



# Beyond the House

How Habitat's investments  
ripple across the local economy

An economic impact analysis

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# Executive summary

Every year, Habitat for Humanity helps millions of people across the U.S. and in more than 70 other countries around the world achieve homeownership, repair their homes, and build stronger communities. Stable housing has a tremendous impact on family and community health, improved education outcomes for children, and increased financial stability and opportunity, and the cascading effects are far-reaching and transformational. Housing is simply foundational to building strong communities, and the work Habitat does helps drive critical social and economic outcomes.



In addition to the benefits that stable housing brings to families and communities, building and repairing homes stimulates other sectors of the economy, driving additional spending and creating local jobs. This is the seldom-told story “beyond the house” of how Habitat creates a ripple effect in local and regional economies around the country. Habitat affiliates purchase goods and services from local businesses and generate increased economic activity in their service areas. At a time when the U.S. grapples with the economic



fallout tied to the COVID-19 pandemic and the response to it, it is important to underscore the multiplier effect of investments in housing and how they may help accelerate our economic recovery.

Habitat’s ripple effect across local and regional economies is significant. In 2018-19, Habitat affiliates and state support organizations collectively invested \$1.55 billion in their homebuilding and repair operations. This generated over \$2.62 billion of total economic activity across multiple sectors of their local economies, including supporting 29,168 total jobs and paying over \$1.14 billion in labor income. For every dollar invested by the Habitat network, an additional 69 cents was injected into the local economy. This impact goes beyond Habitat employees and homeowners, reaching other local businesses and jobs in related sectors of the economy. At Greater Fox Cities Area Habitat in Wisconsin, this impact is



felt by the local businesses that contract with the affiliate and are guaranteed work on 17 houses each year. In Putnam County, Ohio, it reaches the local lumberyards that provide affiliates with materials – a demand that stays local and benefits small businesses, not big-box corporations. And at Habitat of Greater Memphis in Tennessee, this impact drives more business at local restaurants that cater lunches provided by the affiliate for volunteers.

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When families pay their mortgages, the money goes into building the next house, meaning we'll need to purchase more materials and hire more contractors, and we do that locally.

– **Matt Rau**

*Executive Director, Putnam County Habitat*

These numbers and stories demonstrate that Habitat is not only an important provider of affordable housing, but also a powerful economic engine that contributes jobs, wages and increased output in communities across the U.S. An investment in Habitat's work goes “beyond the house” to stimulate local economies and make meaningful economic contributions to the people, businesses and services who play key roles in the operations of Habitat affiliates.



# Introduction

Driven by the vision that everyone needs a decent place to live, Habitat for Humanity is a leading global nonprofit organization working in local communities across all 50 states in the U.S. and in more than 70 other countries. Within the U.S., the Habitat network is composed of local Habitat affiliates and state support organizations, which provide advocacy and coordinate support from a state or regional level. Each year, Habitat helps thousands of people across the country achieve homeownership, repair their homes, and build stronger communities through our work in creating decent and affordable housing opportunities. Local Habitat affiliates partner with families and individuals in need of a hand up to build or improve a place they can call home. Stable housing has a tremendous impact on family and community health, improved education outcomes for children, and increased financial stability and opportunity, and the cascading effects are far-reaching and transformational. Housing is simply foundational to building strong communities, and the work Habitat does helps drive critical social and economic outcomes.

In addition to the benefits that stable housing brings to families and communities, building and repairing homes also stimulates other sectors of the economy, driving additional spending and creating local jobs. This is the seldom-told story “beyond the house” of how Habitat creates a ripple effect in local and regional economies around the country. Habitat affiliates purchase goods and services from local businesses and generate increased economic activity in their service areas. At a time when the U.S. grapples with the economic fallout tied to COVID-19 and the response, it is important to underscore the multiplier effect of investments in housing and how they may help accelerate our economic recovery.



# Looking beyond the house:

## Quantifying the economic impact of Habitat's ripple effect

Habitat is proud of the homes built alongside homeowners and volunteers, and the lives that have changed as a result, but we know that our impact on the economy goes beyond the construction of homes. Habitat affiliates across the country purchase goods and services from other businesses, create local jobs, and generate demand in the broader economy. The investments that affiliates make in construction and operations are a powerful engine for local economies. The dollars they spend support other businesses and their employees, who in turn generate even more economic activity. Residential construction has been shown to be a strong catalyst for economic activity and jobs; according to the National Association of Home Builders, building a single-family home generates 3.9 jobs.<sup>1</sup> This ripple effect on jobs and economic activity adds up and amounts to millions of dollars of economic impact in communities nationwide.

Just how much of a ripple effect? To answer that, we performed an economic impact analysis of the U.S. Habitat network, aggregating affiliate financial data to understand the multiplier effect as Habitat's investments in affordable housing cascade through multiple sectors of local economies.

