ESTIMATING THE LOCAL ECONOMIC AND FISCAL IMPACTS OF PROJECT H.O.M.E.

Report Submitted To:

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PROJECT H.O.M.E.

None of Us are Home until All of Us are Home

Dear Friends:

The lives of the men, women, and children at Project H.O.M.E. have given us the confidence that we can and must end homelessness. Your support, guidance, and active participation are instrumental in realizing this vision. We thank you for your partnership and count on it as we redouble our efforts to achieve this goal.

We have learned that ending homelessness not only saves lives and saves money but has a significant positive economic multiplier effect on the entire Philadelphia region. It is inspiring to see lives transformed. People who once lived on the streets are paying rent, buying food, working and paying taxes. Many people no longer live at Project H.O.M.E. but actively participate in our alumni program.

However, what we did not realize is how ending homelessness also transforms our society. Project H.O.M.E. housing is statistically linked to *increasing* property values over time in our neighborhoods. Econsult found that PH programs demonstrated a positive impact amounting to $24,000 per homeowner and $10.6 million to the City's tax base. Project H.O.M.E. developments and operations create jobs and business for local companies. Architects, auditors, grocery stores, pharmacies, electricians, utility companies, and many others all benefit from ending homelessness.

The report you are about to read is the fourth in a series (see list at the end of this document) and quantifies the economic impact of Project H.O.M.E.'s capital and operating expenditures over the past 20 years, indicating a total of $609 million. Perhaps as important, our analysis found that the sources of Project H.O.M.E.'s capital funding are as diverse as its beneficiaries – 1.9 percent federal, 10.6 percent state, 23.5 percent city, 39.6 percent investor equity, and 24.4 percent donations and other sources.

Housing itself saves lives, saves money, and creates a better opportunity – an analysis of dollars and cents is but one example of positive impact. The real impact on people's lives is immeasurable. By investing in people, in their H.O.M.E. (housing, medical care, opportunities for employment, and education), and challenging all of us, we create a greater good. We see the end result of this interconnectedness to one another in this report. Furthermore, Project H.O.M.E. firmly believes that "none of us are home until all of us are home," and that these positive impacts are perhaps best reflected not in the financial figures, but rather in the lives and contributions of the members of the Project H.O.M.E. community.

Mayor Nutter recently "tweeted" that Philadelphia will be the first American city to end homelessness, and we know that with support from people from all walks of life, we can achieve that goal. Thank you for joining us on that quest.

Sincerely,

S. Mary Scullion and Joan Dawson McConnon, Co-Founders

EXECUTIVE SUMMARY

Econsult Corporation was retained by Project H.O.M.E. to examine and measure the economic and fiscal impact of Project H.O.M.E.'s facilities and expenditures on the Philadelphia economy and on the neighborhoods in which Project H.O.M.E. has a physical presence. From 1990 to the present, Project H.O.M.E. (PH) has opened 15 sites (plus two under development) which vary in nature from entry-level to permanent residential facilities, to affordable housing, to outreach and education centers. The main findings in this report include:

- During PH's 20 year history, its expansion and annual operations have generated a cumulative total of $471 million in additional economic activity in Philadelphia county (including $169 million in salaries and wages) and in the larger five-county region, this is a cumulative total of $609 million in additional economic activity (including $251 million in employee salaries and wages).

- Through *capital* investments over the past 20 years, Project H.O.M.E. has leveraged $38 million of federal, state, and city government funds to directly invest $106 million in Philadelphia's neighborhoods. PH residents cumulatively earn almost $400,000 per year, contribute to the tax base, and play a positive role in the City's social fabric. Finally, permanent supportive housing can cost less than allowing people to remain homeless and consume other costly services.

- Since 1989, Project H.O.M.E. has directly invested $106 million in capital projects, with a total Philadelphia economic impact of $155 million, supporting 670 jobs. In the five-county region, this impact is $228 million, and 1,860 jobs.

- PH's annual *operating* expenditures total $15 million per year, generating an additional $10.4 million in indirect and induced expenditures in the City, for a total annual city-wide economic impact of $25.3 million. This total economic impact includes $11.1 million in total employee salaries and wages, supporting 340 total jobs.

- Within the five-county region, PH's $15 million in direct operating expenditures are estimated to generate an additional $15.8 million in indirect expenditures, resulting in a region-wide economic impact of nearly $31 million. This total economic impact includes $14.4 million in employee salaries and wages, supporting 417 total jobs.

- When PH opens a facility, the typical nearby home experiences an increase in value of $1,700 each year after the opening of the facility, resulting in homes near PH sites being worth, on average, nearly $24,000 more than comparable homes in these neighborhoods that are not proximate to a PH site.

- This increase in property values is estimated to generate an additional $10.6 million in annual property tax revenue to the City and School District of Philadelphia as a result of PH's presence in these neighborhoods.

