



October 3, 2011

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The following study was conducted at the request of Habitat for Humanity St. Tammany West (HFHSTW) using generally accepted research methods, models and techniques.

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Sincerely,

A handwritten signature in black ink that reads 'William Joubert'. The signature is fluid and cursive, with a long horizontal stroke at the end.

William Joubert  
Director  
Business Research Center

**Southeastern Louisiana University Business Research Center**  
*A Collaborative Effort of the Southeast Louisiana Business Center and  
the Southeastern Louisiana University College of Business*

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Estimated  
Economic Impacts  
of the  
Activities of:

Habitat for  
Humanity  
St. Tammany West

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October 2011

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## EXECUTIVE SUMMARY

Habitat for Humanity St. Tammany West (HFHSTW), founded in 1981, was the 10th affiliate of Habitat for Humanity International in the U.S. and the first in Louisiana.

From its founding in 1981 through August 2005, HFHSTW completed the construction of 70 new homes in western St. Tammany Parish.

With the influx of financial donations and non-local volunteers following hurricanes Katrina and Rita, HFHSTW dramatically expanded its activities. Since the storms in 2005, 5,864 people from across the United States and around the world have volunteered with HFHSTW to complete 130 new homes and renovate 23 existing Habitat homes that were damaged by Katrina, as well as seven other existing Habitat homes.

Thus, HFHSTW has built almost twice as many homes (130) in the six years since Hurricane Katrina as it did in the 24 years leading up to the storm in 2005 (70).

Approximately 80 percent of HFHSTW homes (146) built through June 30, 2010 have been constructed in either the West 30s neighborhood of Covington or the unincorporated West Abita community, with another 25 homes (13 percent) in two neighborhoods in Mandeville.

In an article dated March 23, 2010, *examiner.com* reported that the New Orleans CityBusiness Book of Lists named Habitat for Humanity St. Tammany West as the 4<sup>th</sup> largest home builder in the 14-parish New Orleans Metropolitan Area.

This scale of construction activity and the associated support services generate significant economic impacts on the St. Tammany Parish economy.

HFHSTW had local expenditures of approximately \$3.8 million in FY2009-10, and non-local volunteers were estimated to have spent an additional \$181,390 in St. Tammany Parish.

This \$4 million injected into the parish economy by HFHSTW activities had a total estimated economic impact of slightly over \$7 million, supporting 56 jobs with earnings of \$2.2 million, and creating an estimated \$290,576 of state and local tax revenues.

HFHSTW also contributes to the local economy through the property taxes paid by owners of Habitat homes, through home furnishing and appliance purchases by new homeowners, through the diversion of 785 tons of recycled construction materials away from local landfills, and by increasing the supply of quality, affordable workforce housing in the parish.

In addition to measured and unmeasured economic impacts, HFHSTW contributes to the local quality of life through the benefits of increased homeownership, building community ties through volunteer and homeowner participation in the construction process, and by increasing neighborhood stability and civic pride.

## INTRODUCTION

Habitat for Humanity St. Tammany West (HFHSTW) is an affiliate of Habitat for Humanity International (HFHI) located in Mandeville, Louisiana. According to the HFHSTW web site:

*Habitat for Humanity St. Tammany West, located in the Metro New Orleans area north of Lake Pontchartrain, is an affiliate of Habitat for Humanity International... Habitat for Humanity works in partnership with local people in need to build and renovate decent, affordable housing. The houses are then sold to qualifying families at no profit and with no interest charged, allowing many to enjoy the pride and dignity of home ownership. Without Habitat for Humanity's program, these families might not be able to own a home through traditional means. The dedication of everyone involved, from homeowner, to staff, to volunteers, makes it all happen.*

### ***What is Habitat for Humanity International?***

As described on the HFHSTW web site, *Habitat for Humanity International is a nonprofit, ecumenical Christian housing ministry dedicated to eliminating substandard housing and homelessness worldwide and to making adequate, affordable shelter a matter of conscience and action. Habitat invites people from all faiths and walks of life to work together in partnership, building houses with families in need.* ([http://www.habitatstw.org/about\\_us/index.php](http://www.habitatstw.org/about_us/index.php))

HFHI was founded in 1976 by the late Millard and Linda Fuller. According to the HFHI web site, they have now built or renovated over 400,000 homes worldwide. (<http://www.habitat.org/how/factsheet.aspx>)

### ***History and Background of Habitat for Humanity St. Tammany West***

Habitat for Humanity St. Tammany West was founded in 1981 as the 10th affiliate in the United States and the first in Louisiana. Over 100 repairs, 17 major renovations, and 188 new home construction projects have been completed (through 6/30/2010) since the affiliate was founded. HFHSTW has also tithed \$434,540 to Habitat for Humanity International, providing homes for an additional 134 families in Uganda.

St. Tammany Parish is one of the fastest-growing parishes in Louisiana, with a thriving economy, a consistently low unemployment rate, and the second-highest median household income in the state (2009: \$58,868). However, there are significant pockets of poverty in the parish, and relatively high real estate values have made it difficult for lower-income residents to afford adequate housing, and extremely difficult to become homeowners.

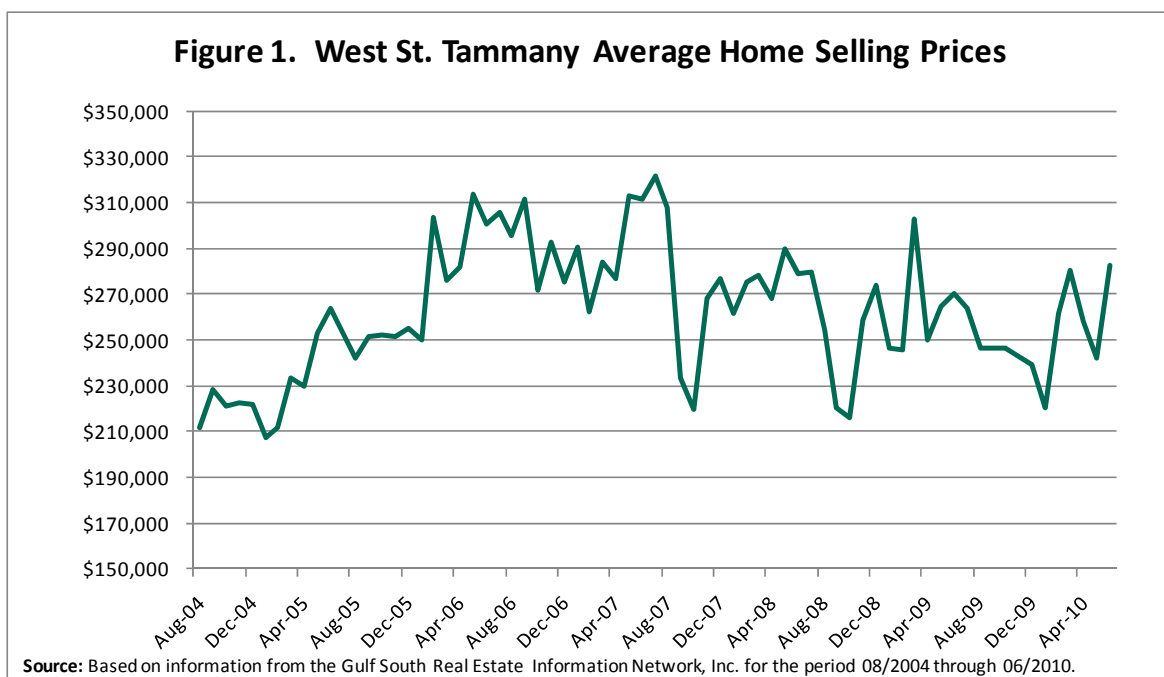
A 2002 study on the availability of affordable housing in the New Orleans area (Ragas, 2002) found several factors at that time contributing to “low rates of homeownership and lack of housing affordability” for low- to moderate-income households, including:

