

**South Carolina State Housing Finance and Development Authority**

**Annual Statewide Impact and Investment Reports**

**Good Intentions Are Not Enough  
Demonstrating Affordable Housing's Positive Economic Impact through Analysis and  
Effective Reporting**

In a time of heightened accountability and the need to show value added to the public we serve, the South Carolina State Housing Finance and Development Authority (SC Housing) develops two annual reports analyzing its efforts in terms of economic impact to the state.

These reports make the unimpeachable case that SC Housing is not only fulfilling its mission and vision through the financing and development of housing, but through wealth building, job creation and revenue generation.

**The Reports**

Two major reports are generated from this effort – the Affordable Housing Statewide Impact Report (AHSIR) and the Investment Report. The reports are available as printed and electronic documents, both of which are posted on our website.

In addition to the investment, outputs and impact of the agency's programs, the reports also include information on new programs, emerging issues and highlights of the year's efforts at SC Housing. The AHSIR includes descriptions of SC Housing program areas, economic impact statewide – as well as by congressional district, business results (statistics and outputs), an analysis of state and national housing markets including projections for the coming year, and a request for support on legislative issues important to SC Housing and Housing Finance Agencies nationally. Additional impact comes from the use of illustrations of actual properties from around the state.

The Investment Report is an easy-to-read synopsis of the more extensive AHSIR report, giving a short and concise look at the impact of affordable housing programs on a statewide level.

**The Challenges**

Though this reporting has been done in some form for more than a decade, it relied on formulae developed internally and lacked crucial factors that would yield consistently reliable results.

Another weakness was that data was being reported on a county-level basis. This soon proved to be an imperfect and inadequate method of reporting, as congressional districts (the report's primary political subdivision) crossed county lines in almost all cases. It also limited our ability to distill the data into smaller political subdivisions. Reporting by county resulted in over reporting and the need to insert numerous caveats to the data.

**The Partners**

In order to ensure the accuracy of the statistics and their impact, we turned to the Darla Moore School of Business at the University of South Carolina (Moore School). The Moore School enjoys a singular, excellent reputation in South Carolina as well as having earned a national reputation for excellence (see attached). Dr. Joseph C. Von Nessen (see attached

qualifications) leads a team of analysts in inputting and analyzing the data supplied by SC Housing.

### **The Evolution**

The new analysis used the software package *IMPLAN* to calculate all estimates. *IMPLAN* is the industry standard software package used by professional regional economists.

All estimates produced in this report were generated using a detailed structural model of the South Carolina economy, known as an input-output model. An input-output model contains specific information on the economic linkages between different industries in an area and can, therefore, quantify the economic impact of various expenditures of SC Housing.

An input-output model makes use of industry multipliers – measures of how much one factor in the local economy changes in response to a change in another factor. Different multipliers exist for different measures of economic impact, namely: output; employment; total tax revenue; and for the direct, indirect, and induced impacts.

The U.S. Bureau of Economic Analysis compiles the necessary data and calculates the values for each of these economic multipliers.

The new methodology, besides being far more reliable, yielded almost all good news. Although it did show we were previously over representing the job creation numbers, they were not grossly overestimated, and the new, more reliable figures were both respectable and defensible. More importantly, the analysis revealed that previous examination had underreported the economic output. We were now able to report that our efforts were resulting in an even greater impact on the state's economy than we had believed.

### **The Audience**

Both reports are used throughout the year and for numerous audiences. The AHSIR's primary audience is the state's congressional delegation and staff. It is presented during scheduled visits and briefings for congressional staff around the state and is presented to the congressperson and staff in Washington, DC during the annual NCSHA Legislative Conference. It allows the congressional members to easily see the impact our programs have on their individual districts, as well as on the state in general.

The primary audience for the Investment Report are the members of the South Carolina General Assembly. It allows members to see the full economic impact of our programs in terms of production, revenues generated, jobs created and total economic output. The report has traditionally been delivered and discussed with legislators and staff during visits prior to the annual Palmetto Affordable Housing Forum.

Both are used during information and education sessions conducted by SC Housing's legislative liaison. They serve as a vehicle for further conversation on the work of the agency.

Additionally, the Executive Director and members of staff use both reports extensively throughout the year during meetings, media outreach and reporting to partners.

### **Versatility**

In 2011, South Carolina created a seventh congressional district, which will add a new congressperson and staff to the state during the 2012 elections.

By identifying each property by street address level and applying geographic information software, we are able to not only revise our new data to reflect this new district, but revise the

previous year's data as well, seamlessly adapting to the new political boundaries and emerging analysis needs.

For mapping this data, the Moore School applies ArcGIS. ArcGIS is a state of the art geographic information system that allows for a wide variety of geographic and spatial analyses based on multi-layered mapping and geocoded databases. One of its major features is to allow the user to take address level data, integrate it into the database, and correlate the new data to the existing geographical features of the address to be thoroughly analyzed and mapped.

### **The Impact**

The impact is impressive. For an agency of our size (approximately 120 employees), we were able to demonstrate that affordable housing, and the activities associated with it, contribute greatly to the state's economy—and on many levels.

### **In Fiscal Year 2011, SC Housing produced:**

- 3,787 homes and apartments
- \$29 million in local and state tax revenues
- \$425 million in total economic output
- 3,413 total jobs
- More than \$146 million was invested in affordable housing rental and homeownership programs.
- More than \$123 million was provided in assistance funding through agency programs.

One of the most compelling and easiest to understand statistics may be the “economic multiplier” derived from the analysis. In Fiscal Year 2010 and 2011, we derived an economic multiplier of 1.58. This implies that in Fiscal Year 2011, every \$100 in direct spending from our affordable housing initiatives resulted in a total spending impact of \$158 on South Carolina's economic output.

In Fiscal Year 2011, SC Housing invested approximately \$270 million into affordable housing initiatives resulting in a total impact of more than \$425 million on the state's economy in terms of economic output – exceeding the previous year's total output value by more than \$12 million.

The impact is enhanced in each report by the presentation of the information which is well organized, easily understandable and enhanced by graphs and illustrations.

### **In Conclusion**

Through multiple years of economic downturn, when affordable housing efforts may have been questioned as extravagant or unnecessary, and with NIMBY-ism a constant problem with which we must contend, the ability to clearly demonstrate the economic benefit, in addition to the social benefits of our work, is not only good business, but also politically imperative. To be able to demonstrate further that these efforts have been either stable or are improving during these challenging times makes the case for the value of the work of SC Housing.

## SUPPLEMENTS

- Fiscal Year 2011 Investment Report
- Fiscal Year 2011 Affordable Housing Statewide Impact Report
- Moore School Accolades
- Curriculum Vita- Joseph C. Von Nessen, PhD.
- ASHIR Report Methodology

**\$425,562,304 in total economic output - exceeding Fiscal Year 2010 by more than \$12 million.**

# SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

## HOUSING SOUTH CAROLINA IS OUR BUSINESS

Each year, SC State Housing continues to fulfill and even expand its mission, serving our citizens and building a stronger economy throughout the state.

SC State Housing is self-sustaining and receives no state appropriation.

We are proud that we have been able to serve our state for 40 years and we remain committed to our mission.

**Mission:** To create quality, affordable housing opportunities for the citizens of South Carolina.

**Vision:** That all South Carolinians have the opportunity to live in safe, decent and affordable housing.

**\*NOTES**  
This report was compiled in cooperation with the Division of Research at the University of South Carolina's Moore School of Business.

Fiscal Year 2011 denotes the 2011 fiscal year, which runs from July 1, 2010 to June 30, 2011.

In this report, "total investment" refers to the direct economic output from SC State Housing expenditures in Fiscal Year 2011. "Total economic output" refers to the direct, indirect and induced economic output from SC State Housing's expenditures in Fiscal Year 2011. Thus, total economic output encompasses all multiplier effects and reflects the final demand for the goods and services produced.



## 2011 Investment Report

### SC State Housing Financed 3,787 Homes and Apartments in Fiscal Year 2011

Programs	Units	Investment
<b>Single-Family</b> Mortgages, Single-Family Development, Housing Rehabilitation	1,810	\$83,695,481
<b>Multifamily</b> Tax Exempt Bonds, Low-Income Housing Tax Credits, Housing Trust Fund and HOME	1,979	\$114,465,591
<b>Housing Assistance</b> Admin. U.S. Department of Housing and Urban Development's Section 8 Housing Choice Voucher Program and Contract Administration Department	19,853	\$123,176,901

**Total Investment & Housing Assistance \$270,130,976**





*For 40 years, SC State Housing has been helping South Carolinians obtain quality, safe and affordable housing. SC State Housing uses its proven financial strength to sell securities to investors to make mortgage loans to homebuyers so they can realize their piece of the American Dream.*

#### STABILITY IN A YEAR OF UNCERTAINTY

Despite several years of challenging economic conditions facing housing markets nationwide, the South Carolina State Housing Finance and Development Authority (SC State Housing) has been a model of stability and progress. Our bonds continue to be highly rated and attractive to investors. In Fiscal Year 2011, SC State Housing issued \$40 million in new bonds, which were used to help fund 1,810 single-family homes through our flagship mortgage bond program. Our programs added stability to the state's economy by providing job opportunities across a wide spectrum of trades and professions, providing tax revenues, and encouraging growing, stable communities.

#### BUILDING A STABLE ECONOMY

Economic development is inseparable from a vibrant, affordable housing industry. Whether one considers the jobs created, the tax revenue generated or the stable, livable communities that shelter and educate our citizens, housing is key. In Fiscal Year 2011, SC State Housing invested more than \$270 million in affordable housing initiatives across our state. These initiatives generated ripple effects throughout the South Carolina economy that, in total, generated economic output in excess of \$425 million. This implies that in Fiscal Year 2011, the economic multiplier for SC State Housing was 1.58; every \$100 in direct spending from our affordable housing initiatives resulted in a total spending impact of \$158 on South Carolina's economic output.\*

#### 3,413 STABLE, GOOD PAYING JOBS

America needs jobs—and the housing industry provides an abundance of stable, good paying employment opportunities. SC State Housing programs created 3,413 jobs in Fiscal Year 2011. Many of these construction projects provide affordable housing for our state's workforce—one of the major factors that companies look for when they consider locating or expanding businesses. Our programs are aiding the economic recovery by providing jobs for some of the hardest hit areas of our workforce—carpenters, electricians, real estate agents and retailers. Additional jobs are created as the need for housing increases.

#### STABLE COMMUNITIES

SC State Housing invests in our communities. We continue to offer a reliable source of funding for affordable, fixed-rate home mortgages along with generous down payment assistance. Quality and beauty are two adjectives not always associated with affordable housing. Today, however, they are the norm rather than the exception. Modern, affordable housing development is not only environmentally friendly and energy efficient, it is indistinguishable from the surrounding neighbors.

Our Palmetto Heroes homeownership initiative dedicated \$15 million to assist teachers, firefighters, law enforcement and correctional officers, nurses, veterans and Emergency Medical Services (EMS) personnel to obtain low-interest home loans, helping them to live in the communities they serve.

Dogwood Crossing - Orangeburg



#### STABLE REVENUE

Key to funding our state's infrastructure is consistent and reliable tax revenues. In Fiscal Year 2011, \$28,699,670 of state and local tax revenue came from SC State Housing and the developments it finances. Despite worsening economic conditions, this is only slightly less than Fiscal Year 2010. This revenue provides for additional schools, parks, roads, police and fire services along with numerous other services that we rely on every day. Affordable housing supports stable, vital communities and the people who live in them.

#### SOMETIMES CHANGE IS GOOD

In March 2010, the U.S. Department of the Treasury announced that South Carolina was a "Hardest Hit" state due to high concentrations of people living in counties in which the unemployment rate exceeded 12 percent or higher during 2009 through June 2010. South Carolina received \$295 million in funding to help responsible borrowers who have fallen behind on their mortgage payments due to unemployment, or other unforeseen circumstances to stay in their homes or otherwise avoid preventable foreclosure. The program, known in South Carolina as the South Carolina Homeownership and Employment



Lending Program (SC HELP), became available to the public in January 2011.

SC HELP hopes to eventually assist thousands of families before 2017.

South Carolina's share of these funds is administered by a joint venture of SC State Housing and the SC Housing Corp., a not-for-profit corporation. Assistance under this program is provided in the form of a nonrecourse zero-percent

interest, non-amortizing, forgivable loan secured by a subordinate lien on the subject property. The loan is forgiven over a five-year period at a rate of 20 percent per year.

Homeowners may get additional information or complete an application at [www.scmortgagehelp.com](http://www.scmortgagehelp.com) or by calling (855) HELP-4-SC [(855) 435-7472].

#### CELEBRATING 40 YEARS OF HOUSING SOUTH CAROLINA

In his inaugural address on January 19, 1971, then Governor John C. West pledged that, "We can and we shall in the next four years initiate new and innovative programs which will, in our time, provide adequate housing for all citizens of our state." With this vision, SC State Housing was founded.

