



Economic Benefits of the Villages at Cabrillo

2015 ANNUAL OPERATING & THREE YEAR CONSTRUCTION ANALYSIS



| APRIL 2016

KEY FINDINGS SUMMARY

The Villages at Cabrillo provides both community benefit and economic impact to the Long Beach community and surrounding Los Angeles County.

Managed by Century Villages at Cabrillo (CVC), the Villages' contribution stems from two primary economic drivers: (1) campus operations and (2) real estate development. Two primary economic contributors account for CVC's operations: (a) the expenditures of CVC to maintain the facility and provide campus support services, and (b) the Service Provider Partners administering social service programs on the Villages at Cabrillo campus. Together, the two operating components support over 600 jobs annually in Los Angeles County; while contributing more than \$23 million of household earnings and \$30.3 million of total economic output. In addition, CVC's real estate development expenditures have supported \$72 million of economic output and approximately 375 jobs during the past three years.¹

CVC serves as steward, manager, and coordinator for the 27-acre campus community. CVC creates the physical and social conditions where collaborating programs can succeed in overcoming homelessness. As a social enterprise, CVC engages in property management, real estate development, and community development activities, all uniformly geared around the vision of breaking the cycle of homelessness.²

Additional fiscal benefits such as the effects of residential and support programs have been well documented to contribute to overall community well-being. CVC partners provide supportive services through contracted service providers and in-house case management staff to more than 1,300 residents on a given night.

It is a fact that CVC supports jobs and generates economic impact. The organization's spending on goods, services, and salaries create an economic multiplier within the geographic service area. CVC invests capital and operating cash flow to produce positive return on investment, both social and financial. The work carried out by CVC and their partners support programs that would otherwise be the responsibility of the government to fund and whose cost would be borne by taxpayers.

This report focuses on the economic impact of CVC's spending on goods and services as stewards of the community, as well as the contribution of fourteen community partners that provide certain services on campus. The combined efforts of CVC and their campus partners is referred to as the "Total Villages at Cabrillo" operations to illustrate the aggregated economic contribution of their spending within Los Angeles County.



¹ Jobs related to the construction expenditures are supported during the three-year period. Construction related employment is not continual.

² <http://centuryvillages.org/about/what-we-do/>

THE COMBINED ECONOMIC CONTRIBUTION OF CVC AND ITS CAMPUS PARTNERS EXCEEDED \$42 MILLION IN 2015.

THE TOTAL VILLAGES AT CABRILLO DIRECT EFFECT AND THE INDIRECT MULTIPLIER COMBINED TO SUPPORT 623 JOBS AND MORE THAN \$23 MILLION OF HOUSEHOLD EARNINGS IN LOS ANGELES COUNTY.

THREE YEARS OF REAL ESTATE DEVELOPMENT SUPPORTED 375 JOBS AND CONTRIBUTED \$29.5 MILLION TO THE LOCAL GDP.

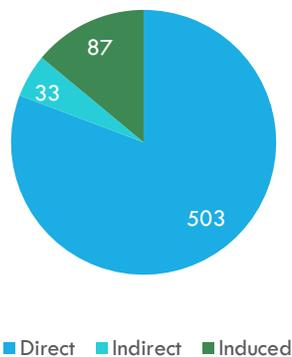
DETAILED ECONOMIC IMPACT ANALYSIS

Total Villages at Cabrillo Economic Contribution Findings

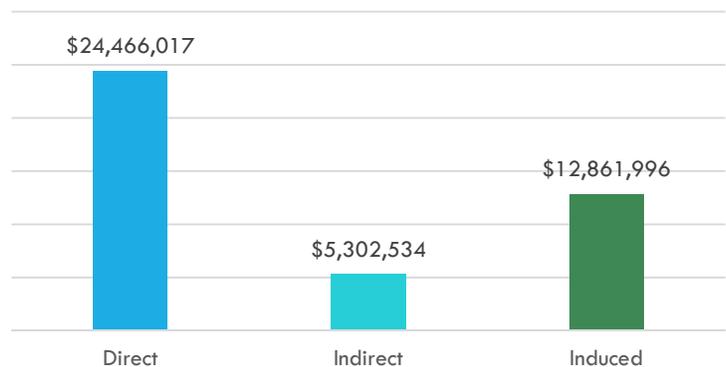
The combined economic contribution of CVC's operations and the fourteen on-campus service providers represents a substantial economic benefit when combined with the social and fiscal benefits of their mission.

