

The Economic Impact of the Cleveland Housing Network



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Executive Summary

This study, commissioned by the Cleveland Housing Network (CHN) was designed to evaluate the economic contribution and benefits of its operations to: a) the City of Cleveland, b) Cuyahoga County, and c) the State of Ohio. CHN, as Northeast Ohio's largest community development organization and energy conservation provider in 2010 had a combined capital and operating budget of \$60 million.

CHN's mission is to develop affordable housing for low and moderate-income Clevelanders with a special emphasis on generating pathways out of poverty and providing homeownership opportunities. Founded in 1981, CHN was established to create a citywide production system to achieve comprehensive community development and cultivate strong, vibrant and economically viable neighborhoods. Through all of its programs, each year CHN serves 20,000 households representing 50,000 adults and children.

CHN operates primarily within the City of Cleveland, however some of its programs operate regionally. Funding sources for CHN include those that are sourced within Cleveland and Cuyahoga County. In addition, CHN raises public, private and philanthropic resources at the State and federal level.

Kleinhenz & Associates was engaged to conduct this study and used a well-known input output model named IMPLAN that simulates how the spending of CHN's five specific activities impacts the economy. This analysis takes into account the inter-industry relationships within an economy, commonly referred to as buy-sell relationships among industries. CHN's finance department provided Kleinhenz & Associates detailed sources and uses data for goods and services purchased by CHN for fiscal (calendar) year 2010. Using the financial reports, a distinction was made between CHN funds measuring "**economic impact**" and "**economic contribution**." To assess CHN's economic impact, Kleinhenz & Associates uses the portion of CHN expenditures that originates from non-local funds. All sources of funds are employed to assess CHN's economic contribution.

Study Highlights

Economic Contribution of the Cleveland Housing Network

- The Cleveland Housing Network's total economic contribution derived from its spending from all funding sources in FY10:
 - \$111.1 million in the City of Cleveland
 - \$123.0 million in Cuyahoga County
 - \$133.0 million in the state of Ohio

- In terms of its **Economic Contribution**, the operations of the Cleveland Housing Network influences:
 - 940 jobs in the City of Cleveland
 - 1028 jobs in Cuyahoga
 - 1130 Jobs in the state of Ohio

Economic Impact of the Cleveland Housing Network

- The Cleveland Housing Network's total economic impact derived from its spending utilizing outside funding sources in FY10:
 - \$71.2 million in the City of Cleveland (CHN's economic impact on the City of Cleveland generated by resources brought into the City from non-Cleveland sources)
 - \$74.2million in Cuyahoga County
 - \$79.4million in the state of Ohio
- The Cleveland Housing Network's fiscal year 2010 operational and capital expenditures was approximately \$60.0 million.
- The Cleveland Housing Network operates primarily within the City of Cleveland and serves as an economic engine providing jobs and tax revenues.
- In terms of its **Economic Impact**, CHN creates or sustains:
 - 564 jobs in the City of Cleveland

Its spending results in over:

 - \$2.90 million in total public revenues
 - \$715,300 in state household taxes
 - \$496,800 in local household taxes
- The Cleveland Housing Network leverages its \$22 million of "local" (Cleveland region) funding (both public and private).
 - Sourcing \$37.9 million from out of region resources or
For every local \$1.00, \$1.71 is spent using out of region funds
- Through programs offered by its Community Training Center, clients' disposable income in the community increase by \$1.6 million.
 - \$646,800 through the Earned Income Tax Credit
 - \$166,400 through mortgage modifications
 - \$819,600 through energy bill reduction programs

Introduction

The Cleveland Housing Network, (CHN) as Northeast Ohio's largest community development organization and energy conservation provider in 2010 had a combined capital and operating budget of \$60 million. CHN's mission is to develop affordable housing for low-and moderate-income Clevelanders with a special emphasis on generating pathways out of poverty and providing homeownership opportunities. The objective of this study is to assess the economic contributions of CHN's operations to the City of Cleveland, Cuyahoga County and the State of Ohio economies.

The impact of the Cleveland Housing Network on the local, regional and state economies is explained in terms of traditional economic development measures associated with CHN expenditures for its activities and community partnerships. To measure the effect of CHN expenditures, Kleinhenz & Associates uses a well-known input output model named IMPLAN.¹ The IMPLAN model simulates how the spending of CHN's five specific activities impacts the three geographies. This analysis takes into account the inter-industry relationships within an economy, commonly referred to as buy-sell relationships among industries. These relationships determine how the economy responds to changes in economic activity. Thus by using this model, we estimate the effect of the flow of spending through the economy, and the additional expenditures and jobs that are generated from CHN's \$60 million of direct spending.

