

The Economic and Societal Impact of Project HOME

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Executive Summary of the Economic and Societal Impact of Project HOME

Since its beginning in 1989, Project HOME has been a leader in providing comprehensive and effective services to persons who experience chronic homelessness. With innovation, leadership, and an unyielding commitment to the dignity of each person, Project HOME has developed nationally recognized programs that have proven that homelessness is solvable. Project HOME has also been a leader in Philadelphia by responding to the root causes of homelessness by helping rebuild low-income neighborhoods through innovative public/private partnerships, such as MPOWER, and by engaging in political advocacy to bring about positive public policies for low-income and homeless members of the community



Impact in PA from Construction over 30 Years



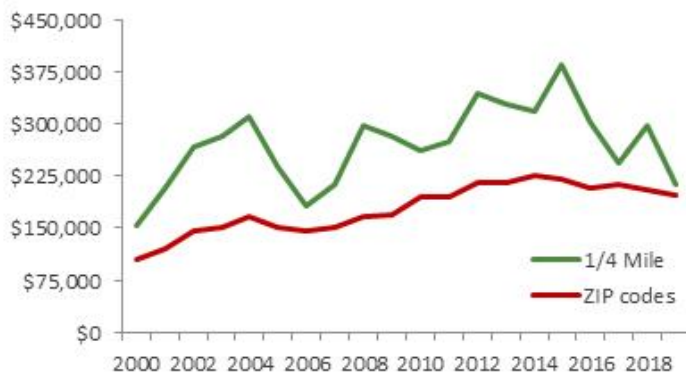
Annual Impact in PA from Operations



Project HOME Increased Neighborhood Property Values and Created Positive Societal Impacts

Project HOME facilities create positive property value impact to nearby houses over time. The increased property values lead to additional property tax revenues that can be used to improve and extend the provision of critical city services, such as roads, sanitation, police, and schools. Project HOME also creates positive social impact through its initiatives, including providing permanent housing for individuals and families who had been recently homeless, adult learning and workforce development for Project HOME residents and neighbors, teen and youth programs, and various health services.

House prices within ¼ mile from the Project HOME projects are higher than those further away in the same ZIP codes.



- In total, the presence of Project HOME sites is estimated to add \$1.43 billion in value to the house prices of properties close to Project HOME sites.
- Applying the city's millage rate of 1.998% to this additional \$1.43 billion in housing value results in an estimated additional \$20 million in property tax revenue to the City and School District of Philadelphia from 2010 to 2019.

Project HOME provides housing and homeless services, opportunities for employment, medical care, and youth and teen education programs.

In 2019, Project HOME served 1,080 residents, including 660 individuals who cumulatively earned more than \$8 million annually, contributing to the City's economy and growing its tax base.



The Hub of Hope offers year-round walk-in services inside Suburban Station, serving 1,500 people each week with showers, laundry, clothing, meals, housing placement, and case management support.



The Haas Initiative for Integrated Recovery and Employment, established in 2012, has tripled job placements among Project HOME residents.



Project HOME health services saw more than 4,600 patients in 23,500 visits at the Stephen Klein Wellness Center (SKWC). Improved health outcomes reduce costs to society and enable individuals to contribute more actively to the economy.



The Honickman Learning Center and Comcast Technology Labs is a catalyst for education and workforce development, providing youth and adult education and employment services.

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1. Introduction

1.1. Purpose of Report

This report serves as an update to a 2011 study on the economic and fiscal impact of Project HOME's facilities and expenditures on the Philadelphia and Pennsylvania economies, and on the neighborhoods in which Project HOME has a physical presence. Since that report was issued, Project HOME has achieved many significant milestones, including:

- Opening six new residential sites, offering more than 300 additional units of affordable housing and 62 new recovery-focused beds for a total of 894 housing units;
- Establishing the Haas Initiative for Integrated Recovery and Employment, which has tripled annual job placements among Project HOME residents;
- Launching a young adult program through a multi-year grant from the Neubauer Family Foundation; and
- Opening a 28,000-square-foot integrated healthcare service center called the Stephen Klein Wellness Center.

Therefore, this report serves as an updated analysis of the capital investment projects and the ongoing operations of Project HOME. Further, the report examines how the presence of Project HOME facilities serves local communities in economic terms and through engagement initiatives.

1.2. About Project HOME

The mission of the Project HOME community is to empower adults, children, and families to break the cycle of homelessness and poverty; to alleviate the underlying causes of poverty; and to enable people to attain their fullest potential as individuals and as members of the broader society. Project HOME achieves its mission through a continuum of care comprised of street outreach, a range of supportive housing, and comprehensive services. It addresses the root causes of homelessness through neighborhood-based affordable housing, economic development, and environmental enhancement programs, as well as through providing access to employment opportunities, health care, and adult and youth education.

Since 1990, Project HOME has opened 24 sites which include entry-level residential facilities; transitional, permanent, and affordable housing; and outreach and education centers.

1.3. Methodology

Econsult Solutions, Inc. (ESI) employed industry-standard economic modeling techniques to estimate direct economic activity generated by Project HOME and to translate that activity into total economic output, employment, and earnings, as well as tax revenue impact. The role of an input-output model is to determine the linkages across industries to calculate the magnitude and composition of the spillover impacts to all industries benefiting from spending in the subject industry.

In an inter-connected economy, every dollar spent generates two spillover impacts.

- First, some proportion of goods and services purchased gets circulated back into an economy when those goods and services are purchased from local vendors. This is the indirect effect.
- Second, some amount of the labor income gets circulated back into an economy when employees spend their earnings on various goods and services. This is the induced effect.
- The total economic impact of the project is therefore the sum of the direct economic activity at Project HOME sites, plus the indirect and induced effects generated by that direct economic activity.

