December 5th, 2019

To: Building Bridges Across the River
From: Mychal Cohen, Peter Tatian, Olivia Arena, Mary Bogle
Subject: Equitable Development Plan – PRO Neighborhoods Economic Outputs Memo

Overview

This memo uses programmatic data from the 11th Street Bridge Park and its PRO Neighborhoods collaborative partners to estimate economic measures of the Bridge Park’s Equitable Development Plan (EDP), specifically as it pertains to work funded through the JPMorgan Chase PRO Neighborhoods Grant. The 11th Street Bridge Park is a project of the nonprofit Building Bridges Across the River (BBAR).

This memo is based on economic impact analysis, which uses an input-output model. Direct inputs, such as investments or jobs, are measured and combined with estimates of outputs, or indirect investments, which are catalyzed by the initial investments.1 These can be categorized as backward linkages (spending in industries that provide the materials for the direct inputs) and forward linkages (spending generated by additional economic activity and jobs created by the direct spending)2. Economic impact analyses often focus on a singular event (a concert), entity (a food bank), or project (a new park).3

Due to the limitations of the data available and the lack of comparison data, this memo is not an economic impact analysis. The EDP provides a unique challenge to estimating economic output as it spreads across 4 separate entities engaging in interrelated but unique activities. Additionally, our current data collection is summary program data, and sometimes lacks the details necessary to precisely measure impact (for instance, businesses assisted is tracked, but data on which businesses received which assistance and estimates of the organizational cost of providing assistance is not).

This analysis uses program data, along with reasonable assumptions based on economic literature, to associate a dollar measure to EDP activities. We note where additional data might allow for further measurement of economic outputs. Additionally, it will focus solely on PRO Neighborhoods funded activities. There are a host of inputs in the wider BBAR framework and in partner’s other work that likely produce additional quantifiable outcomes that are outside of the

1 https://pdfs.semanticscholar.org/225f/154ba669ec22a26ea5469a6278b89f9320a8.pdf
2 https://ssir.org/articles/entry/economic_impact_a_new_approach_for_proving_outcomes
The scope of this analysis. Ideally, this analysis would isolate the effects produced by the EDP efforts alone, controlling for external factors. This is not possible within the framework of this analysis, so we are likely overestimating effects specifically attributable to the PRO Neighborhoods activities. We have made it clear where assumptions or lack of data might skew the estimates.

The analysis is divided into three core investments that the EDP contributes to the community: jobs/income, service provision, and direct loans/capital. As we describe the measures in each core, we will highlight the effects we would expect across each partner’s work, the expected indirect investments/benefits to the community, and gaps in data that hinder a full, precise accounting of the economic impact.

In the first section below, using the above structure and set of assumptions, we estimate the income generated from the EDP efforts in job creation and stabilization, primarily through Wacif’s small business work and Skyland’s workforce development efforts. The second section discusses the services provided to the community by Bridge Park Partners. They serve as an additional potential source of economic benefit, though quantifying the exact outcomes would require additional data. Finally, we discuss the capital and loans deployed in the community. Relatively little capital and few loans have been deployed, but as the Douglass Community Land Trust (DCLT) transitions from building its infrastructure to deploying equity for land acquisition and creating permanent affordability, we would expect that to change. Finally, it is important to note that the EDP efforts have significant non-economic outputs. While it is difficult (and likely inappropriate) to quantify these some of these, any full accounting of the EDP’s effects should include these outcomes.

**Jobs/Income**

Job creation is a primary means of affecting economic conditions in a community. When jobs are created, preserved, or filled by someone within a community, the economic benefit is not just to the newly employed individual. Newly created jobs also affect job creation in supplier industries. The income generated from employment also has forward linkages, in the form of the money that a newly employed person will recirculate into the economy.

Within the context of the PRO Neighborhoods EDP work, we included jobs created in the partner organizations through the grant, and jobs created or filled directly and indirectly through partner’s work. The former is tracked through the data sent to JPMC on new jobs created at CDFIs as a result of the grant. The latter is tracked through programmatic data we receive from the partners. This programmatic data includes Skyland’s workforce development activities: placements into

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4 [https://www.urban.org/research/publication/performance-measurement-evaluation-0](https://www.urban.org/research/publication/performance-measurement-evaluation-0)
jobs and trainings provided; and Wacif’s small business development activities: providing assistance, making loans, and tracking jobs created and maintained among participating businesses.

