

Making a Difference: Economic Impact Analysis

Since 1985, Habitat for Humanity of Coastal Fairfield County (Habitat CFC) has built decent, affordable houses for over 200 deserving families – which is an endeavor that has a life-changing impact on those families. This analysis demonstrates that there are ripple effects that spill-over throughout the community: there is a benefit to the broader neighborhood in the form of property value impact for properties proximate to the new home. Additionally, as a contributor to the local economy, the activities of Habitat CFC create a wave of economic benefit that extends beyond the immediate construction costs.

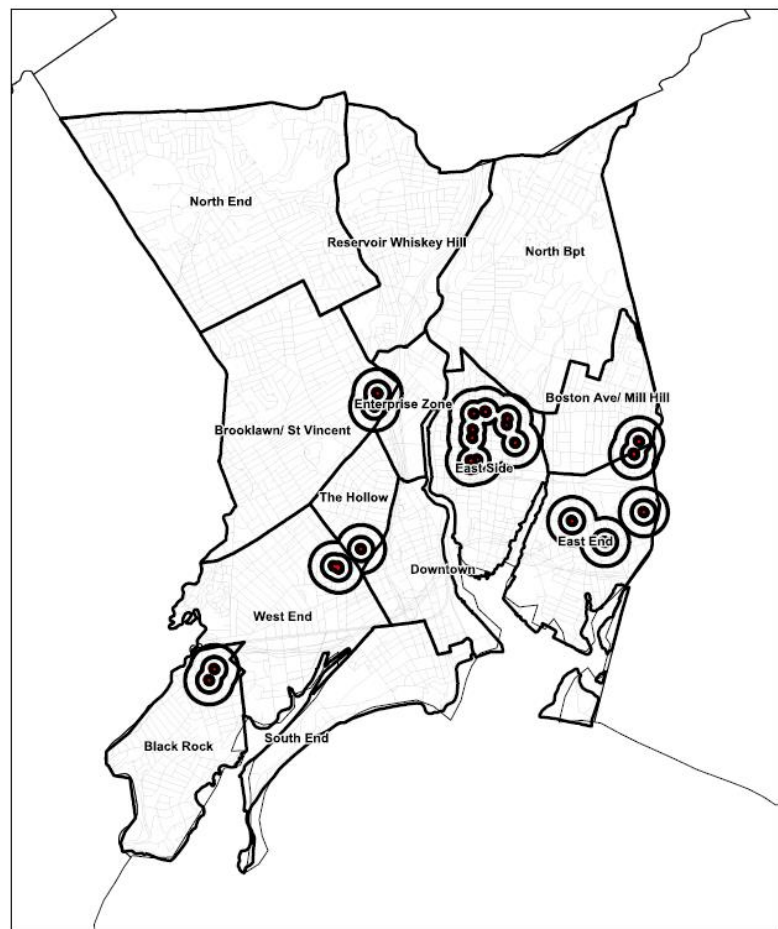
Impact on Neighborhood Property Values

The construction of a Habitat CFC home in a community has been said to bring positive change to the broader neighborhood – since adjacent homeowners will take greater interest in maintaining, repairing or improving their properties and new property owners could be drawn into the neighborhood.

In order to examine the magnitude of the effect, Habitat CFC homes built between 2011-2014 were plotted on a map and concentric circles of 500 feet, 1000 feet and 1500 feet were created around each property.

Analysis was conducted on shifts in property value in the non-Habitat homes within each of those adjacency circles. Property values were derived from the tax assessments collected – with the 2008 assessment data used as a baseline, which was then compared to the subsequent assessment data in 2015.

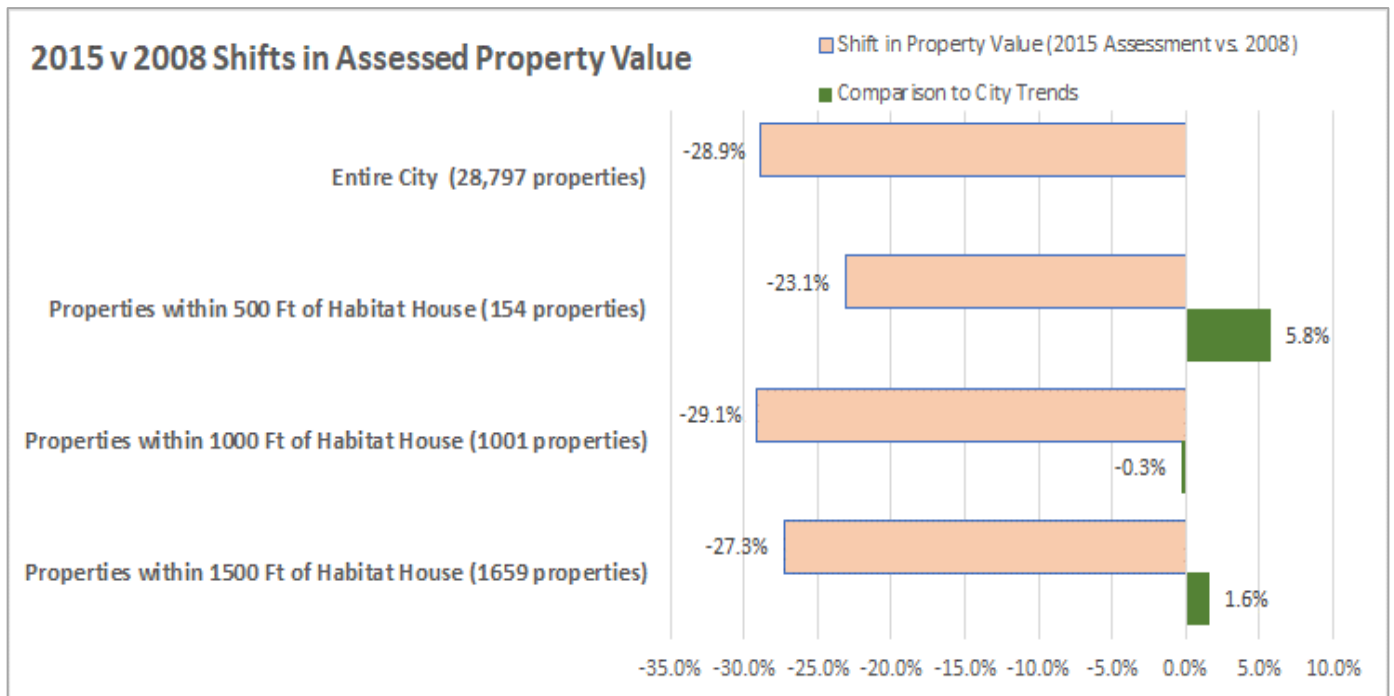
Map of Bridgeport CT - Indicating Homes Built by Habitat CFC from 2011-2014 (with 500ft, 1000ft and 1500ft perimeters)