These increases in economic activity are then translated into attendant fiscal impacts using a custom fiscal model for the Commonwealth of Pennsylvania, which is developed by comparing observed levels of economic activity with observed revenue collections (i.e. effective tax rates). For more information on input output methodology, see this report's appendix.

1.4. Organization of this Report

This report was commissioned by Project HOME to articulate and quantify the economic and fiscal impacts generated by its capital expenditures and ongoing operations. The report is divided into the following content sections:

- Section 2 of this report examines the economic and fiscal impacts of Project HOME's capital expenditures from 1990 to the present, including Maguire Residence, which is planned to open in January 2020.
- Section 3 outlines the economic and fiscal impacts derived from ongoing operations, including employee salaries and wages.
- Section 4 examines the association between the development, construction, and operation of Project HOME sites and property values within the surrounding areas. Transaction values in the immediate vicinity of sites (within a ¼ mile radius) are compared with those outside of that radius but within the same ZIP code in order to evaluate the potential impact of Project HOME's presence on Philadelphia neighborhoods. This impact derives from the reduction in land or building vacancy, as well as the revitalization of space that occurs when new housing units come to an area.
- Finally, Section 5 looks more broadly at Project HOME's impact on residents' outcomes, including improved health outcomes, financial security and employment, and housing security. These impacts, while not as easily quantifiable, are central to Project HOME's mission, and to the quality of life of the individuals the organization serves each year.

2. Economic Impact from Capital Expenditures

2.1. Section Overview

Project HOME serves as an economic driver for the neighborhoods in which its residential facilities and service-providing sites are located, as well as for the city of Philadelphia and Pennsylvania more broadly. The organization's capital expenditures support a significant base of employment and spending on construction materials. All of this activity has spillover impacts to suppliers and employees across a range of sectors in the local economy.

Beyond the substantial one-time economic impact associated with new construction, these expenditures represent the expansion of Project HOME's presence in the community. This growing presence contributes to both additional operational impact (described in Section 4) and growing societal impact (described in Section 5).

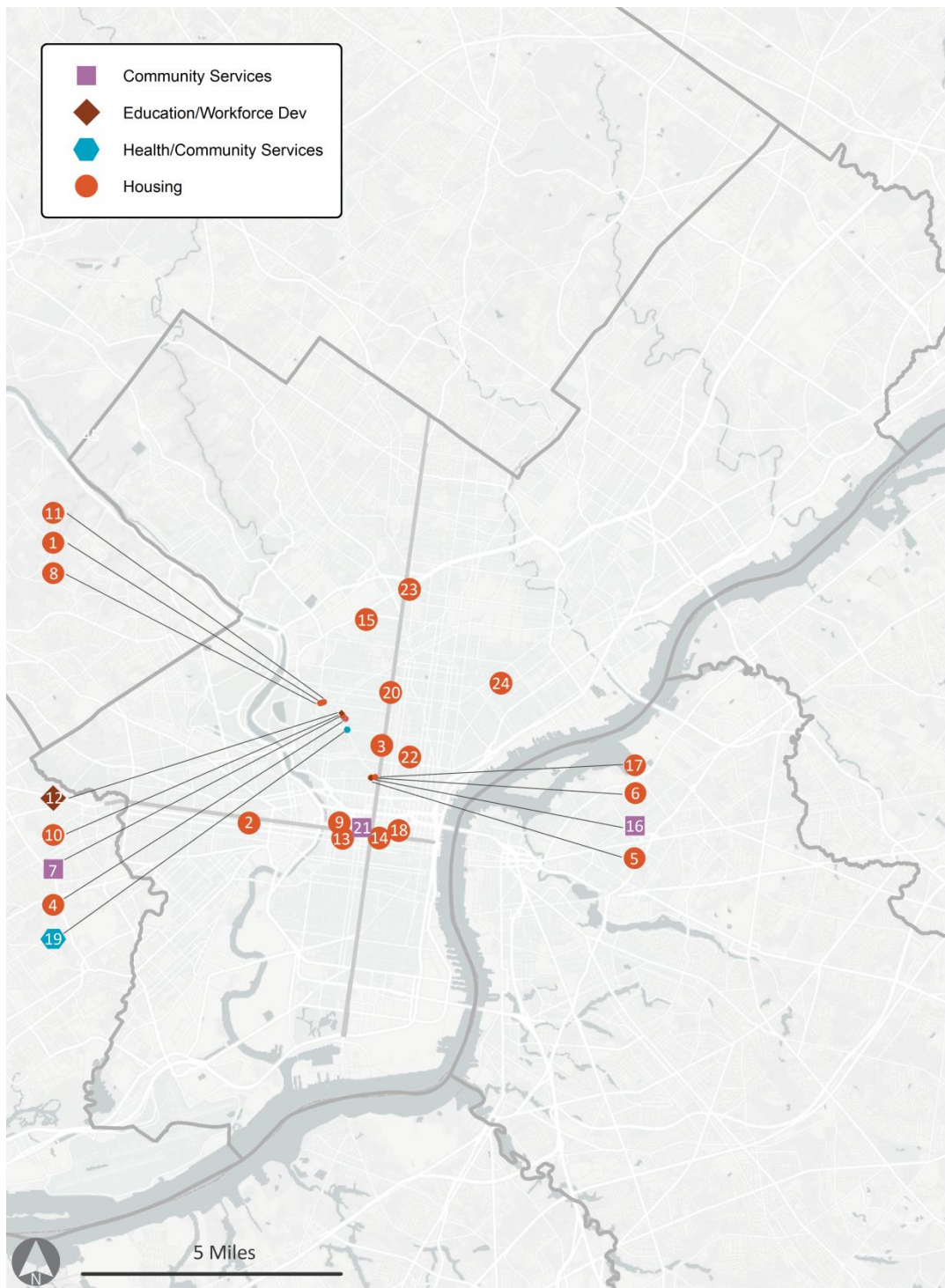
This section examines in detail the total economic and fiscal impacts generated by Project HOME's capital expenditures from 1990 to present. In summary, within Philadelphia, the organization's capital expenditures since 1990 have generated \$329 million in total economic impact, supporting over 1,800 jobs and generating over \$4.2 million in tax revenues to the City. Within Pennsylvania, these capital expenditures generated \$378 million in total economic impact, supporting over 2,000 jobs and generating over \$4.6 million in tax revenues each year to the Commonwealth.

