



The Great Kate! Construction crew at the Portland Housing Authority

Public Housing Stimulus Funding: A Report on the Economic Impact of Recovery Act Capital Improvements

Executive Summary

Public housing occupies a unique and essential place on the affordable housing spectrum. It is home to about 2.2 million low-income families, seniors and people with disabilities. A multibillion dollar asset, public housing authorities' (PHAs) spending on operations and capital improvements also generates significant economic activity.

On February 17, 2009, President Obama signed the Recovery Act, which included \$4 billion in public housing capital funds. A significant reason for that provision was the finding from a 2007 Econsult study -- as cited in language accompanying the legislation -- that every dollar that public housing agencies spend on capital and maintenance produces \$2.12 in local economic activity.

In addition to providing badly needed funding to housing agencies across the country, this investment provided an opportunity to build on the 2007 report by examining the impact of large-scale capital spending on the national economy. While the 2007 study assessed the local and regional economic impact of capital repairs and maintenance spending by PHAs, this study focuses on the national economic impact of Recovery Act capital spending by PHAs. The report also measures the long-term physical and operating impact on the public housing portfolios of 20 agencies. The study accomplishes this by using data provided by these agencies on the types of projects being completed, the number of jobs being created, and the estimated impact on utilities consumption and spending.

PHAs spent the money quickly, ahead of a shorter than normal obligation period, despite additional reporting requirements and regulations regarding the use of the funds. They created thousands of jobs, brought thousands of new or rehabbed units online and leveraged billions more in additional funds.

Summary of Findings

Economic Activity

- > For each \$1.00 in direct PHA stimulus spending, there is an additional \$2.12 of indirect & induced economic activity nationwide for a total economic impact of \$3.12.
- > The twenty sampled PHAs spent more than \$1.2 billion on all Recovery Act capital projects, resulting in total economic output stemming from these funds to nearly \$3.8 billion -- close to the entire amount of Recovery Act funds provided to all public housing

Jobs & Wages

- > On average, every \$1 million spent on Recovery Act capital projects created 26 jobs nationally, surpassing several other sectors of the economy.
- > Every \$1 million spent by PHAs on capital improvements resulted in \$1 million in salaries nationwide.

Leveraging

- > The PHAs in the study used their \$700 million in Recovery Act funds to obtain more than \$500 million in additional leveraged funds and accelerated capital fund expenditures, for a total investment of \$1.2 billion.

Housing

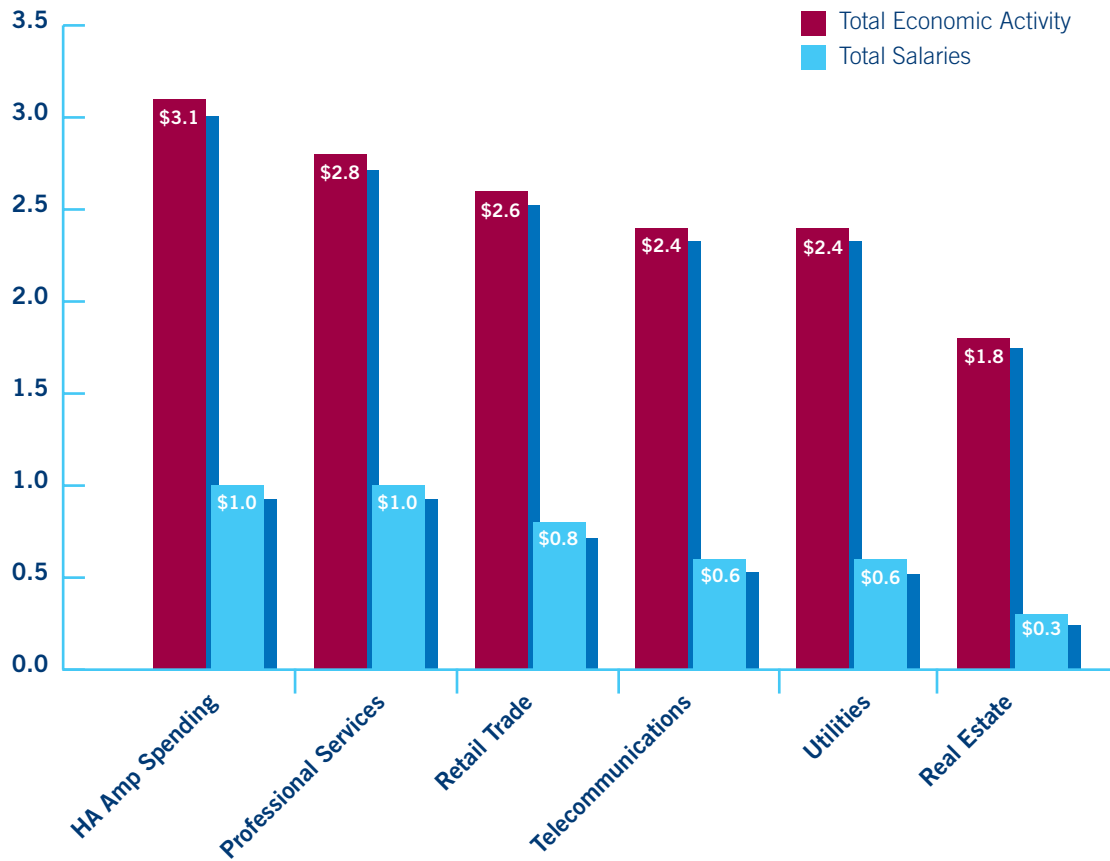
- > Respondents used funds to complete work on more than 54,000 units at nearly 300 properties, confirming HUD's report that 245,000 units have been renovated to date.
- > More than 1,800 units were brought back online by the survey participants -- particularly important when demand for affordable housing is at an all time high.