The study is divided into two sections. The first provides a broad overview of the CHN's major activities and the second section presents the details of the economic effects of CHN including methodology for measurement.

The Cleveland Housing Network

As a not for profit institution, The Cleveland Housing Network's expenditures amounted to nearly \$60 million. (See Figure 1) To carry out its mission, CHN's finances are organized across five specific activities. These activities are briefly defined:

Real Estate Development: CHN develops and manages single- and multi-family homes in Cleveland that leverage investment and compliment neighborhood strategies. Housing options are tailored to family income and include for-sale, rental and a nationally-recognized 15-year homeownership program. CHN develops homes for all income levels, including significant capacity in the development of permanent supportive housing to end chronic homelessness in Cuyahoga County. To date, CHN has developed 4,700 homes, and each year develops between 200-300 single and multi-family homes. 2010 projects include Cleveland Green Homes, Cleveland Green Homes East, Emerald Alliance V, Independence Place, Rainbow Apartments and others.

Energy Conservation, Utility Affordability, and Property Maintenance: CHN is Northeast Ohio's largest energy conservation provider, helping families conserve energy and lower utility bills through education, weatherization, energy-efficient lighting, Energy Star appliances, water saving devices and related home repairs. Through partnerships with the public sector and regional utility companies, CHN also administers large-scale utility assistance and affordability programs. 2010 was

¹ The acronym stands for "impact analysis for planning." IMPLAN is a proprietary computer model of the Minnesota IMPLAN Group, Inc. or MIG, Inc. MIG is an outgrowth of work at the University of Minnesota which began in 1984 and involved the U.S. Forest Service's Land Management Planning Unit

a high water mark year, and through these programs CHN completed a record 45,000 services for low-income families. Programs include:

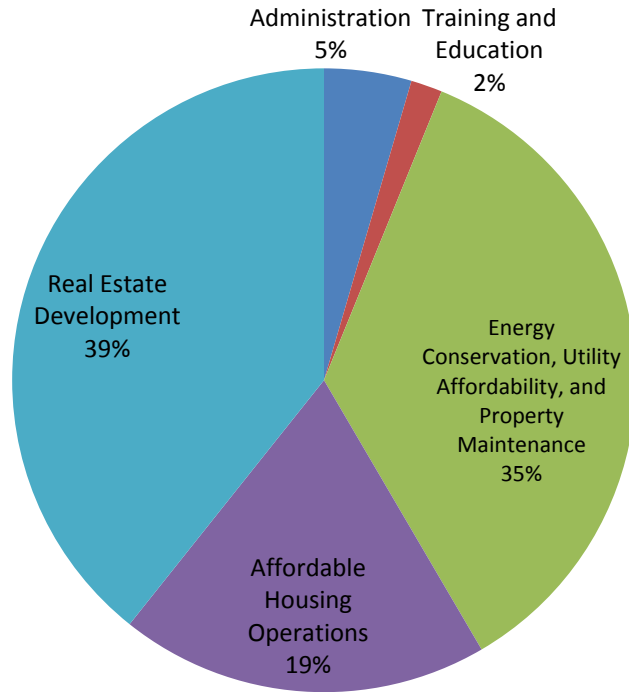
- HWAP (Home Weatherization Assistance Program) federal funds passed through the State of Ohio and City of Cleveland),
- HEAP (Home Energy Assistance Program), federal funds passed through the State of Ohio
- Housewarming (Dominion East Ohio Customers),
- CEI Fuel Fund (First Energy Customers)
- Lead Safe Housing with the City of Cleveland
- Electrical Partnership Program (State of Ohio)
- CPP/CEI Community Connections, an electrical efficiency program (City of Cleveland and First Energy),
- Water Affordability and Conservation (City of Cleveland), and
- Maintenance of homes owned through CHN's Lease Purchase program

Affordable Housing Operations: Through a limited partnership structure that utilizes the federal Low Income Housing Tax Credit, CHN is the managing partner of 2,500 homes, including the property management of 2,100 homes. 1,800 of these homes are managed through CHN's nationally recognized Lease Purchase program, a 15-year pathway to homeownership for low income families. The program is built upon a longstanding public-private partnership and is a "hand-up" strategy that promises immediate and significant equity following the 15-year residency term. Multi-family buildings and the Permanent Supportive Housing model comprise the balance 700 homes, serving families, the elderly, disabled, and formerly chronically homeless individuals.

