



A HOUSING DOLLAR WELL-SPENT:

The Social and Economic Impacts of Affordable Housing Development

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EXECUTIVE SUMMARY/FOREWARD

Suitable housing has profound impacts on individuals and communities. When a person has secured appropriate housing the corresponding benefits range from job success to education. Housing contributes to raising a healthy, happy family, to creating income, jobs, and taxes through construction and rehabilitation activities.

For nearly four decades, THDA has been at the forefront of creating safe, sound, and affordable housing opportunities across Tennessee for low-income families and vulnerable populations, such as low-income elderly, disabled, the homeless, and women and children at risk. THDA programs have a wide range of benefits, both economic and social. In 2008, the combination of THDA-related activities generated an estimated \$1.2 billion economic impact (business revenue). More than 50,000 families in communities across Tennessee have benefited from THDA programs in 2008.

Not all THDA programs, however, have the same level of impact: while some have both wide-ranging economic and social benefits, others have low economic impact but extensive social benefit.

This study introduces the multi-faceted role that THDA's affordable housing efforts play in communities across Tennessee. The study does not cover all THDA programs and activities but selects three examples that involve multiple segments of society by age, gender, income, and vulnerability. Each story shows "a housing dollar well-spent."

We measured the economic impacts of several affordable housing projects using an input-output model (IMPLAN) and we introduce the people whose lives changed as a result of this investment. Presented are: University Place Apartments in Shelby County, the statewide Emergency Repair Program (examples from East Tennessee) and Freedom Recovery Center of The Next Door in Davidson County.

Highlights:

The University Place Apartments:

- 251 families with 157 children below the age of 17 benefited from the University Place Apartments.
- These families had opportunity to receive on-site and off-site services in health, employment, education, and youth development.
- Every \$100 of the University Place construction spending generated an additional \$68 in local (Shelby County) and \$84 (including \$68 generated

in Shelby County) in statewide business revenues. The total contribution of the University Place 136-unit of multi-family housing construction is estimated at over \$32 million in local and \$35 million in statewide business revenues.

The Emergency Repair Program (ERP):

- The living conditions for 238 elderly homeowners are better thanks to the ERP.
- Electrical systems, HVAC, plumbing, roof, and septic systems, structures and walls were essential repair services provided statewide.
- Every \$100 of repair spending generated an additional \$86 in business revenues.
- The total statewide contribution of repair spending is estimated at \$5.59 million in business revenues.

The Freedom Recovery Community (FRC):

- The FRC offers affordable housing with supportive services for women re-entering society from incarceration, homeless shelters, or treatment centers.
- The FRC had served 66 women.
- The residents at the FRC receive case management, group counseling and education, and individual counseling services to be successfully integrated into society.
- The total contribution of renovating and operating FRC is estimated at \$608 thousand in business revenues.

To conclude, in addition to significant economic impact, the THDA-related activities generate social benefits through targeting vulnerable segments of population such as children and families, low-income elderly, and women at risk. For the economic impact, we used 2008 dollar values because the construction spending took place in 2008. However, the social benefits are not measured in dollars, but in an increased quality of life and standard of living with long-lasting value.

SECTION I: INTRODUCTION

A. Impact of Affordable Housing¹

What role does affordable housing play in the lives of people and communities? Identified as one of the basic human needs, a home creates a center, ideally a place of comfort. Affordability comes in all price ranges. The common understanding of “affordability” is housing for persons with limits on what they can spend on this basic need. Suitable housing has profound

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“Home” is not just the
brick and mortar
building.

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impacts on individuals and communities. When a person has secured appropriate housing the impacts range from job success, education, it contributes to raising a healthy, happy family, to creating income, jobs, and taxes through construction and rehabilitation activities. A review of the literature² suggests that providing affordable housing in a community is an important factor for creating additional income, jobs and revenue.

As important as the *availability* of affordable housing is, also important is the *condition* of existing housing in a community. Having a house does not always mean that a household’s shelter needs have been met. There are many households who, though they are not considered “homeless,” still have serious housing problems. These families may live in substandard housing, or they spend excessive portions of their income for housing, or they are forced to live in overcrowded situations.

For nearly four decades, THDA has been at the forefront of creating safe, sound, and affordable housing opportunities across Tennessee for low-income families and vulnerable populations, such as low-income elderly, disabled, the homeless, and women and children at risk. THDA programs have a wide range of impacts, both economic and social. Not all THDA-sponsored programs, however, have the same level of impact: while some have both wide-ranging economic and social benefits, others have low economic

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Considered as one of the
basic human needs,
affordable housing has a
profound effect on
individuals.

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¹ Affordable housing is defined as housing that does not exceed 30 percent of a family’s annual median income.

² See, for example: Liu, H.F. and Paul Emrath, (2008). “The Direct Impact of Home Building and Remodeling on the U.S. Economy”, Special Studies, *Housing Economics*, NAHB; Rogers, M. and John Blatt, (2003), “Economic Impact of Housing Development”, The Association of Oregon Community Development Organizations (AOCDO); and Wood, J.A. (2004), “Economic Impact of Affordable Housing: New Construction, Rehabilitation and Assistance programs”, Prepared by Bureau of Business and Economic Research at University of Utah for the Utah Housing Coalition.

impact but extensive social benefit.