This analysis focuses strictly on the economic ripple effects of affiliate and state support organization programming and operations. It does not include economic factors beyond affiliate expenditures, such as property taxes paid, impacts on neighborhood property values, and

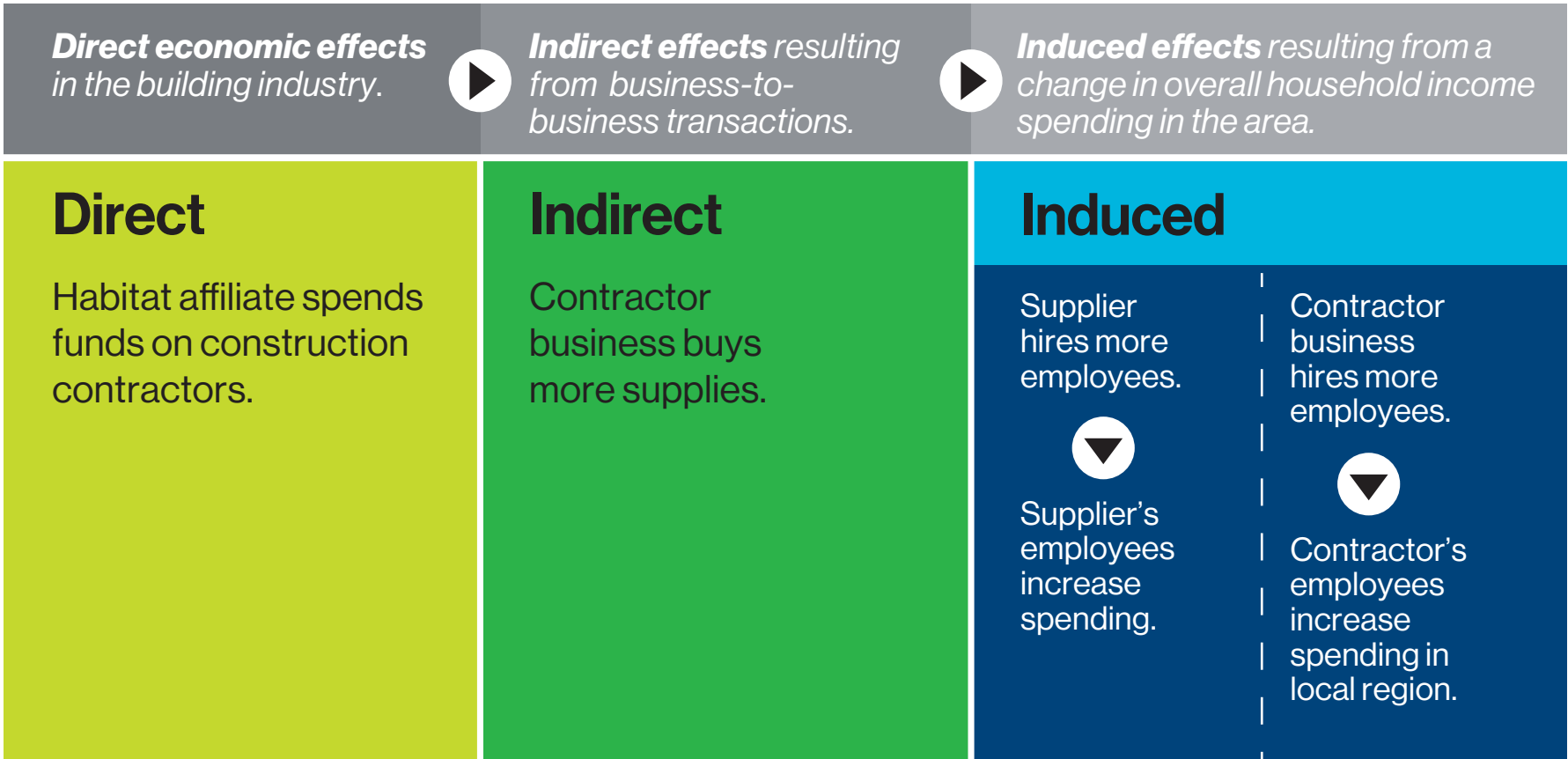
financial outcomes or spending by Habitat homeowners. Moreover, as indicated above, Habitat's work in enabling homeownership brings broader community and economic impacts through neighborhood revitalization efforts, improving social outcomes, and increasing residential stability; these impacts are also not reflected in this report. The results contained in this analysis should therefore be understood as only one component of Habitat's full impact and not a comprehensive measure of the value of Habitat's work.

### What is an economic impact analysis?

An economic impact analysis is a method of describing the impact of an affiliate's or state support organization's operations on the local economy. The analysis tracks how the money an organization spends circulates through the economy. This is also referred to as an input/output model, which takes an affiliate's expenditures and tracks how dollars flow between industries to estimate the outputs in the economy, typically in the form of expenditures, earnings and jobs. The results are segmented into three sets of outputs: direct, indirect and induced effects. These types of analyses are often used by local government officials or economic development organizations to consider the possible benefits of different potential projects and to assess whether a project merits public investment.<sup>2</sup> It is a well-known approach and is a standard method of communicating the economic contribution of an organization or institution operating within a region.

<sup>1</sup> National Association of Home Builders, Housing Policy Department. (2015). *The Economic Impact of Home Building in a Typical Local Area: Income, Jobs, and Taxes Generated*. <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics/economic-impact/economic-impact-local-area-2015.pdf>

<sup>2</sup> Morgan, Jonathan Q. *Analyzing the Benefits and Costs of Economic Development Projects*. UNC School of Government, 2010. Accessed Sept. 2, 2020. <https://www.sog.unc.edu/publications/bulletins/analyzing-benefits-and-costs-economic-development-projects>.



**ECONOMIC IMPACT ANALYSES FOR HABITAT AFFILIATES**

Think about a situation in which an affiliate spends money on a construction contractor. Those expenditures would be a direct effect. The hired contractor uses some of the money paid to them to purchase more supplies. This additional spending by the contractor would be an indirect effect. Now imagine that the contractor also uses the additional spending to hire more employees. The supplier the contractor buys from also hires more employees to meet the increased demand from the contractor. Both sets of these new employees now have more money to spend in the local economy at restaurants, retail stores, etc. This additional spending is an induced effect.