For 40 years, SC State Housing has been helping South Carolinians obtain quality, safe and affordable housing. We use our proven financial strength to sell securities to investors to make mortgage loans to homebuyers so they can realize their piece of the American Dream. Our agency administers a number of federal and state programs providing housing opportunities where they are needed most.

From rental assistance to homeownership to foreclosure prevention, our programs make the quality of life better for tens of thousands of South Carolinians.

#### Affordable Housing

In Fiscal Year 2011, SC State Housing produced:

**3,787** homes and apartments  
 Nearly **\$29 million** in local and state tax revenues

**\$425 million** in total economic output  
**3,413** total jobs

More than **\$146 million** invested in affordable housing rental and homeownership  
 More than **\$123 million** in assistance funding

# SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

## Affordable Housing Statewide Impact FISCAL YEAR 2011 Report

Economic impact estimates provided by





A MESSAGE FROM  
the  
**Executive  
Director**

Dear Colleagues,

We are proud to present you with the South Carolina State Housing Finance and Development Authority's (SC State Housing) Fiscal Year 2011 Affordable Housing Statewide Impact Report. This report provides you with an overview of our agency's production, investment, economic benefit and economic impact statewide, by Congressional District and by county. It also outlines our agency's housing assistance activities.

Each year, we work to make the report a more concise and user-friendly document. We hope you will find it provides a comprehensive overview of our agency's activities.

Once again, we have partnered with the Division of Research at the University of South Carolina's Moore School of Business to review and validate our data. Using extensive industry data and state of the art software, we have arrived at this year's economic impact. Among the most compelling parts of this analysis was deriving an economic multiplier for our efforts of 1.58, meaning that every \$100 in direct spending from our affordable housing initiatives resulted in a total economic impact of \$158 on South Carolina's economy. Despite a difficult year of economic recovery, this multiplier effect has remained constant. In 2011, SC State Housing programs had a total impact of over \$425 million on South Carolina's economy in terms of economic output, exceeding last year's total output value by more than \$12 million.

Specifically, in this reporting year SC State Housing directly invested more than \$270 million in South Carolina, which resulted in the total economic output figure mentioned above of \$425 million. These dollars also helped more than 25,000 families realize quality, affordable housing. SC State Housing's investment resulted in an economic impact of more than 3,413 jobs and nearly \$29 million in state and local tax revenue, making Fiscal Year 2011 a strong and productive year for our agency. Unfortunately, there were many more South Carolina families who did not enjoy a safe, affordable home during this time. We know that you will keep these families in mind as you make decisions affecting affordable housing policy and funding in South Carolina.

This year, SC State Housing created a not-for-profit corporation, SC Housing Corp., to administer \$295 million in U.S. Department of the Treasury funds allocated to our state to help curb the epidemic of foreclosure spurred by unemployment. The program, known as SC HELP hopes to assist thousands of families before 2017.

We are proud of the outstanding work that has been accomplished by our agency over the past year. We look forward to working with you throughout 2012 to further our mission to create quality, affordable housing opportunities for the citizens of South Carolina.

Sincerely,

Valarie M. Williams



BOARD OF  
COMMISSIONERS

The Board of Commissioners for SC State Housing is comprised of nine members from various regions throughout the state. Two of the members serve as ex officio commissioners. Seven are appointed by the Governor with the consent of the Senate. There is at present one vacant seat. The current members of the Board of Commissioners are as follows:

**T. Scott Smith, Chairman**  
Mt. Pleasant

**Clente Flemming**  
Vice Chairman  
Columbia

**Eddie C. Bines**  
Charleston

**Carlisle Roberts, Jr.**  
Columbia, Ex Officio

**Robert Mickle**  
Columbia, Ex Officio

**John S. Hill**  
Columbia

**Felicia D. Morant**  
Columbia

**Mary L. Thomas**  
Spartanburg

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Columbia, South Carolina 29210.

SC State Housing can be reached by  
telephone at **(803) 896-9001**.  
**www.schousing.com**

Follow us on Twitter:  
**@SCStateHousing**

Find us on Facebook:  
**/SCStateHousing**

Join our group on LinkedIn:  
**SC State Housing**



# Overview

## SERVING SOUTH CAROLINIANS FOR OVER 40 YEARS

### SC STATE HOUSING

For 40 years, the South Carolina State Housing Finance and Development Authority (SC State Housing) has been helping families, older adults, persons with disabilities and others who are frequently underserved find quality, safe and affordable housing. SC State Housing is able to do this by using our proven financial strength to sell securities to investors all over the country. Additionally, SC State Housing administers a number of federal and state programs providing housing help where it is needed most.

SC State Housing takes pride in knowing that it has been able to serve the state of South Carolina for four decades and that our work helps to boost the state's local economies. Our programs offer opportunities from rental assistance to homeownership and have improved the quality of life for tens of thousands of South Carolinians.

### VISION

The vision of SC State Housing is that all South Carolinians have the opportunity to live in safe, decent and affordable housing.

### MISSION

The mission of SC State Housing is to create quality, affordable housing opportunities for the citizens of South Carolina.

### GOALS

- to create and maintain a positive work culture that reinforces our mission, encourages innovation and is based on a spirit of cooperation and teamwork,
- to improve customer service and enhance employee performance by constantly reviewing processes and the use of technology,
- to develop mutually supportive relationships that expand our ability to provide affordable housing, enhancing the value of investments, and
- to actively seek new and innovative ideas to improve affordable housing opportunities.

*Our programs offer opportunities from rental assistance to homeownership and have made the quality of life better for tens of thousands of South Carolinians.*



# SC STATE HOUSING Program Descriptions

## SC STATE HOUSING

SC State Housing is comprised of nine core programs whose missions are to create quality, affordable housing opportunities for the citizens of South Carolina through the unique means that were established at their inception.

## MORTGAGE BOND PROGRAM (HOMEOWNERSHIP)

The Mortgage Bond Program, the flagship program offered by SC State Housing, is a lending assistance program offering low, fixed interest rates and down payment assistance to qualified borrowers. The sale of tax exempt bonds to investors provides the bulk of the funding for this program. Our loans offer qualified borrowers fixed, competitive interest rate options. This allows us the flexibility to adjust interest rates as the market dictates and ensures the financial integrity of the program, while putting homeownership within reach for more South Carolinians. Persons purchasing homes under the Mortgage Bond Program must meet credit standards, as well as income and purchase price restrictions, which vary by county.

For the third year, SC State Housing has allocated special funding to “Palmetto Heroes,” a program which, this year, provides low-interest home loans to current South Carolina teachers, firefighters, law enforcement and correctional officers, nurses, veterans and Emergency Medical Services personnel who meet the qualifications of the program. The initiative also provides down payment assistance of up to \$5,000.

## SOUTH CAROLINA HOUSING TRUST FUND

The South Carolina Housing Trust Fund was created by the General Assembly in 1992. This landmark legislation is funded with dollars collected from a dedicated portion of the deed stamp tax and provides an important resource for affordable housing for low-income South Carolinians. Trust funds are used for acquisition, rehabilitation or construction of rental housing for low-income tenants, group homes for the disabled and emergency shelters for special needs populations. Trust funds are also provided to rehabilitate owner occupied homes. All of this is accomplished by building partnerships among government agencies, qualified nonprofit sponsors, for-profit sponsors, and those in need of affordable housing.

## HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

The HOME Program promotes partnerships between federal, state and local governments and those in the nonprofit and for-profit sectors who support affordable housing initiatives. A program of HUD, its primary focus is on rental housing and homeownership initiatives for very low- and low-income families. South Carolina has received more than \$190 million in HOME funding since 1992. An average of \$5 million is currently allocated each year.

## MULTIFAMILY TAX EXEMPT BOND PROGRAM

The Multifamily Tax Exempt Bond Program provides financing for properties that are being developed for affordable, multifamily rental housing. A percentage of the property's units must be set aside at all times for occupancy by low-to-moderate income individuals and families. This program has provided permanent financing for apartments in more than 50 rental complexes located throughout the state.

## LOW INCOME HOUSING TAX CREDIT PROGRAM

The Low Income Housing Tax Credit Program is designed to provide an incentive to owners developing multifamily rental housing. Allocations of credits are used to leverage public, private and other funds in order to keep rents for tenants affordable. Developments that may qualify for credits include new construction, acquisition with rehabilitation, and adaptive re-use. Owners can claim the credit for up to ten years if the rental property remains in compliance with occupancy and rent restrictions. All properties are subject to a 30-year compliance and affordability period.

## CONTRACT ADMINISTRATION

The Contract Administration area is responsible for the administration of much of HUD's South Carolina portfolio. Contract Administrators work on behalf of HUD with owners and management agents who provide HUD-subsidized apartments in privately-owned complexes. Administration includes reviewing and approving monthly assistance payments, conducting annual management and occupancy reviews for each property within the portfolio, processing rent adjustments and Housing Assistance Payment contracts, responding to tenant complaints, and providing follow-up for inspections conducted by HUD's Real Estate Assessment Center.

## SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

The Section 8 Housing Choice Voucher Program provides rental assistance in the private rental market to very low-income individuals and families in seven South Carolina counties. These counties are: Clarendon, Colleton, Dorchester, Fairfield, Kershaw, Lee and Lexington. This program is limited by HUD's budget and has a waiting list. Qualified families pay approximately 30 percent of their income toward rent and utilities; the remainder is paid by the program. On an annual basis, the eligibility of the tenants and the condition of the units are examined in accordance with standards established by HUD.

## THE NEIGHBORHOOD STABILIZATION PROGRAM

In 2008, HUD allocated a total of \$3.92 billion to all states and particularly hard-hit areas, to respond to the effects of

high foreclosures. South Carolina received nearly \$49 million with \$44 million administered by SC State Housing. The Neighborhood Stabilization Program (NSP) provides targeted assistance to local governments and nonprofits to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. An additional \$5.6 million was awarded in 2010.

### SOUTH CAROLINA HOMEOWNERSHIP AND EMPLOYMENT LENDING PROGRAM (SC HELP)

In March 2010, the U.S. Department of the Treasury announced that South Carolina was designated one of 19 "Hardest Hit" states with high concentrations of people living in counties in which the unemployment rate exceeded 12 percent or higher in 2009 through June 2010. South Carolina received \$295 million in funding to help responsible borrowers who have fallen behind on their mortgage payments due to

unemployment, or other unforeseen circumstances, to stay in their homes or otherwise avoid preventable foreclosure. The program, known in South Carolina as SC HELP, became available to the general public in January 2010.

South Carolina's share of these funds is administered as a joint venture of SC State Housing and the SC Housing Corp., a not-for-profit corporation of SC State Housing.

Assistance under this program is provided in the form of a nonrecourse, zero-percent interest, non-amortizing, forgivable loan secured by a subordinate lien on the subject property. The loan is forgiven over a five-year period at a rate of 20 percent per year.

Homeowners may get additional information or complete an application at [www.scmortgagehelp.com](http://www.scmortgagehelp.com) or by calling (855) HELP-4-SC [(855) 435-7472].

*Deer Park - Lexington*

*South Carolina received \$295 million in funding to help responsible borrowers who have fallen behind on their mortgage payments due to unemployment, or other unforeseen circumstances, to stay in their homes or otherwise avoid preventable foreclosure.*



# TOTAL ECONOMIC INVESTMENT Program Areas

## PROGRAM AREAS

SC State Housing is comprised of nine distinct program areas and multiple internal departments. A more complete description of the nine program areas is detailed in this report; however, the programs are listed here for reference:

- Mortgage Bond Program (Homeownership)**
- South Carolina Housing Trust Fund (HTF) Program**
- HOME Investment Partnerships (HOME) Program**
- Multifamily Tax Exempt Bond Program**
- Low Income Housing Tax Credit (LIHTC) Program**
- Contract Administration**
- Section 8 Housing Choice Voucher Program**
- Neighborhood Stabilization (NSP) Program**
- South Carolina Homeownership and Employment Lending Program (SC HELP)**

The above-referenced programs can be further differentiated by the activities in which each engages to provide assistance for affordable housing.

## SINGLE-FAMILY PROGRAMS

Single-family activities include mortgages issued through the Mortgage Bond Program, homeownership funding through both the HTF and HOME Programs and rehabilitation and emergency repair funding offered through the HTF Program.

## MULTIFAMILY PROGRAMS

Multifamily activities include projects developed through the Multifamily Tax Exempt Bond Program, group homes for the disabled and shelters funded through the HTF and rental development funded through the HTF, HOME and the LIHTC Programs.

## HOUSING ASSISTANCE

In addition to those programs specifically targeted to project funding and development, SC State Housing also administers housing assistance programs: Section 8 Housing Choice Voucher Program and Contract Administration.