This study introduces the multi-faceted role that THDA's affordable housing efforts play in communities across Tennessee. The study does not cover all THDA programs and activities but selects a few that involve multiple segments of society by age, gender, income, and vulnerability. Each story shows "a housing dollar well-spent." As explained further in the following sections, this analysis does not attempt to measure "social benefit" quantitatively, rather it provides a qualitative presentation of the social benefit through the before and after life stories of the beneficiaries.

THDA programs are not only stimulating the local economies, but also creating significant positive social benefits.

B. Study Goals and Research Questions

The goals of this study are:

- To show the economic stimulus that THDA programs provide to local economies and the social benefits created.
- The second is to highlight THDA's partnerships with various stakeholders in communities across Tennessee.

For a successful, affordable housing program, THDA funding is essential, but not sufficient. What makes a housing program successful is the extent of the partnership in bringing affordable housing efforts to fruition.

The policy set by THDA's Board of Directors is to offer only enough funding to draw additional funds, to create partnerships between government agencies, social service agencies, worship centers and other volunteer groups. THDA's funding becomes a magnet or a catalyst to stimulate groups to identify housing needs and seek partners to meet the needs of their neighbors while rejuvenating communities. THDA could serve fewer recipients by funding a

Both funding and partnerships are necessary for a successful affordable housing program. THDA has served as a catalyst in mobilizing various stakeholders to address affordable housing problems successfully in many areas.

need fully, but generating leverage through partnerships not only serves to help more people, it mobilizes and directs energy for community development.

To better understand the economic and social benefits of THDA's housing efforts, this study seeks answers to the following questions for each case featured:

- What is the purpose?
- Who are the partners?
- What role does THDA play?
- Who are the beneficiaries? How are they helped?
- What is the economic impact?

These questions suggest three essential elements for affordable housing:

- Having an economic impact
- Having a social benefit
- Serving as a catalyst for partnerships.

SECTION II: OVERVIEW OF THDA PROGRAMS AND THEIR IMPACTS ON COMMUNITIES ACROSS TENNESSEE

A. Affordable Housing Programs

THDA administers programs through partnerships with federal, state and local governments as well as non-profits and private investors. A sampling:

- Homeownership Mortgage Program
- Low Income Housing Tax Credit
- Multi-Family Bond Authority
- HOME
- Housing Choice Voucher (Section 8)
- Housing Trust Fund
- BUILD
- Community Investment Tax Credit

Each of the aforementioned has economic impact on the local communities.³ For this study, three examples were selected: Low Income Housing Tax Credit (LIHTC), Emergency Repair Program and the Housing Trust Fund (Competitive Round).

B. Impact of Programs

The combination of THDA-related activities generated an estimated \$1.2 billion economic impact (business revenue) in Tennessee in 2008, not including the impact of payments made to contractors or program administrators. Some families of low- and

³ For a comprehensive economic impact assessment of the THDA programs for the calendar year of 2008, see: Arik, Hulya; 2008, "Economic Impact of THDA Program Activities in Calendar Year of 2008," Research and Planning Division, THDA, at <http://www.thda.org/randp/econimpact/aeisfull08.pdf>.

A snapshot of the economic impact of THDA programs in calendar year 2008:

Business revenue =
\$1.2 billion

Personal income =
\$422 million

Employment/job creation =
11,174 jobs

State and local taxes =
\$37.2 million

- Every \$100 of THDA-related activities generated an additional \$80 in business revenues
- Every 100 jobs created by THDA-related activities created 64 additional jobs throughout the local economy

Social Benefit:

More than 50,000 families across Tennessee benefited from THDA programs

moderate-income became first-time homeowners.

Looking at the social benefit - in 2008, more than 50,000 families in communities across Tennessee have benefited from THDA programs as recipients. Some learned to make sound financial decisions through homebuyer education. With the help of certified counselors, some became homeowners, learning how to budget their funds for purchase, continued ownership and maintenance. Other programs increased the stock of affordable rental housing through new construction and rehabilitation. Additionally, some THDA programs helped eligible Tennesseans have a decent place to live by repairing existing homes.

Although the social benefit is profound, many studies dealing with the impact of affordable housing focus on additional spending, jobs and income created especially during the construction stage of housing. Some studies tackle the less quantifiable social benefits of affordable stable housing on various outcomes such as health, children's educational attainment, and civic and social involvement.⁴ Very few studies bring the two sides of the issue together.

This study attempts to present both sides. We measured the economic impacts of several affordable housing projects using an input-output model (IMPLAN) and we introduce the people whose lives changed as a result of this investment.

Presented are: University Place Apartments in Shelby County, the statewide Emergency Repair Program (examples from East Tennessee) and the Freedom Recovery Center of The Next Door in Davidson County.

Many families in Tennessee benefited from THDA programs:

- Achieving the dream of homeownership
- Making sound financial decisions through homebuyer education
- Having access to affordable rental housing
- Having a decent place to live

⁴ See, Lubell, J., R. Crain, and R. Cohen, (2007). *Framing the Issues - the Positive Impacts of Affordable Housing on Health*, Center for Housing Policy, Enterprise; and Lubell, J. and M. Brennan, (2007). "Framing the Issues – the Positive Impacts of Affordable Housing on Education," Center for Housing Policy, Enterprise.

