

Beneficial Investments

Marlena Melhunek

This fall, DHC and the Delaware Housing Trust Fund Working Group released an exciting new study detailing the positive economic impact of public investment in housing. *Investing to Meet Delaware's Affordable Housing Needs: An Economic Impact Analysis* investigates the economic and social impacts of a \$60 million public investment in housing over five years. Its findings included a variety of impressive benefits. The proposed \$60 million investment would result in over \$420 million in new economic activity in the state as well as almost 3,400 new full-time jobs.

The study was commissioned by the Working Group and funded by Deutsche Bank Trust Company Delaware, JPMorgan Chase and MBNA America Bank, N.A. On November 15, the study's sponsors hosted a public release event at the Goodstay Center at the University of Delaware's Wilmington campus. Over 90 people representing a broad range of interests attended the release event.

Dr. William Latham, who conducted the study, has been a faculty member in the University of Delaware Department of Economics for over 30 years. He has studied the Delaware economy for over 25 years and completed detailed economic impact studies for various industries in the state. The study utilizes the most accepted and highly regarded

Benefits to Delaware of a \$60 million housing investment:

- \$7 of economic output for every \$1 invested
- \$420 million in new economic activity
- 3,395 new full-time jobs
- \$106 million in new income
- \$12.5 million in new state and local taxes

from *Investing to Meet Delaware's Affordable Housing Needs*

economic modeling methods and programs and is based on a complete economic model of the state. Inputs for program spending were derived from the five programs outlined in the *Fostering a Livable Delaware: A Five Year Strategic Housing Plan* proposed by the HTF Working Group.

The \$60 million, if invested according to the priorities laid out in the *Five-Year Strategic Housing Plan*, would result in the creation of 875 rental home opportunities and 3,900 homeownership opportunities over five years. The impact of public investment in housing on the state's total housing needs is far greater than just the amount of direct spending from the Housing Development Fund. These dollars will leverage additional public and private investment. The proposed \$60 million investment would be part of more than \$273 million of investment in housing.

New expenditures have impacts far beyond actual housing produced and actual dollars spent. The proposed \$60 million investment would result in over \$420 million of new output. Every dollar stimulates additional spending, resulting in \$7 of additional economic activity for every public dollar invested.

In addition to the economic impacts of investment in housing, there are documented social and community benefits associated with insuring decent and affordable homes are available for all families and individuals, and in expanding access to homeownership. When affordable homes are integrated into broader community plans for land use, transportation and economic development, the range of effects broadens to encompass both

Economic Benefits by County of the Five-Year Investment

	Economic Output	Jobs	Income
New Castle County	\$152,359,289	1,182	\$43,691,078
Kent County	\$86,245,470	700	\$20,294,378
Sussex County	\$181,627,847	1,513	\$42,398,099
Statewide	\$420,232,606	3,395	\$106,383,555

Source: Investing to Meet Delaware's Affordable Housing Needs