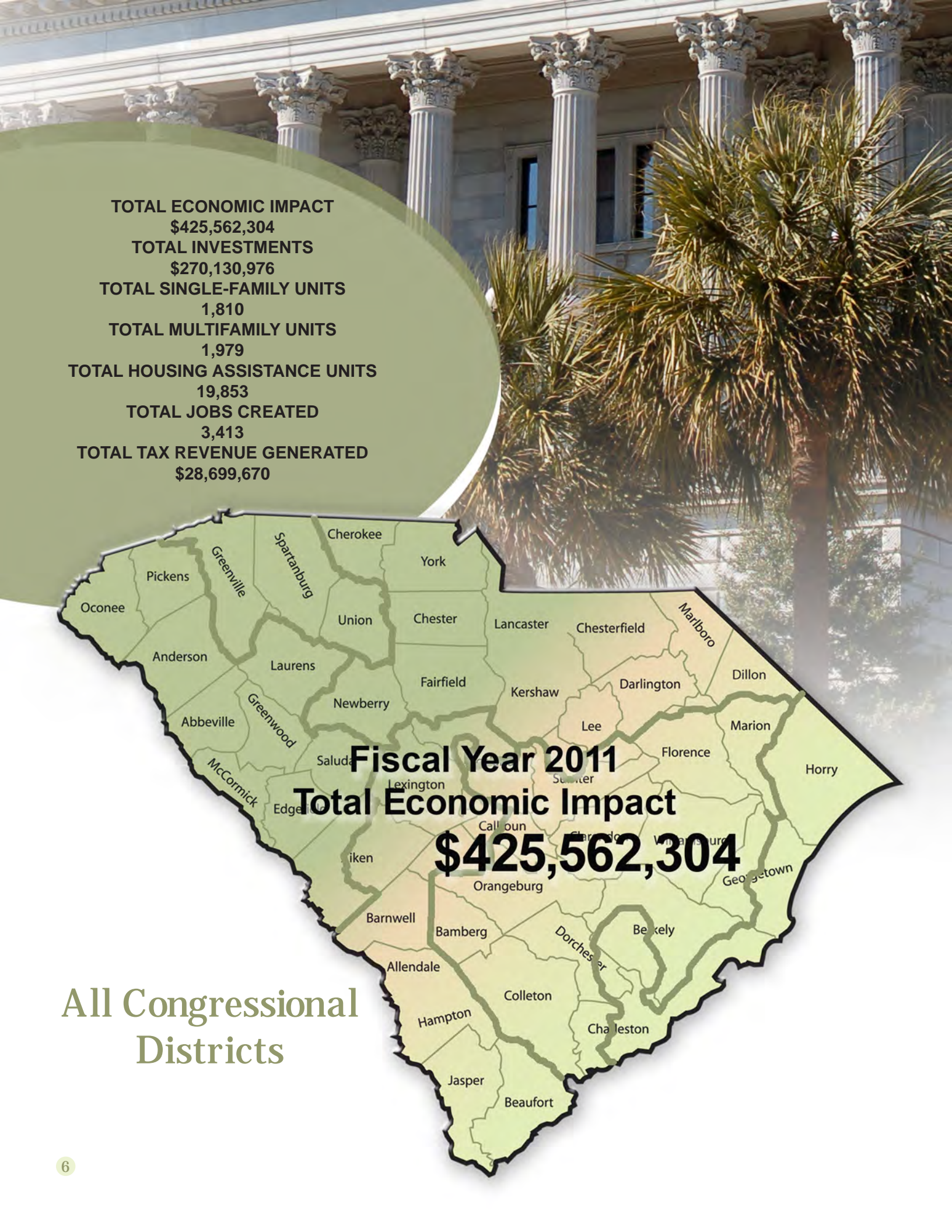
## TOTAL ECONOMIC INVESTMENT

Total Economic Investment (below) represents the value of the total investments that SC State Housing has made into South Carolina's economy including those funds referred to as leveraged funds. Leveraged funds represent those dollars in a project that were either necessary matching funds, dollars provided by a third party or other such dollars without which the project could not have progressed. SC State Housing recognizes the value of these dollars to be an integral part of the transaction.

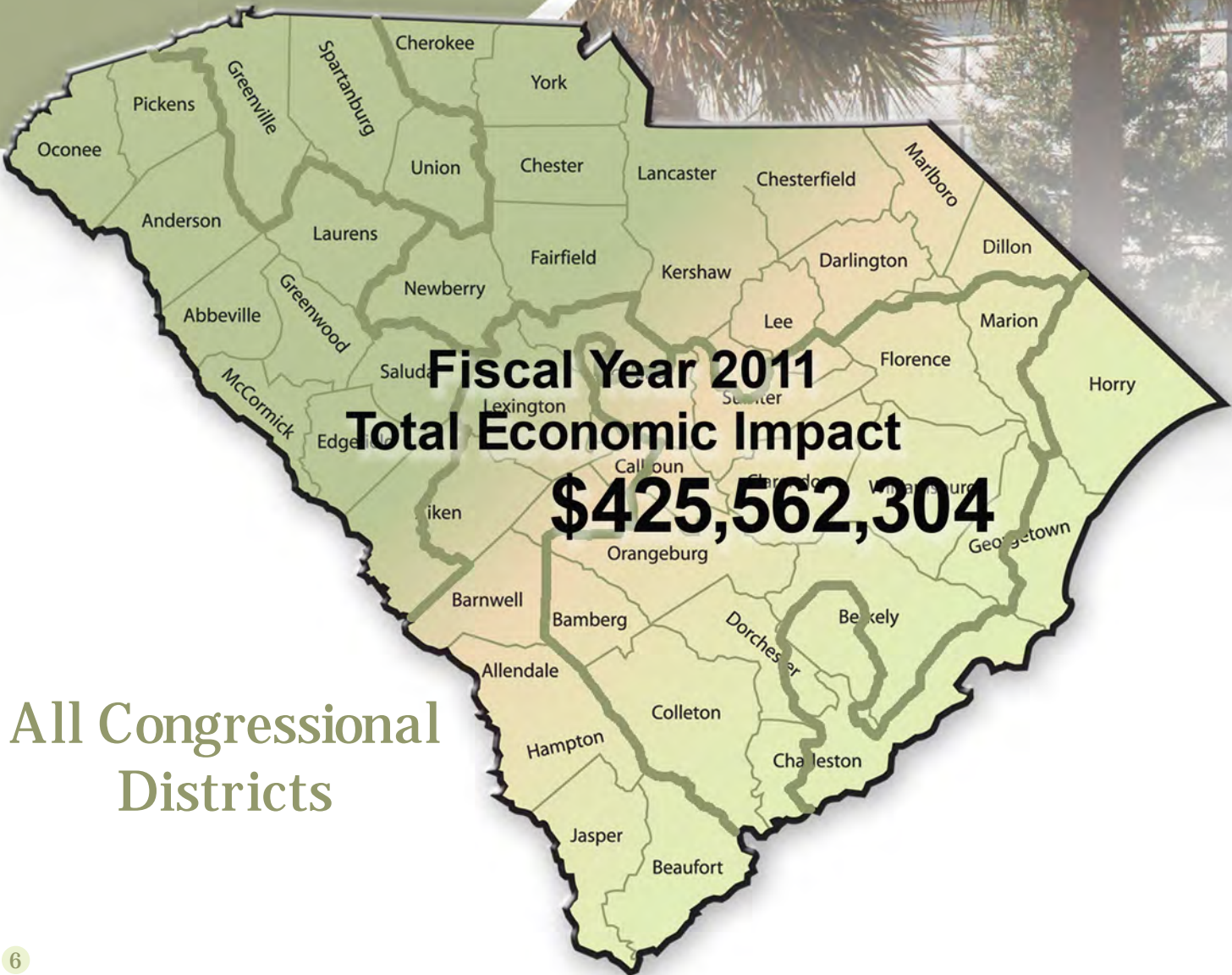


## FISCAL YEAR 2011

DISTRICT	Single-Family		Multi-Family		Housing Assistance	
	Total UNITS	INVESTMENT	Total UNITS	INVESTMENT	Total UNITS	INVESTMENT
DISTRICT 1	314	\$22,081,032	444	\$22,216,980	2,309	\$16,011,999
DISTRICT 2	307	\$18,408,372	286	\$1,035,370	3,423	\$20,201,430
DISTRICT 3	167	\$4,731,138	157	\$2,572,425	3,481	\$20,020,112
DISTRICT 4	266	\$14,604,260	438	\$8,418,951	3,156	\$20,333,564
DISTRICT 5	427	\$11,658,025	235	\$9,262,131	2,639	\$16,515,606
DISTRICT 6	329	\$11,612,654	419	\$20,352,734	4,845	\$30,094,190



**TOTAL ECONOMIC IMPACT**  
**\$425,562,304**  
**TOTAL INVESTMENTS**  
**\$270,130,976**  
**TOTAL SINGLE-FAMILY UNITS**  
**1,810**  
**TOTAL MULTIFAMILY UNITS**  
**1,979**  
**TOTAL HOUSING ASSISTANCE UNITS**  
**19,853**  
**TOTAL JOBS CREATED**  
**3,413**  
**TOTAL TAX REVENUE GENERATED**  
**\$28,699,670**

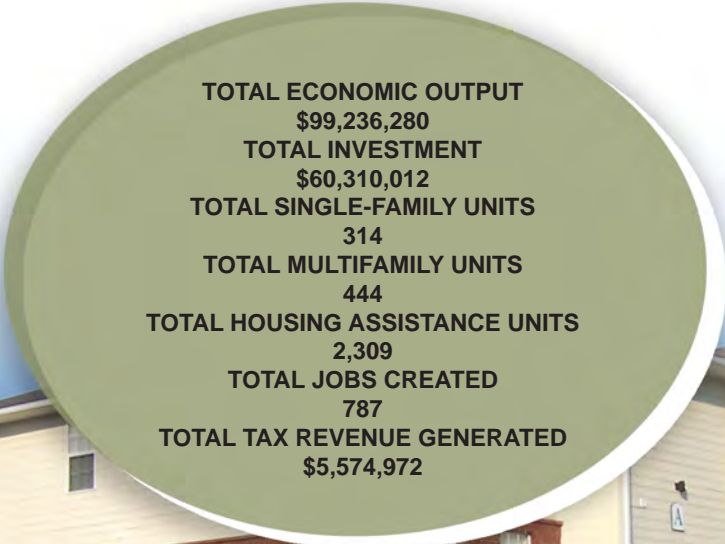


**All Congressional  
 Districts**

# Congressional District 1

Berkeley, Charleston, Dorchester,  
Georgetown and  
Horry Counties

*Georgetown Landing - Georgetown*

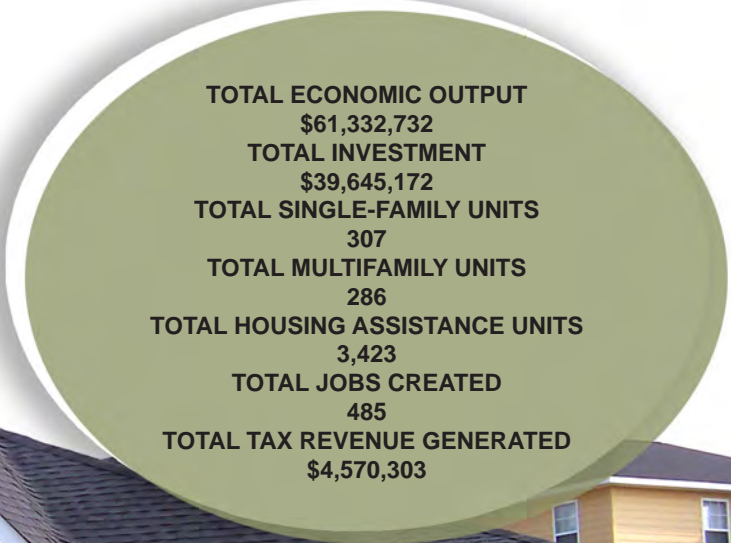


**TOTAL ECONOMIC OUTPUT**  
\$99,236,280  
**TOTAL INVESTMENT**  
\$60,310,012  
**TOTAL SINGLE-FAMILY UNITS**  
314  
**TOTAL MULTIFAMILY UNITS**  
444  
**TOTAL HOUSING ASSISTANCE UNITS**  
2,309  
**TOTAL JOBS CREATED**  
787  
**TOTAL TAX REVENUE GENERATED**  
\$5,574,972



# Congressional District 2

Aiken, Allendale, Barnwell, Beaufort,  
Calhoun, Hampton, Jasper,  
Lexington, Orangeburg  
and Richland Counties



**TOTAL ECONOMIC OUTPUT**  
\$61,332,732  
**TOTAL INVESTMENT**  
\$39,645,172  
**TOTAL SINGLE-FAMILY UNITS**  
307  
**TOTAL MULTIFAMILY UNITS**  
286  
**TOTAL HOUSING ASSISTANCE UNITS**  
3,423  
**TOTAL JOBS CREATED**  
485  
**TOTAL TAX REVENUE GENERATED**  
\$4,570,303

*Dogwood Crossing -  
Orangeburg*



# Congressional District 3

Abbeville, Aiken, Anderson, Edgefield,  
Greenwood, Laurens, McCormick,  
Oconee, Pickens and  
Saluda Counties