## Our approach

To analyze the full economic contribution of the Habitat network's investments and operations, Habitat for Humanity International primarily relied on employment and expenditure data from the 2019 IRS Form 990s and audited financial statements of affiliates and state support organizations.<sup>3</sup> We extracted expenditure and employee information from these documents and aggregated expenditures into three categories: new construction, rehabilitation and renovation, and office and Habitat ReStore operations. These categories represent the primary economic activities conducted by affiliates in their local economy.

### ECONOMIC IMPACT ANALYSES FOR HABITAT AFFILIATES

Category	Included information
New construction	Total spending on new construction.
Rehabilitation and renovation	Total spending on renovation and rehabilitation of existing homes.
Office and Habitat ReStore operations	All other spending. Total employment. Total employee compensation with fully loaded payroll.

This information was then input into IMPLAN, an economic modeling software, along with each organization's local service area to estimate the economic impact within the local economy and across the network. Habitat for Humanity International worked closely with a former executive director from a Habitat affiliate, Greg Thomas,

and economists and staff members from IMPLAN to ensure the data were collected, categorized and input appropriately to accurately model Habitat's economic impact.

*For more information about our approach and methodology, please see Appendix A.*



<sup>3</sup> We used 2018 financial documents when FY2019 documents were unavailable.



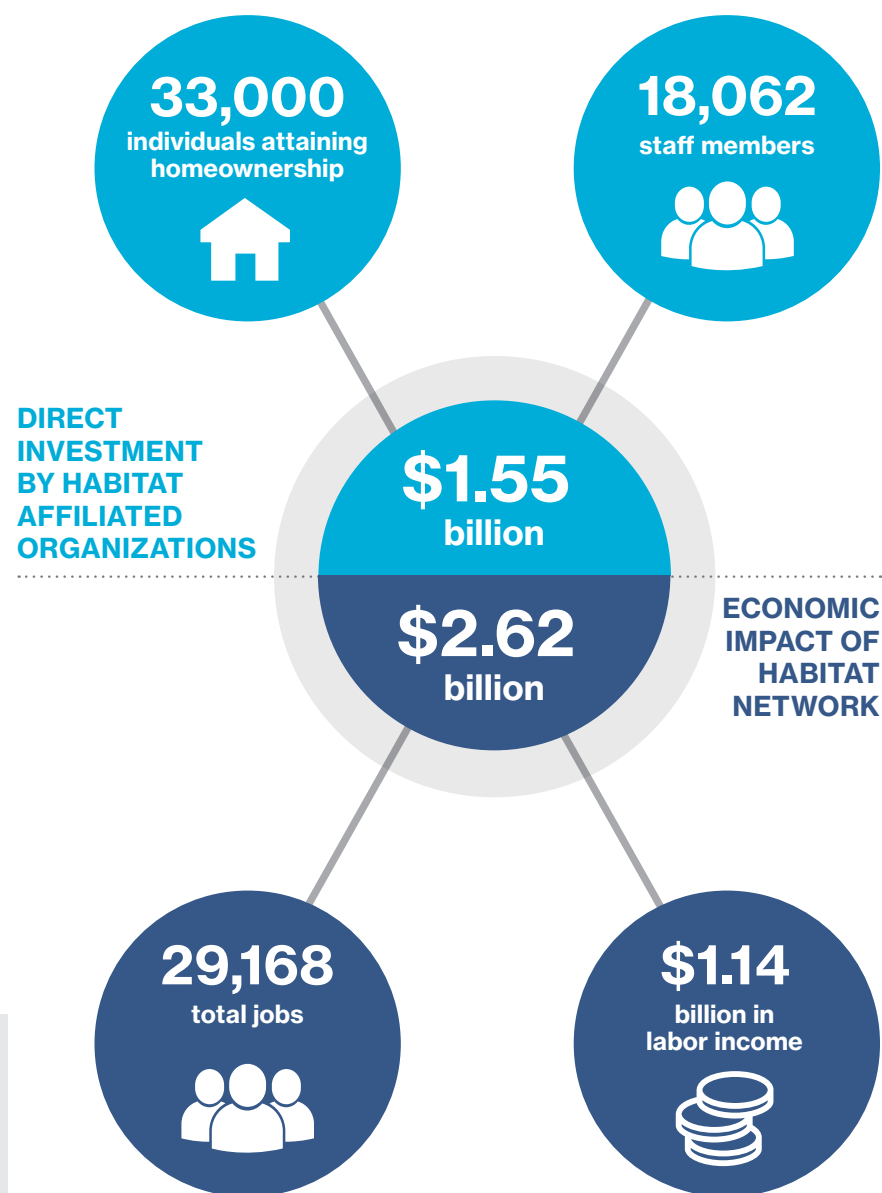
## The economic impact of Habitat's ripple effect

Collectively, Habitat affiliates and state support organizations invested \$1.55 billion over the past year, helping over 33,000 individuals as they achieved their goal of homeownership and directly employing 18,062 staff members. Habitat's investment created over \$2.62 billion of total economic activity, supporting 29,168 total jobs and paying over \$1.14 billion in labor income. Habitat's work also created \$1.53 billion in value added, a measure of contribution to gross domestic product. In addition, federal, state and local governments benefited from the tax revenue produced from constructing and repairing houses. At the state and local levels, these taxes include items such as Social Security taxes for employees, sales taxes, and taxes on motor vehicle licenses; at the federal level, these include excise taxes, customs taxes, and corporate profit taxes. This revenue equaled \$91.9 million in state, local and federal taxes.