(over)

This analysis was completed Fall-2017 by Tricia Hetherington, graduate student, Fairfield University Masters in Public Administration. The property valuation analysis was completed with the assistance of the Fairfield University Community Based Participatory Research Initiative and graduate student, Jonathan Delgado.

Overall, between the 2015 and the 2008 property assessments, the Bridgeport real estate market experienced a significant downturn – with the 28,797 properties in the city experiencing a decrease of -28.9% in their assessed values¹. However, for the 154 properties within 500 feet of a Habitat CFC-built home, the decrease was limited to -23.1%.



In neighborhoods with multiple Habitat CFC homes, there tended to be an even stronger positive impact. In recent years, Habitat has been pursuing a strategy of constructing multiple homes in a neighborhood, for both more efficient construction scheduling and also as benefit to the families that have a shared experience of coming into the neighborhood together. This analysis supports continuing the same approach.

Analysis of Economic Impact

A second analysis examined the economic impact that the activities of Habitat CFC have on the local economy. Habitat CFC spending on local goods and services is a direct injection into the local economy and has further stimulative effects for suppliers and employees. It effectively causes a “multiplier effect” when money is re-spent in the local economy.

IMPLAN Modeling

To assess that economic impact, there is an industry standard modeling program, IMPLAN (IMPact analysis for PLANning) from IMPLAN Group LLC – which is an input-output model² that has been used in many economic impact studies, including several studies for other Habitat for Humanity affiliates. IMPLAN examines the direct, indirect and induced effects of an economic event:



- **Direct effects** are related to the immediate business activity and occur as a direct consequence of the events being studied.
- **Indirect effects** occur in the sectors that supply materials and services to the directly-affected entity.
- **Induced effects** result from increase in consumer spending from the increased payrolls in directly and indirectly impacted sectors. These employees will spend in the local economy on food, entertainment, housing, etc.

¹ The assessed property values were published in 2008 and 2015 based on data collected by Vision Government Solutions (VGS) and were obtained from the Bridgeport CT Grand List for this analysis.

² The IMPLAN model is derived from multiple sources, primarily federal agencies responsible for data collection.

Inputs from Habitat CFC

The analysis was completed using IMPLAN's Analysis-By-Parts technique (ABP), which categorizes the individual expenses into their respective industry sectors. The entries from the Habitat CFC 2016 Functional Expenses (totaling approximately \$4,500,000) were analyzed using the www.implanonline.com economic modeling system, with the region specified as Fairfield County and multipliers for the year 2016. The resulting analysis (summarized below) estimated that the total economic impact from 2016 activities was \$8,178,047 and total employment of 65.17 individuals

	 Employment	 Output
TOTAL OPERATIONS (2016)		
Direct	43.73	\$4,493,808
Indirect	6.61	\$1,225,185
Induced	14.82	\$2,459,054
Total	65.17	\$8,178,047
Homebuilding and Program Support Activities		
Direct	28.98	\$2,996,307
Indirect	4.61	\$817,114
Induced	9.49	\$1,574,475
Total	43.09	\$5,387,895
ReStore Activities		
Direct	8.42	\$1,026,848
Indirect	1.56	\$317,685
Induced	2.88	\$478,254
Total	12.86	\$1,822,788
Management/Fundraising		
Direct	6.33	\$470,653
Indirect	0.45	\$90,386
Induced	2.45	\$406,325
Total	9.22	\$967,364

The majority of the impact was coming from the Homebuilding and Program Support activities (estimated output of \$5,387,895) but a notable proportion was coming from the ReStore site (estimated output of \$1,822,788).

These measurements are for one year of Habitat CFC initiated activities. An important additional economic impact will come from the purchases that the new homeowners will make on an ongoing basis in the local economy for home maintenance -- and also everyday living expenses at grocery stores, restaurants, auto shops, etc. And, given the sensible approach Habitat follows to limit housing expenses to only 30%, these Habitat homeowners could be particularly strong local consumers.