Training and Education: CHN operates one of the region's highest capacity community training centers. The Community Training Center offers free education and counseling, helping residents to manage and grow personal finances, enhance employment skills and prepare families to purchase, manage and build equity in their homes. In addition, CHN offers foreclosure intervention counseling, and Earned Income Tax Credit preparation assistance. Through these programs, each year CHN completes 7,000 services.

Administration: This category includes general administration, office management, finance, IT, human resources, and resource development.

Figure 1: CHN Expenditures FY 10 = \$60 million



Methodology

CHN’s finance department provided Kleinhenz & Associates detailed sources and uses data for goods and services purchased by CHN for fiscal year 2010. Using the financial reports, a distinction was made between CHN funds measuring “economic impact” and “economic contribution.” To assess CHN’s economic impact, Kleinhenz & Associates uses the portion of CHN expenditures that originates from non-local funds. Economic impact measures the amount of economic stimulus that results from external money flowing into a region. A growing economy is analogous to a growing economic “pie.”

Continuing with the pie analogy, economic contribution refers to the size of the slice of pie representing CHN. Typically, service-oriented businesses and organizations act locally, using local dollars to perform locally needed economic activity. This is usually viewed as a facility’s or project’s role in (or contribution to) the area economy. It is not necessarily the same as economic impact, particularly if these activities would be expected to enter or expand in the absence of this facility or project. For example, a barber cutting hair for local residents does not stimulate the local economy but does perform an important function. All sources of funds are employed to assess CHN’s economic contribution.

Choosing the appropriate geographic boundary is critical in analyzing the economic impact and economic contribution. CHN operates primarily within the City of Cleveland, however some of its programs operate regionally. Funding sources for CHN include those that are sourced within Cleveland and Cuyahoga County. In addition, some federal funding that feeds into CHN is administered via State of Ohio Programs. For this study, three geographies are examined – the impact on the City of Cleveland, Cuyahoga County and the state of Ohio.

Measuring Economic Impact

The approach used to measure the economic effects of CHN operations employs generally accepted economic principles. Expenditures that increase capital and demand within a region are estimated. Such changes increase the size of the economy through direct, indirect and induced activities often referred to as multipliers. Fundamentally, these impacts are defined as:

Direct Economic Impacts are those changes in the flows of dollars and employment that result directly from CHN spending for labor, land, equipment, and materials.

Indirect Economic Impacts are created by investment or spending by suppliers, whose goods and services are used in the project, process or service.

Induced Economic Impacts result as household income changes (created by direct and indirect effects on wages and employment) lead to a further effect on consumer spending throughout the county and regional economies.

The total economic impact, as reported within this document, is the sum of the direct, indirect and induced economic effects of CHN's share of expenditures for purchase from business and other entities.

Indicators of Economic Development

The investments and operations of CHN create several forms of economic impacts to the local marketplace. To determine a consistent and reliable set of meaningful results, the analysis will focus on several indicators of economic activity as described below.

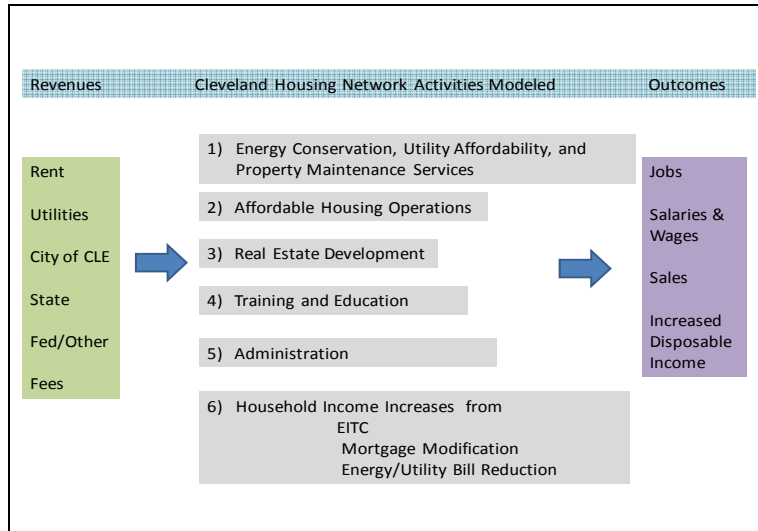
- Employment – A Bureau of Economic Analysis (BEA) concept based on place of work including full-time and part-time employees, as well as seasonal employees. It is important to note that these jobs are simply “jobs” as they are counted and are not necessarily either full- or part-time positions. These jobs are distributed across a number of industries and so, in any given industry, a “job” may represent a summation of positions across a number of industries in which each industry has less than one complete or full-time-equivalent (FTE) position.
- Labor Income - This measure consists of total increases in payroll expenses paid by local industries, plus income from self-employment, other property income and transfer payments.