Given total affiliate spending, this amounts to a return on investment of \$1.69 — for every dollar invested by the Habitat network, an additional 69 cents was injected into the local economy. Each house constructed or repaired also created 2.48 jobs.

### The top three industries most impacted by Habitat's work were:

1. Community food, housing and other relief services, including rehabilitation services.
2. Construction of new single-family residential structures.
3. Real estate sales and property management.



## Beyond the numbers

First and foremost, our work creates homes that offer life-changing opportunities for the people who own them. But the impact does not stop there; the numbers in this report demonstrate the magnitude of Habitat's economic impact and show that the dollars we invest to bring safe and affordable housing to communities generate enormous amounts of economic activity across multiple sectors. Our programs and operations create jobs, wages, tax revenue and business activities in the communities where Habitat works. Although a homeowner or family may be the ultimate benefactor of a Habitat house, many people and organizations benefit from the dollars spent and the activity supported along the way. Below are examples from three Habitat affiliates describing the ripple effects of their work in their local economy, in particular the businesses, services and people they support through their investments and operations, and from a Habitat homeowner discussing the impact of homeownership on her quality of life.

### Greater Fox Cities Area Habitat

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The Greater Fox Cities Area affiliate partners with families to build about 17 homes annually. To complete the homes, the affiliate bids out new builds a year in advance, which makes it possible to secure prices and create and maintain relationships with local contractors. "It's not just about price and location," says John Weyenberg, chief executive officer and president of the affiliate. "For example, we are often awarded grants by the state and must complete the work in 30 days. It would be difficult to approach our contractors with such a tight deadline if we had not already built those relationships."

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Their investment in these homes has a ripple effect.

The once-a-year bidding structure, along with a detailed work schedule, allows suppliers and contractors to adjust their inventory, delivery schedules and staff. "Take, for instance, a plumber," says Roger Roth, director of construction and land development. "When he wins a bid with us, he knows he'll have work on 17 houses. This allows him to staff according to those needs and provides secure income and employment for himself and his employees. This is guaranteed work."

Suppliers and contractors often interact with volunteers on the builds. Volunteers see the professionals' work ethic and passion for Habitat's mission to provide safe and stable shelter, and they often will hire the contractors they have met at Habitat work sites when they need work performed in their homes. Local restaurateurs often donate lunch for those working on the builds, and those



volunteers in turn later patronize the restaurants as a direct result of their support of Habitat. According to John, "Their investment in these homes has a ripple effect."



## Putnam County Habitat

Within its community of 32,000 people, Putnam County Habitat in Ohio builds one new home annually. Thus far, its activities have benefited 42 families directly and contributed \$2 million to the local economy.

This is especially significant considering that there are no big-box construction or lumber retailers in the county. “There are three or four local lumber yards here, and we try to work with each of them,” says Matt Rau, Putnam County Habitat’s executive director. “We also work with several local contractors for the skilled work required for our builds and repairs. As a result, they’ve bought into our mission and often donate in-kind skilled labor.”



Residents of the small community often face competing requests to donate to fundraisers for schools, churches, sports teams, etc. Residents see the value in repeatedly lending their time and talent to volunteer with Habitat because they observe Habitat’s investment in the community through purchases of local goods, hiring of local contractors, and helping families build and repair their homes. This amplifies the ripple effect of Habitat’s work.

“Another big selling point is that when families pay their mortgages, the money goes into building the next house, meaning we’ll need to purchase more materials and hire more contractors, and we do that locally,” Matt says. The dollars stay in the community, and the impact of Habitat’s work circulates throughout the economy.

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## Habitat of Greater Memphis

For the past decade, Habitat of Greater Memphis has partnered with the Community Redevelopment Agency, which has substantially funded several builds. It also has used tax increment financing to build new homes, addressing the issue of blight.

“This financing allows us the opportunity to elevate the money we raise and create more opportunities to serve families,” says Dwayne Spencer, president and chief executive officer of the affiliate. “We are a conduit to revitalize the Uptown corridor and create homeownership.”



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We are a conduit to revitalize the Uptown corridor and create homeownership.

Greater Memphis is currently building 27 new homes on vacant and abandoned lots that were overgrown. “We’re taking a community that was on the fringes and headed in the wrong direction and building several new homes at a time, which changes the community as a whole,” Dwayne says. This work often attracts volunteers, who see Habitat on lots that were overgrown and pitch in to help. Greater Memphis often purchases lunch for these volunteers, which benefits local businesses. They try to use restaurants that are located within one-half to one mile of the work sites. Habitat’s patronage causes a ripple effect, as the meal is sometimes volunteers’ first exposure to this business, and they will later take friends and family to dine at the restaurant.



Greater Memphis has also partnered with local businesses, through the Wells Fargo Urban LIFT Community Grant Program, to help owners make repairs and improve their facades and to install three murals and five decorative bike racks. Afterward, the owners reported that their daily revenue and foot traffic increased. One business owner said, “I would say that the façade improvements made the biggest impact; they are naturally showing that there is something going on, and there is an increased interest in getting people to reinvest their time, money and patronage to local businesses.”



