



For Trenton and Burlington housing authorities, well-spent stimulus money reaps benefits

Published: Monday, May 02, 2011, 8:00 AM



Matt Fair/The Times
By

TRENTON — By the beginning of 2010, Southern New Jersey Steel Co. had laid-off six employees and, according to its president, Hugh McCaffrey, more terminations were coming.

“We had seen a steep decline in business,” he said. “We had laid off a few people. Prospects of laying many more off were very prominent.”

Then the company won a \$2 million contract with the Trenton Housing Authority (THA) to replace 22 stair towers at the Wilson Homes on Eisenhower Avenue. The project was funded with \$4.7 million given to THA through the American Recovery and Reinvestment Act (ARRA), popularly known as the economic stimulus package.

“Fortunately, we were the low bidder on this project,” McCaffrey said. “It helped save at least eight to 10 positions in our company.”

According to a study released in March, these results are typical of the effect stimulus money spent by public housing authorities has had on the economy.

The study, which examined \$700 million in spending across 20 housing authorities nationwide, was commissioned by the Council of Large Public Housing Authorities and completed by the Philadelphia-based Econsult Corp.

Local spending by the THA and the Burlington Housing Authority, which received \$167,000, was included.

According to the study, the stimulus funding spurred an additional commitment of \$511 million on projects across the agencies.

Combined with the \$700 million in ARRA money, the projects resulted in more than \$1.2 billion in spending.

The study concluded that each \$1 in direct stimulus funding to public housing authorities resulted in an additional \$2.12 of indirect and induced economic activity.

In addition to spending \$2 million on the capital project to replace the Wilson Homes stair towers, THA committed about \$2.6 million to renovate 149 units of existing housing stock to make it available to new tenants.

In addition, the Wilson Homes stair tower project spurred THA to spend an additional \$800,000 of its own funding to replace the doors at each landing on the stairwells.

Instead of having a keyed lock, the doors unlock with the use of an electronic key fob.

They are also connected to video cameras that allow tenants to see who is asking to be admitted before buzzing them up.

"We intended on doing this project anyway, but because I had the \$2 million I could put towards the stair-towers, we were able to move it up," said Herb Brown, THA's executive director. "Those stairwells hadn't been touched probably since Wilson Homes first went up, and it was becoming a safety issue."

Using a modeling system maintained by the Bureau of Economic Analysis at the U.S. Department of Commerce, the study estimated that the authorities' spending resulted in a total of \$3.78 billion worth of economic activity.

"(The housing authorities) purchase products from local suppliers, purchase services from local vendors, and pay employee wages and salaries," the report says. "As a result of the initial expenditure, these suppliers and vendors make subsequent purchases of goods and hire employees. Finally, (housing authority) employees and the employees of the suppliers and vendors make purchases for their homes and families, which again generate spending and hiring by another set of providers."

McCaffrey agreed that while some have questioned the efficacy of the stimulus program, his company benefited from the package immensely.

"I've been in many conversations where people wondered if it had any effect, and I've always been able to tell them without a doubt that it helped us," he said. "We were benefactors of having that type of project available to help our company stem the bleakest time."

Perhaps more important, workers in the city said they found jobs helping to rehabilitate some of the existing housing stock.

"We did the doors over there. We did the apartment doors, all the apartment doors, the painting, the priming, stuff like that," said Joseph Remy, a construction worker who lives on Carroll Street.

"The work, especially construction work, is not like it used to be," Remy added. "It's pretty tough out there."

Contact Matt Fair at mfair@njtimes.com or at (609) 989-5707.

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