1.0 BACKGROUND & CONTEXT

The mission of the Project H.O.M.E. 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 all of us to attain our fullest potential as individuals and as members of the broader society. Project H.O.M.E. 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; adult and youth education; and health care.

Since 1990, Project H.O.M.E. (PH) has opened 15 sites which vary in nature from entry-level residential facilities, to transitional, permanent, and affordable housing, to outreach and education centers. With current plans to add new sites (as well as an awareness of the housing needs of the City overall, affecting many different provider agencies and neighborhoods) PH anticipates some concerns from neighborhood groups and public officials about what impact these sites will have on their communities. To address such concerns, PH sought empirical evidence on not only what impact their existing sites have had on nearby homeowners and neighborhoods, but also on the broader positive impact PH has had on the local economy.

Towards this end, PH asked Econsult to conduct a comprehensive economic and fiscal impact study that identifies, quantifies, and discusses the contributions that PH's locations and operations have made to the Philadelphia community.

The main objectives of the study include the following:

- Estimate the one-time economic and fiscal impacts attributable to the construction/conversion of existing facilities;
- Estimate the economic and fiscal impacts that the presence of a PH facility has on neighborhood property values over the longer term[1];
- Estimate the annual economic and fiscal impacts attributable to ongoing PH operating expenditures;
- Forecast the one-time economic and fiscal impacts attributable to the construction/conversion of a new facility;
- Forecast the economic and fiscal impacts that the presence of new PH facilities will have on neighborhood property values; and,
- Forecast the annual economic and fiscal impacts attributable to future PH facilities.

[1] This piece of the report is an update of the study previously completed by Econsult for PH, Project H.O.M.E's Economic And Fiscal Impact On Philadelphia Neighborhoods (2007).

2.0 DATA

The results in this study came from combining and analyzing three separate datasets: PH capital expenditures for all sites; the combined PH operating budget; and of the data on citywide home sales from 1980 through 2010. To estimate the economic impacts of PH's activities, the RIMS (Regional Input-Output Multipliers) model -- as designed and tailored specifically for the purposes of the study – was employed (see Section 3.0 for a more complete description). To estimate the impacts on property values and City tax revenues, we utilized an event-study methodology as described in Section 3.5.

According to PH's data, the names, locations, and opening years of their Philadelphia sites are as follows:

Table 1. Project H.O.M.E. Sites

Site Name	Address	Year Opened
1. 1515 Fairmount	1515 Fairmount Avenue	1996
2. 1523 Fairmount	1523 Fairmount Avenue	1993
3. Hope Haven I	2827 Diamond Street	1990
4. Hope Haven II	2828 Diamond Street	1996
5. Honickman Learning Center and Comcast Technology Labs	1936 Judson Street	2003
6. In Community	1229 Chestnut Street	1992
7. Kairos House	1440 N. Broad Street	1992
8. Kate's Place	1929 Sansom Street	2004
9. Outreach Coordination Center	1515 Fairmount Avenue	1992
10. Rowan Diamond	2700 Diamond Street	2001
11. Rowan Judson	1900 Judson Street	2000
12. St. Columba	4133-9 Chestnut Street	1992
13. St. Elizabeth's Community Center	1845 N. 23rd Street	1993
14. St. Elizabeth's Recovery Residence	1850 N. Croskey Street	1993
15. Women of Change	2042 Arch Street	1997
16. Connelly House*	1212 Ludlow Street	2010
17. Venango Street* (temporary name)	2101 W. Venango Street	2011