- *“The slow growth rate of employment and modest wage rate for a large part of the labor force produce insufficient income to acquire standard quality market rate housing for 18% of the households in the New Orleans area.”*
- *“Within the New Orleans area, there has been a resurgence in upper-income housing demand, which has allowed new construction to focus on rental and ownership unit construction for the upper one-third of the income distribution. Few units are constructed or renovated each year for the lower one-third of the income distribution.”*
- *“The modest rate of new or renovated housing construction for moderate- to low-income households has contributed to a shortage of affordable standard quality housing.”*

One lower-income area in St. Tammany Parish (and a focus area for HFHSTW) is the “West 30s” neighborhood in Covington. In the recent West 30s Neighborhood Revitalization Plan (released in November 2010), the authors state that:

*“There are numerous economic, social and physical challenges facing the West 30s Neighborhood, **but one of the most fundamental is substandard housing.**”* (Walker, 2010 – emphasis added)

Hurricane Katrina, in August of 2005, only exacerbated the shortage of affordable housing in St. Tammany Parish. By damaging or destroying a portion of the existing stock of homes and bringing an influx of new residents from south of Lake Pontchartrain who also needed housing, Hurricane Katrina led to a spike in home prices in west St. Tammany Parish (Figure 1). Even with the effects of the recent credit crisis and national recession, average home prices only recently began to return to near their pre-Katrina levels.



Media coverage of the effects of Hurricane Katrina generated national and international desire to assist in the recovery efforts. With Habitat for Humanity International's established track-record of respected humanitarian work, and with their focus on housing – one of the primary needs in the recovery process – HFHI was a perfect “fit” for many people wishing to donate money or volunteer their time.

Given HFHSTW's location as an HFHI affiliate near “ground zero” of the Katrina recovery effort, the local organization was a natural conduit for the donations and volunteers that flowed in from around the nation and world. Even now, six years after the storm, volunteers continue to travel to St. Tammany Parish to assist with the construction efforts.

Since the devastation of Hurricane Katrina in August 2005, 5,864 people from across the United States and around the world have volunteered with HFHSTW to complete 130 new homes and renovate 23 existing Habitat homes that were damaged by Katrina, as well as seven other existing Habitat homes.

Thus, HFHSTW has built almost twice as many homes (130) in the six years since Hurricane Katrina as it did in the 24 years leading up to the storm in 2005 (70).

In an article dated March 23, 2010, *examiner.com* reported that the New Orleans CityBusiness Book of Lists named Habitat for Humanity St. Tammany West as the 4<sup>th</sup> largest home builder in the 14-parish New Orleans Metropolitan Area (<http://www.examiner.com/real-estate-in-new-orleans/habitat-for-humanity-new-orleans-why-it-has-worked-so-well-part-iv-of-iv> (accessed 5/10/2011)).

## ANALYSIS METHODOLOGY

This analysis utilized the input-output method to estimate the economic impacts of the FY2009-10 activities of Habitat for Humanity St. Tammany West on the St. Tammany Parish economy. The input-output method is based on the economic linkages between various sectors and industries, which cause every dollar of expenditures to “ripple through” the study area's economy. This results in expenditures being “multiplied” to various degrees, causing a larger economic effect than the original amount of the expenditure. These “ripple” or “multiplier” effects continue to contribute to the economic impact of the expenditure until the effects leave the study area or become too small to measure.

The total economic contribution of an organization, company, industry, event, or project consists of *direct*, *indirect*, and *induced* effects.

*Direct* effects are the immediate effects on business activity in the area occurring as a direct consequence of the organization, company, industry, event, or project being studied.

*Indirect* effects occur in sectors that supply materials, goods, and services to the directly-affected entity. For example, a landscaping contractor hired by the organization under study is *directly* impacted by expenditures of the organization. Plant nurseries which provide plants to the landscape contractor are *indirectly* impacted, when the landscaper purchases plants to use on the organization's projects. In turn, businesses that provide goods and services to the plant nurseries are indirectly impacted from the increased activities of the nurseries. These indirect impacts continue to contribute to the economic impact until the subsequent expenditures become too small to measure or leave the study area, e.g. if



the plant nursery purchased their potting soil from outside the study area, that portion of the impact chain would stop. However, other expenditures by the nursery, such as fuel and maintenance for greenhouses, may continue to accrue to the study area.

*Induced* effects are created by the increase in consumer spending generated by increased payrolls in the directly and indirectly impacted industries. In the example above, the organization under study has employees and their associated wages, the landscape contractor will hire employees (or increase the work hours of existing employees) to handle the work at the organization's projects, and the plant nurseries will hire workers to produce the plants for the landscape contractor. All of these employees in the various industries will then spend their wages on food, housing, entertainment, etc., creating further economic benefits in the region. The sum of all of the impacts deriving from increased payroll spending is the induced effect.

The sum of the direct, indirect, and induced effects represents the total economic contributions. The total economic impacts divided by the direct effect yields the economic impact *multiplier* of the organization, company, industry, event, or project in question. In most cases, the multiplier will be between 1.0 and 2.0.

Although somewhat useful for comparison with other industries or activities, the total economic impact is not very meaningful for local citizens and civic leaders. The earnings and employment impacts are much more relevant for gauging the true contributions to the local economy.

IMPLAN Professional 2.0<sup>®</sup> software and structural matrices (©Minnesota IMPLAN Group) were utilized to complete the analysis of the estimated economic impacts of Habitat for Humanity St. Tammany West's operations on St. Tammany Parish.

## COMMUNITY IMPACTS

Although the primary focus of this study is to measure the economic impacts of HFHSTW's activities on St. Tammany Parish, not all impacts of HFHSTW programs are monetary in nature, and even some economic impacts are not measurable in a study of this scope.

The Federal government observes *National Homeownership Month* every June "to raise awareness about the vital role homeownership plays in improving lives, creating jobs and economic opportunities, and strengthening America's neighborhoods" (<http://www.usda.gov/wps/portal/usda/usdahome?contentid=2010/05/0292.xml&contentidonly=true>).

Some of the impacts of HFHSTW on west St. Tammany Parish that are difficult to measure are the benefits to the communities where Habitat homes are built, including the stabilizing influence of increased home ownership and improved civic pride and citizen engagement.