## Tiarra's story

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It's an absolute blessing. I walk through my home sometimes and think, 'I cannot believe it's mine.'

In 2011, Tiarra, a Michigan native, moved with her two children to Memphis, Tennessee. Initially they lived with extended family, but several financial setbacks left Tiarra homeless. Not wanting to subject her children to homelessness, she sent them to live with family in Michigan. She was determined to improve their lives, so she returned to college, secured better employment, and reunited her family as quickly as possible. She knew she needed to find a stable home for her kids. "I needed help building my credit to purchase a home, so I reached out to Habitat."

Tiarra was approved and enrolled in the homeownership classes. She worked hard, paid off her debt and began saving for a down payment.

Tiarra, her son, Terrion, 14; and her daughter, Nyeema, 13, moved into their new Habitat home in November 2019. "My mortgage is \$400 less than I paid in rent for what was basically a slum," Tiarra says. "It was about half of my monthly income. I can breathe now. I can feed my children and still pay my expenses. We can enjoy little things, like getting ice cream at a restaurant."



Terrion and Nyeema say they notice that Tiarra is no longer stressed out and anxious. “Terrion was selected for a college-readiness program,” Tiarra says. “I have money to pay for things like that now. I can save and not deplete the savings for necessities. I can look ahead and make plans for the future.”



# The transformative power of home

The need for safe, affordable housing continues to grow.

Habitat's work partnering with families through financial education and sustainable housing is more important than ever. The information in this report shows the economic impact that Habitat has on local economies as we purchase goods and hire professionals to help us partner with families. This is just part of the transformative power of home. For instance, Habitat families:

- **Participate in financial literacy classes as part of the selection process that improves their money management skills.**
- **Often have more disposable income to spend in the local economy.**
- **Often experience improved health, which means better school attendance and improved grades.**
- **Are more engaged in their community as they are more likely to vote and volunteer.**

While these changes take place individually, there is a ripple effect that is real and tangible for the communities where Habitat works and our homeowners live. When parents like Tiarra no longer spend most of their income on rent and no longer have to struggle to make ends meet, they gain peace of mind and are empowered to better care for their families. They can make plans and save for brighter futures.

These numbers and stories demonstrate that Habitat is not only an important provider of affordable housing, but also a powerful economic engine that contributes jobs, wages and increased output in communities across the U.S. An investment in Habitat's work goes "beyond the house" to stimulate local economies and make meaningful economic contributions to the people, businesses and services who play key roles in the operations of Habitat affiliates.

With your support, Habitat homeowners achieve strength, stability and independence and local economies benefit in numerous ways, tangibly and intrinsically.

# Appendix A:

## Methodology and approach

The U.S. Research and Measurement team at Habitat for Humanity International led our efforts to analyze Habitat for Humanity’s economic impact. We partnered with a former affiliate executive director, Greg Thomas, who had performed extensive work in conducting affiliate economic impact analyses, to consult on data aggregation and methodology.

### Data collection

Habitat for Humanity International solicited two financial documents from Habitat affiliates and state support organizations active in FY2019: their IRS 990 or 990-EZ and their audited financial statements for the most recent year. The team received financial documents from 1,075 affiliates and 10 state support organizations. Fewer than half (45%) of the affiliates shared audited financial documents. Forty-six percent provided IRS 990s, and the remaining 9% supplied IRS 990-EZs. See Table 1 for further breakdown by year.

**TABLE 1: Distribution of financial documents used across affiliates and state support organizations**

Type of financial document	Data extracted	2017*	2018	2019	Total
Audited Financial Statement	Expenditure data	0	104	385	489
IRS 990	<ul style="list-style-type: none"> <li>• Employment numbers</li> <li>• Expenditure data (when no audited financial statements were provided)</li> </ul>	12	339	150	501
IRS 990-EZ		4	53	38	95
<b>Total</b>		<b>16</b>	<b>496</b>	<b>573</b>	<b>1,085</b>

**Note:** This project was conducted during the midst of the COVID-19 pandemic, which limited our ability to interact with affiliates to directly obtain documents and unpack the data. As a result, this analysis potentially underestimates the economic impact of the Habitat network.

\*We were unable to locate more recent financial documents for these affiliates.



## EXPENDITURES

Expenditure data were manually extracted from audited financial statements or IRS 990/990-EZs, depending on what was provided by the affiliate or state support organization. For the audited financial statement, the expenses included the following:

- All expenses included in the Statement of Functional Expenses.
- Construction of homes in progress not yet sold to the homeowner and found in the Statement of Financial Position.
- Purchase of any goods for resale in the Habitat ReStore. This information is located in the Statement of Activities, often under Cost of Goods Sold.

In some instances, expenses for the latter two categories were found in the notes section of the audited financial statement.

In cases where no audited financial statements were provided, expenditure data were extracted from IRS 990, Part IX, Statement of Functional Expenses, or IRS 990-EZ, Part I, Lines 10-17, and Part III Statement of Program Service Accomplishments.

Habitat for Humanity International contracted with two vendors to perform double-data entry of the financial documents to ensure data accuracy. The vendors used a data entry template that was provided by Habitat for Humanity International and adhered to detailed guidance. Once extracted, the data were compared between the two vendors, and any inconsistencies were resolved.