SECTION III: ASSESSING SOCIAL BENEFITS AND ECONOMIC IMPACTS OF THREE SELECTED CASES



University Place Apartments, Memphis

A. University Place Apartments Phase III: Large Economic Impact and Social Benefit

Overview



In 2004, the Memphis Housing Authority received a HOPE VI grant to demolish the existing structures of Lamar Terrace public housing and replace them with new multifamily units for families of mixed incomes. The development has transformed a distressed neighborhood into a decent, livable community, with community services and amenities added for the residents.

**DEVELOPMENT PROFILE:****Development Location:** Memphis, TN (Shelby County)**Developer:** University Place, LLC.**THDA Program:** Low Income Housing Tax Credit (LIHTC)**Development Cost:** \$19,133,107**Property Manager:** McCormack Baron Salazar Management Services, Inc.

The University Place Redevelopment Development is funded partially with a Low Income Housing Tax Credit (LIHTC) allocation. THDA administers the LIHTC program in Tennessee. The program is designed to encourage the construction or purchase and rehabilitation of rental housing for individuals and families of low income. The LIHTC provides an incentive for developers to create affordable rental housing. The incentive is a credit against federal income tax liability each year for 10 years. The amount of tax credit is based on reasonable costs of development, as determined by THDA, and the number of qualified low-income units.

The 10-year credit does not produce funds for initial development costs. The developer usually sells the rights to the future credits on the secondary market in exchange for up-front cash. Buyers of tax credits on the secondary market are either direct investors or a *syndicator* who organizes a group of investors and acts on their behalf.

Who are the partners?

THDA's Low Income Housing Tax Credit (LIHTC) allocation was critical in securing additional investment from various institutions and partners. An estimated \$10 million came from other funders, listed at right.

Sponsor: Memphis Housing Authority

Financing: HUD, THDA, City of Memphis Division of Housing and Community Development, Memphis Health, Education and Housing Facility Board

Equity: SunAmerica Affordable Housing Partners

Property Management: McCormack Baron Salazar Management Services, Inc.

What is the purpose and scope of University Place?

University Place consists of 405 units of mixed income multifamily development. The first phase provided 118 units of affordable senior housing for 82 former public housing residents and 36 additional units for other residents aged 62 and older who have income at or below 60% of the area's median income. The second phase provided 151 units of mixed income housing with 57 market rate units, and 94 affordable units, of which 44 are set aside as public housing replacement units. The third phase has 136 units of multifamily housing, including 43 market rate units and 93 affordable units of which 26 are set aside as public housing replacement units. Both the first and second phases are fully leased. The third phase of development began leasing in mid-2009.

In this study, we are only presenting the social benefits and economic impacts of the third phase of construction – the 136 mixed-income multifamily housing units. For the economic impact, we only considered the construction stage, and we did not make any assumptions about the revenue or operational expenses of operating the housing development since it started leasing less than a year from this study.

What role does THDA play in the success of the University Place Development?

The development received a \$920,000 annual tax credit allocation for 10 years.

According to Tom Currell, Vice President of McCormack Baron Salazar, “without the private equity raised from the sale of the LIHTCs awarded by THDA, the Memphis Housing Authority would not have been successful in competing for the HOPE VI grant funds. Private funding leverage is a key scoring point for these grants. In short, THDA's involvement was absolutely critical. The combination of the financial tools provided by THDA and MHA are what really made this development possible.”

What makes the University Place a desired location?

The property's location is appealing for many reasons. It is very close to the Medical Center and to downtown. It is a short commute from employment sites, such as Methodist Le Bonheur Healthcare, University of Tennessee Health Science Center, VA Medical Center, Southwest Tennessee Community College, and St. Jude Children's Hospital.

The development is registered in both the LEEDR (Leadership in Energy and Environment Design) Residential and LEEDND for the Neighborhood Development Pilot Program with the U.S. Green Building Council. Some of the additional community amenities include

- excellent highway access
- good schools
- convenient shopping
- community room
- computer lab
- children's play areas



According to data provided by the University Place management, currently 251 families live in the public housing and tax credit apartments (excluding the market-rate apartments). These families have 157 children below the age of 17. 180 of the residents have incomes below \$20,000.

Who are the beneficiaries?

Residents in University Place not only find a safe and affordable living environment, but also receive human capital building services designed and provided by The Women's Foundation



for Greater Memphis and Urban Strategies Memphis HOPE.

The services are divided into those that are provided on-site at University Place and those that are provided off-site to residents as participants in Urban Strategies Memphis HOPE.

Some of the on-site services are:

- Case management provided by an Urban Strategies Memphis HOPE case manager
- Computer skills training for adults and kids
- Monthly personal financial management sessions
- Health information by the March of Dimes to prevent infant deaths
- Flu shots
- Winter clothing and school supplies to children
- Children's book club

Additional programs/ services offered through Urban Strategies Memphis HOPE, are:

- Full range of employment services including assessment,

Cleopatria, a single mother of two, was a former resident of the Lamar Terrace public housing development. Cleopatria and her children have utilized services offered by Memphis HOPE since 2005.