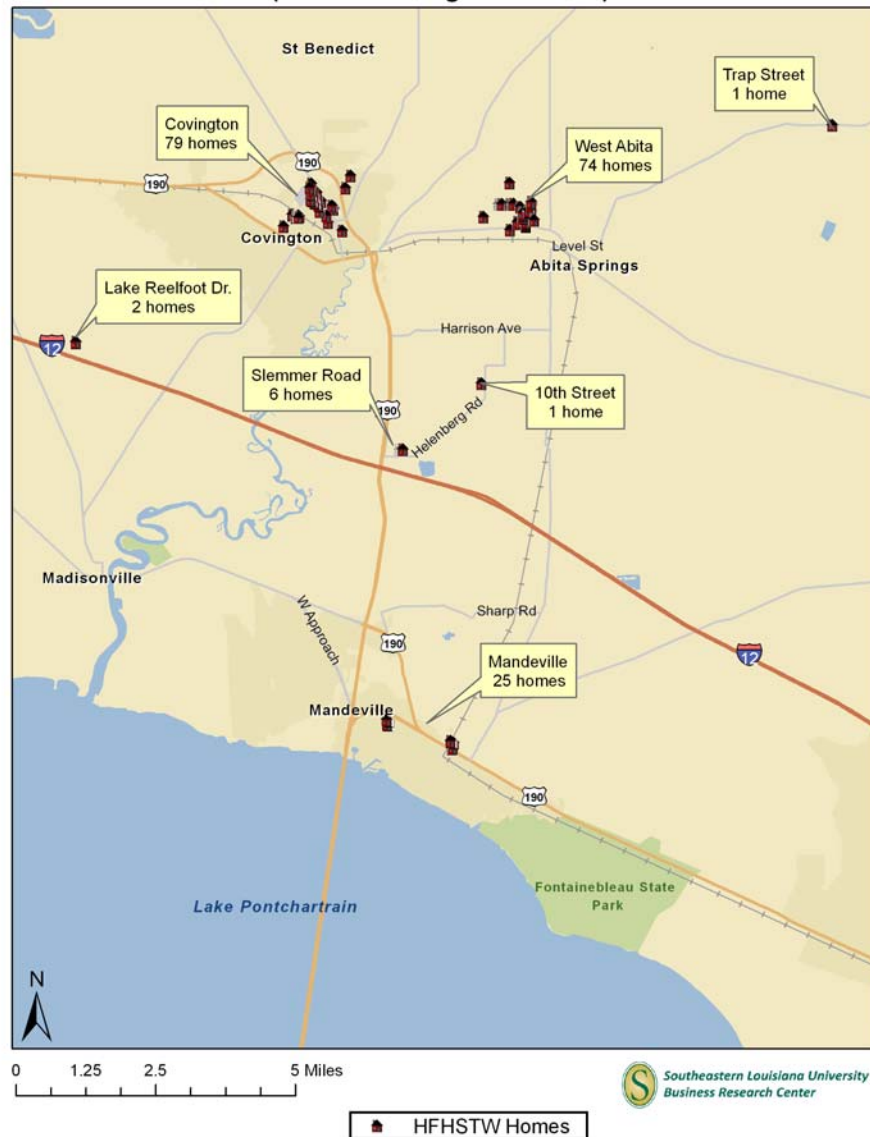
Through June 2010, HFHSTW had renovated or constructed 188 homes. As shown in Figure 2, the majority of the homes are located in Covington (79 homes) and an unincorporated area west of Abita Springs (74 homes). Another 25 homes have been constructed or renovated in two separate neighborhoods in Mandeville.

Focusing on the two neighborhoods most impacted by HFHSTW's activities, Figures 3 and 4 highlight the West 30s neighborhood in Covington and the West Abita neighborhood.

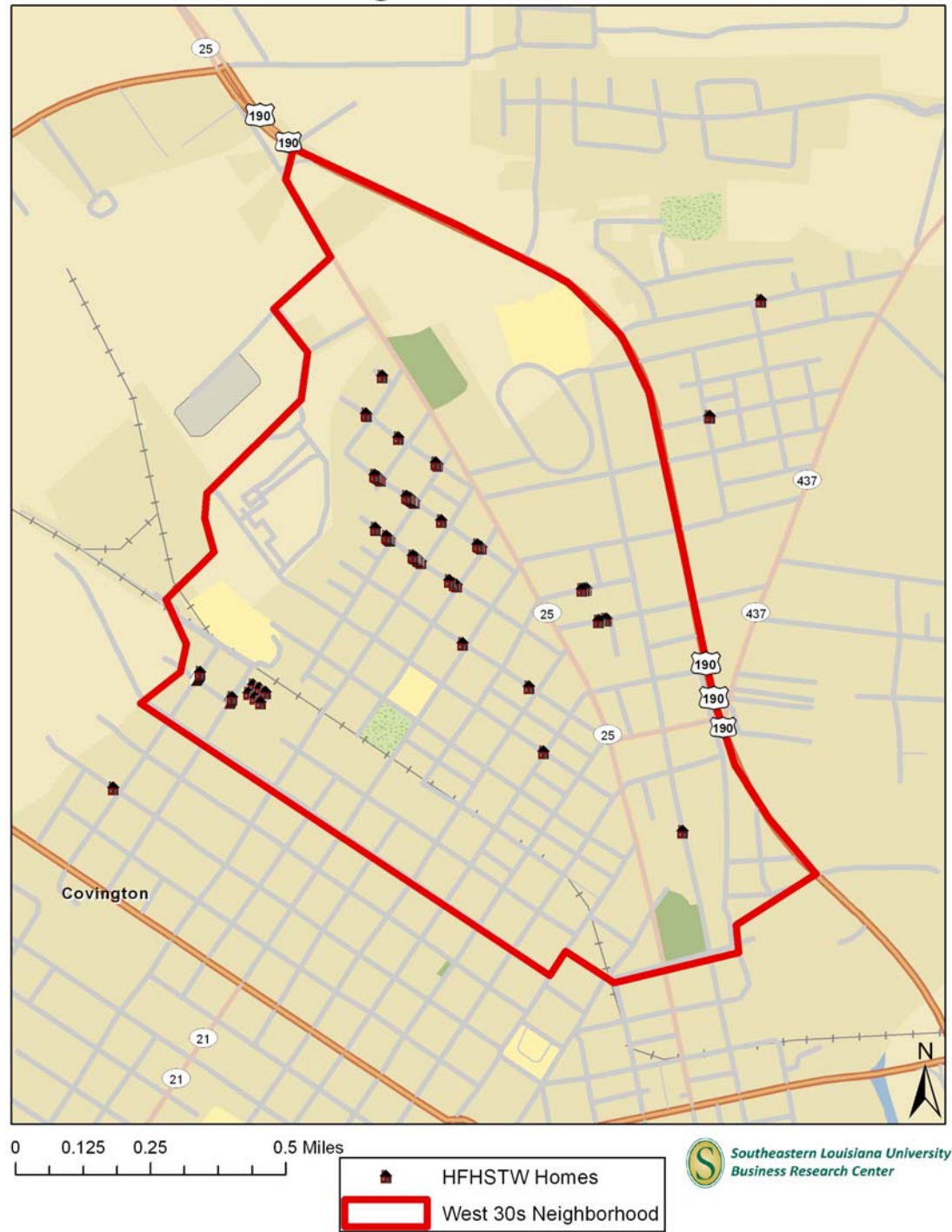
The West 30s neighborhood borders shown in Figure 3 were drawn based on the primary focus area delineated in the West 30s Neighborhood Revitalization Plan. HFHSTW has built or renovated 75 homes within the West 30s neighborhood and four just outside of the borders.

The West Abita neighborhood borders shown in Figure 4 were drawn by the authors using existing streets and housing concentrations. HFHSTW has built or renovated 71 homes in the West Abita neighborhood and three just outside of the borders shown.

**Figure 2. Locations of Homes built by Habitat for Humanity St. Tammany West (n = 188 through 6/30/2010)**



### Figure 3. West 30s Neighborhood Covington, Louisiana



**Figure 4. West Abita Neighborhood  
Unincorporated St. Tammany Parish, Louisiana**



In order to gain some insight into these two communities where HFHSTW has focused much of its efforts and the possible impacts the Habitat construction and partner families may have on them, demographic data were obtained for the two communities to delve into their similarities and differences.

## ***West 30s and West Abita Community Demographics***

The West 30s neighborhood encompasses a much larger geographic area than the West Abita community (as drawn) -- 1.1 square miles for the West 30s versus 0.3 square miles for West Abita.

