



State of Texas Habitat for Humanity Economic Impact Study

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introduction

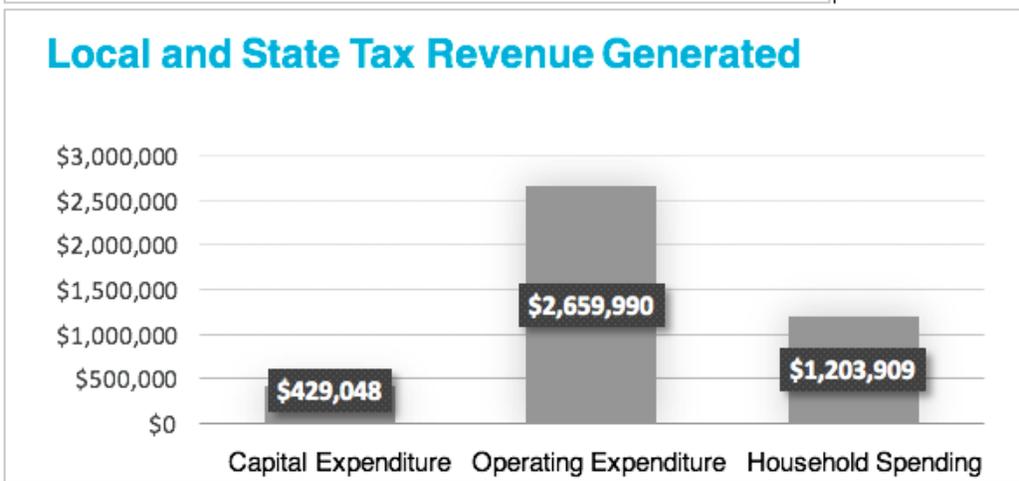
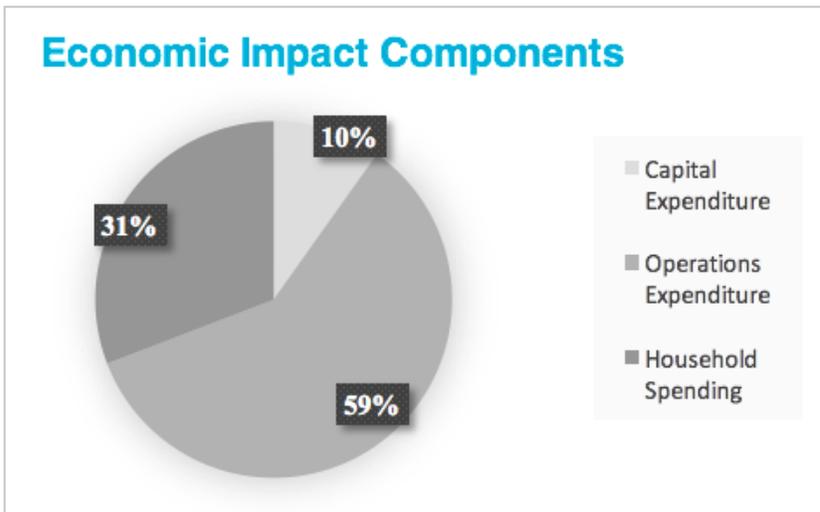
Habitat for Humanity (HFH) is a non-profit organization dedicated to the elimination poverty housing as a problem in the U.S. and throughout the world. The work of Habitat for Humanity is to build and sell safe, decent and affordable homes to families and individuals in need. Habitat brings together families, volunteers and business and civic organizations to volunteer their time, talent and resources to accomplish this mission. In 1976, the first Habitat for Humanity affiliated entity (or affiliate) in Texas was founded in San Antonio. Today, HFH in Texas is comprised of 81 affiliates serving over 100 counties throughout the state. Texas affiliates have built over 8,000 new homes, recycled 152, rehabilitated 564 and repaired 3,467 existing homes and housing structures for a total of 12,288 homes.

However, Habitat's impact goes far beyond the homes it builds and the families and individuals it helps. As this report demonstrates, Habitat in Texas has an even larger economic impact on the communities within which it operates through the creation of jobs and purchasing of goods and services needed to serve these low-income families.

This report was produced by the University of Mary Hardin-Baylor's McLane College of Business in partnership with Habitat for Humanity Texas. The purpose of this study is two-fold. The first section examines the economic impact generated by the 81 affiliates operating throughout the state of Texas during fiscal year (FY) 2015. According to economic theory, direct expenditure creates a ripple effect throughout the rest of the economy. The areas studied include operating expenditure, capital expenditure and household expenditure. The second section examines the tax revenue generated by Habitat's operations at the local, state and federal level. Affordable and clean housing is the cornerstone of neighborhood stabilization, which contributes to the statewide economic growth. This report has noted limitations; concerning the categories of capital and operating expenditure, the report only includes data from 49 of the 81 Habitat affiliates. However, the household expenditure areas include data from all 81 Texas affiliates (see index for a list of TX Habitat affiliates).