In July 2008, Cleopatria and her children moved into a new townhome at University Place. The new development is very different from the Lamar Terrace development. Cleopatria and her children enjoy living in the new community.



With the help of employment services offered by Memphis HOPE, Cleopatria now works full-time. Her children have participated in Memphis HOPE-sponsored youth programs, including the Technology and Community Youth Employment Program, Memphis Challenge, Memphis Youth Leadership Program, and The Links' Leadership Academy. They are doing well in school and now even talk about going to college.

training, adult personal development programs

- Technology and Community Youth Employment Program, a summer youth employment program that focuses on technology skills, entrepreneurship skills and personal financial management
- Youth Assets for Independence Program, a youth Individual Account Program funded through grant from US Department of Health and Human Services to help Memphis HOPE youth accumulate funds for post-secondary school education
- Links Leadership Academy for boys ages 17-19
- Memphis Youth Leadership Program for youth 14-18
- Books from Birth, a partnership that mails a book each month to the homes of Memphis HOPE children through the age of 5
- Parenting seminars
- Health promotion events
- Summer youth opportunities events.

Linda and her 18-year old daughter, Genesis, were former residents of Lamar Terrace. They have participated in Memphis HOPE case management since 2005.



Linda has worked with her case manager and achieved her goals of getting a better, higher paying job and finding additional recreational and educational opportunities for Genesis. Genesis has participated in two Memphis HOPE youth programs and learned more about technology, financial management and employment readiness while earning a salary.

In July 2008, Linda and Genesis moved into their new two-bedroom townhome at University Place. The new development has many amenities and a safe, clean community. Linda has even higher goals for herself and Genesis, including both of them attending college.

What is the economic impact?

The apartment complex, costing \$19,133,107 in total development costs, created 342 local jobs. Statewide, the job impact is estimated at 386 jobs. Total contribution of the University Place 136-unit of multi-family housing construction is estimated at over \$32 million in business revenues. Of this total, \$19 million was directly injected into the economy. Multipliers in the tables 1 and 2 should be interpreted as follows:

- Every \$100 of University Place construction spending generated an additional \$68 in business revenues.
- Every \$100 of personal income produced an additional \$46 in wages and salaries.
- Every 100 jobs created by University Place Apartments produced an additional 47 jobs in Shelby County.

Table 1: Local (Shelby) Economic Impact and Multiplier of University Place Apartments Construction, in 2008 millions

Impact Categories	Indirect and		Total	Multiplier
	Direct	Induced		
Business Revenue	\$19.13	\$12.94	\$32.07	1.68
Personal Income	\$9.97	\$4.55	\$14.53	1.46
Employment	233	109	342	1.47
Local and State Taxes	N/A	N/A	\$0.85	N/A

Statewide economic impact data presented in Table 2 also includes jobs, business revenue, personal income, and taxes generated in Shelby County. For example, statewide employment impact (386 jobs) includes 342 jobs created in Shelby County as well as 44 jobs created outside the County due to the spillover effect.

Table 2: Statewide Economic Impact and Multiplier of University Place Apartments Construction, in 2008 millions

Impact Categories	Indirect and		Total	Multiplier
	Direct	Induced		
Business Revenue	\$19.13	\$16.09	\$35.22	1.84
Personal Income	\$9.85	\$5.38	\$15.23	1.55
Employment	246	139	386	1.57
Local and State Taxes	N/A	N/A	\$1.01	N/A

B. Emergency Repair Program: Medium Economic Impact but Large Social Benefit

Overview



The Emergency Repair Program (ERP), a part of the Tennessee Housing Trust Fund, provides grants to elderly (aged 60 or older) homeowners who have low income. The funds are allocated equally among Tennessee's nine development districts. The grants are used to correct, repair, or replace an essential system and/or a critical structural problem. The purpose of the program is to stabilize the homeowner's residence by making rapid, essential repairs to make the home livable. This is not a comprehensive homeowner rehabilitation program. ERP does not require a compliance period secured by a lien on the property. It is funded at \$2 million per year, and it requires a 50% match. Therefore, \$3 million is spent annually for repairing homes in need of immediate repair. The maximum grant to an eligible homeowner from THDA funds is \$10,000. With the required 50% match, the contract value can be \$15,000 or higher.

The following are types of repairs the program is meant to address:

- Roofs
- Electrical systems
- Plumbing systems
- Septic systems
- Heating and air systems
- Structural repairs to floors or walls

**PROGRAM PROFILE:**

Location: East Tennessee

THDA Program: Statewide Housing Trust Fund, Emergency Repair Program

Total Annual Fund Allocation: \$2,000,000 Statewide

Administration: Tennessee Development Districts

Who are the partners?

Matching funds may come from any of the following sources:

- The homeowner or the homeowner's family
- Federal sources, such as USDA Rural Development or Weatherization Program
- Local faith-based or social service agencies
- Donated labor and/or materials
- A funding pool or grants from local lender(s) to the development districts.

Who are the beneficiaries? How does the program help them?

During FY 2008, the program served 238 elderly homeowners. Below are some of the characteristics of population served:

- 90 percent very low income level (50 percent of area median income)
- 73 percent White
- 26 percent African-American
- 68 percent 1-person household
- 26 percent 2-person household.