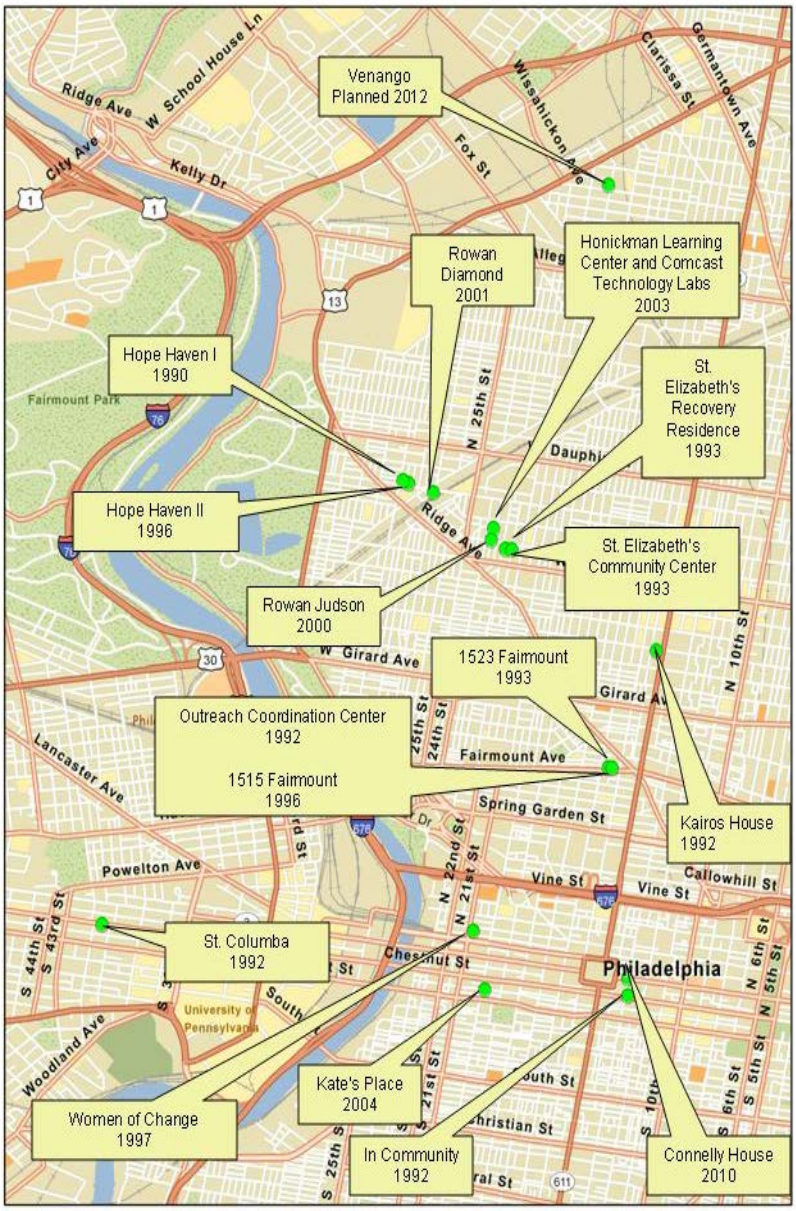
PH provided the aggregate development and operating expenditures for their sites. These numbers include the one-time cost of acquiring and re-developing each site, plus the annual expenditures required to operate and maintain each facility at that site. The dates of opening span the years 1990 through 2004, with two newer projects currently underway.* Based upon their individual addresses, each site was geo-

* Connelly House and Venango Street are excluded from the estimation of the current property value impact because Connelly House opened too recently (2010) to estimate an impact, and Venango has not yet opened. This is why even though there are 17 sites on this list, only 15 are included in the analysis.

coded with a latitude and longitude using GIS[2] software. Figure 1 displays their locations, labeled with the site name and year of opening:

Figure 1

Project H.O.M.E.: 17 Sites in Philadelphia



Source: Project H.O.M.E.

[2] Geographic Information Systems. We use ArcView™ software, an ESRI product.

3.0 ECONOMIC AND FISCAL IMPACTS

Project H.O.M.E. development and operational expenditures stimulate successive rounds of economic activity in the region in the form of increased sales by businesses, increased employment, and increased expenditures by businesses and employees in the City of Philadelphia and throughout the five-county metropolitan region.[3]

One-time direct capital and construction/development-related expenditures will have a ripple effect on suppliers, and direct earnings are spent locally, so there is additional economic activity that emanates from the initial direct expenditures. Annual direct operational expenditures would also have a ripple effect on suppliers, but on an ongoing basis each year.

These impacts were estimated using the RIMS (Regional Input-Output Multipliers) model that was designed and tailored specifically for the purposes of the study (see Figure 2). The initial round of economic activity attributable to Project H.O.M.E. expenditures is referred to as the *direct effect*. The direct impacts include construction-related and operational expenditures, including both hard costs and soft costs. These direct impacts set in motion a series of indirect effects in the regional and state economy. Indirect effects consist of the re-spending of the direct expenditures. The indirect impacts of these activities include the "spin-off" or "ripple" effects tied to the direct impacts, and they are categorized into two types of effects -- the *indirect effect* and the *induced effect*, as described below.