- Output/Sales – This indicator is also estimated by the model as a measure of economic impact. Output is analogous to sales and is a measure of the total value of both the inputs to labor as well as the value of inputs from materials.
- Taxes -- This is a conservative formulation whereby the model estimates changes in revenues by Federal and State/Local governments using average tax rates rather than marginal tax rates. The estimates are considered “first order approximations.”

Analysis of Expenditures

Figure 2 illustrates the process by which the Cleveland Housing Network’s operations affect the local economy. Using its various sources of revenues to purchase labor, materials and services for its various activities, CHN creates demand for goods and services provided by vendors resulting in additional demand for goods and services, jobs and, payroll. CHN also increases household income as a consequence of its unique programs: weatherization and utility assistance programs (reduction in utility costs), negotiated mortgage modifications, and the Earned Income Tax Credit program.

Figure 2 Cleveland Housing Network Economic Impact



As shown in Table 1, CHN’s budget amounted to \$60.2 million for its 5 major activities for FY2010. While total expenditures as reported on CHN’s financial statements include reserves and real estate transactions, these funds do not result in economic impacts. As part of the modeling process, these items are eventually factored out and not used as model inputs because reserves are not spent and real estate transactions are viewed as transfers of asset ownership from one party to another.

Table 1 CHN Expenditures by Major Activities, FY 2010

Activity	2010 Expenditures	Expenditures
Administration		\$2,724,146
Training and Education		\$981,935
Energy Conservation, Utility Affordability, and Property Maintenance		\$21,327,351
Affordable Housing Operations		\$11,525,583
Real Estate Development		\$23,659,637
Total		\$60,218,652

*This category is the residual CHN budget activity not accounted for by specific activities.

Table 1 presents employment, payroll and total operating expense components that are used as inputs into the model. Detailed spending categories provided by CHN’s finance department range from payroll expenses to utilities to general business operating expense such as postage, and office supplies. The expenditures were then categorized by industry by Kleinhenz & Associates based upon IMPLAN’s industry classification system which is similar to the North American Industry Classification System (NAICS). CHN directly employs 136 employees. However, through the operations of its affordable housing partnerships, real estate development activity, and energy conservation activity, it was estimated that an additional 403 workers are employed. The additional workers are modeled using the total wage and salary pool divided by an average wage and salary by industry sector.

Table 2 Employment and Expenditures by CHN Operations FY 2010

Activity	Employment	Wages & Salaries	Total Operating Expenditures
Administration	24	\$1,606,877	\$2,479,419
Training and Education	10	\$642,188	\$979,296
Energy Conservation, Utility Affordability, and Property Maintenance	422	\$16,354,285	\$20,890,463
Affordable Housing Operations	48	\$2,020,828	\$11,227,710
Real Estate Development	15	\$1,019,032	\$21,510,220
Total	519	\$21,643,209	\$57,087,108

Before entering expenditures into the IMPLAN model the amounts must be adjusted to account for the percentage of funds that are received from non- local sources. Table 3 provides a summary of the funding percentages from non-local sources by region. As discussed earlier, economic impact is generated by CHN funds received from non-local sources.

Table 3 Amount of CHN Expenditures Economic Impact on the Region

Activity	Percent of funding from Non-local Sources by Region		
	For Cleveland Model	For Cuyahoga Co. Model	For State of Ohio Model
Administration	59%	47%	47%
Training and Education	88%	87%	87%
Energy Conservation, Utility Affordability, and Property Maintenance	32%	32%	32%
Affordable Housing Operations	58%	58%	58%
Real Estate Development	12%	12%	12%
EITC, Mort, and Energy*	40%	40%	40%

*Earned Income Tax Credit is funding that originates from out of the state of Ohio and accounts for 40 percent of the total client income increase due to EITC, mortgage modifications, and energy bill reduction.