Of 238 elderly households, some homes received multiple repairs, some only one:

- 55 percent received one repair
- 45 percent received multiple repairs

The following types of services are often received:

- 8 percent electrical repairs
- 11 percent HVAC repairs
- 9 percent plumbing repairs
- 29 percent roof repairs
- 43 percent other, i.e. septic systems, structural repairs or walls.

Specific Examples of Program's Social Benefits

ERP improved the lives of many elderly citizens by allowing them to age in place safely and securely. To illustrate these changes, we included several cases from the successes of the East Tennessee Development District. Each example highlights a different type of service.

Story of Peggy Monday: Multiple Repairs

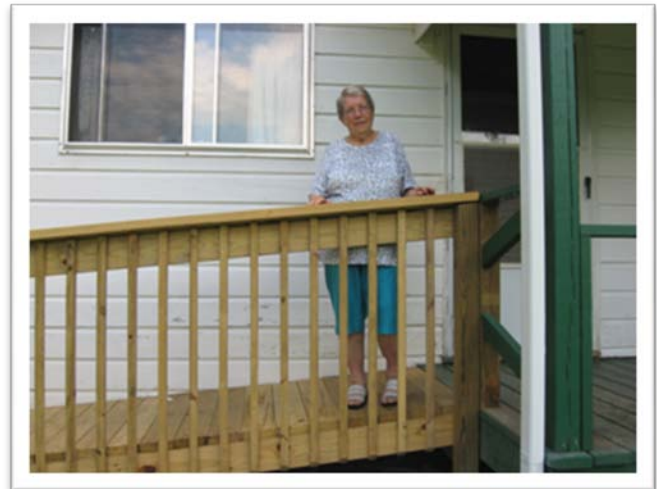
Peggy Monday, 79, has lived in her Hamblen County home since 1965. Peggy's home was unsafe. She found out about the Emergency Repair Program from Appalachian Outreach.

The floors were falling in. It was a safety hazard for Peggy and her three grandchildren. On the exterior, gutters were added, caulking was done, the wood trim was primed and painted, and new posts stabilized the porch. The kitchen received an overhaul: the flooring and plumbing were replaced, new cabinets were installed, and the walls were primed and painted. The bathroom was given the same facelift. Extensive repairs were made to address drainage problems, the electrical system and the HVAC unit.

Story of Lela Leach: Handicap Accessibility

Lela Leach, 88, has lived in her current home for 30 years in Morgan County. Lela is currently disabled.

Lela found out about ERP through the Appalachian Habitat for Humanity. Lela's home needed to be adjusted for her changed abilities. The bathroom was gutted, reworked and the plumbing replaced. The roof and the gutters were also replaced. A ramp was built for easy access.



Lela considers the ramp to be the greatest asset. She now has the freedom to go and come as she pleases without having to worry about finding assistance.

Story of Arlenia West: Siding, Heating and Cooling

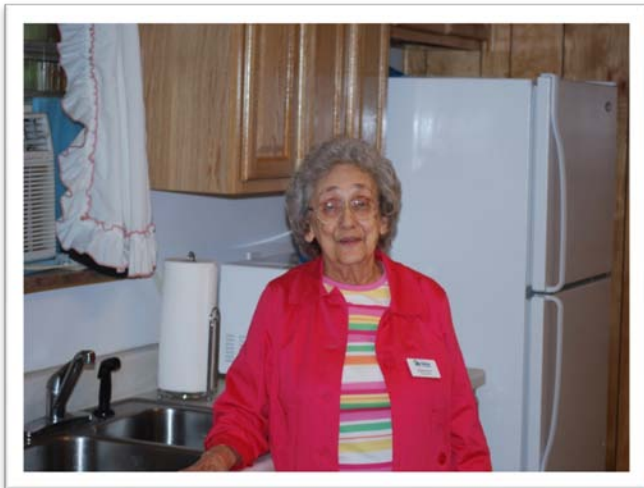
Arlenia West has a particular fondness for her home in Scott County because it is the home that she and her late husband built when they married and because it helps her keep memories of him alive.

With funds from ERP, East Tennessee Development District (ETDD) hired a contractor to install new vinyl siding, windows and ceilings in her home. The contractor was able to eliminate many of the issues with heating and cooling the home, too.

Arlenia reports she is grateful for what has been done for her, and that her home is livable again.



Story of Bobbie Sue Stafford: New Roof, Plumbing



Bobbie Sue Stafford, 78, is a Loudon County resident. Her home had water damage and needed a new roof. The kitchen had some water problems so the plumbing was replaced as were floors, walls, cabinets, water heater and appliances. The appliances were donated to assist in making the home more energy efficient.

Story of Jackie Davis: Wheelchair Ramp and Roof



Jackie Davis and his wife have both worked hard all of their lives. Just as they purchased their home, Jackie began to experience health problems. They used most of their household income to pay for doctors and medications, leaving little for keeping up with the home maintenance.

Jackie is confined to a hospital bed in the living room. The family's time and home have been rearranged to accommodate his illness.

The Shepherd's Center identified the Davis family. ERP funds were used to repair the roof, front and back porches and to pour a concrete wheelchair ramp. All this work allows safe access in and out of the home and a nice dry place to live.