## EMPLOYMENT

Employment numbers were scraped from IRS 990 forms, Part I, Line 5, using a combination of programming code and manual data entry. In some instances, affiliates did not provide employment numbers in their most recent IRS 990. In these cases, Habitat for

Humanity International referred to previous years. If that information also was missing, it was assumed the affiliate had zero employees. Habitat for Humanity International imputed employment numbers for those affiliates (1) reporting non-zero employee compensation and providing IRS 990-EZs or (2) reporting zero employees but non-zero employment compensation. Imputed employment numbers were based on:

- The compensation amounts itemized in Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors (IRS 990) or Part IV List of Officers, Directors, Trustees, and Key Employees (IRS 990-EZ).
- Number of staff members indicated on the affiliate's website.
- Assumption of annual salary per employee of \$33,000.

## HOUSING PRODUCTION

Habitat for Humanity International used 2018 and 2019 housing production numbers for new construction, recycle, rehabilitation and repair as provided by affiliates in the quarterly House Production Report. For new construction, we aggregated the number of new and recycled houses, and for rehabilitation and renovation, we aggregated houses repaired and rehabilitated.

## GEOGRAPHIC SERVICE AREA

Habitat affiliates have designated geographic service areas, or GSAs. For this report, those GSAs were rounded up to the county level. These county-level service areas were determined from the GSA descriptions provided by affiliates and mapped into counties. For instance, if an affiliate's geographic service area covered one full county and one partial county, the geographic region included both counties. State support organizations were assigned to their state or regional area.

## Data analysis

Habitat for Humanity International contracted the IMPLAN Group, an economic modeling software company, to conduct the economic impact analysis using affiliate and state support organization data. IMPLAN uses a regional economic analysis software application that is designed to estimate the impact or ripple effect of spending within a specific geographic area through the implementation of its input-output model. Habitat for Humanity International provided IMPLAN with expenditure and employment data, which IMPLAN then used to estimate the economic impact of the Habitat network.

### DATA COMPILATION

The Habitat for Humanity International team used Stata statistical software to aggregate expenditures into one of three categories:

- **New construction:** Total spending on new construction.
- **Rehabilitation and renovation:** Total spending on renovation and rehabilitation of existing homes.
- **Office and Habitat Restore operations:** All other spending, including total employment compensation.

These categories match the industries suggested by IMPLAN as industries most closely tied to Habitat's economic activity. In most instances, affiliates did not separately report spending on new home construction and rehabilitation and renovation. Consequently, the categories were combined for these affiliates and assigned to new construction.

Construction costs related to incomplete homes that are not yet sold to homeowners were included as part of new construction costs. These costs are included only for those affiliates where the audited financial statement or IRS 990-EZ (if reported) was used. We calculated these costs as the difference between construction in progress at the

end of each fiscal year (i.e., FY2019 and FY2018). If only one year of construction-in-progress costs was included in the audited financial statement, no construction-in-progress costs were included.

In aggregating expenditures, the following expenses were excluded:

1. **Purchase and sale of land.**
2. **Purchase of capital items such as refrigerators.**
3. **Noncash items such as depreciation, bad debt write-off, mortgage discount.**

The purchase and sale of land is considered an asset transfer and will therefore not impact the economy. Some affiliates, however, report expenses for land purchase and land development combined, and Habitat for Humanity International included these expenses, potentially overstating expenses. Also, most capital items are most likely produced outside of the affiliate's geographic service area and hence are not included as part of their economic activity. Given that affiliates do not separately report the purchase of capital items in their financial documents, we assumed a standard deduction of \$2,500 per house constructed based on industry experience.

Some affiliates value the sale of their donated inventory sold in Habitat ReStores and include this as an expense. Because our focus is only on spending by the affiliate, we excluded this expense from our analysis. Additionally, some affiliates purchase goods for resale in their Habitat ReStore. If these expenses were clearly stated or could be calculated from information in the Statement of Functional Expenses and/or the Statement of Activities, we included the expense in our analysis. For affiliates for which we relied on the IRS 990 or 990-EZ for expense information, expenses related to purchased inventory were not included if not already part of their expenses.

For this national analysis, we included payments made to Habitat for Humanity International – specifically, the Stewardship and Organizational Sustainability Initiative, or SOSI, fee and payments for Habitat ReStore support. Tithing was excluded, as that money is directed to Global Village builds. In instances in which affiliates did not report tithing and SOSI separately, we relied on our internal database to determine the amount tithed and deducted this amount from indicated expenses.

To validate the aggregation methods, Habitat for Humanity International asked a subset of affiliates to review both their financial documents and the aggregated results to ensure that our interpretation of spending activity was accurate. A total of 62 affiliates reviewed and validated their data.

### MODELING ECONOMIC ACTIVITY

IMPLAN uses annual, regional data from the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and Census Bureau to calculate industry-specific multipliers at different geographic levels (e.g., state, county, ZIP code) from an input-output model. These multipliers estimate the induced and indirect effects generated by affiliates' investments in different industries to calculate changes in output, income and employment.

IMPLAN assigned each of the categories to an IMPLAN industry code.

- **New construction:** 57 – Construction of new single-family residential structures.
- **Rehabilitation and renovation:** 61 – Maintenance and repair construction of residential structures.
- **Office and Habitat ReStore operations:** 485 – Community food, housing and other relief services, including rehabilitation services.

All employees of the Habitat affiliate or state support organization were included under Office and Habitat Restore operations, along with their employment compensation. Proprietor income was assumed to be zero. Affiliates and state support organizations were assigned to the appropriate geographic region for the affiliate or state support organization.