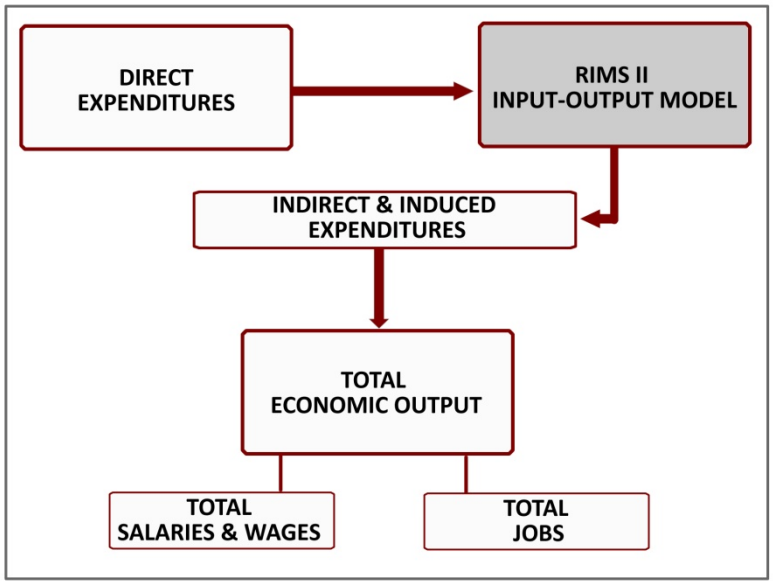
Suppliers of various inputs (construction equipment, materials and services, professional and transportation services, food and beverage providers, etc.) and vendors provide a regional portion of the goods and services required for Project H.O.M.E's construction and operational activities. These suppliers, in turn, acquire goods and services from other downstream suppliers, who themselves also require inputs. The sum of these purchases is known as the *indirect effect*.

In addition, the wages received by the employees (whether those associated with Project H.O.M.E. or those involved in supplying goods and services) are spent in acquiring consumer commodities. This round of impacts (induced by the spending of wages) is referred to as the *induced effect*. The sum of the direct, indirect, and induced effects is defined as the *total economic impact* of the development in the region and state as a whole.

[3] The five-county metropolitan region includes Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties.

Figure 2

Flowchart of Economic Impact Input-Output Analysis



3.1 ECONOMIC IMPACTS OF ONE-TIME CONSTRUCTION/DEVELOPMENT EXPENDITURES

Data on the cost of converting each site to a PH facility was provided by Project H.O.M.E. Since 1989, total development expenditures amounted to nearly $105.7 million.

Table 2.
One-Time Economic Impacts Attributable to Project H.O.M.E. Development/Construction Expenditures – City of Philadelphia & Five-County Metropolitan Region
($ Millions and Total Jobs)

Description	City of Philadelphia	Five-County Region
Total Direct Capital Expenditures	$ 105.70	$ 105.70
Indirect & Induced Expenditures	$ 49.74	$ 122.32
Total Economic Impact	$ 155.44	$ 228.02
Total Salaries & Wages	$ 25.18	$ 68.87
Total Jobs	670	1,860

Source: Econsult Corporation (2011)
Note: Total Economic Impact includes Total Salaries & Wages

As indicated above, the direct plus indirect plus induced expenditures equals the total economic impact. Salaries and wages are included in the direct, indirect, and induced amounts, but are pulled out in these tables for illustrative purposes. While an employee's salary would be included as a direct expenditure, the amounts paid to vendors is the indirect expenditure, and the spending of these wages is the induced expenditure.

Based on the estimated $105.7 million in development/construction costs, we calculate nearly $50 million in indirect and induced expenditures, resulting in a total one-time economic impact of $155 million in the City of Philadelphia alone, including $25 million in employee salaries and wages, supporting nearly 700 jobs.

In the five-county region, the estimated $105.7 million in development costs generates $122 million in indirect and induced expenditures, resulting in a total one-time economic impact of $228 million. This total impact includes $69 million in employee salaries and wages, supporting nearly 1,900 total jobs throughout the region.

If we look at the numbers on a per-site basis, the opening of a single PH facility generates $10.4 million in economic activity in Philadelphia alone – more than $7 million in direct expenditures plus $3.3 million in indirect and induced expenditures (which together create 45 City jobs per site). This total economic impact of $10.4 million includes $1.7 in employee salaries and wages, supporting nearly 45 total jobs. Within the larger five-county Philadelphia Region, the opening of a single PH facility generates over $7.1 million, on average, in indirect and induced expenditures, resulting in a total region-wide economic impact of over $15.2 million. This economic impact of $15.2 million includes $4.6 million in employee salaries and wages, supporting 124 total jobs.

3.2 ECONOMIC IMPACTS OF ANNUAL OPERATING EXPENDITURES

Data on annual operating expenditures was provided by Project H.O.M.E. and are presented below. Overall, operating expenditures total just under $15 million per year.

Table 3.
Annual Ongoing Economic Impacts Attributable to Project H.O.M.E. Operating Expenditures – City of Philadelphia & Five-County Metropolitan Region
($ Millions and Total Jobs)

Description	City of Philadelphia	Five-County Region
Total Direct Operating Expenditures	$ 14.90	$ 14.90
Indirect & Induced Expenditures	$ 10.41	$ 15.76
Total Economic Impact	$ 25.32	$ 30.66
Total Salaries & Wages	$ 11.11	$ 14.41
Total Jobs	340	417

Source: Econsult Corporation (2011)
Note: Total Economic Impact includes Total Salaries & Wages

Based on information provided by Project H.O.M.E., total annual operating expenditures amount to nearly $15 million. In the City of Philadelphia, we estimate that these direct operating expenditures generate $10 million in indirect and induced expenditures, resulting in an annual, ongoing economic impact of $25 million. This total impact includes $11 million in employee salaries and wages, supporting 340 total jobs.