*Kennedy Place - Anderson*



**TOTAL ECONOMIC OUTPUT**  
\$40,270,716  
**TOTAL INVESTMENT**  
\$27,323,674  
**TOTAL SINGLE-FAMILY UNITS**  
167  
**TOTAL MULTIFAMILY UNITS**  
157  
**TOTAL HOUSING ASSISTANCE UNITS**  
3,481  
**TOTAL JOBS CREATED**  
327  
**TOTAL TAX REVENUE GENERATED**  
\$3,448,033

# Congressional District 4

Greenville, Laurens, Spartanburg  
and Union Counties

*Union Mill Crossing - Union*



**TOTAL ECONOMIC OUTPUT**  
\$68,133,936  
**TOTAL INVESTMENT**  
\$43,356,776  
**TOTAL SINGLE-FAMILY UNITS**  
266  
**TOTAL MULTIFAMILY UNITS**  
438  
**TOTAL HOUSING ASSISTANCE UNITS**  
3,156  
**TOTAL JOBS CREATED**  
546  
**TOTAL TAX REVENUE GENERATED**  
\$4,597,790

## Congressional District 5

Cherokee, Chesterfield, Darlington,  
Dillon, Fairfield, Florence, Kershaw,  
Lancaster, Lee, Marlboro, Newberry,  
Sumter and York Counties

*Oak Terrace - Chesterfield*

**TOTAL ECONOMIC OUTPUT**  
\$59,206,448  
**TOTAL INVESTMENT**  
\$37,435,760  
**TOTAL SINGLE-FAMILY UNITS**  
427  
**TOTAL MULTIFAMILY UNITS**  
235  
**TOTAL HOUSING ASSISTANCE UNITS**  
2,639  
**TOTAL JOBS CREATED**  
478  
**TOTAL TAX REVENUE GENERATED**  
\$3,906,367



## Congressional District 6

Bamberg, Berkeley, Calhoun,  
Charleston, Clarendon, Colleton,  
Dorchester, Florence, Georgetown,  
Lee, Marion, Orangeburg, Richland,  
Sumter and Williamsburg  
Counties

*Celia Saxon - Richland*

**TOTAL ECONOMIC OUTPUT**  
\$97,382,192  
**TOTAL INVESTMENT**  
\$62,059,580  
**TOTAL SINGLE-FAMILY UNITS**  
329  
**TOTAL MULTIFAMILY UNITS**  
419  
**TOTAL HOUSING ASSISTANCE UNITS**  
4,845  
**TOTAL JOBS CREATED**  
790  
**TOTAL TAX REVENUE GENERATED**  
\$6,638,656





# Business Results by Program Area

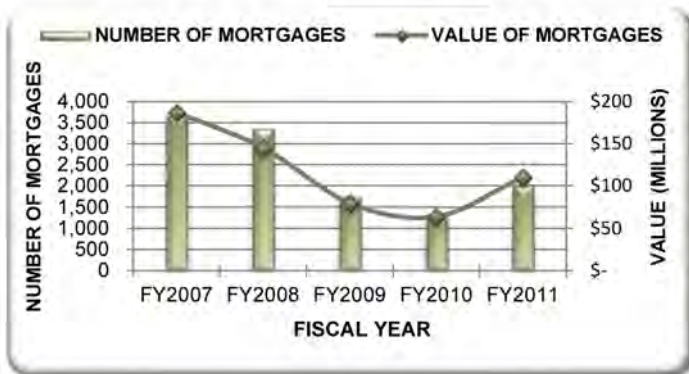
## INTRODUCTION

Below are some insights into the business activities of each SC State Housing program area for Fiscal Year 2011. The graphs track multi-year periods of activity to provide better context and more insight into the annual results of our programs.

## MORTGAGE BOND PROGRAM (HOMEOWNERSHIP)

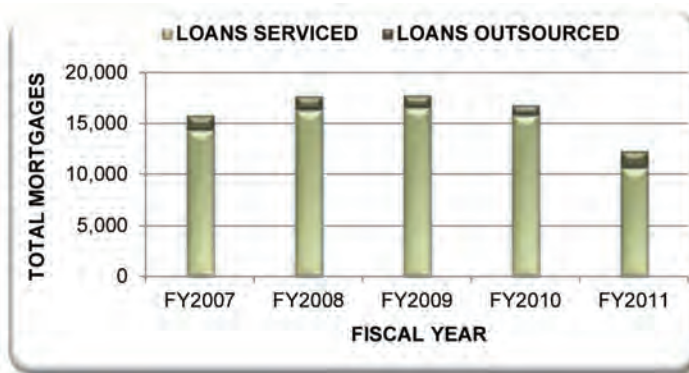
During Fiscal Year 2011, SC State Housing purchased 2,033 mortgages (1,042 first mortgages and 991 second mortgages) totaling a little more than \$110 million. While housing markets nationally experienced declines in purchases, our program experienced a marked resurgence in Fiscal Year 2011, showing an almost 58 percent increase in dollar value of purchases from the previous year and a 63 percent increase in actual homes purchased. Figure 1 illustrates this productivity.

FIGURE 1



SC State Housing currently services a portfolio of 15,740 first and second mortgages, a small portion of which is serviced by one private sector provider. Figure 2 illustrates this relationship. The average loan amount was \$104,173 and the average household income of borrowers was \$38,036.

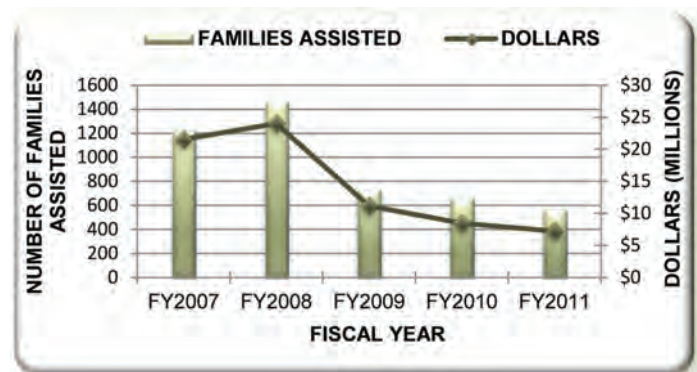
FIGURE 2



## SOUTH CAROLINA HOUSING TRUST FUND (HTF)

South Carolina Housing Trust Fund awards were made throughout the state with a total of 472 awards for \$7.25 million in Fiscal Year 2011. This represents a decrease in total award amounts of 15 percent from the previous fiscal year. This decrease is directly attributable to the continued stagnation that real estate sales, and therefore the deed transfer fees that fund the program, experienced during the fiscal year. Reliance on economy-driven proceeds can be a significant complication. It creates an unpredictable fluctuation in award activity because the amount of underlying proceeds is variable. Figure 3 illustrates this trend.

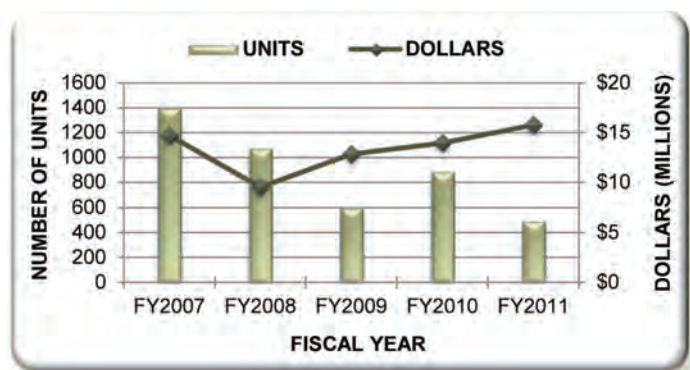
FIGURE 3



## HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

Figure 4 illustrates the award activity for the HOME Program for Fiscal Year 2011. During this period HOME made 39 wards, producing 496 units for a total of \$15,769,829. Seventeen awards went to rental housing; 10 to homeownership; nine to tax credit properties and three to tenant based rental assistance. These awards were made to non-profit organizations, for-profit entities, local governments and Public Housing Authority (PHA) participants. HOME continues to serve as a significant bridge between other SC State Housing programs, helping to make dollars go further, providing leverage enhancements, and increasing opportunities to expand affordable housing initiatives throughout the state.

FIGURE 4



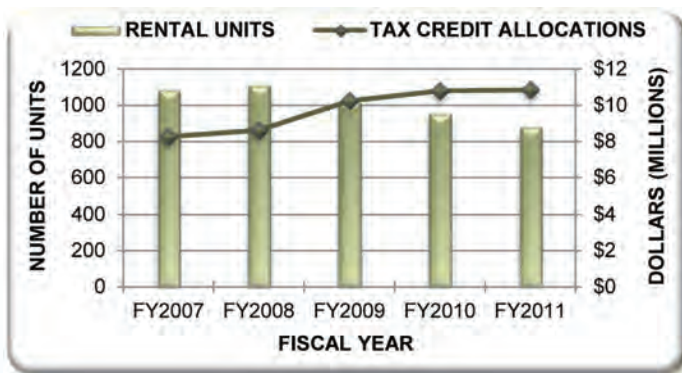
### MULTIFAMILY TAX EXEMPT BOND PROGRAM

For Fiscal Year 2011, \$21 million in bond cap was allocated. The Multifamily Tax Exempt Bond program helped finance 41 developments in 36 towns across 23 counties. 1,548 low-income units were financed, of which all were rehabilitations.

### LOW INCOME HOUSING TAX CREDIT PROGRAM (LIHTC)

During Fiscal Year 2010, Congress created the Tax Credit Assistance Program (TCAP) and the Housing Credit Exchange Program and increased the per capita tax credit amount to \$2.30. Without these programs, providing the necessary equity to keep the developments progressing, the LIHTC would have generated very little production until a recovery in investor demand for tax credits returned. In Fiscal Year 2010, the program funded allocations of \$10.5 million. The 16 housing developments awarded in 2010 will produce 955 low-income rental units. During Fiscal Year 2011, investor demand for tax credits returned to more historically normal levels. Congress reduced the per capita tax credit amount to \$2.10, but still allowed states to retain the discretionary basis boost. In Fiscal Year 2011, the LIHTC Program allocated \$10.8 million to 15 housing developments which will produce 882 low-income rental units. Figure 5 shows this progression.

FIGURE 5

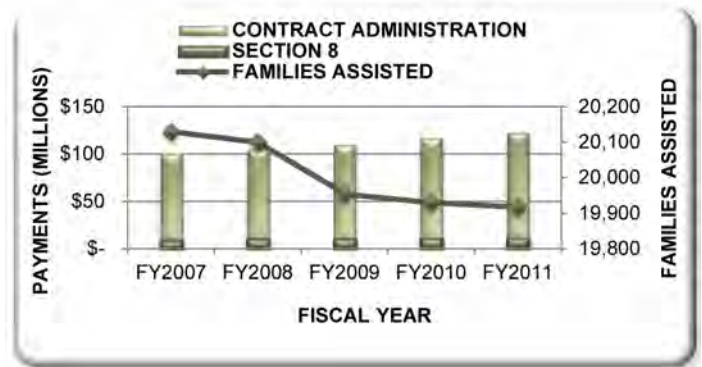


### CONTRACT ADMINISTRATION AND HOUSING CHOICE VOUCHER PROGRAM

Approximately 20,000 families received housing assistance through SC State Housing's administration of the Contract Administration and Housing Choice Voucher Programs. Tenants pay approximately 30 percent of their income toward

rent and utilities, and the remainder is subsidized. During Fiscal Year 2011, this subsidy amounted to more than \$123 million. The level of rental assistance activity has remained at a fairly consistent level for the past several years. Specifically, Contract Administration assisted 17,932 families totaling \$112,185,764 in subsidy payments. The Housing Choice Voucher Program assisted an average of 1,986 families, totaling \$11,097,819. Figure 6 represents this graphically.

FIGURE 6



### NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

In 2008 SC State Housing introduced the Neighborhood Stabilization Program for South Carolina to administer \$44 million of HUD funding targeted toward the mitigation of blight caused by foreclosed and abandoned property. In Fiscal Year 2011, HUD allocated an additional \$5 million of NSP funds to SC State Housing through the third round of funding (NSP3), of which 100 percent has been committed. SC State Housing has until 2013 to expend the funds.

### SOUTH CAROLINA HOMEOWNERSHIP AND EMPLOYMENT LENDING PROGRAM (SC HELP)

SC State Housing launched a pilot of SC HELP in November 2010. The full rollout statewide was in January 2011. As of June 30, 2011, SC HELP committed approximately \$4 million to assist over 300 South Carolina homeowners, and over 6,000 households have begun the process of requesting assistance. More complete program statistics will be available in the next Affordable Housing Statewide Impact Report.