As shown in Table 1, the total population in the West 30s neighborhood decreased approximately 5.2 percent from 2000 to 2010, declining from 1,624 in the 2000 Census to an estimated 1,539 in 2010. The total population in the West Abita community increased approximately 24 percent over the same time frame, from 383 in the 2000 Census to an estimated 474 in 2010.

Estimated population densities for the two communities in 2010 are similar – 1,399 and 1,580 persons/square mile for the West 30s and West Abita neighborhoods, respectively.

“Black or African American” individuals make up the majority of residents of both neighborhoods, and their share of total population increased by approximately five percent in both communities from 2000 to 2010, from 51 percent to 56 percent in the West 30s and from 57 percent to 62 percent in West Abita.

The population in West Abita tends to be somewhat younger than that in the West 30s, with an estimated median age in 2010 of 28.8 in West Abita compared to 31.4 in the West 30s. West Abita also has a higher proportion of children, with 29 percent of residents age 14 and under versus 25 percent in the West 30s.

Residents (aged 25+) in the West 30s have acquired somewhat more formal education than those in West Abita, with 47 percent of West 30s residents having attained some level of education beyond high school compared to 40 percent in West Abita.

Reflecting the greater proportion of children in West Abita, their 166 households had an average size of 2.86 people in 2010, compared to 2.58 for the 532 households in the West 30s. (Note: The 75 homes Habitat has constructed in the West 30s represent approximately 14 percent of all West 30s households, while the 71 Habitat homes in West Abita equate to 43 percent of all households.)

The 2010 median household income in West Abita was higher than that of the West 30s – \$36,504 versus \$31,083 – a difference of 17 percent. However, the percentage of families with incomes below the Federal poverty level was virtually identical in West Abita and the West 30s, at 22.4 percent and 22.5 percent, respectively.

The higher median income in West Abita is at least partially explained by the higher percentage of individuals in the work force (58.7 percent vs. 55.3 percent in 2010) and the lower percentage of unemployed (5.1 percent vs. 6.5 percent in 2010) compared to the West 30s.

The West Abita neighborhood has a much higher percentage of owner-occupied housing units (74 percent) than the West 30s (42 percent). Only 1 in 5 homes in West Abita is a rental property, compared to almost half in the West 30s. West Abita also had a much lower estimated percentage of vacant housing units in 2010 – 5.8 percent versus 13.3 percent in the West 30s.



<b>Table 1. Demographic data for the West 30s and West Abita communities: 2000 and 2010</b>				
(Sources: ESRI Business Analyst© and Claritas, Inc. Site Reports©)				
	<b>West 30s</b>		<b>West Abita</b>	
	2000 Census	2010 Estimate	2000 Census	2010 Estimate
<b>POPULATION</b>	1,624	1,539	383	474
<b>POPULATION X RACE</b>				
White (%)	46.8%	41.5%	41.7%	36.0%
Black or African American (%)	50.6%	55.5%	57.1%	62.3%
Other Race Alone (%)	0.7%	0.9%	0.7%	0.9%
Two or More Races (%)	1.7%	2.1%	0.7%	0.9%
<b>AGE</b>				
Median age	31.5	31.4	29.8	28.8
Age 14 and under (%)	23.1%	25.2%	28.0%	29.1%
Age 15 and above (%)	76.9%	74.8%	72.0%	70.9%
<b>EDUCATIONAL ATTAINMENT</b>				
Less than H.S. diploma (%)	31.9%	23.9%	31.7%	23.6%
H. S. graduate or GED (%)	27.2%	28.9%	34.4%	36.6%
Some college or assoc. degree (%)	24.6%	28.0%	27.3%	31.1%
Bachelor's degree (%)	9.3%	11.5%	4.8%	6.3%
Post-graduate degree (%)	7.1%	7.8%	2.6%	2.8%
<b>HOUSEHOLDS</b>				
Number of households	538	532	129	166
Average household size	2.66	2.58	2.97	2.86
<b>INCOME and POVERTY</b>				
Median household income	\$26,457	\$31,083	\$33,571	\$36,504
Per capita income	\$13,395	\$15,827	\$13,062	\$14,997
Families w/ income < poverty level, (% of all families)	24.3%	22.5%	20.6%	22.4%
<b>EMPLOYMENT</b>				
Employed (%)	50.7%	48.7%	55.8%	53.9%
Unemployed (%)	5.7%	6.5%	4.6%	5.1%
Not in labor force (%)	43.6%	44.7%	39.9%	41.3%
<b>HOUSING</b>				
Owner-occupied housing units (%)	44.3%	42.2%	75.4%	74.4%
Renter-occupied housing units (%)	45.6%	44.5%	18.7%	19.9%
Vacant housing units (%)	10.0%	13.3%	6.0%	5.8%
Median value of owner-occupied housing units	\$82,045	\$131,522	\$72,857	\$120,536
Median year housing units built	1960	1963	1981	1987

The homes in the West 30s tend to be much older than in West Abita (median year built = 1963 vs. 1987), but the owner-occupied homes in the West 30s also tend to have higher values (median value of \$131,522 vs. \$120,536 in 2010).

When compared to the municipality they are part of (or adjacent to) and Louisiana in general, both the West 30s and West Abita neighborhoods had lower median household incomes and higher percentages of families below the poverty level (Table 2).

	West 30s	Covington	West Abita	Abita Springs	Louisiana
Median household income	\$31,083	\$45,687	\$36,504	\$56,631	\$43,387
% of families w/ income < poverty level	22.5%	13.2%	22.4%	8.0%	13.8%

The leading occupations for residents of the West 30s and West Abita neighborhoods in 2010 were “Office/Administrative Support”, “Sales and Related”, and “Food Prep/Serving” (Table 3). Approximately 36 percent of employed West 30s residents and 42 percent of employed West Abita residents held jobs in these three occupation categories.