2.2. Projects and Investment Footprint

Since 1990, Project HOME has opened 19 residential rental sites and completed several additional construction or renovation projects, with a total cost of \$244.6 million in 2019 dollars. Figure 2.1 shows the locations of the 24 Project HOME facilities throughout the city.

Since 2012, Project HOME's unique public-private partnership, MPOWER, has leveraged \$25 million in private investments into \$250 million in combined public-private investment and helped provide services to 15,000 people and end street homelessness for 2,000 individuals including chronically homeless persons, veterans, and young adults. MPOWER is a unique public-private partnership that has significantly accelerated progress to end and prevent chronic homelessness in Philadelphia. Today, MPOWER's growing list of partners have not only housed Philadelphians but have impacted long-term capacity by expanding outreach services and helping rebuild the communities through integrated health services, education, and workforce development.

Figure 2.1: Project HOME Sites



Source: Project HOME (2019); ArcMap (2019); Econsult Solutions, Inc. (2019)

Figure 2.2: List of Project HOME Sites

ID	Site Name	Address	Year Opened
1	Hope Haven I	2826 Diamond Street	1990
2	St. Columba	4133-9 Chestnut Street	1992
3	Kairos House	1440 N Broad Street	1992
4	St. Elizabeth's Recovery Residence	1850 N Croskey Street	1993
5	1523 Fairmount	1523 Fairmount Avenue	1993
6	1515 Fairmount	1515 Fairmount Avenue	1994
7	Helen Brown Community Center	1845 N 23rd Street	1994
8	Hope Haven II	2828 Diamond Street	1995
9	Women of Change	2042 Arch Street	1997
10	Rowan Judson	1901 N Judson Street	2000
11	Rowan Diamond	2700 Diamond Street	2001
12	Honickman Learning Center and Comcast Technology Labs	1936 Judson Street	2003
13	Kate's Place	1929 Sansom Street	2004
14	Connelly House	1212 Ludlow Street	2010
15	James Widener Ray Homes	2101 W Venango Street	2012
16	HOME Spun Retail Boutique	1523 Fairmount Avenue	2013
17	JBj Soul Homes	1415 Fairmount Avenue	2014
18	Francis House of Peace	810 Arch Street	2016
19	Stephen Klein Wellness Center	2144 Cecil B. Moore Avenue	2016
20	Ruth Williams House at the Gene & Marlene Epstein Building	2415 North Broad Street	2018
21	Hub of Hope	1401 Arch Street	2018
22	Gloria Casarez Residence	1315 N 8th Street	2019
23	Sacred Heart Recovery Residence	1315 W Hunting Park Avenue	2019
24	Maguire Residence ¹	1920 E Orleans Street	2020

Source: Project HOME (2019)

¹ Under construction, with an expected opening in early 2020.

For analysis purposes, not all costs are included in the input-output model. Because input-output models use the direct purchase of goods and services within the geographies of interest to estimate the ripple effect of spending throughout the economy, costs such as land acquisition, financing, and carrying costs are not considered direct purchases of goods and services and are therefore excluded from the model. Therefore, of the \$244.6 million in total construction costs, approximately \$213.8 million have had or will have a direct impact on the economy (see Figure 2.3).

Figure 2.3: Construction Spending for Project HOME’s Capital Investments Since 1990, and the Components Modeled to Estimate Economic Impact in Pennsylvania²

Construction Type	Total Project Cost (\$M)	Modeled Expenditure (\$M)
Residential Rental ³	\$197.0	\$170.8
Residential Rental (Renovation)	\$4.9	\$4.6
Residential Homeownership	\$12.2	\$11.1
Community and Wellness Facilities ⁴	\$18.1	\$15.8
Learning Center	\$12.3	\$11.5
Total	\$244.6	\$213.8

Source: Project HOME (2019)

2.3. Economic Impact from Capital Expenditures

The \$213.8 million modeled construction costs have generated \$114.8 million in indirect and induced output in Philadelphia, resulting in a total one-time economic impact of \$328.5 million in the city of Philadelphia alone. This activity has supported \$98.8 million in employee salaries and wages within the city from 1990 to 2020, corresponding to over 1,840 full-time equivalent jobs.

The spillover impact from these activities generates \$164.5 million in indirect and induced expenditures in Pennsylvania, resulting in a total one-time economic impact of \$378.3 million within the state during the 29-year period. This total impact includes a total of 2,073 full-time equivalent jobs within Pennsylvania (Figure 2.4).⁵

² Inflated to July 2019 dollars.

³ Includes the HOME Spun Resale Boutique at 1523 Fairmount Avenue; expenditures for that project were not divided between the residential and retail portion (does not impact analysis results).

⁴ Includes St. Elizabeth’s Community Center, Stephen Klein Wellness Center, and Hub of Hope.

⁵ Throughout the report, employment supported refers to full-time equivalents (FTE). Employment estimates generated by IMPLAN and used in this analysis are based on “job-years,” or the level of employment supported over a 12-month period. A seasonal job (lasting less than a year) will be expressed as a fraction of a job-year. However, this measure includes both full-time and part-time jobs across a time period. This analysis converts IMPLAN employment estimates to full-time equivalent (FTE) jobs using ratios based on national BEA data by industry.