The direct economic benefit attributed to the operational spending of CVC and their campus partners was nearly \$24.5 million in 2015. Combined with the indirect multiplier effect, the Total Villages at Cabrillo contribution totaled \$42.6 million. The economic multiplier is a ratio estimating the total impact resulting from direct annual spending on goods, services and wages from CVC and their campus partners.

Jobs Supported



Economic Output



The jobs and economic activity supported by CVC and their campus partners generate tax revenue locally. Sales tax on goods and services purchased by suppliers and employees as well as local income taxes paid by employees are the largest sources of government revenue. More than \$1.3 million was generated in local and state indirect business taxes during FY 2015.³ More than \$430,000 was generated from sales tax on CVC locally purchased goods, services and employee spending, as well as the local sending of the campus partners and their employees.

³ As a nonprofit, the organization does not pay local real estate and other forms of corporate taxes. The IMPLAN direct tax results were manually adjusted to remove property tax and dividends.

Detailed Economic Findings

Economic Contribution of Total Villages at Cabrillo, Los Angeles County FY 2015				
Impact Type	Jobs Supported	Labor Income	GDP	Output
Direct Effect	503	\$17,001,295	\$19,250,031	\$24,466,017
Indirect Effect	33	\$1,829,886	\$3,186,199	\$5,302,534
Induced Effect	87	\$4,466,893	\$7,909,220	\$12,861,996
Grand Total Effect	623	\$23,298,074	\$30,345,450	\$42,630,546

Table 1 – Economic Contribution of Total Villages at Cabrillo, Los Angeles County FY 2015

Jobs supported is calculated as total revenue (output) divided by the output per worker for a given industry. Total employment is the sum of employment generated by direct, indirect and induced spending. In FY 2015 CVC operations and their campus partners employed 295 full-time and part-time jobs while their direct spending supported 328 jobs directly and indirectly in Los Angeles County.

Labor Income refers to all forms of employment income, including employee compensation (wages and benefits) and proprietor income. Labor income includes the direct wages, employee benefits, and taxes paid to government by the organization and the induced effects of income that is typically spent by households on a host of goods and services, many of which may be purchased locally.

Gross Domestic Product (GDP) is calculated as the proportion of total revenue (output) that is paid to the components of value added, such as employee compensation, proprietor income, taxes on production, and profits. The contribution to GDP of the organization would then be the total Value-Added associated with CVC expenditures. This includes the direct, indirect, and induced Value-Added, as calculated by IMPLAN.

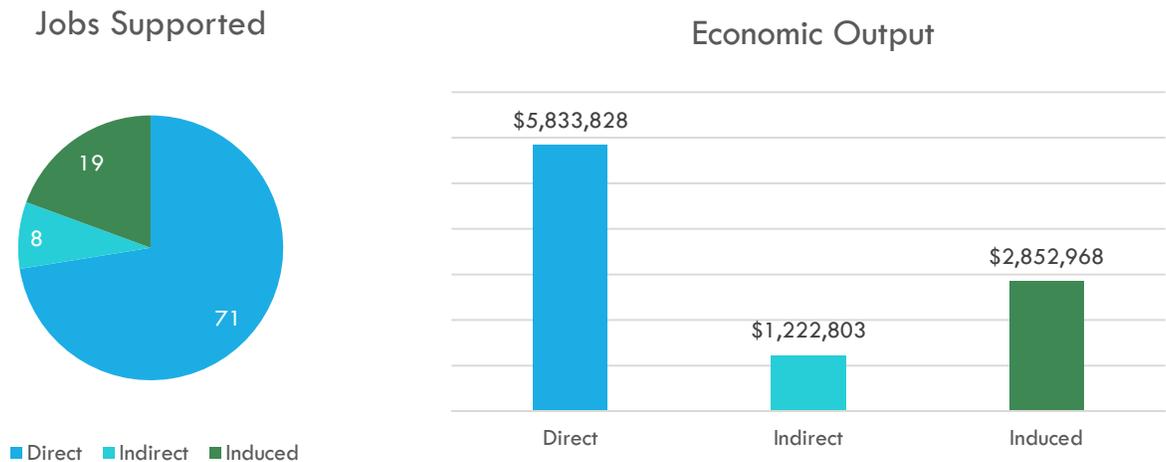
Output refers to the total economic value of the organization in the local economy. This accounts for factors including leakage of dollars for expenditures outside of the region. Total output differs from Gross Domestic Product (GDP) in that it includes the value of all intermediate and final goods and services. GDP only includes the value of final goods and services.