Assumptions

Linkages are usually estimated through industry-specific multipliers (i.e. 1,000 additional jobs in this industry leads to a certain amount of new jobs in these supplier industries). Fortunately, our current data on industry is limited. While some portion of the Skyland placements are specifically in the construction industry, others are simply listed as generic full-time jobs. Additionally, Wacif’s data on small business jobs created or maintained is not industry specific. Obtaining industry specific numbers would allow for more accurate future analyses.

We have assumed here that where partners listed jobs as being created or maintained, or newly filled by program participants, that these outcomes would not have occurred but for the activities of the EDP. Because some number of outcomes would likely have still occurred, for instance, when a person going through the OSHA-30 training gets a job in retail, these assumptions are likely slight overestimates.

Where jobs are being created or prevented from being lost, the economic output includes the job itself, a supplier multiplier, and induced spending from the job. Where existing jobs are being filled by local residents, the economic output does not include the supplier multiplier as the job would have existed regardless of the partner’s efforts; we do however include the resulting induced spending, which is calculated with a .5 multiplier for spending (Bivens 2003). We have only calculated full-time positions and have assumed that these jobs are ongoing. With additional participant-level data we could more accurately capture how long the jobs are held and better estimate income over time. Where we reference jobs filled through Skyland’s workforce program, we do not know what the individual’s wage before being placed. Therefore, the direct benefit of the workforce program is likely lower than what we estimate below. For all jobs in unknown industries, we have assumed wages and supplier job multipliers of the retail/sales industry. With more precise industry data, these estimates would likely change. Because of these caveats, the summaries below represent upper bound estimates, the real economic output of the PRO Neighborhoods work is likely lower than the estimates below.

Table 1 provides an estimate of the monthly income generated through the EDP, while Table 2 provides an estimate of total income over the course of the PRO Neighborhoods Grant. Table 2 assumes jobs were held throughout the grant period.

Table 1

Table 2

5 https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/
Table 1. Upper bound income estimates from jobs created or filled

<table>
<thead>
<tr>
<th></th>
<th>Direct Jobs</th>
<th>Supplier Jobs</th>
<th>Average Wage Estimate*</th>
<th>Monthly Direct Income (as of Q3 2019)</th>
<th>Induced Monthly Spending (as of Q3 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs at CDFIs</td>
<td>1</td>
<td></td>
<td>$23.77</td>
<td>$3,803</td>
<td>$1,902</td>
</tr>
<tr>
<td>Small business jobs created or maintained</td>
<td>71</td>
<td>33</td>
<td>$17.18</td>
<td>$285,875</td>
<td>$142,937</td>
</tr>
<tr>
<td>Construction jobs filled</td>
<td>31</td>
<td></td>
<td>$25.23</td>
<td>$125,140</td>
<td>$62,570</td>
</tr>
<tr>
<td>Generic jobs filled</td>
<td>20</td>
<td></td>
<td>$17.18</td>
<td>$54,976</td>
<td>$27,488</td>
</tr>
<tr>
<td>Total</td>
<td>123</td>
<td>33</td>
<td>-</td>
<td>$469,794</td>
<td>$234,897</td>
</tr>
</tbody>
</table>

Notes: *Average wage data from Bureau of Labor Statistics. Generic jobs filled and small business jobs use the average for sales and related occupations.

Induced spending based off of .5 respending multiplier (Bivens 2003).

Table 2. Upper bound estimates of total income generated (2018-2019)

<table>
<thead>
<tr>
<th></th>
<th>Total direct income</th>
<th>Induced spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small business jobs created or maintained</td>
<td>$1,096,802</td>
<td>$548,401</td>
</tr>
<tr>
<td>Construction jobs filled</td>
<td>$956,722</td>
<td>$478,361</td>
</tr>
<tr>
<td>Generic jobs filled</td>
<td>$1,302,931</td>
<td>$651,466</td>
</tr>
<tr>
<td>Artist income from River Festival</td>
<td>$6,747</td>
<td>$3,374</td>
</tr>
<tr>
<td>Total</td>
<td>$3,552,744</td>
<td>$1,776,372</td>
</tr>
</tbody>
</table>

Notes: Estimation based on the quarter in which the job was created, maintained, or filled. Assumed to be full-time and continuously held through analysis period.

Total income based on Average wage data from Bureau of Labor Statistics. Generic jobs filled and small business jobs use the average for sales and related occupations.
Induced spending based off of .5 respending multiplier (Bivens 2003).

Key Takeaways:

- Bridge Park EDP activities created 156 direct and indirect jobs from 2018 through 2019 Q3, which provided workers with an estimated $470,000 in monthly income and induced about $234,000 in monthly spending.
- Bridge Park EDP activities were associated with an estimated $3.5 million in income for residents through wages and event income between 2018 and 2019 Q3.
- The 31 construction jobs filled through workforce development associated with the Bridge Park EDP led to an estimated $125,140 in monthly direct income.