In the five-county region, we estimate that $15 million in annual Project H.O.M.E. operating expenditures will generate $16 million in indirect and induced expenditures, resulting in an ongoing economic impact of $31 million, including $14 million in salaries and wages, supporting 420 total jobs.

3.3 ECONOMIC IMPACTS OF UPCOMING PROJECTS

Data on the one-time development expenditures was provided by Project H.O.M.E. for their two planned developments of Connelly House (just opening at time of publication) and Venango Street.

Table 4. One-Time Capital Spending Economic Impacts of Upcoming Projects – City of Philadelphia and Five-County Metropolitan Region ($ Millions and Total Jobs)

Description	City of Philadelphia	Five-County Region
Direct Development Expenditures	$24.35	$24.35
Indirect & Induced Expenditures	$11.45	$28.18
Total Economic Impact	$35.80	$52.53
Total Employee Salaries & Wages	$5.80	$15.86
Total Jobs	154	428

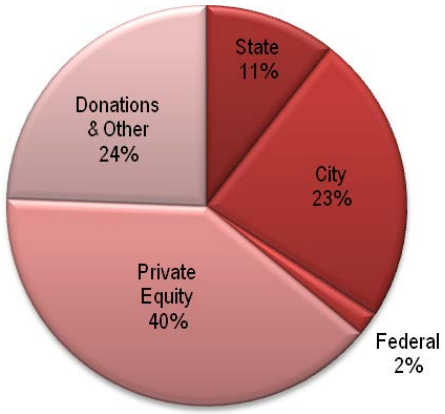
Within the City of Philadelphia, we estimate the $24.4 million in expenditures by PH will generate $35.8 million in total economic activity. This will either directly or indirectly support 154 jobs in the City, paying an average wage of nearly $38,000 per year. Within the entire five-county metro area, the same $24.4 million will generate a total economic impact of $52.5 million, supporting 428 jobs paying an average wage of $37,000 per year.

3.4 LEVERAGING INVESTMENTS

Project H.O.M.E. relies on a variety of funding sources – ranging from private donations to tax credit investor equity to government funding at the City, State, and Federal levels – to carry out its mission. During the past 20 years, Project H.O.M.E. has invested this money in 15 projects totaling $106 million. As indicated in Figure 3, this funding is approximately 36 percent publicly sourced, 40 percent private tax credit investment, and 24 percent donations and other sources. In addition, residents pay 30 percent of their income in rent, contributing to the overall bottom line (and included below in donations and other). In real dollar terms, since 1989, Project H.O.M.E. has leveraged investments as shown in Figure 3:

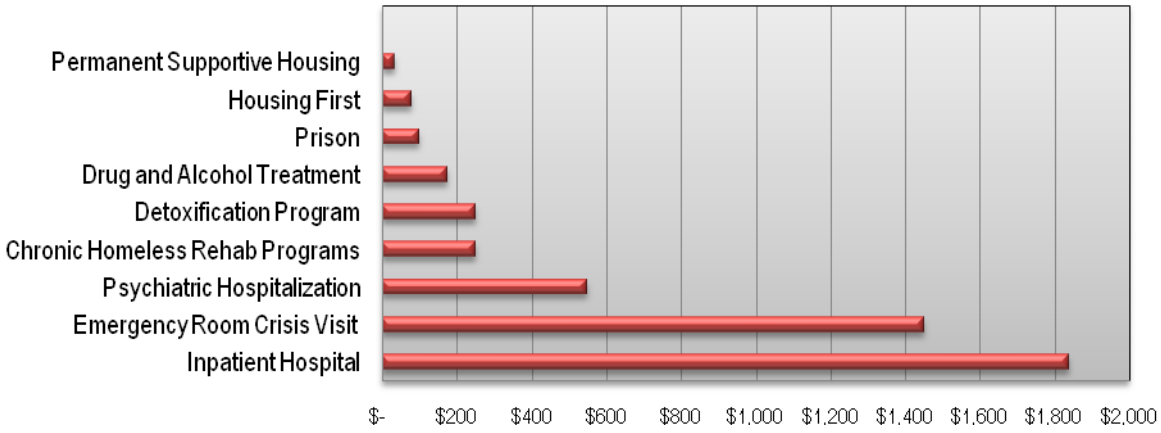
Figure 3: Sources of Capital Financing

Capital Funding Source		Total Amount
Federal	$	1,981,000
State	$	11,208,800
City	$	24,828,417
Private Equity	$	41,883,413
Donations & Other	$	25,794,735
Total Financing	$	105,696,365



Further, investing in permanent supportive housing allows the City and some of its larger institutions to forego expenditures in other areas – prison, drug and alcohol detox, crisis mental health and emergency room visits, etc. – and also compares favorably with other housing interventions (see Figure 4).