Operations of CVC - Economic Contribution Findings

CVC’s operations alone (apart from its fourteen service providers) supported 98 Los Angeles County jobs in FY 2015. While a number of these jobs are within real estate and facility management, CVC operations’ support jobs at local businesses. Table 1 illustrates how CVC labor income (wages and benefits) contributes more than half of the organization’s total economic output in the region.

CVC’s annual operating activity impacts a number of Los Angeles County industries. Everything from energy providers, building maintenance, and local businesses and proprietors.

The economic benefit attributed to direct operational spending and the indirect multiplier effect was nearly \$10 million in 2015. The economic multiplier is a ratio estimating the total impact resulting from CVC’s direct annual spending on goods, services and wages.



The jobs and economic activity supported by CVC generate tax revenue locally. Sales tax on goods and services purchased by suppliers and employees as well as local income taxes paid by employees are the largest sources of government revenue. More than \$340,000 was generated in local and state indirect business taxes during FY 2015.⁴ More than \$131,000 was generated from sales tax on CVC locally purchased goods, services and employee spending.

Detailed Economic Findings

Economic Contribution of CVC Operations, Los Angeles County FY 2015				
Impact Type	Jobs Supported	Labor Income	GDP	Output
Direct Effect	71	\$3,741,737	\$4,592,347	\$5,833,828
Indirect Effect	8	\$436,695	\$731,279	\$1,222,803
Induced Effect	19	\$990,905	\$1,754,396	\$2,852,968
Grand Total Effect	98	\$5,169,337	\$7,078,022	\$9,909,599

Table 2 – Economic Contribution of CVC Operations, Los Angeles County FY 2015

⁴ As a nonprofit, the organization does not pay local real estate and other forms of corporate taxes. The IMPLAN direct tax results were manually adjusted to remove property tax and dividends.

The Service Providers of CVC – Economic Contribution Findings

CVC is home to many service providers. Each of these providers offers comprehensive supportive and residential services to an array of individuals. While housing is essential to solving homelessness, it alone is insufficient. According to CVC, the agencies are addressing the complex issues behind this problem and helping clients find pathways to hope.

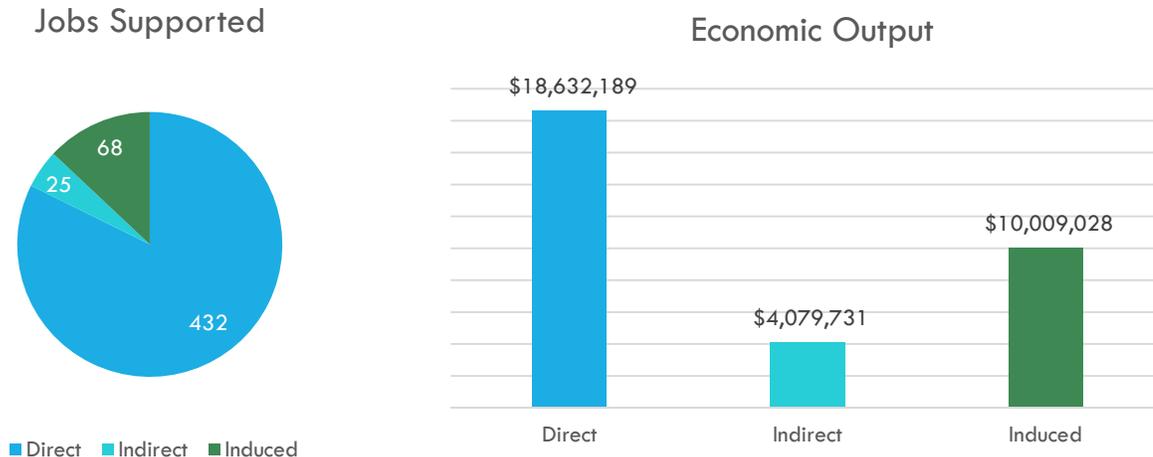
Service Provider Spending Included in Analysis