In addition, IMPLAN modeled the imputed amounts spent on capital items as commodities in order to correctly account for the appliances in each newly built home that would not normally be included in the construction industry spending pattern. Total spending on capital items was imputed for each newly constructed house using the cost of a refrigerator (median value: \$744), stove (median value: \$834) and HVAC system (affiliate estimate: \$2,500). All commodities were classified as “other major appliances (Commodity 3328).” For each newly constructed house, construction spending was reduced by the cost of the HVAC system, given that the affiliate might not have incurred any cost for the refrigerator and stove as these may have been donated.

IMPLAN ran all 1,075 affiliate regions and all 10 states independently to generate outputs for each region or state. The outputs generated were:

- **Total output:** Output is the total value of production by industry in a calendar year. It includes all components of production value for a given industry; intermediate expenditures, employee compensation, proprietor income, taxes on production and imports, and other property income.
- **Total employment:** IMPLAN defines employment based on the definition of the Bureau of Economic Analysis and Bureau of Labor Statistics, which defines jobs as full-time/part-time annual

average. Thus, one job lasting 12 months is equal to two jobs lasting six months each or to three jobs lasting four months each. A job can be either full-time or part-time and is not the same as a full-time equivalent number.

- **Total labor income:** Labor income represents the total value of all forms of employment income. It reflects the combined cost of total payroll paid to employees. It is a fully loaded payroll value and includes all cost of labor to the industry: wages and salaries and benefits.
- **Total value add:** Value added is a measure of the contribution to gross domestic product made by an individual producer, event or industry. Value added is equal to output minus intermediate expenditures. Intermediate expenditures consist of all purchases of nondurable goods and services, such as energy, materials and services, used to construct the new homes and rehabilitate and renovate existing homes.
- **Total state, local and federal taxes:** All tax revenue in the study area across all levels of government that exist in that study area for the specific industries and institutions affected by an event or group of events.
- **Top three industries impacted:** Industries with the highest total output.

All results (investment and outputs) were reported in 2020 dollars.

As the results generated by IMPLAN were at the affiliate and state levels, Habitat for Humanity International aggregated the data to generate national figures. These national estimates are conservative estimates of the impact of affiliates' investments, as the estimates exclude any spillover of affiliates beyond the geographic regions included in the analysis.

## SENSITIVITY ANALYSIS

We conducted sensitivity analyses to determine how miscategorizations of investments – especially between New Construction (Industry 57) and Rehabilitation and Renovation (Industry 61) – would affect the results. The sensitivity analyses indicated that miscategorizations would only marginally impact the results, modifying the results by less than 1%.





# Appendix B:

## About Habitat for Humanity



### About

Driven by the vision that everyone needs a decent place to live, Habitat for Humanity began in 1976 as a grassroots effort on a community farm in southern Georgia. The Christian housing organization has since grown to become a leading global nonprofit working in local communities across all 50 states in the U.S. and in more than 70 countries. Families and individuals in need of a hand up partner with Habitat for Humanity to build or improve a place they can call home. Habitat homeowners help build their own homes alongside volunteers and pay an affordable mortgage. Through financial support, volunteering or adding a voice to support affordable housing, everyone can help families achieve the strength, stability and self-reliance they need to build better lives for themselves. Through shelter, we empower. To learn more, visit [habitat.org](https://www.habitat.org).

### How we work

While Habitat's mission has a global reach, this report is focused on the work of the Habitat network in the U.S. that is composed of local Habitat affiliates and state support organizations, which provide advocacy and coordination support from a state or regional level. Habitat for Humanity affiliates are independent local nonprofit organizations that act in furtherance of the Habitat for Humanity mission, and each Habitat affiliate coordinates all aspects of Habitat homebuilding in its local area.

In addition to building new houses alongside future homeowners, Habitat affiliates also complete rehabilitation and repair projects to improve the quality of existing homes, and work on neighborhood revitalization efforts to strengthen entire communities. Some Habitat affiliates participate in the Aging in Place initiative, which assists with repairs and modifications to homeowners over age 65 to improve their ability to live in their home safely and independently. Affiliates are also instrumental in Habitat's Disaster Risk Reduction and Response work, which serves communities in the areas of disaster mitigation, preparedness and recovery through education, training and partnerships.

Furthermore, Habitat affiliates operate Habitat ReStores, which are independently owned retail stores. Habitat ReStores resell donated home improvement items to the public at a discounted price. Affiliates operate more than 900 Habitat ReStores across the country, the proceeds from which contribute to building strength, stability, self-reliance and shelter in local communities and around the world.

Habitat's network also works to address the underlying policies and systems that hinder access to housing. Building on the unparalleled reputation of local Habitat organizations across all 50 states and our strong record of advocacy achievements throughout the U.S., Habitat for Humanity launched Cost of Home in June 2019. Through the five-year advocacy campaign, Habitat is mobilizing volunteers, community members and partners throughout the country to find solutions and help create policies at the local, state and federal levels for 10 million individuals to have access to affordable places to live. Policy wins reported during the first year of the campaign are estimated to improve access to home affordability for nearly 1.5 million people.



## Our mission

Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope.