Story of Joe Klie Manuel: Kitchen and Bathroom Replacement



Joe Klie Manuel of Rogersville is a hardworking person with mental challenges. His parents left him a home. However, with his limited income, he got behind on maintenance.

Mary Ann and Joe were living in less than desirable conditions. The Shepherd Center used ERP funds to replace the kitchen in its entirety and to gut the bathroom.

Joe's Kitchen: Before



Joe's Kitchen: After



Joe's Bathroom: Before



Joe's Bathroom: After



What is the economic impact?

The total contribution by the statewide Emergency Repair Program is an estimated \$5.59 million in business revenues. Multipliers in Table 3 should be interpreted as follows:

- Every \$100 of repair spending generated an additional \$86 in business revenue.
- Every \$100 of personal income produced an additional \$84 in wages and salaries.
- Every 100 jobs created by ERP produced an additional 87 jobs in Tennessee.

Table 3: *Statewide Economic Impact of Emergency Repair Program (ERP) 2008 Allocation, in 2008 millions*

Impact Categories	Indirect and		Total	Multiplier
	Direct	Induced		
Business Revenue	\$3.00	\$2.59	\$5.59	1.86
Personal Income	\$0.88	\$0.74	\$1.62	1.84
Employment	24	21	44	1.87
Local and State Taxes	N/A	N/A	\$0.15	N/A

C. Freedom Recovery Community: Small Economic Impact but Large Social Benefit

Overview



The Freedom Recovery Community of the Next Door, Inc. is funded through the Tennessee Housing Trust Fund, Competitive Round. The Freedom Recovery Community (FRC, or the Community) opened in August of 2007 in Nashville, and is owned and operated by The Next Door, Inc. FRC is a gender-specific program for women with co-occurring disorders. FRC offers affordable housing with supportive services for women re-entering society from incarceration, homelessness, or treatment centers. The community helps these women to reunite with their children.

FRC has a total of 20 units: 18 two-bedroom apartments, and 2 one-bedroom efficiencies. The property has a laundry, a computer room, and a playground. FRC is conveniently located for easy access to Metro Transit Authority (MTA) bus lines. There are three staff members: a full-time case manager, a full-time housing director, and a part-time property manager (who lives on-site).

Who are the partners?

The Next Door, Inc., owner and referral agency, used grants and community donations to establish the FRC from:

- THDA
- Federal Home Loan Bank of Cincinnati
- Tennessee Department of Mental Health and Developmental Disabilities

- US Department of Housing and Urban Development
- Corrections Corporations of America
- Memorial Foundation
- Private donors

What is THDA's role?

The total cost of the project was \$1,000,000, of which \$900,000 was used for building acquisition (a 20-unit apartment complex), and \$100,000 was spent for renovations. Half of the funding, \$500,000, was secured from the THDA Housing Trust Fund, Competitive Round. THDA was instrumental in providing initial start up money to purchase and renovate the Freedom Recovery Community building.

Who are the beneficiaries?

Since opening in August of 2007, FRC has served 66 women and 22 children. Currently there are 20 women and 9 children living on the property. All adult residents have both a substance abuse diagnosis and mental health diagnosis. The adult residents' ages range from 25 to 54. Each resident signs a seven-month lease with FRC. Rent is paid each month. Ten of the 2-bedroom apartments are

Voices of Residents at the Freedom Recovery Community

Story of Lynetta*

Lynetta Stewart became a resident of the Freedom Recovery Community in September 2007. She was in and out of the temporary shelter provided by the Nashville Rescue Mission for Women. During her most recent stay at the Mission, Lynetta learned about the Freedom Recovery Community. After completing the interview process and submitting the required documentation, Lynetta was approved as a tenant for one of the apartments. As Lynetta explains, "I had been shifting back and forth in my living situation and never had a stable place to live. Now I'm blessed with a two-bedroom, fully-furnished, beautiful apartment."

Lynetta enjoys safe, secure and permanent housing, as well the support services that are provided to the women and children who live at FRC.

*Story of Lynetta first appeared in the Housing Review, Volume 3 No: 3, May 2008, Tennessee Housing Development Agency

rented at a monthly rate of \$475, two one-bedroom efficiencies are rented at a monthly rate of \$220, subsidized by HUD, and eight two-bedroom apartments are rented at a monthly rate of \$280, also subsidized by HUD.

FRC residents are employed in hourly wage jobs mostly in the service industry, such as fast food, hotel maintenance, telemarketing, and retail sales. Their income is below 50% of area median income - an average income of \$6,000 - \$10,000 per year.

A significant number of women at FRC have serious barriers to securing living wage jobs with benefits. Some of these barriers are:

- Lack of education
- Felony charges as part of a criminal record
- Lack of work experience.

While living at FRC, residents receive:

- Case management – this can increase or decrease based on individual needs
- Group counseling and education that cover topics, such as recovery, relapse, budgeting, parenting, workforce development

Voices of Residents at the Freedom Recovery Community

Story of Julie**

Julie was released from a 30-day treatment program and came to The Next Door's six-month transitional living program. She has lost relationships with her family and friends, her housing, her job and her hope. After graduating from The Next Door, Julie moved into her own apartment at the Freedom Recovery Community and has continued to rebuild her life. She has been clean for over a year and a half. Julie is currently working full-time, enrolled in school working towards an accounting degree. She has maintained an "A" average!