Catholic Charities	Long Beach School District: Bethune
Project Return Peer Support Network	LA Habilitation House
Family Crisis Center	PATH Ventures
Dept. of VA: VVRC	Harbor Interfaith Services
US VETS Inc.	School on Wheels
American Indian Changing Spirits	The Children's Clinic
Comprehensive Child Development	Dept. of VA: CBOC

Table 3 – Service Providers Included in the Analysis

The cumulative operations of fourteen⁵ service providers referenced above at the CVC campus supported 521 Los Angeles County jobs in FY 2015. Table 2 illustrates how the labor income (wages and benefits) contributes a significant portion of the organization’s total economic output in the region.

The economic benefit attributed to direct operational spending, indirect affiliates, and induced household spending was \$32.7 million.⁶



The jobs and economic activity supported by CVC’s Service Providers generate tax revenue for Los Angeles County. Sales tax on goods and services purchased by suppliers and employees as well as local income taxes paid by employees are the largest sources of government revenue. More than \$1 million was

⁵ While the Villages at Cabrillo is home to more than 20 service provider partners who each play an important role in creating a supportive community, not all of these providers have a permanent, physical presence at the Villages. For the purposes of this economic impact report, we consider the operations of a subset of 14 of these service providers who maintain a permanent, physical presence on the campus and have substantive service funding tied to these operations.

⁶ The analysis does not include the costs associated with annual rental income collected by CVC.

generated in local and state indirect business taxes during FY 2015.⁷ More than \$300,000 was generated from sales tax on CVC Service Providers purchased goods, services and employee spending in Los Angeles County.

Detailed Economic Findings

Economic Impact of CVC Service Providers, Los Angeles County, FY 2015				
Impact Type	Jobs Supported	Labor Income	GDP	Output
Direct Effect	432	\$13,259,558	\$14,657,684	\$18,632,189
Indirect Effect	25	\$1,393,191	\$2,454,920	\$4,079,731
Induced Effect	68	\$3,475,988	\$6,154,824	\$10,009,028
Grand Total Effect	525	\$18,128,737	\$23,267,428	\$32,720,947

Table 4 – Economic Contribution of CVC Community Partners, Los Angeles County, FY 2015

Real Estate Development – Three-Year Overview Economic Impact Findings

Over the past 19 years, CVC has evolved from an old naval housing site to a 27-acre, multiphase supportive housing campus with more than 20 on-site service providers. This section of the economic impact analysis focuses on CVC’s real estate development activities since 2013. During the course of this construction period, CVC’s real estate development activities supported 375 Los Angeles County jobs while injecting more than \$72 million in total economic output. The primary economic development driver during this timeframe was the 81-unit Cabrillo Gateway development that serves as both the physical entrance into the Century Villages at Cabrillo complex and as a symbolic gateway to self-sufficiency.⁸ Between 2013 and 2015, the construction and capital expenditures of Cabrillo Gateway contributed nearly \$29.5 million of direct expenditures. Much of this spending remained in the local Los Angeles County economy.

Approximately \$9 million of additional funding was used for capital projects such as the Urban Forest, a campus maintenance facility, solar powered sheds, and predevelopment and preconstruction activities on Anchor Place. All capital expended during the 2013 to 2015 period totaled approximately \$38.2 million of direct output. The indirect and induced multiplier effect contributed an additional \$33.8 million of economic output within the construction industry and its related suppliers such as architectural and engineering firms, real estate, and retail outlets.

Table 3 illustrates how CVC real estate development (construction, site preparation, planning studies, fees, and permits) contributed a significant portion of the organization’s total economic output in the region.



⁷ As nonprofit partners, the IMPLAN direct tax results were manually adjusted to remove property tax and dividends.

⁸ http://www.novoco.com/journal/2016/03/news_state_201603.php

The jobs and economic activity supported by CVC real estate development generated tax revenue for Los Angeles County within categories such as sales tax on goods and services purchased by suppliers and employees as well as local income taxes paid by employees of the suppliers and contractors. More than \$2.9 million was generated in local and state indirect business taxes during FY 2015.⁹ More than \$1.1 million was generated from sales tax on purchased goods, services and employee spending in Los Angeles County.