This report includes economic impact from capital expenditure, operating expenditure and household expenditure. Capital expenditures are non-recurring expenditures that serve to stimulate and grow the economy. The areas considered in this study as capital expenditures are building purchases (ReStores and/or office space), land purchases, improvements (building new homes/structures, repairing or adding to existing structures) and equipment purchases. Operating expenditures represent ongoing

operation which produces a recurring stream of economic and fiscal benefits. Operating expenditures include utilities, construction supplies, maintenance personnel, office or administrative personnel, office supplies, advertising and other operating expenses. Household expenditures represent the economic impact produced by the individuals located in homes provided by the Habitat affiliates. The 49 reporting affiliates generated over \$152 million dollars in economic impact due to their activities across the State of Texas. The economic impact components chart below provides a breakdown of the percentage of economic impact provided by each area studied. Capital expenditure accounted for 10%, operating expenditure accounted for 59% and household spending accounted for the remaining 31%. The local and state tax generated chart below provides a breakdown of the percentage of tax revenue provided by each area studied. Capital expenditure accounted for 10%, operating expenditure accounted for 62% and household spending accounted for the remaining 28% of tax revenue generated by the operations of 49 reporting Habitat affiliates in Texas.



results

TOTAL ECONOMIC IMPACT

The total economic impact of Habitat's activities in the state of Texas was over \$152 million in expenditures and created or maintained almost 1,300 jobs during FY 2015.

Total Economic Impact by Category and Overall

Capital Expenditure	Total
Economic Activity	\$14,960,691
Total Property Income	\$7,793,218
Total Labor Income (Incl/Benefits)	\$5,346,960
Total Employment	90
State and Local Taxes	\$514,857.60

Operating Expenditure	Total
Economic Activity	\$90,523,252
Total Property Income	\$56,227,054
Total Labor Income (Incl/Benefits)	\$42,004,928
Total Employment	935
State and Local Taxes	\$3,191,988

Household Expenditure	Total
Economic Activity	\$47,132,649
Total Property Income	\$23,584,402
Total Labor Income (Including Benefits)	\$15,846,760
Total Employment	272.64
State and Local Taxes	\$1,444,690

Total Economic Impact	Total
Economic Activity	\$152,616,592
Total Property Income	\$87,604,674
Total Labor Income (Including Benefits)	\$63,198,648
Total Employment	1,298
State and Local Taxes	\$5,152,535.60

CAPITAL EXPENDITURES

The 49 reporting affiliates invested over \$7.4 million in major purchases including buildings, land improvements and equipment. The non-recurring expenditures generated over \$15.0 million in economic activity and supported 90 additional jobs paying \$5.4 million in salaries, wages and benefits annually. At the state and local level, capital expenditure generated \$514,857 in tax revenue. At the federal level, capital expenditure generated \$987,796 in tax revenue.

Economic Impact of Capital Expenditure FY 2015

Description	Direct	Indirect	Induced	Total
Economic Activity	\$7,458,890	\$4,058,029	\$3,443,772	\$14,960,691
Total Property Income	\$3,361,758	\$2,285,724	\$2,145,736	\$7,793,218
Total Labor Income (Incl/Benefits)	\$2,724,374	\$1,433,906	\$1,188,680	\$5,346,960
Total Employment	39.0	25.0	26.0	90.0

Source: IMPLAN

Annual Tax Revenue Generated by Capital Expenditure

Description	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations
State and Local Taxes	\$4,308	\$0	\$479,476	\$30,565	\$508
Federal Taxes	\$332,338	\$67,554	\$66,834	\$396,048	\$125,022

Source: IMPLAN

Top Ten industries affected by Capital Expenditure

1	Construction of new residential permanent site single- and multi-family structures
2	Maintenance and repair construction of residential structures
3	Construction of other new nonresidential structures
4	Food services and drinking places
5	Architectural, engineering, and related services
6	Wholesale trade businesses
7	Retail Stores - General merchandise
8	Retail Stores - Food and beverage
9	Real estate establishments
10	Employment services

Source: IMPLAN

OPERATING EXPENDITURES

The 49 reporting affiliates spent over \$46 million in utilities, construction supplies, maintenance personnel, office supplies, advertising and other operating expenses. Because of the multiplier effect, this spending generated \$90.5 million in statewide activity, provided 780 jobs and increased labor wages by \$42 million. At the state and local level, operating expenditure generated \$3.1 million in tax revenue. At the federal level, capital expenditure generated \$7.6 million in tax revenue.