Figure 2.4: Estimated Aggregate Economic Impacts from Project HOME's New Construction and Major Rehabilitation Projects, 1990-2020⁶

Impact Type	Philadelphia	Commonwealth of Pennsylvania
Direct Output (\$M)	\$213.8	\$213.8
Indirect & Induced Output (\$M)	\$114.8	\$164.5
Total Impact (\$M)	\$328.5	\$378.3
Employment (FTE, over full period)	1,844	2,073
Employee Compensation (\$M)	\$98.8	\$111.7

Source: Project HOME (2019), IMPLAN (2015), Econsult Solutions, Inc. (2019)

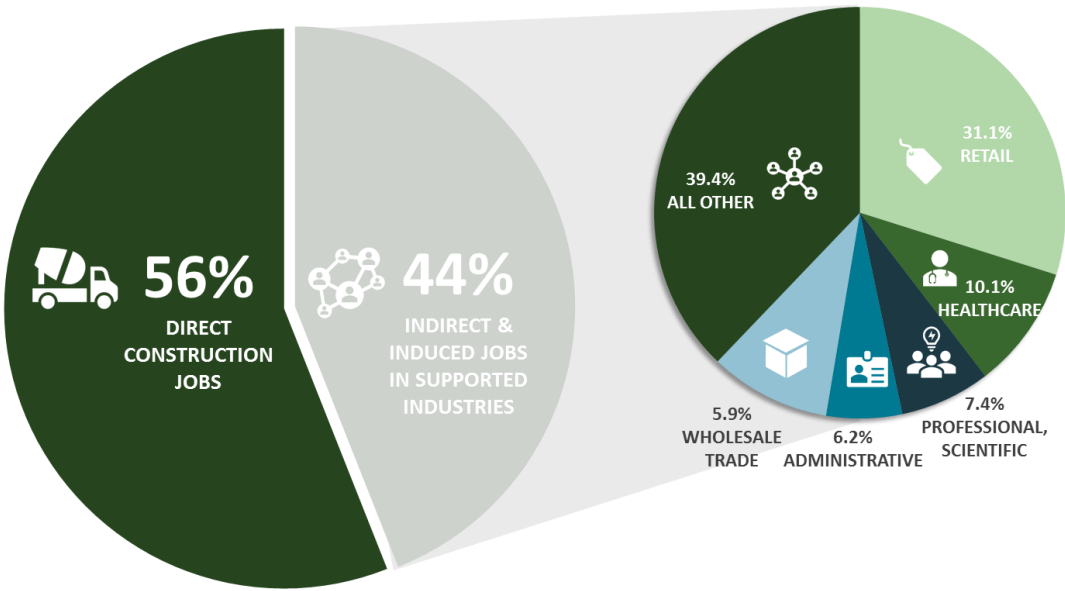
2.4. Industry Distribution

The economic impacts associated with Project HOME's capital investments affect a wide range of industries beyond the construction sector. While the construction industry is the largest individual beneficiary from this activity, other industries including retail trade, health care and social assistance, professional and technical services, administrative services, and accommodation and food services also see significant benefits from the indirect (supply chain) and induced (labor income) impacts of the capital activity.

Figure 2.5 shows the proportion of the total employment impact associated with Project HOME's capital investments that accrue in and beyond the construction industry within the state. In Pennsylvania, approximately 44 percent of the employment supported by capital investments is in sectors outside of construction.

⁶ July 2019 dollars. Maguire Residence, which is currently under construction, is included in the model.

Figure 2.5: Industry Distribution of Employment Generated by Project HOME’s New Construction and Major Rehabilitation Projects in Pennsylvania



Source: Project HOME (2019), IMPLAN (2015), Econsult Solutions, Inc. (2019)

2.5. City and State Tax Impact

Despite its non-profit status, Project HOME’s capital investments also contribute significant tax revenues to the city and state governments. Direct capital investments help create construction jobs and support local construction companies and their suppliers, all of which generate income, sales, and business taxes to the Commonwealth of Pennsylvania. In the aggregate, capital investments by Project HOME generate around \$4.2 million in city tax revenues and around \$4.6 million in state tax revenues (see Figure 2.6).

Figure 2.6: One-time Tax Revenue Impact from New Construction and Major Rehabilitation Projects

	City of Philadelphia	Commonwealth of Pennsylvania
Income Tax (\$M)	\$2.9	\$1.9
Sales Tax (\$M)	\$0.5	\$2.0
Business Tax (\$M)	\$0.9	\$0.7
Total	\$4.2	\$4.6

Source: IMPLAN (2015), Econsult Solutions, Inc. (2019), Commonwealth of Pennsylvania CAFR (FY 2015), Commonwealth of Pennsylvania Department of the Treasury (2015), Bureau of Economic Analysis (2015)

3. Economic Impact from Ongoing Operations

3.1. Section Overview

Project HOME's annual operations of 24 locations throughout the city support housing, workforce training, youth and teen programs, and health services. These activities also serve as an economic driver for Philadelphia and Pennsylvania. Project HOME plays a direct role in the procurement of goods and services from local and regional vendors and the employment of service providers. This direct, local economic activity has several spillover effects on the broader Philadelphia and Pennsylvania economies, supporting additional regional employment and tax revenues.

In summary, within Philadelphia, Project HOME's annual operations generate over \$50 million in total economic impact, supporting over 530 jobs and generating around \$+211,000 in tax revenues to the City each year. In Pennsylvania, the operations of Project HOME generate \$54.8 million in total output, supporting over 550 jobs and generating around \$650,000 in tax revenues each year to the Commonwealth. This section breaks down the economic and tax revenue impact of Project HOME's operations.

3.2. Direct Footprint

Based on data from fiscal year 2018, Project HOME's operations result in \$29.6 million in expenditures on an annual basis and support around 490 employees, including 274 full time employees. The total operating expenses include around \$5.5 million in supporting services expenses such as architects and designers, technology consultants, lawyers, etc.