Figure 4



3.5 NEIGHBORHOOD PROPERTY VALUE IMPACTS

A dataset of all arms-length[4] home 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 PH site data so that each home was assigned to the nearest PH site and its distance to the site was computed.

[4] Arms-length sales are sales where the buyer and seller are both private-sector individuals or households that do not know each other (i.e. are "arm's length" from each other). Because they exclude nominal sales, sheriff sales, blanket sales, HUD sales, and the like, the recorded prices should reflect true market fundamentals and conditions.

Of the 400,000+ total sales citywide, there were 2,855 home sales within ¼ mile[5] of the PH sites. While this may seem to be a small percentage of total citywide sales, it is a sufficiently large sample to identify the effects of proximity to a PH site on house values.

To identify the impact (if any) that the opening of a PH facility may have on nearby property values, we employed a regression analysis, which scientifically tests the relationship between variables while controlling for the influence of other variables. Such an analysis is necessary because PH disproportionately has 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. So, simply comparing the prices of homes near PH sites to prices of homes further away is likely to be misleading, as the values of homes near PH sites are almost certainly bound to be lower to begin with.

Instead, we measure the *change* in the values of homes near PH sites before and after a PH facility is opened, and compare this to the changes in values of homes further away from PH sites during the same period. In addition, we control for the differing physical characteristics of these homes in order to better identify and measure this relationship. If the relationship is statistically significant, then it is highly unlikely to have occurred by chance and thus implies causality. In this example, we want to control for things like age, density, size, and condition of houses so that the true effect of PH sites on property values can be tested.

In particular, our analysis uses a "hedonic[6] regression" that computes how overall variation in a product's total price (e.g. house price[7]) is explained by variation in the individual attributes of the product (e.g. structural attributes like square footage, lot size, floor area ratio, type of exterior, locational features (e.g. distance to CBD, census tract), time since last sale, presence of a tax abatement, owner- versus renter-occupied, etc.). The regression also controls for general fluctuations in house values over time using dummy variables of the year a home sold. All in, there are a total of 70 independent control variables in the regression.

Having controlled for the most salient factors affecting house values, we define the effect of a PH site on house values with the variables in Table 5:

[5] A quarter-mile is the standard convention for the impact of a local amenity or dis-amenity because it is identified as the typical distance a person is willing to walk with frequent regularity.

[6] A hedonic regression is one in which the total value of a product (e.g. house, car) is decomposed into the sum of the values of its individual attributes.

[7] The natural log transformation is taken to convert the regression coefficients from prices to percents. This was done because the data spans 31 years, and marginal prices are subject to inflation over time. The log transformation generally produces parameter estimates that are more stable with respect to inflation.

Table 5. Definition of Regression Variables	
Variable Name	Definition
Pre_PH	Dummy variable =1 if home is within ¼ mile of either a current or future PH site; 0 otherwise
Pre_PHt	A time trend variable for homes within a ¼ mile of a current or future PH site. It equals 1 if it's the first year of the study period (1980), 2 if it's the second year (1981),…, 31 if it's the last year (2010). Equals 0 for all homes beyond a ¼ mile.
post_PH	Dummy variable =1 if home is within ¼ mile of a currently operating PH site; 0 otherwise
post_PHt	A time trend variable for homes within a ¼ mile of a currently operating PH site. It equals 1 if it's the first year after the PH site became active, 2 if it's the second year after the PH site became active, etc. Equals 0 otherwise.

Source: Econsult Corporation

The regression we estimate is an "event study" that measures whether the level and trend in house prices near PH sites ***before*** they open is any different from the level and trend in house prices near PH sites ***after*** they open. Because this regression compares house prices both pre- and post-PH presence in the neighborhood, it effectively controls for whether PH causes low house prices or whether low-priced neighborhoods are more likely to attract a PH facility. We believe this is the most accurate way to identify any impact that the opening of a PH facility may have. The regression results are presented in Table 6[8].

Table 6. Regression Results

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

The R-squared of the regression is 0.74, which implies that 74 percent of the variation in house prices in the data is explained by the variables in the regression; a very high number that indicates strong results. The interpretation of the four variables is as follows:

- Prior to the opening of a PH 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 PH sites. 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 PH locates in are, on average, lower-priced neighborhoods.

[8] In the interest of brevity, we report only the results for the four variables of interest. The full regression results for all 70 variables are available upon request.

- Prior to the opening of a PH 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 PH 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 PH 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 PH facility eliminates this dis-amenity.

- In the years following the opening of a PH 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 PH neighborhoods appreciate at a rate of 5.34-6.34 percent per year; a meaningful difference.

