



# Affordable Housing's Economic Impact

The economic impact of affordable housing at the local level is significant. In fact, the development of affordable housing in communities has many short- and long-term economic benefits. This industry combines the investment potential of real estate development with the mission of helping low- and moderate-income individuals and families, while impacting the local economy through job creation and increased government revenue.

## Impact on Employment

One of the primary ways affordable housing positively impacts the economy is through direct and indirect job creation. In Virginia alone, it is estimated that from 1996-2016 266,135 short-term jobs and 10,245 long-term jobs were created due to affordable housing development, according to a report from the Virginia Housing Alliance. Another study released earlier this year, concluded that a total of 329,000 jobs were supported throughout New York State between 2011 and 2015 due to the construction or preservation of affordable housing units.

Some examples of this job creation include:

- Construction jobs, often temporary, are created during the development or renovation stage of affordable housing development. Jobs in commerce (retail, services, etc.) are created due to the increased consumer spending in an area once affordable housing units are occupied.
- Jobs in commerce (retail, services, etc.) are created due to the increased consumer spending in an area once affordable housing units are occupied. Operational jobs (property management, maintenance, etc.) are created for the ongoing management of affordable housing developments.
- Operational jobs (property management, maintenance, etc.) are created for the ongoing management of affordable housing developments.

Conversely, the lack of affordable housing in an area, can have a significant negative impact on employment – specifically an employer's ability to attract and retain employees. Recently some of the biggest names in business, Facebook and Google, announced plans to help tackle the housing crisis in California by investing in affordable housing solutions – both for employees and others in the surrounding communities.

Just last week, a study analyzing the balance of jobs and affordable housing in the Richmond, Va. region was released by the Center for Urban and Regional Analysis of the L. Douglass Wilder School of Government and Public Affairs at Virginia Commonwealth University. The study revealed a significant imbalance of the location of low-cost housing in relation to modest-wage jobs in the Richmond region, impacting the efficiency and quality of life within the metropolitan area.

Due to these employment challenges, the availability of affordable housing is increasingly becoming an important factor businesses consider when selecting the location of their operations. Therefore, affordable housing not only has an impact on job creation, but on the long-term economic development of a region.

## Impact on Government Revenue

State and local governments stand to benefit from affordable housing development or rehabilitation. This impact includes:

- Sales tax on building materials
- Corporate and income taxes
- Zoning/inspection fees, etc.
- Increasing the property tax base due to the increase in the home values in surrounding areas

## Impact on Families

Arguably one of the greatest economic impacts of affordable housing is the impact on families. A few examples of this impact are:

- Availability of additional funds for things like food, clothing, healthcare and childcare
- Improved education opportunities and outcomes due to more stable conditions

The long-term economic impacts of the health and education opportunities created by affordable housing should not be overlooked.

---

Affordable housing development has many potential positive economic impacts and communities – individuals, families, employers and local governments – face a significant disadvantage if there is not a sufficient supply of affordable housing in the area.

Our Affordable Housing Practice Group is dedicated to serving as trusted partners to organizations in the Affordable Housing industry. Our expertise helps our clients manage their unique risks, lowering their cost of risk and allowing them to focus on their mission of improving lives, communities and economic opportunities.

### **Written by Nathan Kerr**

Nathan is Vice President and Branch Leader of Scott Insurance's Roanoke, Virginia office. He began his career with Scott in 2000 and started their Knoxville, Tennessee office in 2001 as a Commercial Risk Advisor. In 2011, Nathan became the Branch Leader of the Roanoke, VA office and leads the Affordable Housing Practice Group for Scott Insurance. As a property and casualty risk advisor, he works as an advocate, advisor, and broker to middle market companies with their risk management needs.

Call Nathan at **540-224-1774** if you have any questions or need any additional assistance.