Figure 3.1: Operating Expenditure of Project HOME, 2018

Expense Type	Amount
Operating Expenses	\$24,078,894
Supporting Services Expenses	\$5,574,386
Total Operating & Support Expenses	\$29,653,280

Source: Project HOME (2019)⁷

3.3. Economic Impact from Ongoing Operations

Direct spending by Project HOME on its operations create a multiplier effect throughout the local and regional economies, as employees spend earnings locally and as goods and services procured by Project HOME represent additional economic activity and employment for local vendors. This produces economic activity and supports employment within the city of Philadelphia and Pennsylvania. The

⁷ Note that this number is somewhat different from Project HOME's total expenses due to several factors, including timing and expenses considered as "below the line expenses" such as expenses related to capital work completed by Project HOME on behalf of its managed entities as well as general partner capital that Project HOME expenses for accounting purposes related to real estate development.

economic impact within Pennsylvania is larger than the impact in Philadelphia, as additional spillover effects are captured in the counties outside the city but within the state.

On an annual basis, the operating expenditures of Project HOME generate an estimated (see Figure 3.2):

- \$50.6 million in total output within Philadelphia, supporting 534 direct, indirect, and induced jobs with \$25.5 million in employee compensation;
- \$54.8 million in total output within Pennsylvania, supporting 553 direct, indirect, and induced jobs with \$26.7 million in employee compensation.

Figure 3.2: Estimated Economic Impacts from Project HOME Operations, 2018

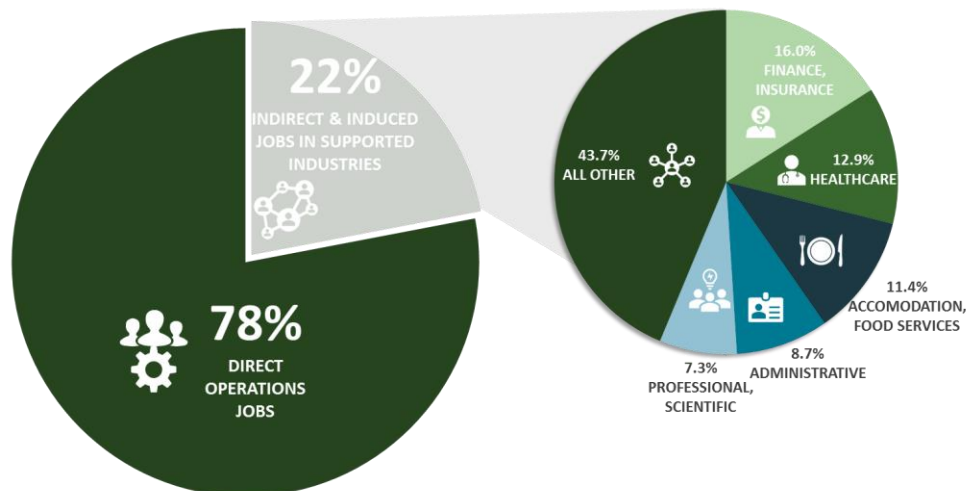
Impact Type	Philadelphia	Commonwealth of Pennsylvania
Direct Output (\$M)	\$29.7	\$29.7
Indirect & Induced Output (\$M)	\$21.0	\$25.1
Total Impact (\$M)	\$50.6	\$54.8
Employment (FTE)	534	553
Employee Compensation (\$M)	\$25.5	\$26.7

Source: Project HOME (2019), IMPLAN (2015), Econsult Solutions, Inc. (2019)

3.4. Industry Distribution

Through the purchase of goods and services from local vendors, and the spending of labor income it generates, Project HOME's activities have impacts on a variety of sectors throughout the local and state economies. Beyond the organization's own direct economic footprint, the indirect and induced impacts from its spending benefit many other sectors as well. Overall, approximately 22 percent of total employment impact supported by Project HOME's operations is indirect and induced employment in sectors outside of community food, housing, and other relief services. Other supported industries include finance and insurance, health care and social assistance, accommodation and food services, administrative services, and professional, scientific, and technical services (see Figure 3.3).

Figure 3.3: Industry Distribution of Estimated Economic Impact from Operations, 2018



Source: Project HOME (2019), IMPLAN (2015), Econsult Solutions, Inc. (2019)

3.5. City and State Tax Impact

The increases in economic output and employment associated with Project HOME's operations also yield increases in state and local tax bases. Although Project HOME is non-profit entity, the fiscal impacts generated by its activity are substantial. The aggregate economic activity described above grows various tax bases for the Commonwealth of Pennsylvania and City of Philadelphia, directly and indirectly via spending by local vendors and spending by local employees. While Project HOME itself is tax-exempt, much of this indirect and induced activity is taxable, and direct taxes are included only where applicable. Those direct taxes and the taxes generated as a result of the indirect and induced activity are aggregated by tax type to yield a total annual revenue generation estimate for the City of Philadelphia and Commonwealth of Pennsylvania. In the aggregate, operations by Project HOME generate more than \$921,000 in City tax revenues and \$650,000 in Commonwealth tax revenues annually (see Figure 3.4).