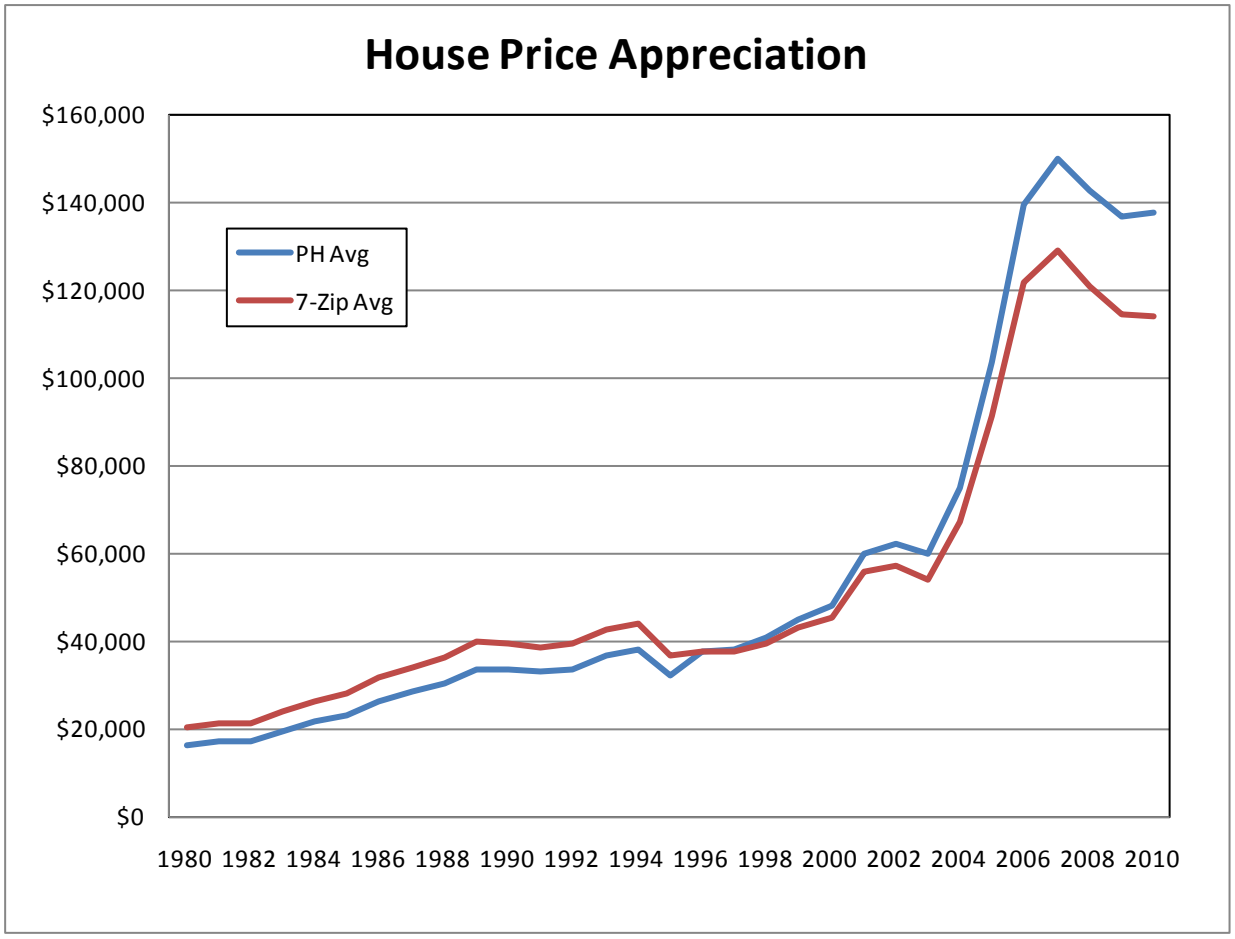
Hence, in summary, the results indicate that while PH may disproportionately locate facilities in lower-priced neighborhoods, the conversion of a site to a PH facility eliminates the price differential between homes immediately adjacent to a PH site and comparable homes elsewhere,[9] and the homes appreciate at faster rate following the opening of a PH facility.

To estimate the economic impact on neighborhood property values, it is necessary to convert these results from percents to dollars. We do this by applying the regression results to the average house price in the Zip Codes where PH has a presence to generate two house price indices[10] that track house price movements over time. This compares the rate of house price appreciation of homes near PH sites v. the house price appreciation of homes further away. The results are shown in Figure 5:

[9] Note that this does not mean that the opening of a PH facility causes homes within ¼ mile to rise in value from below the citywide average to be equal to the citywide average. Instead, it implies that the rise in value is equal to the average of those neighborhoods that PH locates in; e.g. instead of homes being priced, say, 30 percent below the citywide average they are now priced 24 percent below the citywide average; an increase of 20 percent.