Economic Impact of Operating Expenditures FY2015

Description	Direct	Indirect	Induced	Total
Economic Activity	\$45,708,648	\$17,544,166	\$27,270,438	\$90,523,252
Total Property Income	\$28,188,184	\$11,045,548	\$16,993,322	\$56,227,054
Total Labor Income (Incl/Benefits)	\$25,543,780	\$7,049,863	\$9,411,285	\$42,004,928
Total Employment	597.4	138.0	200.0	935.40

Source: IMPLAN

Annual Tax Revenue Generated by Operating Expenditure FY2015

Description	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations
State and Local Taxes	\$40,799	\$0	\$2,910,910	\$237,354	\$2,924
Federal Taxes	\$3,147,231	\$324,058	\$405,750	\$3,075,466	\$717,608

Source: IMPLAN

Top Ten industries affected by Operating Expenditure

HOUSEHOLD SPENDING

1	Business support services
2	Maintenance and repair construction of residential structures
3	Food services and drinking places
4	Employment services
5	Architectural, engineering and related services
6	Real estate establishments
7	Offices of physicians, dentists and other health practitioners
8	Private hospitals
9	Services to buildings and dwellings
10	Wholesale trade businesses

The 805 homes provided by the 81 affiliates in FY 2015 enabled their owners and families to generate \$47 million in economic activity annually, over 272 jobs paying \$15.8 million in salaries and wages. At the state and local level, household expenditure generated \$1.6 million in tax revenue. At the federal level, capital expenditure generated \$11 million in tax revenue.

Annual Economic Impact of Habitat Households FY2015

Description	Total
Economic Activity	\$47,132,649
Total Property Income	\$23,584,402
Total Labor Income (Including Benefits)	\$15,846,760
Total Employment	272.64

Source: IMPLAN

Annual Tax Revenue Generated by Habitat Households FY2015

Description	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations
State and Local Taxes	\$14,127	\$0	\$1,606,621	\$90,046	\$1,665
Federal Taxes	\$1,089,829	\$186,444	\$186,621	\$1,166,760	\$408,777

Source: IMPLAN

Top Ten industries affected by Household Expenditure

1	Construction of new residential permanent site single- and multi-family structures
2	Food services and drinking places
3	Retail Stores - General merchandise
4	Retail Stores - Food and beverage
5	Wholesale trade businesses
6	Employment services
7	Real estate establishments
8	Architectural, engineering and related services
9	Retail Stores - Motor vehicle and parts
10	Civic, social, professional and similar organizations

Source: IMPLAN

conclusion

Habitat's work in the state of Texas is significant. Through providing affordable housing to low-income families in towns and cities throughout the state, Habitat employed almost 1,300 people and injected over \$152 million in expenditures in FY 2015 alone.

While the economic and monetary impact of Habitat's work in Texas to increase access to affordable housing has an obvious and measurable effect on the state's economy, the true economic measure of Habitat's impact on a community goes beyond the homes. Habitat also educates its partner families in the areas of financial literacy, credit management, home repair and how to contribute to their respective neighborhoods; and Habitat homeowners spend their earnings in the local community, providing jobs and tax revenue to support continued economic growth. When these factors are combined with the very real sense of hope, community and pride that comes with homeownership, the result is a multiplying effect on the resources expended that impacts that entire State of Texas.

This report is intended to provide real, measurable evidence of how affordable housing directly contributes to a thriving local economy in the State of Texas.

methodology

Economic impact studies utilize econometrics and other high-level statistical analysis techniques. However, due to the advent of computer software packages, the process of studying specific regions is accomplished much easier. The data included in this study is from the fiscal year 2015. The analysis of the economic and fiscal impacts of HFH-Texas includes all spending associated with capital expenditures, operating and households. Data used in this analysis was provided by 49 affiliates to include the headquarters, which is located in Buda, Texas. The IMPLAN input-output model, widely used in professional and academic research, is utilized to determine the impacts of this spending.

Input-output models track how spending flows through a region. This report incorporates 49 of the 81 affiliates in Texas. The IMPLAN model provides estimates of total economic activity including direct, indirect and induced effects, based on the activities of a given entity. Direct effects take place only in the industry immediately affected. For example, the direct effect of home construction would be activities such as hiring construction professionals, office managers and purchasing material used in construction. Indirect effects concern inter-industry transactions such as suppliers, vendors and support personnel such as lawyers and accountants. Induced effects

measure the effects of the changes in household income. These effects allow us to measure the overall impact, or the total changes to the original economy. The IMPLAN model provides an estimate at the regional level and adjusts the impact estimate for spending that leaks (is transferred) out of the local economy. The IMPLAN model also offers an estimate of indirect business taxes, which includes sales and use taxes, property taxes, permit and license fees and other business taxes paid to state and local entities. Lastly, the IMPLAN model offers estimates of federal taxes paid as a result of the studied affiliates' operations.