Table 4 Budget Leverage: Attraction of Out-of-Region Funds

Source of Funds	Model Region	
	Cleveland	Cuyahoga County
Local	\$22,230,428	\$25,026,306
Non-local	\$37,988,224	\$35,192,346
Total	\$60,218,652	\$60,218,652
Leverage Factor	\$1.71	\$1.41

Local sources of revenue amount to \$22 million when considering the Cleveland region as “local.” CHN leverages another \$37.9 million from out-of-region resources, mostly from out of Ohio. Thus for every local dollar spent by CHN, another \$1.71 is spent using out-of-region funds. Expanding the region to include Cuyahoga County, results in a smaller leveraged amount. This is due to sources of funds originating from several utilities that lie within the county.

Community Training Center Programs

CHN offers programs to assist their clients by preparing Earned Income Tax Credit returns and by reducing energy and mortgage bills. Their impact is briefly described below.

CHN is a year-round tax preparation site, and offers free tax preparation to consumers with household income at \$40,000 per year or less. This program is run in conjunction with the IRS and the Cuyahoga County Earned Income Tax Credit (EITC) Coalition. In 2010, CHN provided aide to 1,031 individuals for total Earned Income Tax Credit returns in the amount of \$760,705. After accounting for savings rates, net income that would be spent amounts to \$646,826 due to the EITC program of CHN.

Through foreclosure intervention counseling, CHN assists distressed homeowners stay in their homes through mortgage modifications that typically include mortgage interest rate reductions. Through CHN’s efforts, 92 homeowners saved an annual total of \$189,252 due to reductions in their mortgage payments. After accounting for savings rates, net income that would be spent amounts to \$166,417.

Housewarming is a weatherization program designed to help Dominion East Ohio customers reduce their gas bill and make their homes more energy efficient. CHN estimated that its clients saved \$926,342 in reduced utility bill payments. Data from IMPLAN revealed an average saving rate of 12% for this level of household income so \$819,629 was entered into the model as the increase in disposable income.

Table 5 Increase in Clients’ Disposable Income

Type of Client Benefits	Increase in Disposable Income*
Earned Income Tax Credit:	\$646,828
Mortgage Modification:	\$166,417
Energy Bill Reduction:	\$819,629
Total Increase in Disposable Income	\$1,632,874

CHN Spending: City of Cleveland

Economic Impact

Table 6 summarizes the economic impact of CHN and its component activities on the City of Cleveland. (Due to funding brought in from non-local sources) CHN’s total impact on total output (sales) is approximately \$71 million. CHN’s operations lead to 564 jobs in the City of Cleveland. This includes 136 employed at CHN. CHN creates employment in industries from which it purchases goods and services and employment, employment in sectors that provide inputs into those goods and services and employment in a variety of other industries who benefit from spending by CHN employees and employees of those companies with which CHN does business. The total payroll impact of CHN on the City of Cleveland is \$24.8 million. The labor income impact is the estimated change in payroll to households due to the spending of CHN for goods and services from business and other entities in the City. It is sum of the money paid for each of the employment components identified above.

Table 6 Economic Impact of CHN Activities in the City of Cleveland

Activity Type	Employment	Labor Income	Output
Energy Conservation, Utility Affordability, and Property Maintenance	286	\$11,192,197	\$17,559,330
Real Estate Development	212	\$10,547,080	\$43,780,429
Affordable Housing Operations	47	\$2,081,081	\$7,646,463
Training and Education	9	\$507,847	\$928,001
Administration	5	\$260,995	\$487,533
EITC, Mort, and Energy	6	\$249,624	\$806,054
Total	564	\$24,838,824	\$71,207,810

As shown in Table 7, CHN expenditures (direct effect) accounts for 50 percent of total output impact on the City of Cleveland. The indirect and induced impacts account for the remaining 50 percent.

Table 7 Summary Impact of CHN Activities in the City of Cleveland

Impact Type	Employment	Labor Income	Output
Direct Effect	286	\$11,757,736	\$35,712,756
Total Effect	564	\$24,838,824	\$71,207,810

As a tax-exempt organization, CHN does not pay taxes on most of their operations. However they do generate significant tax revenues for state and local governments in the form of income taxes, business and tax revenues generated from expenditures by CHN as it ripples through the economy. Estimated public revenues as shown in Table 8 total \$2.5 million.

