.

To learn more, visit www.HousingWorksAustin.org.

About Civic Economics

Civic Economics is an economic analysis and strategic planning consultancy with offices in Austin and Chicago. Since its establishment in 2002, the firm has earned a national reputation for creative approaches to the problems facing American communities. Civic Economics utilizes state of the art analytical tools, and has provided widely varied services from coast to coast.

To learn more, visit www.CivicEconomics.com.