The IMPLAN model results show the effects on employment, labor income and property income. "IMPLAN employment is defined to include full and part-time annual average jobs for both employees and self-employed workers. Thus, IMPLAN jobs look at all workers, regardless of their average hourly work weeks." "Labor income is composed of two components. These are employee compensation – the wages and benefits paid to wage and salary employees, and proprietor income – the profits earned by self-employed individuals." "Property income includes corporate profits, interest income and rental payments while indirect business taxes are taxes collect[ed] on behalf of the government. These include sales tax, excise tax, property tax, fees, fines and licenses." (IMPLAN: Day, 2015) The economic activity report summarizes the impact of the direct, indirect and induces effects.

The results of the tax impact section provide information on how much tax revenue was collected based on tax type. The types include employee compensation, proprietor income and tax on production and import, households and corporations.

about the authors

Dr. Tiffany DeLuze began teaching at UMHB in fall 2004. Prior to working at UMHB, she worked at General Dynamics Land Systems as the Program Financial Specialist. She has 13 years of experience in for-profit and non-profit accounting, including experience in conducting audits, public accounting and taxes. Dr. DeLuze enjoys spending time with her family, reading and playing sports. She is also involved in consulting work for several businesses in Central Texas. She is a Texas Certified Public Accountant (CPA®) and is pursuing certification as a Certified Fraud Examiner.

Dr. James M. Moten, Jr. teaches finance and economics for the East Central University in Ada, Oklahoma. He has been teaching at the collegiate level since 2003. He is an eleven-year veteran and a former US Army company commander with his last assignment being forward support company commander in Baghdad, Iraq for the 1st Calvary Division, 2nd Brigade from 2003-2005. He holds a PhD in business administration (financial management concentration), a Master of Science in finance, a Master of Science in accounting, a Master of Science in economics, a Master of Business Administration and a Master of Science in acquisition and contract management. He is a CERTIFIED FINANCIAL PLANNER™ professional (CFP®), a Chartered Financial Consultant (ChFC®), a Chartered Mutual Fund CounselorSM (CMFC®) and a Chartered Retirement Planning CounselorSM (CR®).

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Texas Habitat for Humanity Affiliates in Texas

ABILENE	FANNIN COUNTY HABITAT	KERR COUNTY	RIO GRANDE
AMARILLO	FAYETTE CO	KILGORE	ROCKWALL
ANGELINA COUNTY	FORT BEND	LAREDO	SAN ANGELO
ARANSAS COUNTY	FORT HOOD AREA	LONGVIEW	SAN ANTONIO
AUSTIN	FRANKLIN	LUBBOCK	SAN JACINTO COUNTY
BAY AREA - HOUSTON	FREDERICKSBURG, GREATER	MARSHALL AREA	SAN MARCOS AREA
BAYTOWN	GAINESVILLE AREA	MASON CO	SMITH COUNTY
BEE COUNTY	GARLAND GREATER	MEXIA AREA , GRE	SOUTH COLLIN CO TX
BRYAN/COLLEGE STATION	GOLDEN CRESCENT	MIDLAND	SOUTHERN BRAZORIA
CALHOUN COUNTY	GRAHAM	MONTGOMERY COUNTY	COUNTY
CAMP COUNTY	GRAYSON COUNTY	MOUNT PLEASANT	TEXARKANA
COLORADO COUNTY	GREENVILLE	NACOGDOCHES	TRINITY
COMAL COUNTY	GUADALUPE VALLEY	NAVARRO COUNTY	WACO
CORPUS CHRISTI	HENDERSON	NORTH COLLIN COUNTY	WALKER COUNTY
DALLAS AREA	HIGHLAND LAKES	NORTHWEST HARRIS CO	WASHINGTON CO
DENTON COUNTY	HILL COUNTY	PAMPA/GRAY COUNTY	WICHITA FALLS
EAST WHARTON COUNTY	HOOD COUNTY	PARIS/ LAMAR COUNTY	WILLIAMSON COUNTY
EL PASO	HOUSTON	PASADENA	WIMBERLEY VALLEY
ELLIS COUNTY	JEFFERSON COUNTY	PLAINVIEW	
ERATH COUNTY	JIM WELLS COUNTY	POLK COUNTY	