Figure 3.4: Annual Tax Revenue Impact from Project HOME Operations

	City of Philadelphia	Commonwealth of Pennsylvania
Income Tax	\$727,000	\$442,000
Sales Tax	\$39,000	\$158,000
Business Tax	\$73,000	\$50,000
Real Estate Tax	\$82,000	-
Total	\$921,000	\$650,000

Source: IMPLAN (2015), Econsult Solutions, Inc. (2019), Commonwealth of Pennsylvania CAFR (FY 2015), Commonwealth of Pennsylvania Department of the Treasury (2015), Bureau of Economic Analysis (2015)

4. Property Value Impacts

4.1. Section Overview

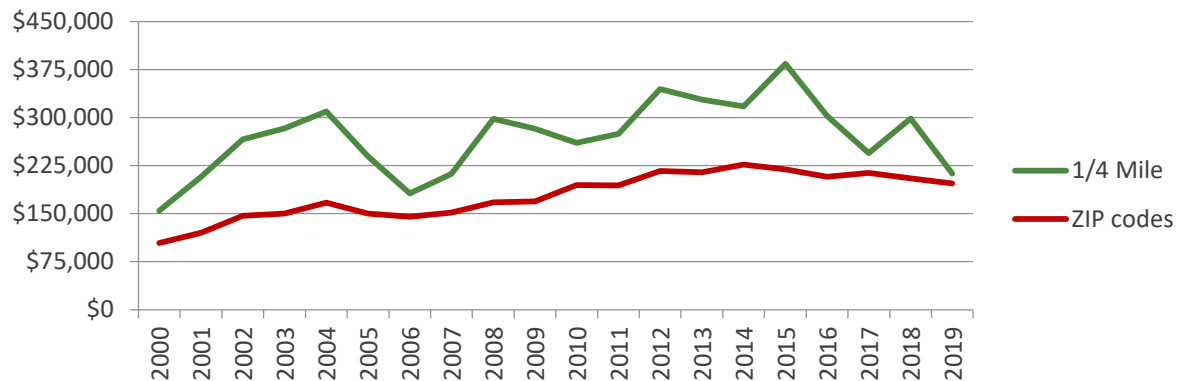
Property value impact studies take a quantitative approach to understand the potential association between a particular program or initiative and residential sales transaction values. By separating various characteristics of residential properties, it is possible to isolate individual variables that may positively or negatively impact prices. In this section, a hedonic regression is applied to new housing data from 2010 to 2019 to estimate the property value impact from Project HOME projects to the nearby houses. It is estimated that the various initiatives and housing developments operated by Project HOME produced around \$1.43 billion in value to the house prices of properties that fall within a quarter mile from the projects. These projects also generated \$20 million in tax revenue to the City and School District of Philadelphia from 2010 to 2019.

4.2. Data and Methodology

In ESI's 2011 report of Project HOME's economic impact, a dataset of all arms-length residential property sales in Philadelphia from 1980 through 2010 was geo-coded with respect to each property's address and assigned a location. This sales data was then spatially joined to the Project HOME site data, with each residential property assigned to the nearest Project HOME location and the distance between the two calculated.

For consistency, a similar approach was utilized for this report, with new properties and sales geocodes to refresh the analysis. While the changing landscape of Philadelphia's real estate market over the past decade has made it more challenging to isolate the association between Project HOME sites and property values (given how much new investment has recently been made in the immediate vicinity of Project HOME sites), past findings can offer insight into the association between Project HOME facilities and surrounding neighborhood house prices. Using ESI's Philadelphia Housing Index (a hedonic regression model which analyzes sales prices from 2000 to 2019), ESI determined the relationship between house prices within ¼ mile and the ZIP codes in which they are located to be consistent throughout these two decades. The housing prices within ¼ mile from Project HOME locations are significantly higher than those elsewhere within the ZIP codes containing Project HOME sites.

Figure 4.1: Average House Prices within ¼ Mile from Project HOME Locations and Further Away but in the Same Zip Codes



Source: Philadelphia Housing Index (2019)

A regression analysis, which statistically tests the relationship between variables while controlling for the influence of other variables, was used in the 2011 report to identify the impact (if any) that the opening of a Project HOME facility may have on nearby property values. Such an analysis was necessary because Project HOME has disproportionately chosen to locate its facilities in relatively lower-income and hence, lower-priced neighborhoods either because of availability or to more ably serve its clientele. In recent years, this has begun to change, as market-rate development has increasingly spread beyond Center City and other more affluent areas of Philadelphia.

By measuring the change in home values near Project HOME sites before and after a Project HOME facility was opened, and comparing this to the changes in home values further away from Project HOME sites during the same period, it was possible to determine the effects on home values that Project HOME sites had on surrounding homes values. It was possible to clearly identify and measure this relationship by controlling for differing physical characteristics among houses included in the analysis. If the relationship was found to be statistically significant, then it was highly unlikely to have occurred by chance, thus implying causality. In this example, variables like age, density, size, and condition of houses were controlled for in order to isolate the true effect of Project HOME sites on property values.

More details about the regression analysis and the interpretation of the results can be found in the appendix. **The key regression result is that in the years following the opening of a Project HOME facility, houses within a ¼ mile appreciate at a rate of 1.34 percent per year faster than homes further away. Considering that the historic appreciation rate of homes in Philadelphia is 4 to 5 percent per year, this implies that homes in Project HOME neighborhoods appreciate at a rate of 5.34 to 6.34 percent per year, a meaningful difference.**

4.3. Property Value Impact

For around 13,000 properties within ¼ mile of Project HOME locations built before 2010, house prices appreciate at a rate of 1.34 percent per year faster than homes further away⁸, which leads an average of \$4,200 more per year in home value growth compared to homes further away but in the same ZIP code. From 2010 to 2019, the properties within ¼ mile of locations opened before 2010 had an increase in total transaction value of around \$497 million above what would be expected in the absence of these investments. For properties within ¼ mile of sites opened after 2010, house prices are estimated to experience an immediate increase of 23 percent and then appreciate at a rate of 1.34 percent per year faster than those further away⁹. On average, the properties within ¼ mile of projects built after 2010 experienced an immediate increase of \$131,000, and an appreciation of around \$9,553 per year above what would otherwise be expected. In total, the Project HOME's presence is estimated to add around \$1.43 billion to the house prices of properties within ¼ mile from Project HOME sites.