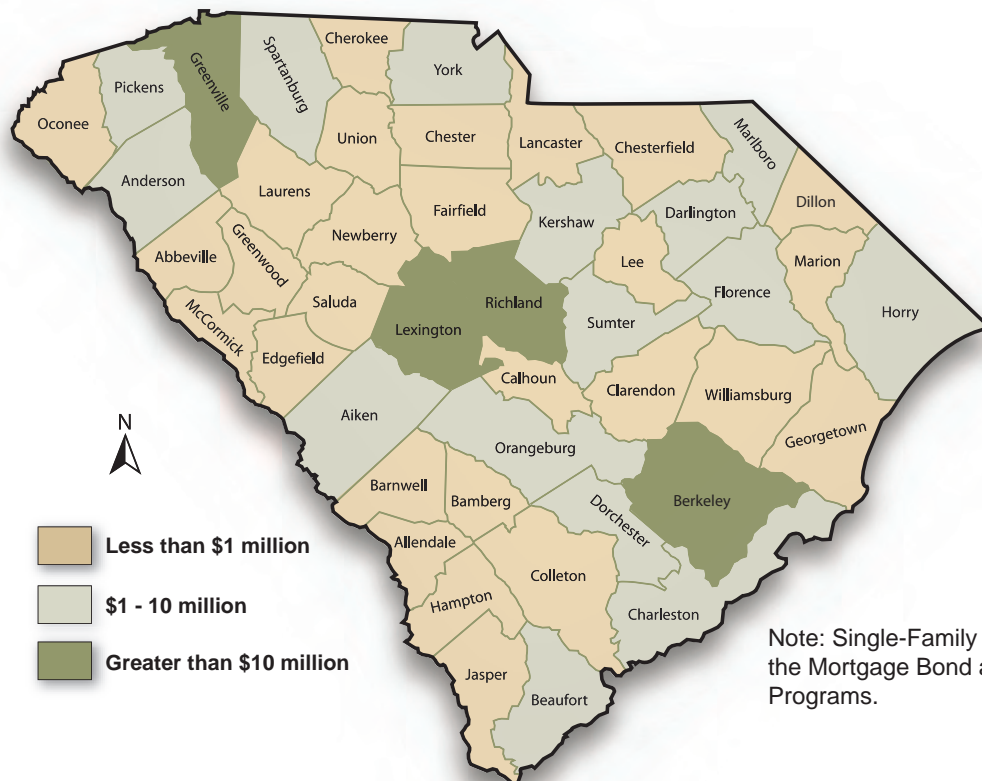


Bailey Gardens - Lake City

# Economic Impact of Single-Family Programs by County

County	Units	Total Economic Output
Abbeville	2	\$137,218
Aiken	73	\$1,523,755
Allendale	8	\$105,437
Anderson	43	\$3,900,830
Bamberg	3	\$444,606
Barnwell	18	\$354,218
Beaufort	52	\$1,537,641
Berkeley	84	\$13,896,167
Calhoun	4	\$31,176
Charleston	121	\$9,417,615
Cherokee	10	\$284,849
Chester	1	\$3,408
Chesterfield	6	\$498,812
Clarendon	16	\$489,336
Colleton	2	\$3,524
Darlington	22	\$2,468,279
Dillon	14	\$69,887
Dorchester	69	\$9,696,830
Edgefield	9	\$161,832
Fairfield	10	\$47,406
Florence	58	\$6,617,470
Georgetown	6	\$411,756
Greenville	217	\$18,459,405

County	Units	Total Economic Output
Greenwood	7	\$935,621
Hampton	0	\$0
Horry	92	\$7,064,229
Jasper	15	\$135,048
Kershaw	32	\$3,194,429
Lancaster	33	\$738,788
Laurens	0	\$0
Lee	13	\$227,528
Lexington	88	\$12,811,490
Marion	4	\$278,252
Marlboro	35	\$2,104,541
McCormick	0	\$0
Newberry	82	\$453,947
Oconee	2	\$5,786
Orangeburg	32	\$1,553,060
Pickens	28	\$1,696,491
Richland	196	\$19,802,511
Saluda	12	\$192,452
Spartanburg	49	\$5,318,149
Sumter	66	\$5,348,304
Union	2	\$317,805
Williamsburg	26	\$425,609
York	148	\$8,017,777

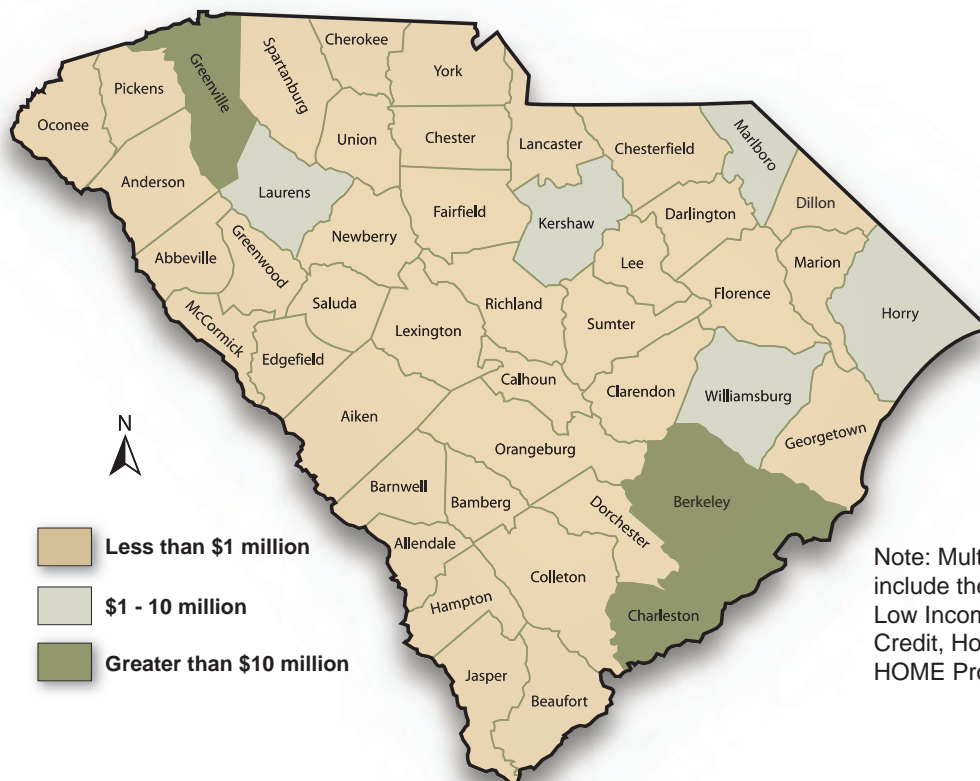


Note: Single-Family Programs include the Mortgage Bond and HOME Programs.

# Economic Impact of Multifamily Programs by County

County	Units	Total Economic Output
Abbeville	0	\$0
Aiken	2	\$72,222
Allendale	0	\$0
Anderson	75	\$166,363
Bamberg	0	\$0
Barnwell	1	\$240,000
Beaufort	18	\$153,373
Berkeley	156	\$18,143,048
Calhoun	0	\$0
Charleston	416	\$44,104,312
Cherokee	0	\$0
Chester	0	\$0
Chesterfield	0	\$0
Clarendon	0	\$0
Colleton	0	\$0
Darlington	1	\$20,070
Dillon	0	\$0
Dorchester	106	\$699,641
Edgefield	1	\$116,807
Fairfield	0	\$0
Florence	6	\$172,971
Georgetown	0	\$0
Greenville	264	\$10,589,182

County	Units	Total Economic Output
Greenwood	7	\$167,382
Hampton	0	\$0
Horry	97	\$8,460,587
Jasper	0	\$0
Kershaw	64	\$11,064,381
Lancaster	13	\$122,536
Laurens	72	\$8,864,527
Lee	0	\$0
Lexington	146	\$865,948
Marion	0	\$0
Marlboro	64	\$4,763,801
McCormick	0	\$0
Newberry	42	\$112,039
Oconee	32	\$105,505
Orangeburg	10	\$94,851
Pickens	3	\$16,808
Richland	158	\$910,857
Saluda	0	\$0
Spartanburg	140	\$456,161
Sumter	15	\$619,925
Union	0	\$0
Williamsburg	24	\$3,259,186
York	46	\$161,506

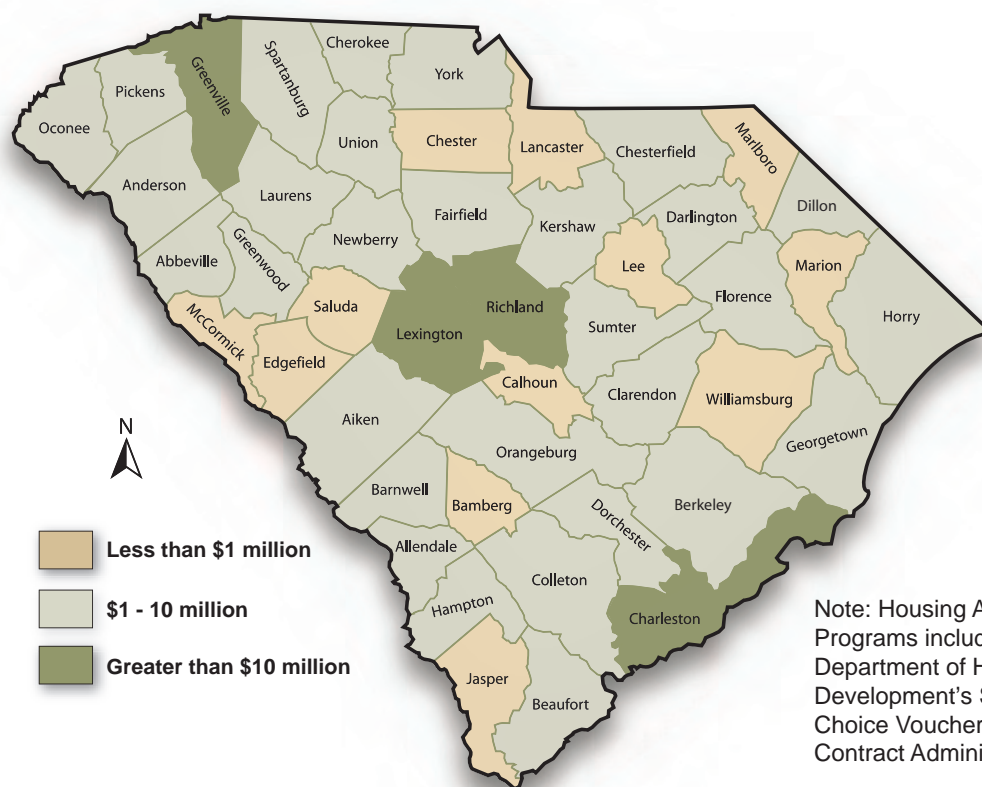


Note: Multifamily Programs include the Tax Exempt Bond, Low Income Housing Tax Credit, Housing Trust Fund and HOME Programs.

# Total Economic Impact of Housing Assistance Programs

County	Units	Total Economic Output
Abbeville	224	\$1,798,853
Aiken	576	\$5,092,386
Allendale	158	\$1,499,853
Anderson	1,094	\$9,585,597
Bamberg	100	\$875,093
Barnwell	154	\$1,250,179
Beaufort	356	\$3,727,473
Berkeley	244	\$2,399,472
Calhoun	96	\$764,712
Charleston	1,352	\$15,113,443
Cherokee	185	\$1,593,190
Chester	100	\$814,398
Chesterfield	158	\$1,331,131
Clarendon	446	\$3,233,347
Colleton	432	\$3,170,598
Darlington	415	\$3,177,486
Dillon	192	\$1,667,282
Dorchester	1,105	\$9,884,493
Edgefield	112	\$873,922
Fairfield	126	\$2,344,788
Florence	354	\$2,709,263
Georgetown	172	\$1,644,571
Greenville	2,279	\$20,689,412

County	Units	Total Economic Output
Greenwood	429	\$2,858,226
Hampton	221	\$2,146,853
Horry	378	\$3,736,053
Jasper	56	\$500,661
Kershaw	175	\$2,360,573
Lancaster	279	\$2,406,587
Laurens	333	\$2,559,800
Lee	287	\$1,735,065
Lexington	1,443	\$10,934,026
Marion	0	\$0
Marlboro	62	\$337,666
McCormick	60	\$557,192
Newberry	134	\$1,126,790
Oconee	406	\$2,424,568
Orangeburg	655	\$4,519,465
Pickens	312	\$2,575,142
Richland	2,513	\$20,315,150
Saluda	48	\$452,373
Spartanburg	742	\$6,288,257
Sumter	322	\$2,319,712
Union	132	\$1,043,601
Williamsburg	76	\$655,407
York	360	\$2,819,331



Note: Housing Assistance Programs include the U.S. Department of Housing and Urban Development's Section 8 Housing Choice Voucher Program and the Contract Administration Program.