Table 8 Public Revenue Impacts of CHN FY 2010 Expenditures in the City of Cleveland

<u>Source</u>	
Local Household Taxes	\$496,776
State Household Taxes	\$715,358
<u>All other Business & Corporate Taxes</u>	<u>\$1,256,112</u>
Total Public Revenue Estimates	\$2,468,246

The total public revenue figure is a first approximation of local and state revenues that include a range of personal household taxes (income, fees motor vehicles, property, and other), indirect business taxes (sales, property, motor vehicle license fees, etc) and corporate taxes and. In Ohio, wage taxes may be collected by place of residence and place of work although most communities offer a credit or partial to residents for taxes paid at the municipal-based place of work. This study does not attempt to control for all taxes and credits but merely combines payroll for residents and commuters. For purposes of this study, we use 2% of labor income (as shown in Table 6) as a rate for all local household taxes. Across the state, the average annual wage is approximately \$40,000 which creates an average tax rate of about 2.88%. The average is used to create efficiencies in estimating potential state tax impacts. It is acknowledged that some workers (such as those in construction and professional services industries) will earn more than the average annual salary and therefore pay a higher average tax rate while others impacted by the CHN activities will earn less than the average salary (such as service workers) and pay a lower average tax rate.

Economic Contribution

In this section we provide detail on CHN’s role in (or contribution to) the Cleveland economy. It is not necessarily the same as economic impact, particularly if CHN’s activities would be expected to enter or expand by others in the economy in the absence of CHN.

Table 9 presents the total economic contribution of CHN and its component activities in the City of Cleveland. (Due to funding from all sources: local and non-local) CHN’s contribution to total output (sales) is approximately \$111 million. CHN’s operations create or support 940 jobs in the City of Cleveland. This includes 136 employed at CHN. The total payroll contribution of CHN on the City of Cleveland is \$41.1 million.

Table 9 Economic Contribution of CHN Activities in the City of Cleveland

<u>Activity Type</u>	<u>Employment</u>	<u>Labor Income</u>	<u>Output</u>
Energy Conservation, Utility Affordability, and Property Maintenance	484	\$18,969,825	\$29,761,576
Real Estate Development	241	\$11,985,318	\$49,750,487
Affordable Housing Operations	147	\$6,503,377	\$23,895,196
Training and Education	15	\$875,599	\$1,600,002
Administration	38	\$2,174,962	\$4,062,775
EITC, Mort, and Energy	15	\$624,060	\$2,015,135
Total	940	\$41,133,141	\$111,085,170

As shown in Table 10, CHN expenditures of \$57 million accounts for 51 percent of total economic contribution on the City of Cleveland. The indirect and induced exchanges of income and purchase of goods and services account for the remaining 49 percent.

Table 10 Economic Contribution of CHN in the City of Cleveland

Contribution Type	Employment	Labor Income	Output
Direct Effect	519	\$21,643,209	\$57,087,108
Total Effect	940	\$41,133,141	\$111,085,170

Table 11 presents additional detail on the economic contribution of CHN's fiscal year 2010 operations by aggregated industry group. The maintenance, repair and construction for residential structures sector is among the most affected.

Table 11 Top Ten Most Affected Economic Sectors, City of Cleveland

Sector	Employment	Labor Income	Output
Maintenance and repair construction/residential structures	119	\$5,873,144	\$13,976,411
Retail Stores - Building material and garden supply	34	\$1,294,554	\$2,374,890
Real estate establishments	18	\$216,032	\$2,158,216
Construction: new residential perm. Single/multi-family	17	\$911,442	\$3,148,751
Food services and drinking places	16	\$338,413	\$944,966
Legal services	12	\$833,181	\$1,845,110
Architectural, engineering, and related services	12	\$761,370	\$1,398,747
Maintenance and repair construction/nonresidential structures	9	\$478,603	\$1,047,598
Private hospitals	9	\$624,719	\$1,303,963
Retail Stores – Miscellaneous	9	\$181,798	\$223,755

CHN Spending: Cuyahoga County

Economic Impact

Table 12 summarizes the economic impact of CHN and its component activities on Cuyahoga County. (Due to funding brought in from non-local sources) CHN's total impact on total output (sales) is approximately \$53 million. CHN's operations lead to 465 jobs in Cuyahoga County. This includes 136 employed at the CHN. The total payroll impact of CHN on the Cuyahoga County is \$20.2 million. When comparing the City of Cleveland and Cuyahoga County, the economic impacts have decreased in terms of magnitude since the proportion of non-local funding sources for property services and housing development decreased. (See Table 3, columns 2 and 3 on page 12).