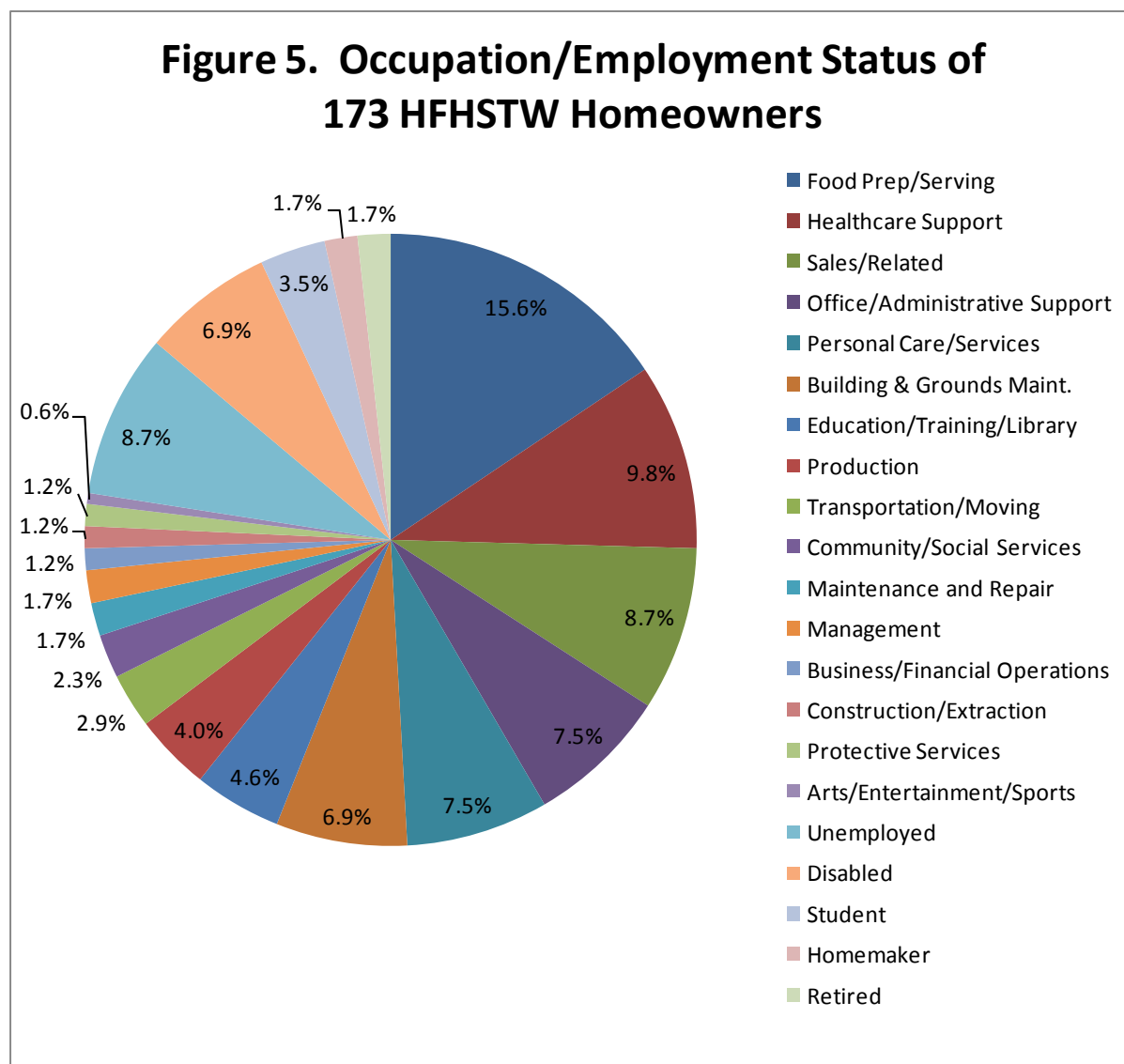
	West 30s		West Abita	
	Number	%	Number	%
Office/Administrative Support	78	13.1%	31	16.7%
Sales and Related	71	11.9%	29	15.6%
Food Prep/Serving	68	11.4%	19	10.2%
Building and Grounds Maintenance	41	6.9%	12	6.5%
Construction/Extraction	47	7.9%	6	3.2%
Management	37	6.2%	11	5.9%
Education/Training/Library	34	5.7%	13	7.0%
Healthcare Support	32	5.4%	13	7.0%
Production	29	4.9%	14	7.5%
Transportation/Moving	27	4.5%	14	7.5%
Health Practitioner/Technician	33	5.5%	6	3.2%
Legal	18	3.0%	2	1.1%
Personal Care/Services	17	2.9%	3	1.6%
Community/Social Services	18	3.0%	0	0.0%
Arts/Entertainment/Sports	11	1.8%	3	1.6%
Business/Financial Operations	7	1.2%	7	3.8%
Maintenance & Repair	9	1.5%	0	0.0%
Protective Services	5	0.8%	3	1.6%
Architect/Engineer	5	0.8%	2	1.1%
Computer/Mathematical	6	1.0%	0	0.0%
Life/Physical/Social Science	2	0.3%	0	0.0%
Farming/Fishing/Forestry	0	0.0%	0	0.0%

### Workforce Contributions of Habitat Homeowners

As discussed in the introduction, the growing St. Tammany parish economy and population have led to increases in average home prices, making it difficult for the area’s lower and mid-level wage earners to become homeowners. Concurrently, dramatic increases in fuel prices have made it prohibitively expensive to commute in to jobs in St. Tammany Parish from outlying areas.

This situation has created difficulties in filling blue-collar and service jobs that a smoothly-functioning and vibrant economy relies on.

HFHSTW’s construction activities have directly addressed this problem by building homes that have enabled lower-income individuals and families to live and work in western St. Tammany Parish. Figure 5 illustrates the percentage of Habitat homeowners employed in various types of occupations from a recent survey by HFHSTW.





### ***Habitat Home Assessed Values and Property Taxes Paid by Homeowners***

Assessed values and 2010 property tax information were obtained from the St. Tammany Parish Assessor's web site for 176 homes constructed by HFHSTW. The remaining homes on the list of 188 Habitat homes completed through 6/30/2010 had not been closed on, were purchased in 2010 (and thus not taxed yet), or were not able to be located in the assessor's online system.

Statistical measures of assessments and property taxes paid are shown in Table 4. The 176 Habitat homeowners for whom assessment data were obtained paid a total of \$31,721.67 in city and parish property taxes in 2010, for an average (mean) of \$182.31 per home. Total property tax bills per home ranged from zero to \$1,276.05.

Habitat homes had an average improvement assessed value of \$6,304 and an average lot assessed value of \$1,148, for an average total assessed value (TAV) of \$7,452. When converted to market values (10x assessed value), these translate to average market values of \$63,040 for improvements and \$11,480 for land, for an average total market value of \$74,520.

Estimated total market values ranged from a low of \$38,910 to a high of \$104,470, with a median of \$74,120.

Taxable value (TAV minus the Homestead Exemption) ranged from zero (for 88 of the homeowners) to \$9,107. Note that homeowners who live within a municipality still owe city property taxes even if their home's taxable value has been reduced to zero by the homestead exemption. Five of the 176 Habitat homeowners did not utilize the homestead exemption, which dramatically increased their homes' taxable values and resulting parish tax bills.

**Table 4. Statistics related to 2010 property tax assessments of 176 HFHSTW homes**

Source of data: St. Tammany Parish Assessor website (accessed May 2011)

	Improvement	Land	Total		Parish	City	Total
	Value	Value	Assessed	Taxable	Tax	Tax	Property
			Value	Value			Taxes
MIN	\$ 2,616	\$ 170	\$ 3,891	\$ -0-	\$ -0-	\$ -0-	\$ -0-
MAX	\$ 9,002	\$ 3,400	\$ 10,447	\$ 9,107	\$ 1,276.05	\$ 213.39	\$ 1,276.05
MEAN	\$ 6,304	\$ 1,148	\$ 7,452	\$ 762	\$ 94.05	\$ 86.18	\$ 182.31
MEDIAN	\$ 6,385	\$ 1,275	\$ 7,412	\$ 50	\$ 5.31	\$ 119.76	\$ 138.24
MODE	\$ 7,143	\$ 1,275	\$ 6,840	\$ -0-	\$ -0-	\$ -0-	\$ -0-
MODE n	11	57	6	88	88	84	60

In order to gain some perspective on how Habitat homes "fit" in their respective neighborhoods, assessment data for nearby non-Habitat homes were collected for comparison. Table 5 compares the TAVs, taxable values, and total property tax bills for Habitat and non-Habitat homes on the same or adjacent blocks of two sample streets – one in the West 30s community and one in West Abita.

Sample streets and the range of house numbers used for this comparison were as follows:

- West 30s → West 32<sup>nd</sup> Avenue (house numbers from 1012 to 1201)
- West Abita → Daisy Street (house numbers from 72349 to 72520)

The Habitat homes on West 32<sup>nd</sup> Avenue have mean and median TAVs (\$8,479 & \$8,470, respectively) very similar to those of *owned* non-Habitat homes (\$8,297 and \$8,197), and substantially higher than the mean and median TAVS of non-Habitat *rental* homes (\$5,743 and \$5,707).