# Housing Market Overview

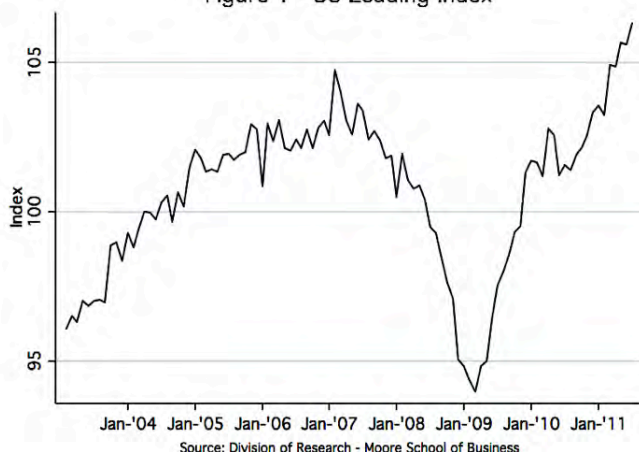
HOUSING MARKETS ARE STABLE, BUT STAGNANT IN 2011

**Dr. Joseph C. Von Nessen**  
**Research Economist - Moore School of Business**  
**University of South Carolina**

One of the consequences of the federal first-time homebuyer tax credit of 2010 was to create a highly volatile housing market during the course of that year. The tax credit, which provided \$8,000 for homebuyers placing a contract on a home by April 30 and closing by June 30, created a corresponding surge in demand for housing during the early part of 2010 and a subsequent decline in housing demand during the latter part of the year. 2011 has been quite stable by comparison, but to date both the economy and the housing market have received mixed performance reviews.

The second quarter showed United States economic growth of 1.0 percent (annualized), up from 0.4 percent in the first quarter. Private investment is up 2.4 percent year-to-date, and South Carolina leading indicators continue to rise (see Figure 1). Yet at the same time, unemployment has risen (up 0.1 percent and 0.6 percent year-to-date in the US and SC, respectively), consumer confidence is sluggish, and national housing starts are down 5 percent in 2011 despite the fact that the summer months typically have seasonal upswings. Figures 2 and 3 illustrate housing permit activity and housing starts. Notice that while there have been demand fluctuations, most notably the spike in mid-2010, overall housing activity has been largely stagnant since stabilizing in 2009. South Carolina housing starts are down 4 percent in the second quarter of 2011 compared to the second quarter of 2009, while permit activity is up 0.9 percent over the same time period.

Figure 1 - SC Leading Index



*... while there have been demand fluctuations, most notably the spike in mid-2010, overall housing activity has been largely stagnant since stabilizing in 2009.*

Figure 2 - Building Permits

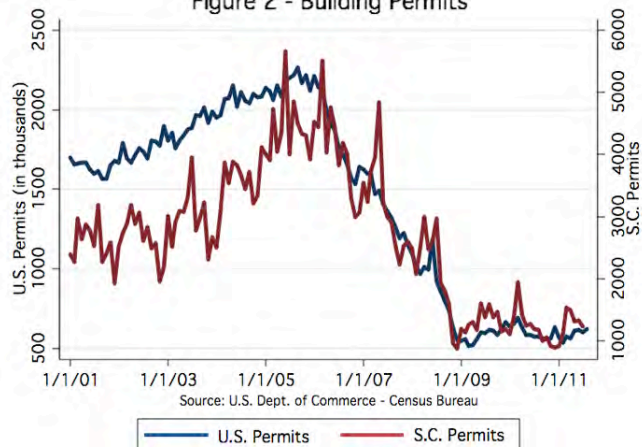


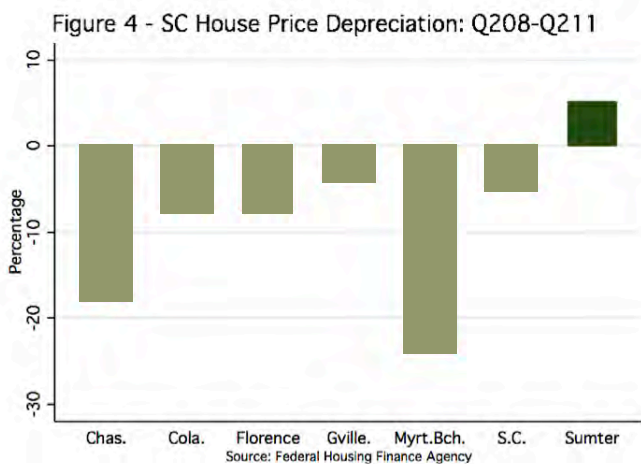
Figure 3 - Housing Starts



As all professionals in the housing industry realize, the most important phrase in real estate sales is “location, location, location!” This phrase applies equally well when analyzing housing market activity – all housing is local, and it is important to analyze local trends to get an accurate reflection of current market conditions. The housing market in South Carolina is doing well when compared to many other areas of the nation. As a smaller state without major urban areas and large investor activity, South Carolina tends to be somewhat insulated from the economic booms and busts that the rest of the nation encounters. Yet housing markets also vary within South Carolina, and in fact, two major conclusions can be drawn from an examination of markets within the state: (1) there are two types of housing markets in South Carolina – the primary/move-up market and the second homes/luxury market; (2) there is a large consumer shift towards the purchase of less expensive homes.

The two types of housing markets can be easily differentiated when examining house price depreciation across the state. Figure 4 compares house price depreciation across different

regions of South Carolina over the last three years according to the Federal Housing Finance Agency (FHFA). Since the beginning of the financial crisis, house prices in South Carolina have been relatively stable, having depreciated by an average of 4.7 percent, with major markets within the state reporting similar figures. (The Sumter market is the exception, which has appreciated 5.3 percent since 2008, due largely to rises in demand resulting from expansions in the Shaw Air Force Base.) Yet over the same time period, Charleston and Myrtle Beach have seen house price depreciations of 17.8 and 23.8 percent, respectively. The difference has to do with the large second homes/luxury homes market in the coastal areas of the state. As the economic climate has reduced discretionary income for many people and increased market uncertainty, luxury items – such as second homes – have seen a large drop in demand. By contrast, the primary/move-up market is far more stable. In fact, even in the coastal areas of the state, once the executive homes market (those priced over about \$450,000) is factored out, house price depreciation approximates the state average. Thus, it is important to recognize that the second homes market along the coast is the source for much of the house price depreciation being observed at the state level.

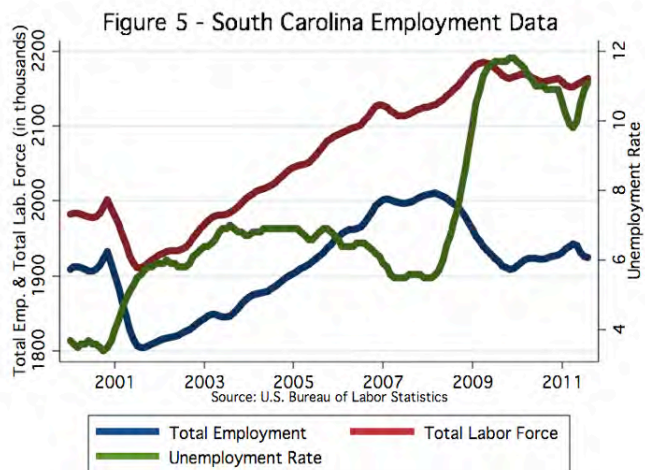


A second popular house price index often quoted is the average sales price as reported by the Multiple Listing Service (MLS). However, MLS statistics do not reflect house price appreciation because the MLS does not track house-over-house price changes (in contrast to the FHFA). For example, the MLS average sales price in 2008 reflects a different set of houses sold than the average sales price reported in 2011 and thus tell us nothing about the rate of appreciation of these houses. Estimates vary depending on the specific market, but in most markets MLS data show that the average sales price of homes sold have dropped between 8 and 15 percent since 2008. This does not reflect depreciation, but instead reflects consumer preferences. It shows that homebuyers in today's economic climate are more cautious, thrifty, and are interested in purchasing cheaper housing and in getting more value. Thus, since 2008, house prices in South Carolina have seen minor depreciation overall, but South Carolina homebuyers have significantly changed their preferences.

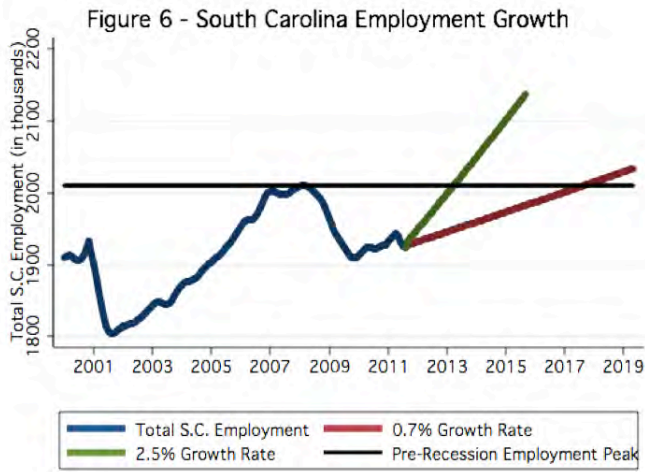
## OUTLOOK FOR 2012

Looking ahead, the primary statistic to be monitored that will drive housing demand is employment growth. Simply put, one cannot afford a house without a job. Figure 5 highlights South Carolina total employment, the total labor force, and the unemployment rate since 2000. Since bottoming out in 2009, total employment in South Carolina has been increasing consistently, albeit very slowly – just 0.7 percent total growth from November 2009 to August 2011. South Carolina's unemployment rate, however, has been more volatile during this same time period. The unemployment rate was at its peak in November 2009 at 11.8 percent, then fell to 9.8 percent in April 2011, and was back up to 11.1 percent as of August 2011.

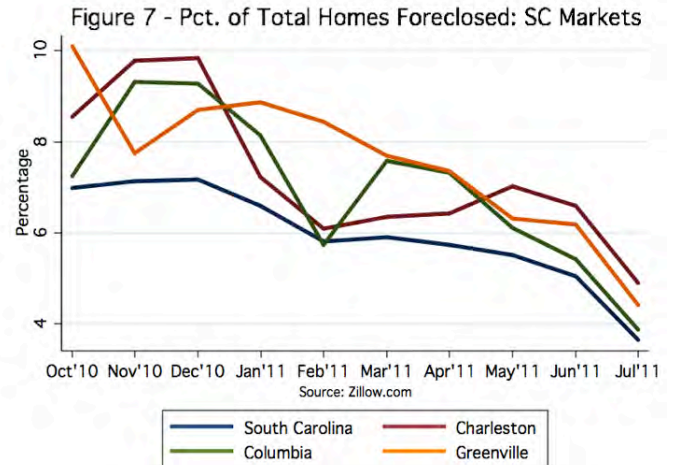
Part of this volatility comes from the fact that the unemployment rate is not exclusively a function of the number of employed workers; it is also influenced by the size of the labor force. Thus, at times it can be a misleading statistic since changes in the labor force can impact the unemployment rate without any change in total employment. This can occur when people drop out of the labor force during a recession (thus decreasing the unemployment rate) or when people perceive the start of an economic recovery and return to the labor force to look for work (thus raising the unemployment rate). Figure 5 illustrates how changes in the labor force and changes in total employment both influence the unemployment rate over time.



Though employment growth has been positive overall since November 2009, the low level of 0.7 percent indicates an economy that is largely stagnant. Going forward, this level of growth must increase in order to spur significant growth in housing demand – 2.5 percent employment growth is one example considered to be in line with a healthy economy. To put this into perspective, consider Figure 6, which projects total South Carolina employment going forward assuming rates of growth of 0.7 percent and 2.5 percent. Notice that at 2.5 percent growth, it will take until the year 2013 to reach pre-recession levels of employment. By contrast, at 0.7 percent growth, it will take until the year 2017 to reach pre-recession levels of employment. This implies that the recovery from the Great Recession will likely take several more years. Thus, while the economy is improving, it is moving at a slow pace.



environment that will be more likely to experience a higher level of housing growth.



Housing supply is also a factor that must be considered in a slowly recovering market place, since excess inventory – largely in the form of foreclosures – puts downward pressure on housing prices. Permit growth, an indicator of future housing supply, remains relatively flat. In addition, while the second homes market along the coast is still suffering from foreclosures and high levels of inventory (according to Zillow.com), the percentage of all homes being foreclosed upon has dropped across many of the major regions of South Carolina in the last nine months (see Figure 7). For South Carolina overall, this percentage has dropped approximately 3.3 percent. If future housing demand (measured by total employment) continues to grow relative to future housing supply (measured by permit and foreclosure activity), this will foster a market

Housing markets in South Carolina are stable, but stagnant in 2011. Job creation will be the primary engine for housing growth in 2012 and will dictate how quickly housing markets recover. While total employment has increased since 2009, the current rate of employment growth must increase further to provide a significant boost to the South Carolina economy and South Carolina housing markets. Nevertheless, housing prices remain relatively stable and foreclosures are down across the state, illustrating that housing market conditions are continuing to improve, though very slowly.

*Brookside Gardens - Greenville, SC*





# Legislative and Regulatory Priorities

## WE ASK FOR YOUR SUPPORT FOR THE CONTINUING SUCCESS OF OUR PROGRAMS

Our goal, like that of the National Council of State Housing Agencies (NCSHA), is an affordably housed state and nation. Toward this end, we ask that you consider the following as legislative priorities during this session:

- Support Housing Finance Agencies (HFAs) previously designated as HUD Project Based Contract Administrators (PBCAs) to continue in that role and ensure that HUD recognizes HFAs' proven capacity and track record to serve as PBCAs.
- Support additional means for HFAs to access the capital markets, including alternative pass-through bond structures and tax-exempt mortgage-backed securities.
- To protect, strengthen and expand the production potential of the tax-exempt Housing Bond program (including its Mortgage Credit Certificate option) and Low Income Housing Tax Credit program.