Additional Fiscal and Economic Benefits

CVC supports jobs and is a fixture in the local community. CVC and its partners makes purchases with local vendors and suppliers and their employees spend money locally which supports economic activity throughout the geographic areas they operate.

Additional fiscal benefits such as the effects of residential and support programs have been well documented to contribute to overall community well-being. CVC provides more than just a place to live. Client services are integral to the mission and success of the organization. CVC residential and supportive service providers contribute long term societal benefits. CVC partners provide supportive services through contracted service providers and in-house case management staff to more than 1,300 residents on a given night. Campus services range from workplace training and child care to veterans' services and substance abuse recovery programs.

In addition to the individual supportive services offered by CVC's service provider partners, CVC assists local government by providing relief to the costs associated with housing and homelessness. One of the most comprehensive spending analyses, *Where We Sleep: The Costs of Housing and Homelessness in Los Angeles*, investigated the central question, what is the public costs for people in supportive housing compared to similar people that are homeless? The study concluded the typical public cost for residents in supportive housing is \$605 a month. The typical public cost for similar homeless persons is \$2,897, five-times greater than their counterparts that are housed. The stabilizing effect of housing plus supportive care is demonstrated by a 79 percent reduction in public costs for these residents.

The savings to the community is primarily based on the study's key finding that homeless individuals account for 69 percent more health care spending as opposed to supportive housing residents via increased costs for hospitals, emergency rooms, clinics, mental health, and public health.

The National Alliance to End Homelessness, a nonprofit, non-partisan, organization committed to preventing and ending homelessness in the United States, cites additional studies that demonstrate the cost savings associated with permanent supportive housing, or permanent housing coupled with supportive services. A 2009 study followed the progress of the Downtown Emergency Service Center (DESC) in Seattle, WA. When taking into account all costs – including housing costs – the participants in supportive housing programs cost \$2,449 less per person per month than those who were in conventional city shelters.

The effects of keeping youth on a path to completing high school and enrolling in post-secondary education have been studied and proven to provide economic benefits to the community.¹⁰ It is important to understand not only how many additional students graduate high school, but also how that translates into savings through a graduate's ability to earn higher salaries, pay more taxes, and use fewer government services in the future.¹¹

⁹ As a nonprofit, the organization does not pay local real estate and other forms of corporate taxes. The IMPLAN tax results were manually adjusted to remove property tax and dividends.

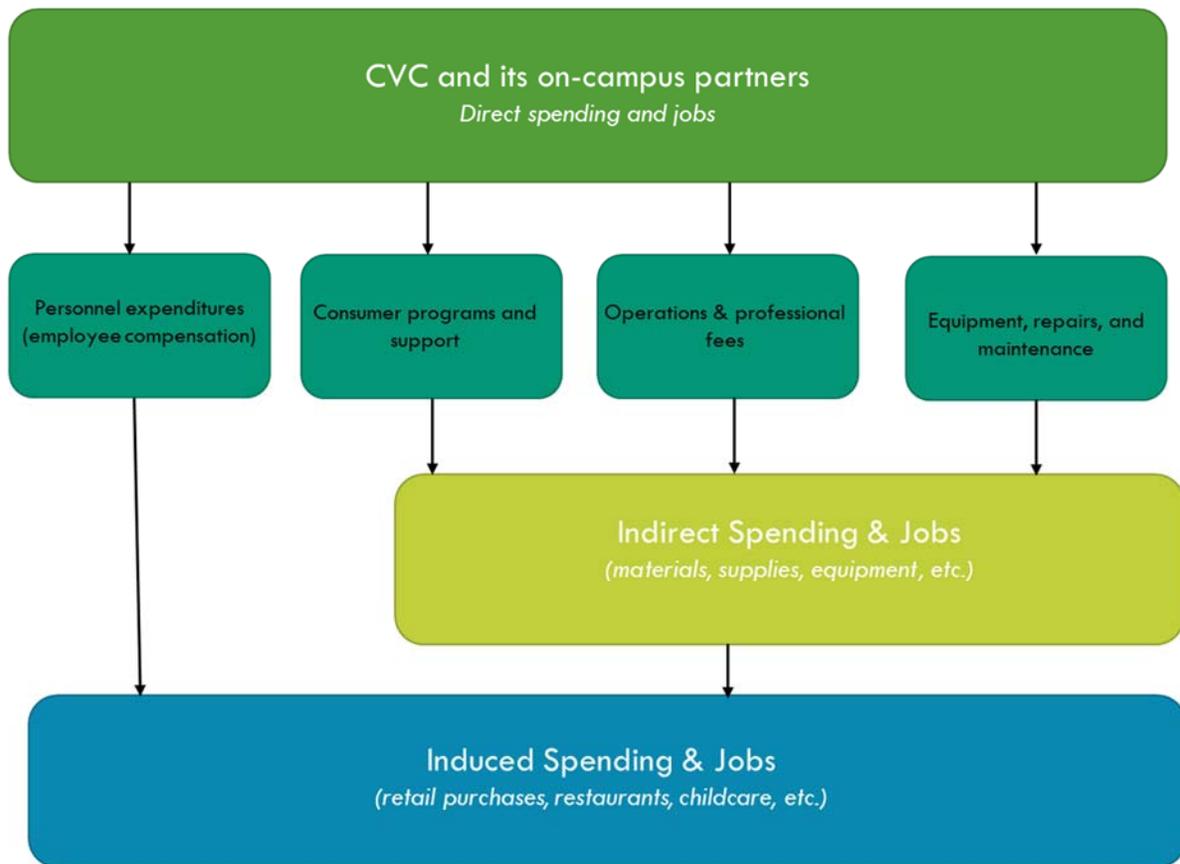
¹⁰ http://sitemaker.umich.edu/356.moore/benefits_of_after_school_programs