Services provided

Bridge Park partners provide a wide set of services with a range of benefits. Many of these services do not directly provide resources, but rather guidance, training, or technical assistance. For example, Wacif provides small business technical assistance for financial literacy, obtaining various certifications among other services.

These services carry a cost and their free provision provides monetary benefit to the community. They are also designed to improve economic outcomes for those who received services. For instance, the Ward 8 Home Buyers Club (HBC) provides financial education, peer supports, and market information to prospective homebuyers to improve homebuyers financial decision-making and ability in the homebuying process. Since Bridge Park established the HBC in partnership with Manna, 78 participants purchased homes, however, it is difficult to tease out the specific effects of the HBC. With address data we could track appreciation of property values. However, to attribute that appreciation to the HBC, we would need to know whether participants would have still been able to purchase homes without the HBC.

Similar difficulties arise from estimating the effects of the 183 instances of Wacif providing small business assistance. The data points on small business income and revenue, per Wacif, are unlikely to be reliable until sometime after the service provision. As of now, we have no data on changes in income and revenue before and after service provision and therefore, no means of isolating the economic output of Wacif’s services.

Estimating the economic output of such services could be constructed by thinking of the cost of accessing similar services in the market. For instance, Skyland has provided OSHA-10 to 26 participants and OSHA-30 training to 103 participants. With better estimates of the cost of producing such trainings, we could estimate their economic benefits. Such training likely has additional economic benefits (increasing likelihood of graduates being hired), that are captured in the jobs portion of the analysis.
Key Takeaways:

- With additional details about the costs associated with providing services, the Bridge Park could generate estimates of the monetary value of the services provided through the EDP.

Direct capital/loans

Of the partners, only Wacif and the DCLT are directly contributing capital into the community, though the DCLT only began releasing funds for acquisitions late last year. Wacif has provided $530,800 in capital to 14 small businesses. The effect of their small business loans is partly captured by the jobs created or maintained from their investment. Another portion of the output of these loans is similar to their small business assistance; without additional data on changes in revenue and income estimating the outcomes from these loans is difficult.

The DCLT as of yet does not have measures that we could quantify as dollar amounts. This will change as capital actually begins flowing into the acquisition of units for the DCLT and the creation of permanent affordability. The development of new units and redevelopment of existing units will have supplier effects on jobs and will likely catalyze larger investments (e.g. from the Housing Production Trust Fund). The creation of affordability will also affect outputs by creating additional affordability years. This measure could be estimated by comparing the DCLT rents with comparable market rate rents over the course of the additional affordability that the land trust created.

Key Takeaways:

- There has been relatively few outlays of capital or loans so far through the EDP activities. With additional detail about changes in income and costs of small businesses who received the $530,800 in Wacif loans, the Bridge Park could report on revenue increases associated with EDP activities.
- As the DCLT begins to acquire units and create long-term affordability, the Bridge Park could measure the economic value of the additional affordability years.

Conclusion

The creation, maintenance and filling of jobs are currently the most economically quantifiable elements of the PRO Neighborhoods work. Skyland has helped ensure that Ward 7 and 8 residents are able to fill positions that are in their community. When people living in the focus areas are able to access employment, there is economic benefit for their household, but also for

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6 Data for Q4 arrived after the drafting of this memo.
the surrounding community as they are more likely to spend dollars in their neighborhood. Wacif’s small business efforts have created or maintained jobs, through the small businesses they support. We cannot yet measure the results of Wacif’s small business supports, but with additional data on changes in business costs and revenue, costs of providing assistance, and types of assistance provided, we could further measure these outcomes. The DCLT currently has had limited quantitative measures, though this should be expected given where the land trust is in its development. As it progresses and adds new units, its benefit as a source of community stability will grow, especially in the backdrop of increasing development east of the river. Data on rents in DCLT units, unit type, and location, and length of affordability will allow us to quantify the economic benefit of the DCLT relative to market units.

As the parts of the EDP continue to be developed, and especially as the bridge nears completion, it may be useful to revisit more formally a process of estimating its effects. As mentioned in the intro, our current data collection is at a summary level. Outputs could be measured with additional specificity through a more detailed data collection (for instance Skyland data at the participant-level, or Wacif data at the business-level). Such a revisiting would need to include a qualitative element as well. A great deal of the EDP activities, particularly with the addition of a cultural element, cannot be reduced to economics alone. Future analyses should braid the economic effects with cultural and community measures.