Figure 4.3: Project HOME's Impact on House Prices within ¼ Miles from the Sites

	Number of Properties	Avg Increase after Facility was Built	Avg Annual Property Value Increase ¹⁰	Total Property Value Increase (\$M)
Properties within 1/4 Mile from Projects Completed Through 2011	13,133	-	\$4,204	\$497.0
Properties within 1/4 Mile from Projects Completed Since 2011	6,066	\$130,780	\$9,553	\$938.6
Total	19,199			\$1,434.5

Source: Econsult Solutions, Inc. (2019)

4.4. Local Real Estate Tax Impact

This increase in property values also has additional benefits to city residents in the form of an increased tax base and additional property tax revenues. Applying the city's millage rate of 1.998% to this additional \$1.43 billion in housing value results in the projection of an additional \$20 million tax revenue to the City and School District of Philadelphia from 2010 to 2019.

This tax revenue can be used to improve and extend the provision of critical city services, such as roads, sanitation, police, and schools. Notably, these services are not limited to just residents of Project HOME

⁸ See appendix for the modeling results used from the 2011 Project HOME economic impact and property impact report.

⁹ See appendix for the modeling results used from the 2011 Project HOME economic impact and property impact report. "Immediate Increase of 23 percent" means that on average, housing sales price after Project Home project was built is 23 percent higher than housing sales prices before the Project Home project was built.

¹⁰ Note that not all of 6,066 properties within 1/4 mile from projects completed since 2011 receive the same amount of total appreciation impact due to the different years of project completion. Thus the total estimated appreciation impact of around \$144 million is not calculated simply by multiplying 6,066 properties to \$9,553 and to 9 years.

neighborhoods, but all city neighborhoods. Hence, while the direct positive effect of the organization's facilities to local residents is in the form of increased property value over time, Project HOME sites also have an indirect positive effect on residents of all Philadelphia neighborhoods in the form of a larger tax base and additional fiscal revenues.

5. Broader Societal Impacts

5.1. Section Overview

Of the ten largest cities in the United States, Philadelphia has the lowest count of unsheltered individuals, as measured by individuals on the street. Through longstanding partnerships with the City, State, and Federal government, as well as nonprofit organizations and the business community, Project HOME has achieved strategic and long-lasting results. The most dramatic indicator is for someone who once lived on the streets to become a taxpayer, a voter, a leader in their community, a volunteer, an employee. Ending homelessness saves lives, saves money, and generates positive economic impact. Project HOME's "Saving Lives, Saving Money" report, which built on research by Dr. Dennis Culhane, shows that housing people who have been chronically homeless can produce a net savings to public systems of \$7,000 per person.¹¹

Project HOME's societal impact is felt in both short-term and long-term solutions. Today, people experiencing homelessness may be touched by Outreach Workers, Ambassadors of Hope, or the Hub of Hope, which provides access to shelter, social services, showers, laundry, and healthcare. Longer term results are found in permanent supportive housing, education, employment, and healthcare services. This section highlights some of the ways Project HOME impacts individuals who are experiencing or are at risk of homelessness, and demonstrates why that matters to Philadelphia and the community.

5.2. Broader Impacts

Through Project HOME's various initiatives, it is able to make positive and direct impact to the lives of the individuals who are served by these programs. As of 2019, Project HOME has 894 units of permanent housing the support approximately 1,080 residents. Many of these residents now sustain full-time employment, totaling more than \$8 million a year in wages, which generates additional spillover effects for the local economy.

Some other notable programming and initiatives that Project HOME offers include:

- The "Ambassadors of Hope" special outreach team, which sees 400 people per week
- Project HOME Outreach Coordination Center teams serve another 600 people weekly.
- The Hub of Hope, which serves approximately 1,400 people per week in the Suburban Station Concourse



¹¹ <https://projecthome.org/sites/default/files/Saving%20Lives%2C%20Saving%20Money.pdf>

Workforce Development and Social Enterprise

Since 2010, Project HOME has greatly expanded its workforce development programs, including the following initiatives:

- The Haas Initiative for Integrated Recovery and Employment, established in 2012, has tripled job placements among Project HOME residents.
- The HOME Spun Resale Boutique, which sells high quality gently-used clothing and accessories, employs residents who receive training and experience in retail operations and customer service. Original artwork by Project HOME residents is also available at the HOME Spun Retail Boutique. A recently-launched online bookstore offers additional job and job training opportunities for residents.
- The Honickman Learning Center and Comcast Technology Labs, a 38,000-square-foot facility with a computer lab and gathering spaces for community members of all ages, has been a catalyst for education and workforce development over the past 15 years that it has been in operation.



Healthcare Services

The healthcare services provided by Project HOME's Stephen Klein Wellness Center (SKWC), a 28,000-square-foot healthcare facility, is another important piece of supporting the community and generating additional economic impact in the city. While not quantified in economic terms in this report, numerous studies document that improving the health and wellness of a community increases the economic impact and contributions of its residents.¹²



Project HOME also provides various health services (primary medical care, psychiatric services, individual and group counseling, and dental services) dedicated to improving the health and wellness of currently and formerly homeless people, as well as members of the surrounding community. **In 2019 alone, the facility has seen more than 4,600 individual patients, totaling more than 23,500 visits for medical, behavioral health or dental services.**

¹² https://www.who.int/choice/publications/d_economic_impact_guide.pdf?ua=1

6. Appendix: Input Output Methodology in Detail

6.1. Overview

Economic impact estimates are generated by utilizing input-output models to translate an initial amount of direct economic activity into the total amount of economic activity that it supports, which includes multiple waves of spillover impacts generated by spending on goods and services and by spending of labor income by employees. This section summarizes the methodologies and tools used to construct, use, and interpret the input-output models needed to estimate this project's economic impact.

Input-Output Model Theory

In an inter-connected economy, every dollar spent generates two spillover impacts:

- First, a portion of that expenditure which goes to the purchase of goods and services gets circulated back into the economy when those goods and services are purchased from local vendors. This is the “indirect effect,” and reflects the fact that local purchases of goods and services support local vendors, who in turn require additional purchasing with their own set of vendors.
- Second, a portion of that expenditure which goes to labor income gets circulated back into the economy when those employees spend some of their earnings on various goods and services. This is the “induced effect,” and reflects the fact that some of those goods and services will be purchased from local vendors, further stimulating a local economy.