Story of Jane**

As a result of her addiction, Jane had lost her housing and employment, and was separated from her three children. She had been residing at a local shelter for a year before arriving at the Freedom Recovery Community. At the Freedom Recovery Community, she is reunited with her family. Jane now works full-time and is receiving ongoing case management and counseling to address her substance abuse and mental health issues. She and her children also receive family counseling.

**Stories of Julie and Jane are provided by Lisa Waszkiewicz, The Next Door, Permanent Housing Director. For privacy reasons, the names in these stories are not real names.

- Individual counseling.

Women who complete at least 90 days of The Next Door, Inc. transitional living program, or are living at the Community are eligible to participate in Lifetime Recovery Management (LRM), which is a continuous post-discharge program providing essential support to women through a variety of offerings based on the individual needs of each client. LRM creates an “open door”, allowing current or past residents to maintain a lifelong relationship with The Next Door, Inc. This allows residents to receive ongoing support services and reconnect with staff and services in the event they experience, or become at risk for, relapse with their substance abuse addiction or mental health issues.

What is the economic impact?

The Freedom Recovery Community is an example of the projects that have small economic but large societal impacts. The total amount of spending for renovation and annual operation is less than \$400,000. However, the Freedom Recovery Community has a noticeable social impact as the testimonies of the residents attest. The following tables briefly summarize the economic impact of this small scale operation on Davidson County and the state’s economy.

Table 4: *Local (Davidson) Economic Impact and Multiplier of the Freedom Recovery Community*

Impact Categories	Direct	Indirect and Induced	Total	Multiplier
Business Revenue	\$363,100	\$244,592	\$607,692	1.67
Personal Income	\$75,931	\$89,254	\$165,186	2.18
Employment	2	2	4	2.02
Local and State Taxes	N/A	N/A	\$15,963	N/A

Table 5: *Statewide Economic Impact and Multiplier of the Freedom Recovery Community*

Impact Categories	Direct	Indirect and Induced	Total	Multiplier
Business Revenue	\$363,100	\$306,249	\$669,349	1.84
Personal Income	\$80,723	\$103,456	\$184,179	2.28
Employment	2	3	5	2.24
Local and State Taxes	N/A	N/A	\$19,988	N/A

SECTION III: METHOD OF CASE SELECTION, CONCEPTUAL FRAMEWORK, AND DATA

A. Case Selection Criteria

Over the years THDA has funded many successful affordable housing efforts that have changed the lives of Tennesseans and created substantial economic impacts. However, measuring the social benefits and economic impact of each of these cases individually would be a colossal task. Therefore, this study looks at the social benefits and economic impact of three THDA-supported housing efforts meeting several criteria. To give a broad view of impacts the criteria included four considerations:

Size: The chosen affordable housing efforts range from single family homes to an apartment complex for 136 households.

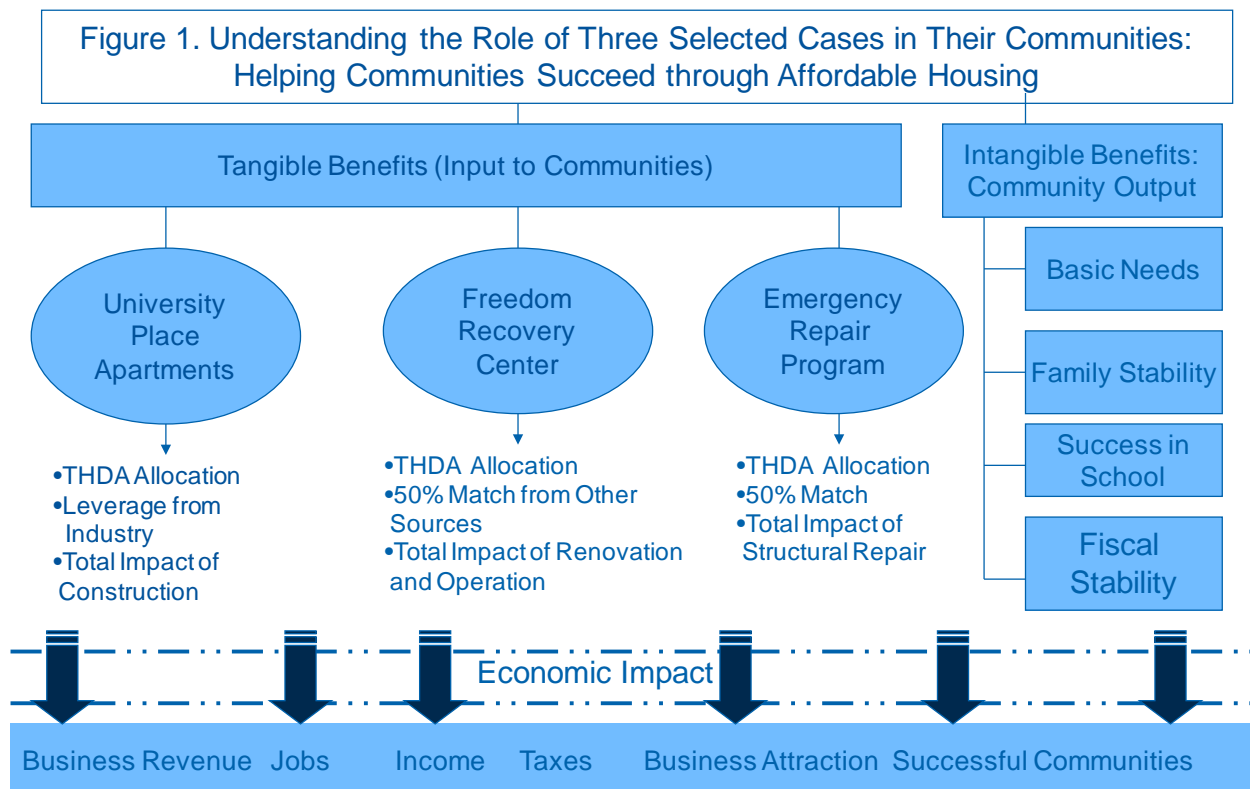
Location: From our western most metropolitan area to the eastern hills