¹¹ http://sites.kauffman.org/pdf/afterschool_report_020205.pdf

A Matter of Degrees: The Effect of Educational Attainment on Regional Economic Prosperity, a February 2013 report by the Milken Institute, concluded that adding one extra year to the average years of schooling among the employed in a metropolitan area is associated with an increase in real GDP per capita of 10.5 percent and an increase in real wages per worker of 8.4 percent.

Note on Research Methods and Analysis

Through the activities of spending, hiring, and paying employees, CVC impacts the economy directly, creating demand for goods and services through their purchases. This economic impact report quantifies the direct spending and earnings of CVC and estimates the multiplier effects of the organizations' direct spending and employment on the regional economies analyzed. Our study also assesses the effects of the spending of fourteen CVC service provider partners and the real estate development activity of CVC over the past three years.



IMPLAN's industry change event represents an ideal choice for modeling CVC's final demand payments. The tool spreads the initial payment across the industry's entire production function and initiates all rounds of payments that would be expected to occur in the real world.

In contrast, the modeling exercise is a bit different for payroll expenditure. When CVC or its partners make a payment to payroll it is not making a direct purchase from a particular industry. Instead, it is making a direct purchase from the labor market. In this instance, IMPLAN's Labor Income Change is a better modeling choice. It then applies the remainder of the payment to household savings and consumption, just as one would expect to occur when labor income is transferred to households.

In this analysis, the study area consisted of Los Angeles County, the primary service area of CVC.

CVC receives funds from sources within and beyond the geographic areas included in the analysis. Expenditures based on all revenue sources are included in the economic benefits analysis. Throughout this analysis we refer to a CVC's budget expenditure as a source of "exogenous and endogenous final demand" that has a combined "economic contribution" in the local economy.

The economic benefits of the Villages at Cabrillo analysis includes three types of economic effects.

Direct effects refer to the economic activity supported directly by CVC and their campus partners' budget spending. *(Example: employee payroll, business to business payments, maintenance contracts, etc.)*

Indirect effects refer to the supply chain activity that occurs as companies' increase spending to meet demand from the Villages at Cabrillo campus. *(Example: Lumber yard sells more lumber for additional construction activity via the CVC contract.)*

Induced Effects refer to economic activity that occurs as households spend additional income attributable to CVC and campus partners' wages or contracts. *(Example: Maintenance worker is able to pay for child's preschool due to contract with CVC.)*

The analysis and report was completed by David Primm, President of Primm Research, a Pittsburgh, Pennsylvania-based market research and analysis firm.