The role of input-output models is to determine the linkages across industries in order to model the magnitude and composition of spillover impact to all industries of a dollar spent in any one industry. Thus, the total economic impact is the sum of its own direct economic footprint plus the indirect and induced effects generated by that direct footprint.

Input-Output Model Mechanics

To model the impacts resulting from the direct expenditures, Econsult Solutions, Inc. developed a customized economic impact model using the IMPLAN input/output modeling system. IMPLAN represents an industry standard approach to assess the economic and job creation impacts of economic development projects, the creation of new businesses, and public policy changes within its surrounding area. IMPLAN has developed a social accounting matrix (SAM) that accounts for the flow of commodities through economics. From this matrix, IMPLAN also determines the regional purchase coefficient (RPC), the proportion of local supply that satisfies local demand. These values not only establish the types of goods and services supported by an industry or institution, but also the level in which they are acquired locally. This assessment determines the multiplier basis for the local and regional models created in the IMPLAN modeling system. IMPLAN takes the multipliers and divides them into 536 industry categories in accordance to the North American Industrial Classification System (NAICS) codes.

The IMPLAN modeling system also allows for customization of its inputs which alters multiplier outputs. Where necessary, certain institutions may have different levels of demand for commodities. When this occurs, an “analysis-by-parts” (ABP) approach is taken. This allows the user to model the impacts of

direct economic activity related to and institution or industry with greater accuracy. Where inputs are unknown, IMPLAN is able to estimate other inputs based on the level of employment, earnings, or output by an industry or institution.

Employment and Wages Supported

IMPLAN generates job estimates based on “job-years,” or how many jobs will be supported each year. For instance, if a construction project takes two years, and IMPLAN estimates there are 100 employees, or more correctly “job-years” supported, over two years, representing 50 annual jobs. Additionally, these can be a mix of a full and part-time employment. Consequently, job creation could feature more part-time jobs than full-time jobs. To account for this, IMPLAN has a multiplier to convert annual jobs to full-time equivalent jobs.

Income to direct, indirect, and induced jobs is calculated as employee compensation. This includes wages and salary, all benefits (e.g., health, retirement) and payroll taxes (e.g. both sides of social security, unemployment taxes). Therefore, IMPLAN’s measure of income estimates gross pay opposed to just strictly wages.

6.2. Tax Revenue Impact

The economic impacts in turn produce one-time or ongoing increases in various tax bases, which yield temporary or permanent increases in various tax revenues. To estimate these increases, Econsult Solutions, Inc. created a tax revenue impact model to translate total economic impacts into their commensurate tax revenue gains. These tax revenue gains only account for a subset of the total tax revenue generation that an institution or industry may have on the economy. Furthermore, where institutions are tax exempt, only the tax revenue generation from supported indirect and induced industries is accounted for.

6.3. Property Value Analysis

The following regression results and interpretation are from the 2011 Project HOME economic impact and property impact report. The relationship between home prices within ¼ mile of the organization’s facilities compared to their broader neighborhood (the surrounding ZIP codes) have remained consistent, indicating that the results are appropriate to use in this updated analysis.

Figure 6.1: Regression Results, Relationship between Project HOME Facilities and Home Values

Variable	Est. Coeff.	S.E.	t-value	Pr> t
Pre_PH	-0.22742	0.03925	-5.79	<.0001
Pre_PHt	0.00614	0.00361	1.7	0.0895
Post_PH	0.00376	0.04863	0.08	0.9384
Post_PHt	0.0134	0.00302	4.44	<.0001

Source: Econsult Solutions (2010, 2019)

- Prior to the opening of a Project HOME facility, homes within a ¼ mile of these sites have a value that is, on average, just over 20 percent below the value of comparable homes that are further away from a site. Moreover, with a t-value of -5.79, this variable is considered to be “statistically significant”; i.e. this relationship is unlikely to be spurious. Hence, house values in neighborhoods that Project HOME locates in are, on average, lower-priced neighborhoods.
- Prior to the opening of a Project HOME facility, houses in these neighborhoods have a slightly higher rate of price appreciation than houses that are not in these neighborhoods. They are growing at a rate that is 0.61 percent per year faster than the citywide average of 4-5 percent per year. However, with a t-value of only 1.7, this relationship is not particularly strong.
- Within one year immediately following the opening of a Project HOME facility, homes within a ¼ mile of the facility have a value that is .38 percent higher than homes that are further away. With a t-value of 0.08, this result is not statistically significant, but is important. This result indicates that the opening of a Project HOME site “erases” the negative discount on homes near these sites prior to an opening, and suggests that the prior use of the site may have been considered a dis-amenity by neighbors, and that the opening of a Project HOME facility eliminates this dis-amenity.
- In the years following the opening of a Project HOME facility, homes within a ¼ mile appreciate at a rate of 1.34 percent per year faster than homes further away. With a t-value of 4.44, this result is statistically significant. Considering that the historic appreciation rate of homes in Philadelphia is 4-5 percent per year, this implies that homes in Project HOME neighborhoods appreciate at a rate of 5.34-6.34 percent per year; a meaningful difference.

6.4. About Econsult Solutions, Inc.

This report was produced by Econsult Solutions, Inc. (“ESI”). ESI is a Philadelphia-based economic consulting firm that provides businesses and public policy makers with economic consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, planning, as well as expert witness services for litigation support. Its principals are nationally recognized experts in urban development, real estate, government and public policy, planning, transportation, non-profit management, business strategy and administration, as well as litigation and commercial damages. Staff members have outstanding professional and academic credentials, including active positions at the university level, wide experience at the highest levels of the public policy process and extensive consulting experience.



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