The Habitat homes on Daisy Street in West Abita have somewhat higher TAVs than their neighboring non-Habitat homes, with mean and median TAVs of \$6,155 and \$5,998, respectively, compared to \$5,289 and \$4,223.

The median TAVs of Habitat and non-Habitat homes on the two streets are illustrated in Figure 6.

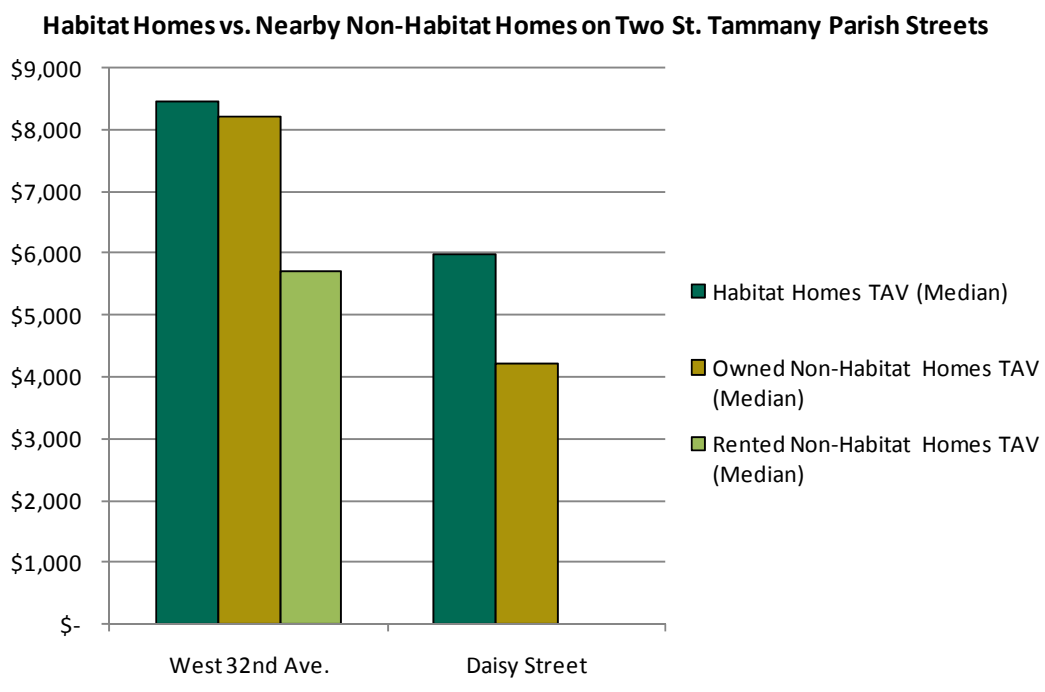
	West 32 <sup>nd</sup> (Covington) <b>Habitat Homes</b>	West 32 <sup>nd</sup> (Covington) <b>Non-Habitat Homes (Owned)</b>	West 32 <sup>nd</sup> (Covington) <b>Non-Habitat Homes (Rental)</b>	Daisy Street (West Abita) <b>Habitat Homes</b>	Daisy Street (West Abita) <b>Non-Habitat Homes</b>
Number of Homes	5	5	5	12	6
TAV (Minimum)	\$ 8,470	\$ 3,951	\$ 3,500	\$ 5,529	\$ 1,149
TAV (Maximum)	\$ 8,514	\$ 14,003	\$ 8,479	\$ 6,959	\$ 11,209
TAV (Mean)	\$ 8,479	\$ 8,297	\$ 5,743	\$ 6,155	\$ 5,289
TAV (Median)	\$ 8,470	\$ 8,197	\$ 5,707	\$ 5,998	\$ 4,223
Taxable Value (Mean)	\$ 979	\$ 1,731	\$ 5,743	\$ -0-	\$ 996
Taxable Value (Med.)	\$ 970	\$ 697	\$ 5,707	\$ -0-	\$ -0-
Total Taxes (Mean)	\$ 292	\$ 368	\$ 742	\$ -0-	\$ 157
Total Taxes (Median)	\$ 291	\$ 255	\$ 737	\$ -0-	\$ -0-

Average total property taxes ranged from zero for the Daisy Street Habitat homes to \$742 for the West 32<sup>nd</sup> rental homes, which pay much higher taxes because they don't qualify for the homestead exemption. Mean and median tax bills for the Habitat homes were essentially identical due to their narrow range of values, while the broader range of taxable values for the non-Habitat homes led to higher means than medians.

The Habitat-constructed homes on both streets are much more consistent in their valuations than the nearby non-Habitat homes (Figure 7). The range of 2010 TAVs for the five Habitat homes on West 32<sup>nd</sup> Avenue was very narrow, from a minimum of \$8,470 to a maximum of \$8,514, equivalent to a difference of only \$440 in market value.

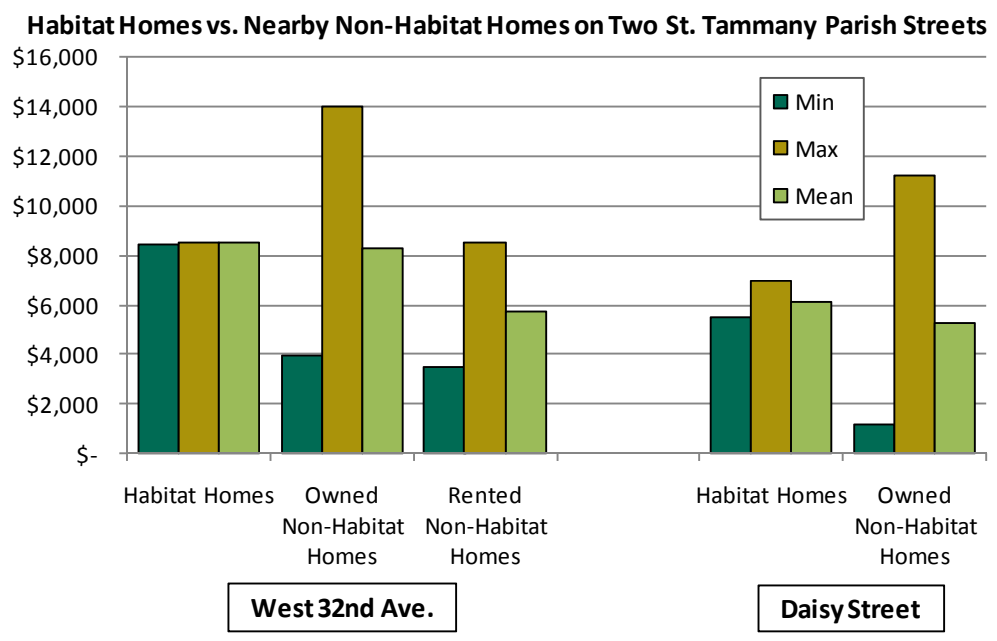
The owned non-Habitat homes on West 32<sup>nd</sup> ranged in TAV from \$3,951 to \$14,003, representing a range of market values from \$39,510 to \$140,030, and the estimated market values of West 32<sup>nd</sup> rental homes ranged from \$35,000 to \$84,790. The 12 Habitat homes on Daisy Street ranged in approximate market value from \$55,290 to \$69,590, while the six non-Habitat homes varied from a minimum of \$11,490 to a maximum of \$112,090.

**Figure 6. Comparison of 2010 Median Total Assessed Values**



Source: St. Tammany Parish Assessor's website

**Figure 7. Comparison of 2010 Minimum, Maximum, and Mean Total Assessed Values**



Source: St. Tammany Parish Assessor's website

Overall, the Habitat homes on these two sample streets are very consistent in their assessed values, and seem to compare well with the property values of their neighboring non-Habitat homes.