Variety of need: Each case had to be responding to the housing needs of a different group of people, i.e., University Place Apartments provide affordable housing for individuals and families of low income; Freedom Recovery Community provides affordable housing for women and their children who are reentering society from incarceration, homelessness, or treatment centers; and, the Emergency Repair Program provides home repairs to elderly homeowners of low income.

Partners and leverage: it is important to have a local interest in housing production. It is a benefit to have outside funding.

B. Understanding the Social Benefit and Economic Impact of Each Case

Each THDA affordable housing effort has impacts on many aspects of their respective communities. THDA housing developments and programs have tangible economic impacts labeled in Figure 1 as “inputs to communities.” In addition, these programs have several benefits to society, which are difficult to measure. These intangible benefits labeled as “community outputs” represent the dynamic impact of affordable housing. The cumulative impacts include business revenues, employment, taxes, income, business attraction and retention, and successful communities.



Although it is difficult to quantify the social benefits of living in safe, affordable housing, we cite several examples of health and education benefits from the literature⁵.

- Improved overall health by freeing up income for nutritious food and health care expenditures
- Reduced stress and related adverse health outcomes through stability

⁵ For detailed reviews of literature about health and education benefits of affordable housing see: Lubell, J., R. Crain, and R. Cohen, (2007). Framing the Issues - the Positive Impacts of Affordable Housing on Health, *Center for Housing Policy*, Enterprise Community Partners; and Lubell, J. and M. Brennan, (2007). Framing the Issues – the Positive Impacts of Affordable Housing on Education. *Center for Housing Policy*, Enterprise Community Partners

- Reduced health problems associated with poor quality housing by limiting exposure to allergens, neurotoxins and other dangers
- Improved health outcomes for individuals with chronic illnesses and disabilities and seniors by providing a stable and efficient place for the continuous delivery of health care and other necessary services
- Reduced exposure to stress factors and infectious disease by alleviating crowding
- Improvements in mental health and physical safety by allowing victims of domestic violence to escape abusive homes.

According to research findings, children's lives change dramatically when they live in a stable, affordable home environment. The often-cited examples of benefits are:

- less stress in the home
- improved educational outcomes
- avoidance of overcrowded housing conditions
- reduced exposure to hazardous conditions due to substandard housing

In this study we did not attempt to measure social benefits on individuals and on communities. Our approach to social benefit presents anecdotal evidence through the statements from the recipients, noting the improvements in their lives because of their now affordable and stable housing conditions.

C. Data and Model

The economic impact of THDA's work goes beyond the sectors in which program money is spent. Through the impact multipliers or "ripple" effect, the project affects many industries in the economy. THDA used the IMPLANpro input-output model to calculate these "ripple" effects on Tennessee's economy. The IMPLAN model calculates total business revenues, personal income, and total employment. For each of these categories, the IMPLAN model provides direct, indirect, and induced impacts. Here is a brief description of each of these concepts:

- Business revenue: Total economic activity generated by THDA spending in the economy.

- Personal income: Income people receive because of the associated spending.
- Employment: Number of jobs generated because of the administration of the THDA work.

Each of these impact categories is further broken down into three sub-groups:

- Direct impact: Dollar amount of direct spending as well as corresponding direct personal income and employment figures.
- Indirect impact: Economic impact that is generated because of the subsequent rounds of business to business transactions in Tennessee's economy.
- Induced impact: Economic impact that is generated through the employee spending in the economy. A portion of the program spending goes to individuals as wages and salaries. Then, individuals spend these wages and salaries in the economy according to their consumption patterns. Each round of spending creates ripple effects in the economy.

The economic impact in this study is measured at two levels: local and statewide. Local impact involves only the county in which the project is located. State impact considers the state as the unit of analysis.

SECTION V: CONCLUSION

THDA-related activities generate significant local impact. As the case studies presented here show they have also significant social benefits through targeting vulnerable segments of the population:

- Children and families
- Low-income elderly
- Women at risk

In helping vulnerable segments of the population, partnership can be important as it mobilizes community resources for a common good. The benefits of these partnerships often radiate across communities in the form of helping children succeed, increased business revenues and jobs, recovery from addiction, or living in a healthy environment. Realizing these benefits, affordable housing policies should recognize the social benefits as well as economic contributions.

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