These findings are additional proof that investing in public housing not only provides safe and decent housing for some of our most vulnerable populations, but is also a smart investment for communities and the nation.

It is worth noting that adequate public housing capital funding simultaneously addresses some of the major domestic problems facing the nation: the severe shortage of affordable housing, the continuing high unemployment rate, and the urgent need to use federal funds more efficiently. This kind of targeted spending is also playing a significant role in helping meet tough new energy efficiency standards increasingly being adopted by cities and states.

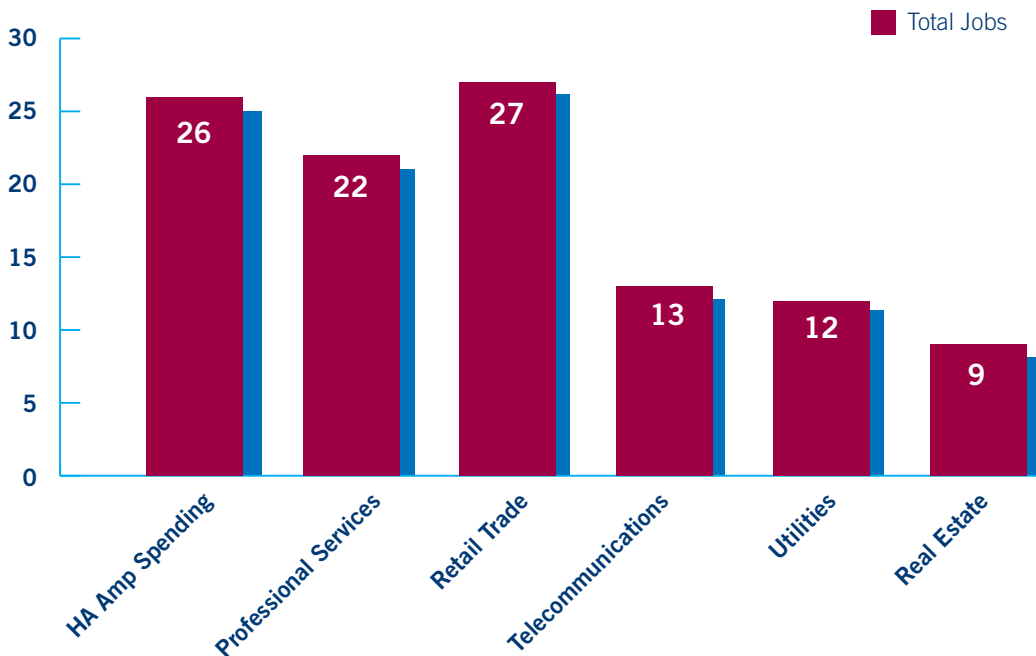
With criticism of government at an all-time high, it is essential that we continue to highlight and learn from programs that work. Public housing is a model for smart government investment, and public housing authorities are leading the way in creating and strengthening our communities in replicable ways.

Economic Impact and Salaries Generated Per \$1 Million Spent By Various Industries



Source: Econsult Corporation

Jobs Created Per \$1 Million Spent By Various Industries



Source: Econsult Corporation

This study was commissioned by the Council of Large Public Housing Authorities (CLPHA), the National Association of Housing and Redevelopment Officials (NAHRO) and the Public Housing Authority Directors Association (PHADA). It was funded by the Housing Authority Insurance (HAI) Group.

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