- A strong secondary mortgage market system with a robust affordable housing mission that engages HFAs as preferred affordable housing lending partners in meeting the needs of low- and moderate-income families, enables them to maximize their lending potential, and responds to their capital and liquidity needs, including through any successor entities to Fannie Mae and Freddie Mac.

- To work with the Federal Housing Finance Agency and the Federal Home Loan Banks (FHLBs) it regulates to strengthen and expand HFA-FHLB partnerships.
- Protect and restore HOME funding, while working to increase program flexibility, improve efficiency, and eliminate needless bureaucracy.
- Section 8 funding adequate to renew all authorized vouchers, provide for new ones, compensate Public Housing Authorities (PHAs) fairly for their administrative costs, and honor and, if expiring, extend existing project-based assistance commitments.
- New state-administered funding for project-based operating subsidies to support affordable rental housing development and preservation and tenant-based rental assistance to support state-determined priorities unmet under the Housing Choice Voucher program, with maximum flexibility for program administrators and limited federal regulation.
- Dedicated and sustainable funding for the state-administered National Housing Trust Fund, with maximum flexibility for program administrators and limited federal regulation.
- Expanded federal commitment to address the preservation of affordable rental housing in a comprehensive manner, including additional resources, changes to existing housing programs, and the creation of new ones to support state and federal preservation efforts.

## HOUSING BOND AND CREDIT PRIORITIES

- Support for Treasury proposal to allow for a 30 percent basis boost for properties financed with tax-exempt bonds that are subject to private activity bond volume cap. Such properties would be federally assisted and subject to long term use agreements limiting occupancy to low-income households.
- Authority for investors to carry back Tax Credits for five years and incentives to encourage increased individual investment.
- Make permanent the temporary 9 percent Tax Credit fix included in the Housing and Economic Recovery Act of 2008 (HERA).
- Fix the 4 percent Tax Credit in addition to the 9 percent Tax Credit.
- Establish a state-determined basis boost for 4 percent Tax Credits.

- Extend the HERA 9 percent Tax Credit rural income limit flexibility to 4 percent Tax Credit deals.
- Improve the application of HUD's income limit methodology to Housing Credit developments and other affordable housing programs.
- Increase access to Housing Credit apartments for working families that cannot afford decent, reasonably priced rental homes and for extremely low-income families that cannot afford most Housing Credit apartments without assistance.
- Increase the Mortgage Revenue Bond (MRB) home improvement loan limit by an amount at least adequate to reflect the rise in construction costs since it was first established and index it for construction cost inflation annually thereafter.
- Repeal the MRB refinancing limitation.
- Exempt all refunding Housing Bonds from the Alternative Minimum Tax (AMT).
- Housing Tax Credit tenant data collection requirements consistent with and limited to those established under HERA.



# Overview and Methodology

The figures contained in this report detail the economic impact of the South Carolina State Housing Finance and Development Authority (SC State Housing) on the state of South Carolina for Fiscal Year 2011 (July 1, 2010 – June 30, 2011). A standard economic impact analysis estimates the impact, or contribution, of an organization to the local economy. For example, if a new company were to open in South Carolina, it would be useful to know the number of jobs this company would create or the increase in demand for goods and services that would result from the company buying products from suppliers in South Carolina. All estimates were generated using data provided by SC State Housing.

In order to formalize the reporting of the economic impact of an organization, there are two figures that are reported as part of this impact analysis: output and employment. Each of these figures, in turn, is comprised of a direct, indirect and induced impact.

## OUTPUT

The economic output of an organization is defined as the dollar value of production, or the dollar value of the final goods and services produced by that organization. For example, if SC State Housing were to fund the construction of a multi-family housing unit, the direct economic output would represent the total sales activity resulting from the construction (e.g., roofing materials, lumber, drywall, labor). The economic output of an organization's activity is the dollar value representing the final demand for goods and services produced for that activity.

## EMPLOYMENT

Employment is defined as the number of jobs (full-time and full-time equivalent) that are needed to deliver the demand for the final goods and services associated with the organizations and activities being measured.

Output and employment are two standard figures that show the economic impact of an organization on its local economy. Both of these factors, however, have an impact on the economy in three different ways. Thus, both are broken down into a direct impact, an indirect impact, and an induced impact.

## DIRECT IMPACT

The direct impact of an organization represents the effects of that organization's expenditures – that is – local purchases and wages that are inserted into the local economy. These expenditures represent the initial change to the local economy and are often used as the raw input data for an economic analysis. For example, if SC State Housing were to spend \$1 million on low-income housing rehabilitation that it received from the U.S. Department of Housing and Urban Development, this initial spending change to the local economy represents the direct impact.

## INDIRECT IMPACT

The indirect impact represents additional economic impacts resulting from changes in the demand of industry suppliers and inter-industry transactions. Using the example cited

above, if SC State Housing were to spend \$1 million on low-income housing rehabilitation, they would increase the demand for suppliers of goods such as roofing materials and drywall. These suppliers must then purchase inputs from other business suppliers, who in turn purchase inputs from yet more suppliers, and so on. This continues and creates additional demand in many sectors of the local economy, which is what is measured by the indirect impact.

## INDUCED IMPACT

The induced impact represents additional economic impacts that result from changes in household spending in the local economy. Using the example cited above once again, employees working in remodeling who benefit from a salary increase due to the increase in demand of their services from SC State Housing will spend some of that income in the local economy on entertainment and food. The entertainment and food businesses will then experience increases in demand for their products and some employees will see additional income, and again, spend it locally. This pattern continues. These changes in household spending represent the induced impact.

Successive rounds of indirect and induced spending do not continue indefinitely. In each round, some money is “leaked out” of the local economy because, for example, some inputs might be purchased from outside of the local economy or increases in employee income might be saved instead of being spent. Because the spending rounds are finite, a value can be calculated for each of them. The output and employment estimates reported represent total values – that is, the sum of the direct, indirect and induced impacts.

## TAXES

Total tax revenue represents the additional state tax revenue that is collected as the result of increased expenditures in the local economy. These tax figures represent revenue collected from employee compensation, sales, property, production, households and corporations. They represent tax revenue generated from the direct, indirect and induced impacts of the increased expenditures.

## SOFTWARE

This report uses the software package IMPLAN to calculate all estimates, which is the industry standard software package used by professional, regional economists to conduct input-output analyses.

## INTERPRETING REPORTED ESTIMATES

Each estimate reported is to be interpreted as the economic impact on the entire state of South Carolina. For example, the total output reported for Congressional District 1 is \$99,236,280. This represents the total output for all of South Carolina generated as a result of SC State Housing programs implemented in Congressional District 1 over the last fiscal year. It does not represent output generated exclusively in Congressional District 1.



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### **U.S. News & World Report**

The International MBA program has been ranked #2 in the international business specialty by *U.S. News & World Report* in its reputational survey of "America's Best Graduate Schools 2012", released March 15, 2011. The University of South Carolina is the top-ranked public university in the international business specialty, ahead of the University of Pennsylvania (Wharton), the University of Michigan-Ann Arbor (Ross), Harvard Business School, Columbia University and Duke University (Fuqua), among other prestigious business schools. USC has ranked in the top 3 for 22 consecutive years. [More](#)

The Darla Moore School of Business is ranked #1 in undergraduate international business education by *U.S. News & World Report* in its September 2012 annual survey "America's Best Colleges Guide" — the 15th year the school has received this distinction. The school's undergraduate international business program leads New York University, the University of Pennsylvania, the University of Southern California, George Washington University, the University of Michigan-Ann Arbor and the University of Texas-Austin. [More](#)

### **Financial Times**

The Darla Moore School of Business ranks as the #2 school in the world for "international experience" in the 2011 Global MBA Rankings by the *Financial Times* of London. In the report, released annually by the *FT*, Moore's MBA program also ranks 2nd in the "International Business" subject area category. [2009 Ranking](#)

### **The Aspen Institute**

The Darla Moore School of Business has been ranked 42nd by The Aspen Institute's 2009-2010 Beyond Grey Pinstripes alternative ranking of business schools. The biennial survey examined data from 149 schools worldwide to determine how well each are preparing future business leaders for the environmental, social and ethical complexities of modern-day business. The Moore School ranked 42 on a list of the top 100 business schools (31 among U.S. schools), placing Moore ahead of such prestigious schools as Sloan at MIT, Kellogg at Northwestern University and the Thunderbird School of Global Management. [More](#)

### **The Princeton Review**

According to The Princeton Review's *Best 296 Business Schools: 2009 Edition*, the operations management education at the Darla Moore School of Business is among the top 15 U.S. graduate business schools accredited by the Association to Advance Collegiate Schools of Business. [More](#)

### **The Wall Street Journal**

The Darla Moore School of Business is ranked 49th among the top B-schools in *The Wall Street Journal's* "Regional Ranking" as part of its "Best Business Schools" issue of Sept. 17, 2007. This ranking is based on a survey of corporate recruiters. [More](#)

A ranking published by *The Wall Street Journal Europe* listed USC's International MBA among the top 15 MBA programs offered in Europe.

### **Entrepreneur**

The school's entrepreneurship program was ranked as one of the Top 100 programs in the country in 2006 by TechKnowledge Point Corporation. [More](#)

“ #1 in the undergraduate international business specialty in the survey of 'America's Best Colleges' ”

— *U.S. News & World Report* ”

“ #1 public university MBA program for international business and #2 among all institutions in that specialty ”

— *U.S. News & World Report* ”

“ #2 for best 'international experience' among the world's top 100 business schools ”

— *Financial Times* ”

“ #3 for 'fastest return' on an MBA student's education investment ”

— *BusinessWeek* ”

#### **Latin Trade**

The Darla Moore School of Business is one of 45 business schools worldwide rated highly for its MBA program by the readers of *Latin Trade* magazine. The rating is the result of an online survey of the magazine's readers, published in the October 2007 issue. [More](#)

#### **The Economist**

The International MBA program at the Darla Moore School of Business ranked #73 among the world's top MBA programs in *The Economist's* 2009 "Which MBA?" rankings. [More](#)

#### **Forbes**

Forbes magazine has ranked school 67th in its biennial survey of best business schools. The 2009 ranking is based on a survey of MBA (class of 2004) graduates around the world, comparing pre-MBA salaries, costs of attending (including tuition and foregone salary), and salaries during the five-year period after graduation. Moore School graduates realized a pay-off for their investment after 4.5 years, on average. [More](#)

#### **BusinessWeek**

*BusinessWeek* ranked the Darla Moore School of Business 86th out of 101 schools in its 2009 Best Undergraduate Business School Ranking, published on February 26. The school moved up nine places from 2008, when it ranked 95th out of 96 schools. According to *BusinessWeek*, the single most important factor influencing this year's results was the economy and devastated job market. This is *BusinessWeek's* fourth annual ranking of undergraduate business programs, which is based on nine measures of student satisfaction, post-graduation employment, and academic quality. [More](#)

The school ranked 3rd among schools for "fastest return" on MBA students' education investment, ahead of Notre Dame and Emory. In the overall ranking of MBA programs, *BusinessWeek* included the Moore School among its top 70 programs considered.

#### **QS TopMBA.com**

The Darla Moore School of Business rated in the top 20 schools in QS Recruiter's 2008 Survey of U.S. and Canadian business schools favored by recruiters. [More](#)

#### **Journal of International Business Studies**

The University of South Carolina's international business faculty has been rated #1 in research productivity by the *Journal of International Business Studies*.

#### **International Business Review**

Moore School faculty are ranked No. 1 of the top 50 U.S. universities and No. 2 of the top 50 universities worldwide in terms of the total number of research articles published. [More](#)

#### **BYU Accounting Research**

The University of South Carolina's accounting faculty has been rated #1 in research productivity in experimental accounting in a study conducted by Brigham Young University. Across all research method areas of accounting, the School's accounting faculty rank #21.

In a study of American business schools by professors from the University of Georgia, University of Illinois, and Southern Methodist University, the Darla Moore School of Business ranked 30th nationally in terms of research productivity. USC ranked 2nd in insurance, international business, and real estate; 3rd in production and operations management; 12th in management information systems; 21st in marketing; and 26th in management.