Table 12 Economic Impact of CHN Activities in Cuyahoga County

Activity Type	Employment	Labor Income	Output
Energy Conservation, Utility Affordability, and Property Maintenance	248	\$9,809,433	\$16,972,970
Administration	5	\$275,428	\$540,262
Real Estate Development	233	\$11,506,267	\$46,652,899
Affordable Housing Operations	51	\$2,241,219	\$8,141,927
Training and Education	9	\$541,883	\$1,031,866
EITC, Mort, and Energy	6	\$273,390	\$877,595
Total	552	\$24,647,621	\$74,217,520

As shown in Table 13, CHN expenditures (direct effect) accounts for 61 percent of total output impact on the County. The indirect and induced impacts account for the remaining 39 percent.

Table 13 Summary Impact of CHN Activities in Cuyahoga County

Impact Type	Employment	Labor Income	Output
Direct Effect	235	\$9,785,031	\$32,990,798
Total Effect	552	\$24,647,621	\$74,217,520

Estimated total public revenues as shown in Table 14 total \$2.5 million.

Table 14 Public Revenue Impacts of CHN FY 2010 Expenditures in Cuyahoga County

Source	
Local Household Taxes	\$404,191
State Household Taxes	\$582,035
<u>All other Business & Corporate Taxes</u>	<u>\$1,540,735</u>
Total Public Revenue Estimates	\$2,526,949

Economic Contribution

As discussed in the City of Cleveland section we provide detail on CHN’s role in (or contribution to) the county economy. Again this measures the estimated economic activity of CHN’s operations with funding from all sources. Table 15 presents the total economic contribution of CHN and its component activities in Cuyahoga County CHN’s contribution to total output (sales) is approximately \$123 million. CHN’s operations create or support 1028 jobs in the County. This includes 136 employed at the CHN. The total payroll contribution of CHN in the County is \$49 million.

Table 15 Economic Contribution of CHN Activities in Cuyahoga County

Contribution Type	Employment	Labor Income	Output
Energy Conservation, Utility Affordability, and Property Maintenance	527	\$20,871,135	\$36,112,702
Administration	41	\$2,295,236	\$4,502,184
Real Estate Development	268	\$13,075,303	\$53,014,658
Affordable Housing Operations	159	\$7,003,810	\$25,443,523
Training and Education	16	\$934,281	\$1,779,080
EITC, Mort, and Energy	16	\$683,475	\$2,193,987
Total	1,028	\$44,863,240	\$123,046,134

As shown in Table 16, CHN expenditures of \$57 million accounts for 46 percent of total economic contribution in the County. The indirect and induced exchanges of income and purchase of goods and services account for the remaining 54 percent.

Table 16 Economic Contribution of CHN in Cuyahoga County

Contribution Type	Employment	Labor Income	Output
Direct Effect	519	\$21,643,209	\$57,087,108
Total Effect	1,028	\$44,863,240	\$123,046,134

Table 17 presents additional detail on the economic contribution of the CHN’s fiscal year 2010 operations by aggregated industry group. The maintenance, repair and construction for residential structures sector is among the most affected.

Table 17 Top Ten Most Affected Economic Sectors, Cuyahoga County

Sector	Employment	Labor Income	Output
Maintenance and repair construction of residential structures	119	\$6,008,630	\$14,615,902
Retail Stores - Building material and garden supply	35	\$1,359,177	\$2,464,117
Food services and drinking places	24	\$496,600	\$1,390,630
Real estate establishments	22	\$263,953	\$2,669,758
Construction of new residential permanent site single- and multi-family structures	17	\$929,962	\$3,283,975
Legal services	13	\$906,679	\$2,061,878
Architectural, engineering, and related services	12	\$793,144	\$1,478,190
Private hospitals	12	\$830,263	\$1,753,946
Retail Stores - Food and beverage	11	\$303,593	\$568,677
Offices of physicians, dentists, and other health practitioners	11	\$828,028	\$1,445,008