## ECONOMIC IMPACTS

### *Data, Assumptions, and Model Construction*

In constructing the input-output model, HFHSTW's activities were divided into four "sectors" or impact areas:

- Housing
- General and administrative (including fund-raising)
- ReStore
- Spending by non-local volunteers

Expenditures for the first three impact areas were obtained from HFHSTW's independent auditor's report for the period ending June 30, 2010. Any spending that was known to have accrued to entities outside of St. Tammany Parish (contribution to HFHI, out-of-area travel, etc.) was removed from the calculations. Total local expenditures by impact area are shown in Table 6.

<u>Impact Area</u>	<u>Expenditures</u>
Housing	\$ 3,049,835
General, administrative, and fund-raising	\$ 471,359
ReStore/warehouse	<u>\$ 322,079</u>
Total	\$ 3,843,273

The \$3.8 million total in Table 6 represents the amount of expenditures that HFHSTW injected into the St. Tammany Parish economy. Approximately \$1.7 million of these funds came from the sale of homes, approximately \$1.6 million from grants awarded to HFHSTW, and the balance from contributions, interest income, and other sources.

Spending by non-local volunteers was estimated based on records of the number of volunteers who worked in FY2010, their lodging arrangements, conversations with HFHSTW staff regarding the dining habits of typical volunteers, and assumptions by study authors regarding hotel rates, dining costs, and gasoline purchases.

According to HFHSTW records, there were 843 non-local volunteers during FY2009-10, made up of 808 "regular" volunteers who funded their own service trips and 35 "skilled volunteers" whose travel, lodging, and meal expenses were reimbursed by HFHSTW using grant funds from HFHI.

The non-local volunteers utilized a variety of lodging arrangements, as detailed in Table 7.

<u>Facility</u>	<u>Volunteers</u>	<u>People-Days</u>	<u>Est. Cost/person/day</u>	<u>Total \$</u>
Peace Lutheran Church	710	4,133	\$ 25.00	\$102,800
Presbyterian Community Outreach of Slidell	55	430	\$ 10.00	\$ 4,300
Local hotels	20	47	\$ 64.09	\$ 3,012
State Park RV campgrounds	17	220	\$ 9.00	\$ 1,980
State Park cabins	7	42	\$ 30.00	\$ 1,260
Caritas, Inc.	19	63	\$ 10.00	\$ 630
Grace Disciples of Christ Church	<u>15</u>	<u>30</u>	\$ 10.00	<u>\$ 300</u>
Lodging Totals	843	4,965	--	\$114,282

Although Peace Lutheran Church (PLC) provides most weekday meals to volunteers who stay in their facility, HFHSTW staff estimated that half of the volunteers staying at PLC would still dine-out for one evening meal during the week, and that one-third would buy their lunches from a local restaurant each day. Volunteers staying at PLC were assumed to buy all of their weekend meals at local restaurants.

Volunteers staying at other facilities were assumed to purchase all of their breakfasts and dinners at local establishments, along with lunches for one-third of the volunteers. The other two-thirds of volunteers were assumed to buy grocery materials and pack a sack lunch. The authors assumed costs of \$7/breakfast, \$10/lunch, and \$20/dinner for restaurant meals, and grocery expenditures of \$2.50/lunch for those volunteers packing a sack lunch.

HFHSTW staff estimated that 80 percent of non-RV volunteers flew in to area airports (New Orleans, Baton Rouge, Gulfport) and rented cars to drive to St. Tammany Parish, while 20 percent of non-RV volunteers drove in their personal cars. All rental car fees for fly-in volunteers would be paid outside of St. Tammany Parish, as would most gasoline purchases for rental cars (just before the cars were returned).

With no data available on gasoline purchases by volunteers who drove their personal cars, the estimated 158 (20 percent) non-RV volunteers who drove in were assumed to travel four people per car, and each car was assumed to spend \$40 on gasoline in St. Tammany Parish. Skilled service volunteers who drove in were estimated to have spent \$500 on fuel in St. Tammany Parish.

RV volunteers ("Care-A-Vanners") were assumed to spend \$100 per RV on gasoline purchases in St. Tammany Parish.

Table 8 summarizes the estimated non-lodging spending by non-local volunteers.

<u>Impact Area</u>	<u>Total Expenditures</u>
Restaurant meals	\$ 62,970
Grocery purchases at local stores	\$ 1,158
Gasoline purchases at local businesses	<u>\$ 2,980</u>
Total Expenditures	\$ 67,108

## ***Economic Impacts of HFHSTW Housing Activities***

As previously shown in Table 6, HFHSTW expended slightly over \$3 million in St. Tammany Parish for housing construction activities in FY2009-10, accounting for approximately 79 percent of their total expenditures in the parish.

When analyzed using the IMPLAN model for St. Tammany Parish, the \$3 million in housing program expenditures resulted in the multiplied impacts shown in Table 9.

**Table 9. Estimated economic impacts of the HFHSTW housing program:  
FY2009-10**

Output Impact	\$ 5,084,448
Earnings Impact	\$ 1,390,161
Employment Impact	34.9
State and Local Tax Impact	\$ 166,440

The \$3 million in housing program expenditures multiplied through the local economy approximately 1.7 times, generating total economic effects of \$5.1 million. These economic activities created earnings of an estimated \$1.4 million, supporting 34.9 full and part-time jobs (including approximately 8 HFHSTW housing program employees), and generated estimated state and local tax revenues of over \$166,000.

These are the impacts of HFHSTW's housing program **ONLY**, and do not include such related impacts as increased neighborhood home values and property taxes, or the impact of spending by homeowners for furniture, appliances, etc. to equip their new homes.

A 2008 study by the National Association of Home Builders found that buyers of a new home spend \$7,400 more on home furnishings, appliances, etc. during the first two years after closing than a similar homeowner who does not move (<http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=106491&channelID=311>). This boost in spending by owners of new homes is not considered in this analysis.

## ***Economic Impacts of HFHSTW General, Administrative, and Fundraising Activities***

HFHSTW maintains their administrative offices on North Lane in Mandeville. Essentially all of the expenditures associated with staffing and running the HFHSTW offices are spent in the local community, providing an economic benefit to western St. Tammany Parish.

As shown in Table 10, the \$471,359 of local expenditures for general, administrative, and fundraising activities (from Table 6) had an estimated total economic impact of over \$920,000 in FY2009-10. These economic activities generated an estimated \$407,504 of earnings, supporting 9.6 jobs. These activities also provided an estimated \$32,122 of state and local tax revenues.

**Table 10. Estimated economic impacts of the HFHSTW general, administrative, and fundraising activities: FY2009-10**

Output Impact	\$	920,309
Earnings Impact	\$	407,504
Employment Impact		9.6
State and Local Tax Impact	\$	32,122

### ***Economic Impacts of the HFHSTW ReSTORE***

The HFHSTW ReStore, also located on North Lane in Mandeville, sells new and recycled building products, household goods, and office supplies donated by individuals and businesses.

By providing an outlet for used or surplus items, the HFHSTW ReStore diverted 785 tons of materials from local landfills in FY2009-10. The discounted home improvement items sold at the ReStore also assist local residents in maintaining or improving their homes in a more affordable manner. These two benefits of the ReStore activities have both economic impacts (reduced landfill costs and home maintenance costs, increased home values) and non-economic impacts (reduced environmental impact of discarded items and improved “quality of life” and community pride). Although certainly important, the values of these impacts are beyond the scope of this study and thus are not included in the impact estimates below.