[10] The indices are generated from the estimated coefficients on the vector of dummy variables denoting the year that each house in the sample sold. For example, the coefficient for the year 1981 reports the average house price appreciation rate from 1980 to 1981, after controlling for size, quality, neighborhood, etc.

Figure 5



The red line represents the average house price over time in the seven Zip Codes where PH has a presence, while the blue line represents the average house price over time for homes within ¼ mile of a PH facility.

- In 1980, prior to the opening of any PH facilties, homes in these Zip Codes had an average price of $20,500. However, the same homes in these Zips that were within ¼ mile of a future PH site had an average price of $16,300; a discount of 20 percent. This implies that, prior to acquisition and conversion by PH, households considered these sites to be dis-amenities to their neighborhoods.

- Prior to the opening of a PH facility, homes near these future sites appreciated at a slightly higher appreciation rate. But, since this rate is so small, it is not sufficient to allow these homes to "catch up" in value to comparable homes further away, given the time window of this study.

- Immediately following the opening of a PH facility, this price differential is erased. Since the median year of a PH site's opening was 1996, this implies that homes near a PH facility now had the same average price as homes in those Zip codes in that year: approximately $37,500.

- In the years following an opening, homes within ¼ mile of a PH facility grew in value by an average of $1,700 more per year than homes further away, but in the same Zip Code.

- By 2010, the typical home near a PH facility had a value that was nearly $24,000 higher than comparable homes further away.

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 taxation formula to this additional $24,000 in housing value results in the projection of an additional $688 in annual tax revenue per dwelling. Multiplying this by the housing stock of all homes within ¼ mile of a PH facility[11] (15,435 single-family residences) predicts an additional $10.6 million in annual property tax revenue to the City and School District of Philadelphia as a result of above-market house price appreciation in PH neighborhoods. 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 PH neighborhoods, but all city neighborhoods. Hence, while the direct positive effect of PH facilities to local residents is in the form of increased property value over time, PH 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.

3.5 PROPERTY VALUE IMPACTS OF UPCOMING PROJECTS

To estimate the impact of the new/proposed facilities of Connelly House and Venango Street residences, we can apply this formula to the housing stock within ¼ mile of each site. However, since Connelly House is so close to the InCommunity site, this could amount to a double-counting of the property value impact. Hence, we focus only on the Venango site.

Within ¼ mile of 2102 W. Venango, there is a housing stock of 1,103 single-family units. This is about half of the amount of housing near other PH sites because Venango is located near an (formerly) industrial part of the city that has less housing than other areas. Applying the regression results to the current average price of $67,800 for homes within a ¼ mile of this site implies that:

- Immediately following the opening of a PH facility at this site, each dwelling should increase in value by an average of just over $17,000, to a new value of approximately $85,000.

- This is an increase in the City's property tax base of just over $19 million. If properly and accurately assessed, this is projected to result in additional property tax revenues of just over $550,000.

[11] The housing stock was identified with the help of GIS software, by creating a ¼ mile radius around each site and extracting all single-family residences from the property file.

- After ten years of above-market appreciation, each dwelling should be worth an additional $12,000 more, on average, as a result of the opening of the site.

- This appreciation would add an additional $13.4 million to the City's tax base, and an additional $385,000 in property taxes per year if this increase is accurately assessed.

CONCLUSION

This report concludes that Project H.O.M.E. has directly invested $106 million in capital and $15 million in ongoing operating funds in Philadelphia neighborhoods, creating a total economic impact of $609 million. Specifically, in the course of PH's 20 year history, its expansion and annual operations have generated a cumulative total of $471 million in additional economic activity in Philadelphia County, which includes $169 million in employee salaries and wages. In the larger five-county Philadelphia region, these same expansions and operations have generated a cumulative total of $609 million in additional economic activity, which includes $251 million in employee salaries and wages.

These funds are derived from a diverse base of supporters, both private and public and benefitting from the coordination and interplay of private and public investments. Finally, this report demonstrates, for a second time (because it is an update of 2007 figures), that these expenditures also have a positive impact on the property values of nearby homeowners and therefore on the City's tax base as a whole.

OTHER REPORTS FROM PROJECT H.O.M.E.

Until All Of Us Are Home: The Process of Leadership at Project H.O.M.E., Kathy Hall (University of Pennsylvania) and Harvey Finkle (documentary photographer), 2005

Project H.O.M.E.'s Economic and Fiscal Impact on Philadelphia Neighborhoods, Econsult, 2007

Saving Lives, Saving Money: Cost-Effective Solutions to Chronic Homelessness in Philadelphia, Laura Weinbaum, Laura Chisholm, and Rachel Yoder for Project H.O.M.E., 2010