CHN Spending: Ohio

Economic Impact

Table 18 summarizes the economic impact of CHN and its component activities on the State of Ohio. (Due to funding brought in from non-local sources) CHN’s total impact on total output (sales) is approximately \$57 million. CHN’s operations lead to 507 jobs in the state. This includes 136 employed at CHN. The total payroll impact of CHN on the City of Cleveland is \$21.3 million. When comparing the City of Cleveland, Cuyahoga County and the State of Ohio the economic impacts have decreased in terms of magnitude since the proportion of non-local funding sources for energy conservation and housing development decreased and as geography increases the impact disperses. (See Table 3, columns 2, 3 and 4 on page 12)

Table 18 Economic Impact of CHN Activities in the State of Ohio Region

Contribution Type	Employment	Labor Income	Output
Energy Conservation, Utility Affordability, and Property Maintenance	264	\$10,385,843	\$18,996,362
Administration	5	\$288,889	\$591,775
Real Estate Development	270	\$11,972,883	\$49,152,960
Affordable Housing Operations	56	\$2,346,829	\$8,615,390
Training and Education	11	\$568,780	\$1,129,578
EITC, Mort, and Energy	7	\$275,837	\$929,446
Total	614	\$25,839,061	\$79,415,511

As shown in Table 19, CHN expenditures (direct effect) accounts for 57 percent of total output impact in the State. The indirect and induced impacts account for the remaining 43 percent.

Table 19 Summary Impact of CHN Activities in State of Ohio

<u>Impact Type</u>	<u>Employment</u>	<u>Labor Income</u>	<u>Output</u>
Direct Effect	235	\$9,785,031	\$32,990,798
Total Effect	614	\$25,839,061	\$79,415,511

Estimated total public revenues as shown in Table 20 total \$2.9 million.

Table 20 Public Revenue Impacts of CHN FY 2010 Expenditures in State of Ohio

<u>Source</u>	
Local Household Taxes	\$426,049
State Household Taxes	\$613,511
<u>All other Business & Corporate Taxes</u>	<u>\$1,868,571</u>
Total Public Revenue Estimates	\$2,908,131

Economic Contribution

The estimated economic activity of CHN’s operations with funding from all sources amounts to \$133.0 million. CHN’s operations create or support 1130 jobs in the state. This includes 136 employed at the CHN. The total payroll contribution of CHN in the State is \$47 million.

Table 21 Economic Contribution of CHN Activities in the State of Ohio

<u>Contribution Type</u>	<u>Employment</u>	<u>Labor Income</u>	<u>Output</u>
Energy Conservation, Utility Affordability, and Property Maintenance	562	\$22,097,539	\$40,417,791
Administration	45	\$2,407,410	\$4,931,460
Real Estate Development	310	\$13,761,934	\$56,497,655
Affordable Housing Operations	176	\$7,333,840	\$26,923,093
Training and Education	18	\$980,654	\$1,947,549
EITC, Mort, and Energy	18	\$689,593	\$2,323,616
Total	1,130	\$47,270,971	\$133,041,164

As shown in Table 22, CHN expenditures of \$57 million accounts for 43 percent of total economic contribution in the State. The indirect and induced exchanges of income and purchase of goods and services account for the remaining 57 percent.

Table 22 Economic Contribution of CHN in State of Ohio

Contribution Type	Employment	Labor Income	Output
Direct Effect	519	\$21,643,209	\$57,087,108
Total Effect	1,130	\$47,270,971	\$133,041,164

Table 23 presents additional detail on the economic contribution to Ohio of CHN’s fiscal year 2010 operations by aggregated industry group. The maintenance, repair and construction for residential structures sector is among the most affected.

Table 23 Top Ten Most Affected Economic Sectors, Ohio

Sector	Employment	Labor Income	Output
Maintenance and repair construction of residential structures	129	\$5,868,890	\$14,687,391
Retail Stores - Building material and garden supply	39	\$1,427,172	\$2,587,064
Food services and drinking places	32	\$609,183	\$1,769,723
Real estate establishments	26	\$289,038	\$2,925,307
Construction of new residential permanent site single- and multi-family structures	18	\$866,264	\$3,283,975
Offices of physicians, dentists, and other health practitioners	15	\$1,170,996	\$2,043,751
Legal services	15	\$931,558	\$2,115,128
Retail Stores - Food and beverage	15	\$372,601	\$696,911
Private hospitals	14	\$837,424	\$1,861,417
Retail Stores - Food and beverage	13	\$369,757	\$692,562