The HFHSTW ReStore had revenues of approximately \$430,000 in FY2009-10, generating total economic impacts of almost \$700,000 in St. Tammany Parish (Table 11). This economic activity supported an estimated 7.4 jobs with earnings of \$283,671. ReStore activities also produced estimated state and local tax revenues of \$79,855.

**Table 11. Estimated economic impacts of the HFHSTW ReSTORE: FY2009-10**

Output Impact	\$	699,672
Earnings Impact	\$	283,671
Employment Impact		7.4
State and Local Tax Impact	\$	79,855

### ***Economic Impacts of Spending by Non-Local Volunteers***

As detailed in Tables 7 and 8 on page 18, non-local volunteers were estimated to have spent \$114,282 for lodging and \$67,108 in non-lodging expenditures, for total expenditures of \$181,390 in St. Tammany Parish in FY2009-10.

All of this spending represents outside dollars being infused into the St. Tammany Parish economy, new money that would not have been spent in the area if not for the programs of HFHSTW.

When analyzed by sector using the IMPLAN© model for St. Tammany Parish, the total multiplied impact of the non-local volunteer spending in FY2009-10 was \$297,434 (Table 12). The expenditures were

estimated to support 3.8 jobs with earnings of \$120,136, and generating state and local tax revenues of \$12,159.

**Table 12. Estimated economic impacts of non-local volunteer spending:  
FY2009-10**

Output Impact	\$ 297,434
Earnings Impact	\$ 120,136
Employment Impact	3.8
State and Local Tax Impact	\$ 12,159

### ***Total Combined Economic Impacts***

The previous sections analyzed the separate economic impacts of HFHSTW's housing, general/administrative/fundraising, and ReStore activities, along with the estimated spending by non-local volunteers. Combining the impacts of these four activities generates the total estimated economic impact of Habitat for Humanity St. Tammany West in FY2009-10 (Table 13).

**Table 13. Estimated TOTAL economic impacts of all Habitat for Humanity  
St. Tammany West activities: FY2009-10**

Output Impact	\$ 7,001,863
Earnings Impact	\$ 2,201,472
Employment Impact	55.7
State and Local Tax Impact	\$ 290,576

Habitat for Humanity St. Tammany West contributed estimated total economic activity of over \$7 million to the St. Tammany Parish economy in FY2009-10. This figure is provided primarily for comparison to other, similar economic impact studies for St. Tammany Parish industries and activities. The more meaningful impacts for most St. Tammany residents are the earnings and employment impacts, since those represent jobs and livelihoods. The activities of HFHSTW in FY2009-10 generated estimated earnings of \$2,201,472, supporting 55.7 full and part-time jobs in the parish. This includes 24 positions directly employed at HFHSTW and approximately 32 jobs at other parish industries and businesses impacted by HFHSTW activities.

All of the spending in St. Tammany Parish by HFHSTW employees, volunteers, and related businesses involved in HFHSTW activities paid an estimated \$290,576 in state and local taxes in FY2009-10. This does not include property taxes paid by owners of HFHSTW-constructed homes.

## **CONCLUSION**

In his [New Orleans Affordable Housing Case Study](#) (Ragas, 2002), Wade Ragas introduces his case study on the effectiveness of HFHSTW with the following statement:

*“The Habitat for Humanity approach to housing redevelopment is presented through a look at one local suburban affiliate (Western St. Tammany). This self-sufficiency approach to housing with massive volunteer participation has been a very successful*



*model in creating increased home ownership rates one neighborhood or community at a time.”*

At the conclusion of the HFHSTW case study, Dr. Ragas closes by saying:

*“The steps that Habitat follows are a good blueprint for success for many housing providers.*

- 1. Define the local housing problem (amount of substandard housing for Habitat affiliates).*
- 2. Organize a local initiative (broad community support).*
- 3. Set a realistic date for solving the problem.*
- 4. Involve the community (public and private organizations) in the effort.*
- 5. Develop a work plan and budget.*
- 6. Develop the resources – money, people, goods and services.*
- 7. Build the houses, and acquire future owners who are willing to make the commitment and sacrifices to becoming homeowners.”*

This acknowledgement of the success and impact of HFHSTW’s programs was written in 2002, at which point the affiliate had completed a relatively modest number of houses (30-40).

HFHSTW effectively leveraged the outpouring of financial support and volunteerism following Hurricanes Katrina and Rita in 2005 to ramp up their construction activities in a significant manner, with the result that they celebrated the construction of their 200<sup>th</sup> home in the summer of 2011.

HFHSTW has also been innovative and proactive in seeking new opportunities for funding to expand their mission. They have actively pursued and been awarded millions of dollars in outside grant funds, and have recently begun packaging and selling their mortgages to local investors, keeping those investment dollars in the local community and accelerating the pace of Habitat home construction activity.

HFHSTW has focused the bulk of their construction activities in two neighborhoods – the West 30s in Covington and West Abita just west of Abita Springs, along with smaller pockets of construction in Mandeville. By concentrating their building efforts in neighborhoods, HFHSTW is able to have positive influences on local property values, civic pride, and community camaraderie.

As described in a November 30, 2010 WWL-TV story on a survey of residents included in the West 30s Revitalization Plan,

*“The thing they dislike most about their own neighborhood is the overall appearance and image, and especially the housing conditions.”*

(<http://www.wwltv.com/news/northshore/Improvements-sought-in-Covington-neighborhood-111079439.html> – accessed 7/26/2011)

And as Dr. Ragas noted in his 2002 study,

*“Focusing on specific neighborhoods and replacing substandard with standard housing offer tangible evidence to the residents and community at large of the organization’s opportunity for success.”*

HFHSTW has expanded its role in improving west St. Tammany communities by being a partner in the development of The Groves, a mixed-income affordable housing development just outside the Covington city limits and adjacent to the West 30s neighborhood, with construction starting in 2010.

As noted in a September 24, 2010 article on The Groves development in the *St. Tammany News*:

*“The project is a joint effort between the Volunteers of America subsidiary Renaissance Neighborhood Development Corporation and Habitat for Humanity St. Tammany West to build housing for working residents of Covington at an affordable rate. People like bus drivers, teachers, fire fighters and policemen will be able to live in the area with a mortgage or rent they can easily afford.”*

(<http://www.slidellsentry.com/articles/2010/09/24/news/doc4c9bd6754fe16799729412.txt> – accessed 5/10/2011)

That is one of the important but unmeasured impacts of HFHSTW that benefits the entire West St. Tammany economy— making “workforce housing” available for employed lower- to middle-income residents.

Prior to the recent national economic downturn, unemployment rates in St. Tammany Parish had become so low that many employers were having trouble finding available workers to fill vacant positions. One contributing factor was the shortage of affordable housing.

As the local and national economies rebound in the future, HFHSTW’s efforts to increase the supply of quality, affordable housing will become vital to attracting and retaining a diverse and vibrant workforce, a necessary factor for economic development efforts and the recruitment of new companies to locate in the area.

Although the measured economic impacts of Habitat for Humanity St. Tammany West analyzed in this report are impressive and substantial, it would be shortsighted to limit the view of the success and effectiveness of HFHSTW to those impacts alone. HFHSTW has been improving the lives of West St. Tammany residents, including Habitat homeowners, local volunteers, local businesses, and people who are not even familiar with their work, and contributing to a dynamic St. Tammany Parish economy for the past 30 years.

The organization now appears to have reached a “critical mass” which will enable them to be a powerful force in the continued growth of the west St. Tammany economy, and the continued improvement in quality of life for every individual who lives there.

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