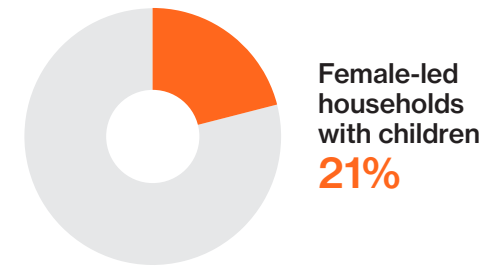
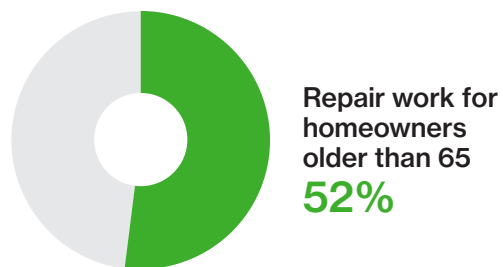
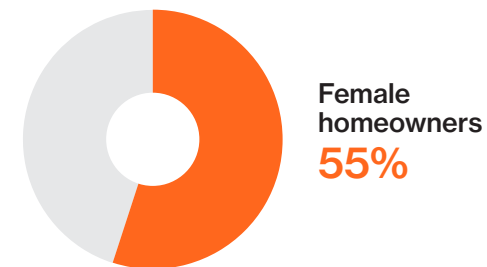
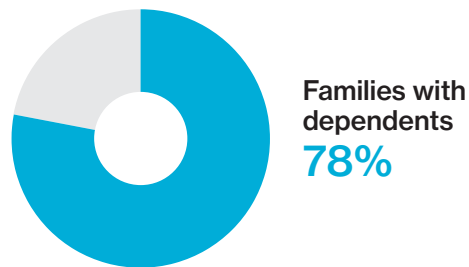
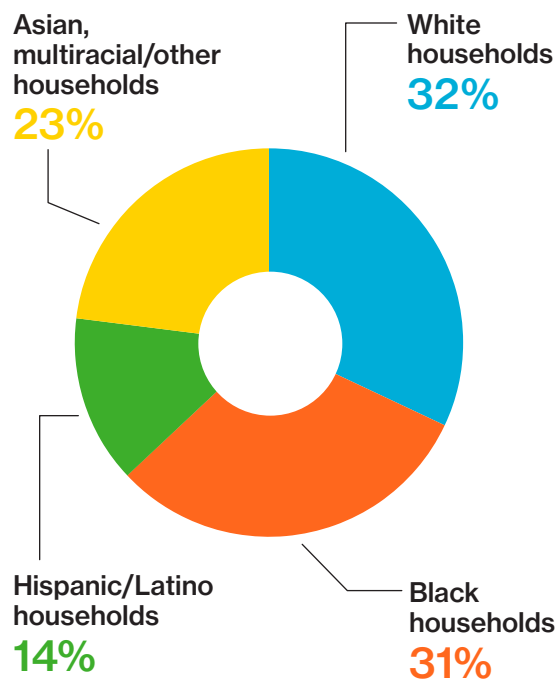
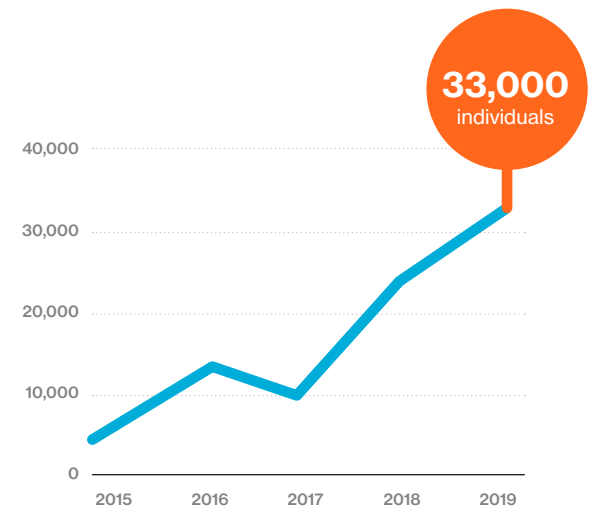
## Our vision

A world where everyone has a decent place to live.

## Who we serve

Habitat partners with low- and moderate-income families for whom homeownership has the potential to enhance their quality of life. Potential homeowners must meet basic qualifications – such as earning below 80% of the local area median income – to apply for a house. After applying and going through a homeowner selection process run by their local affiliate, selected homeowners attend a series of classes on topics such as personal finance, home maintenance and other homeownership topics that will support them in owning their home. New homeowners also must meet a sweat-equity requirement, which stipulates that they must volunteer a certain number of hours at either their home build or another Habitat home build. Homeowners who participate in repair services undergo a similar selection process and, like new homeowners, must earn less than 80% of the local area median income. Homeowners participating in repair services do not have a sweat equity-requirement but are provided meaningful opportunities to participate in repair projects.

In fiscal year 2019, **Habitat helped more than 33,000 individuals in the U.S.** access a decent, affordable place to live. While Habitat homeowners share basic qualifications and follow a similar journey to homeownership, they are otherwise a diverse group. Of the households served by Habitat affiliates in FY2019 through new construction, repair, recycle and rehab work, **32% were white households, 31% were Black households, 14% were Hispanic/Latino households, and the remaining 23% comprised Asian, multiracial or other households.** New construction largely served families with dependents – **78% of all new homeowners had dependents.** Repair work, which accounted for 68% of work done by affiliates, was typically performed for older homeowners, as **52% of all repair work was for homeowners older than 65.** Across construction and repair work, **the majority of Habitat homeowners were female (55%), and 21% of all households assisted were female-led households with children.**



**everyone**  
needs a place to call home



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