## Joseph C. Von Nessen Curriculum Vitae

### Office Address

Division of Research, Office #670  
Moore School of Business  
University of South Carolina  
1705 College Street  
Columbia, SC 29205

Cell: (803) 622-7460

Email: [joey.vonnessen@moore.sc.edu](mailto:joey.vonnessen@moore.sc.edu)

### Education

Ph.D., Economics, University of South Carolina, Columbia, SC; August 2009

Dissertation Title: Essays in the Economics of Residential Housing

Committee Chair: Douglas P. Woodward

B.A., *magna cum laude*, Economics, Furman University, Greenville, SC; June 2004

### Academic Honors

2004 – Phi Beta Kappa; Furman University

2004 – J. Carlyle Ellett Prize in Economics; Furman University

*Awarded annually to the top economics graduate*

### Professional Experience

July 2009 – present *Research Assistant Professor of Economics & Research Economist*

Division of Research  
Moore School of Business  
University of South Carolina  
Columbia, SC

*Primary research activities consist of regional economic modeling, economic forecasting, economic impact studies, and survey research; resident expert on the economics of housing – responsible for all housing research published by the Division. Responsible for preparation and presentation of annual state forecast published by the University of South Carolina.*

July 2009 – present *Research Economist*  
RESH Marketing Consultants  
Columbia, SC

*Director of economic and marketing research. RESH Marketing specializes in strategic marketing, research, and advertising for builders, developers, and other businesses associated with the real estate industry. In addition, the RESH research department provides custom economic and statistical analyses and other information services to clients throughout the southeast.*

July – August 2008    *Research Consultant*  
South Carolina Department of Energy  
Columbia, SC  
*Hired for a one-time contract service to analyze and present the effectiveness of an energy forecasting econometric model used by the Department of Energy.*

### **Publications**

*“Sum of the Parts: Analyzing Supply and Demand in Today’s Market,”* published at <http://www.nahb.com> on the National Association of Home Builders’ Sales and Marketing Channel; February 25, 2010

*South Carolina Housing Market Report;* a quarterly economic analysis of the South Carolina housing market published by the Division of Research in the Moore School of Business and the South Carolina Home Builders Association

*“I’m From the Government and I’m Here to Help: A Review of the Use of Federal Funding in the State of South Carolina,”* with Robert W. Oldendick, Beth Hutchinson Burn, Fred R. Sheheen and Christopher D. Wellbaum. *University of South Carolina Institute for Public Service and Policy Research, 2008.*

### **Invited Talks**

*“2012 Economic Overview,”* presented at the Carolina One New Homes Charleston Market Update; Charleston, SC; June 20, 2012

*“The Economic Road to Recovery: Where We Are and Where We’re Headed,”* presented at the 1<sup>st</sup> Annual Coastal States Bank Economic Forum; Hilton Head Island, SC; May 24, 2012

*“If You Build It, Will They Come? Using Market Research to Increase Your Sales,”* presented to the Sales and Marketing Council of the Home Builders Association of Augusta; Augusta, GA; May 15, 2012

*“The Economic Road to Recovery: Where We Are and Where We’re Heading,”* presented to the Mortgage Lenders Association of Greater Charleston; Charleston, SC; April 25, 2012

*“2012 South Carolina Economic Overview,”* presented to the Manufactured Housing Institute of South Carolina; Columbia, SC; April 19, 2012

*“The 2012 Economic Outlook: Creating a Stable Foundation for Housing Restoration in a Dynamic Economy,”* presented at the 17<sup>th</sup> Annual Palmetto Affordable Housing Forum: Restoration and Revitalization; Columbia, SC; April 18, 2012

*“Planning to Survive: A Foundation for Growth,”* presented to the Home Builders Association of Greater Columbia; Columbia, SC; March 28, 2012



“South Carolina Housing Market Update,” presented to the Home Builders Association of Greenville; Greenville, SC; March 15, 2012

“2012 South Carolina Economic Overview,” presented to the Carolinas Associated General Contractors of America; Columbia, SC; March 8, 2012

“South Carolina Housing Market Update,” presented to the Charleston Trident Association of REALTORS; Charleston, SC; February 15, 2012

“Brangelina: Economic Wingmen of Success,” presented as the Presbyterian College Annual Charles Koch Foundation Lecture; Clinton, SC; January 26, 2012

“2012 Outlook of the South Carolina Economy,” presented at the Fidelity National Title Insurance Company Annual Conference; Columbia, SC; January 13, 2012

“2012 Forecast for the South Carolina Economy,” presented at the University of South Carolina Moore School of Business’ 31<sup>st</sup> Annual South Carolina Economic Outlook Conference; Columbia, SC; December 7, 2011

“The Economic Recovery: Where We Are and Where We Are Headed,” presented at the South Carolina Telecommunications Association Fall Conference; Columbia, SC; November 9, 2011

“2012 South Carolina Economic Outlook,” presented at the Annual Regional Advisory Committee Meeting of the South Carolina Board of Economic Advisors; Columbia, SC; October 26, 2011

“South Carolina Economic Update,” presented to Leadership South Carolina; Columbia, SC; September 8, 2011

“South Carolina Housing Market Update,” presented to the Charleston Trident Association of REALTORS; Charleston, SC; August 2, 2011

“South Carolina Housing Market Update,” presented to the Charleston Trident Association of REALTORS; Charleston, SC; February 1, 2011

“Planning to Survive – Strategies for the New Normal,” presented at the 2011 National Association of Home Builders’ International Builder Show; Orlando, FL; January 13, 2011

“Stop Calling us Gen Y – We’re the Millennials,” presented at the 2011 National Association of Home Builders’ International Builder Show; Orlando, FL; January 12, 2011

“2011 Forecast for the South Carolina Economy,” presented at the University of South Carolina Moore School of Business’ 30<sup>th</sup> Annual South Carolina Economic Outlook Conference; Columbia, SC; December 9, 2010

“Economic Outlook: Where We Are and Where We’re Headed,” presented to the Sales and Marketing Council of the Home Builders Association of Greater Columbia; Columbia, SC; December 2, 2010

“South Carolina’s Economy: The Housing Market,” presented to the Home Builders Association of Greater Columbia; Columbia, SC; November 3, 2010

“2011 South Carolina Economic Outlook,” presented at the Annual Regional Advisory Committee Meeting of the South Carolina Board of Economic Advisors; Columbia, SC; October 27, 2010

“U2 CAN MAKE \$ N REAL ESTATE! :) – Appealing to Generation Y,” presented at the 2010 ERA President’s Circle; Parsippany, NJ; October 20, 2010

“The Economy of South Carolina: What’s Next,” presented to Leadership South Carolina; Columbia, SC; September 9, 2010

“Residential Market Update,” presented to the Charleston Trident Association of REALTORS; Charleston, SC; July 29, 2010

“South Carolina Universities Research and Education Foundation Nuclear Industry Workforce Analysis: Overview,” presented at the annual meeting of the American Nuclear Society; San Diego, CA; June 15, 2010

“Foreclosures and the South Carolina Housing Market,” presented to the Greenville Housing Network; Greenville, SC; June 10, 2010

“Winter 2010 Quarterly Housing Market Report,” webinar presented to the South Carolina REALTORS; Columbia, SC; April 8, 2010

“2010 Economic Outlook,” presented to the Home Builders Association of Greenville; Greenville, SC; February 11, 2010

“The South Carolina Housing Market: Where We Are and Where We’re Going,” presented at the 2010 SC REALTORS Leadership Conference; Columbia, SC; January 11, 2010

“Fall 2009 Quarterly Housing Market Report,” webinar presented to the South Carolina REALTORS; Columbia, SC; December 8, 2009

“The Current State of the Economy,” presented at the Independent Banks of South Carolina Seminar; Columbia, SC; November 12, 2009

“South Carolina Housing Outlook,” presented to the Sales and Marketing Council of the Home Builders Association of Greater Columbia; Columbia, SC; September 24, 2009

“South Carolina Housing Outlook,” presented to the Charleston-Trident Home Builders Association; Charleston, SC; August 25, 2009

### **Grants Received**

Co-PI, “2011 Renewable Energy and Energy Efficiency Industries Census,” Funded by the South Carolina Clean Energy Business Alliance, March 1, 2012 – April 15, 2012

PI, “The Role of iTs|SC: Columbia’s Insurance and Technology Services Cluster,” Funded by EngenuitySC, January 15, 2012 – January 31, 2012

PI, “The Economic Impact of the South Carolina Research Authority,” Funded by the South Carolina Research Authority, November 1, 2011 – January 31, 2012

PI, “South Carolina Commission on Higher Education: Economic Impact Analysis of Non-State Derived Investment in South Carolina,” Funded by the South Carolina Commission on Higher Education, October 1, 2011 – November 30, 2011

PI, “The Economic Impact of Blue Cross Blue Shield of South Carolina,” Funded by Blue Cross Blue Shield of South Carolina, Inc., September 15, 2011 – December 31, 2011

PI, “University of South Carolina Economic Impact Analysis,” Funded by the University of South Carolina Division of Business and Finance, September 1, 2011 – November 30, 2011

PI, “South Carolina State Housing Finance and Development Authority Economic Impact Analysis,” Funded by the S.C. State Housing Finance and Development Authority, August 1, 2011 – December 31, 2011

Co-PI, “Preliminary Market Assessment: New Wireless Tagging and Tracking Technology Using the Iridium Satellite Constellation,” Funded by Boeing and the Savannah River National Laboratory, May 15, 2011 – July 31, 2011

PI, “The Economic Impact of Pac Tell Group, Inc. on South Carolina,” Funded by Pac Tell Group Incorporated, December 1, 2010 – February 15, 2011

PI, “The Economic Impact of Medicaid on South Carolina,” Funded by the South Carolina Department of Health and Human Services, December 1, 2010 – February 15, 2011

Co-PI, “The Economic Impact of South Carolina’s Automotive Cluster,” Funded by the South Carolina Manufacturers Alliance, September 1, 2010 – February 28, 2011

PI, “South Carolina Commission on Higher Education: Economic Impact Analysis of Non-State Derived Investment in South Carolina,” Funded by the South Carolina Commission on Higher Education, October 15, 2010 – November 30, 2010

PI, “South Carolina State Housing Finance and Development Authority Economic Impact Analysis,” Funded by the S.C. State Housing Finance and Development Authority, August 1, 2010 – December 31, 2010

Co-PI, “Nuclear Energy Workforce Analysis,” Funded by the South Carolina Universities Research and Education Foundation, September 18, 2009 – September 14, 2010.

PI, “Housing Market and Home Building Research,” Funded by Home Builders of South Carolina, June 15, 2009–June 14, 2010.

### **Working Papers**

“*Estimating Hedonic House Price Models: Do Results Vary by Data Source?*” with Kenneth D. Peterson; revise and re-submit in *Real Estate Economics*

“*Do School Ratings Affect Housing Prices? Tests of No Child Left Behind*” with Douglas P. Woodward and Paulo Guimarães; under review

“*The Influence of Growth Restrictions on Housing Prices in Mt. Pleasant, SC,*” with Douglas P. Woodward and Paulo Guimarães; working paper

### **Academic Conference Paper Presentations**

“Prognosis for a Fragile Recovery: The 2012 Economic Outlook for South Carolina,” presented at the 51<sup>st</sup> Annual Meeting of the Southern Regional Science Association; Charlotte, NC; March 22, 2012

“The Influence of Growth Restrictions on Housing Prices in Mt. Pleasant, SC,” paper presented at the 50<sup>th</sup> Annual Meeting of the Southern Regional Science Association; New Orleans, LA; March 25, 2011

“Do School Ratings Affect Housing Prices? The Effects of No Child Left Behind,” paper presented at the 49<sup>th</sup> Annual Meeting of the Western Regional Science Association; Sedona, AZ; February 24, 2010

“Do School Ratings Affect Housing Prices? The Effects of No Child Left Behind,” paper presented at the 56<sup>th</sup> North American Meeting of the Regional Science Association International; San Francisco, CA; November 21, 2009

“Estimating Hedonic House Price Models: Do Results Vary by Data Source?” paper presented at the 44<sup>th</sup> Annual Meeting of the Southern Regional Science Association; Washington, DC; April 9, 2005

**Professional Memberships**

Regional Advisory Committee, South Carolina Board of Economic Advisors  
North American Regional Science Association  
Southern Regional Science Association  
Western Regional Science Association  
National Association of Home Builders  
Home Builders Association of Greater Columbia

**Directed Student Learning**

November 2010 Faculty Advisor – Liberty Fellowship Summit 2010;  
Oversaw and advised economics master’s students on essay  
topics of: (1) South Carolina Economic Development; (2)  
South Carolina Headquarters Recruitment; essays were  
used at the 2010 Liberty Summit on November 30, 2010

**Teaching Experience**

Fall Semester 2008 & 2007 Instructor for Econ 221 – Principles of Microeconomics  
*The first course in a two-semester economics course sequence designed  
for undergraduates majoring in economics, business, accounting, and  
finance at the University of South Carolina.*

**References**

Available upon request



## **2012 Affordable Housing Statewide Impact Report Methodology and Definitions**

The figures contained in this report detail the economic impact of the S.C. State Housing Finance and Development Authority on the state of South Carolina for the 2011 fiscal year (July 1, 2010 – June 30, 2011). A standard economic impact analysis estimates the impact, or contribution, of an organization to the local economy. For example, if a new company were to open in South Carolina, it would be useful to know the number of jobs this company would create or the increase in demand for goods and services that would result from the company buying products from suppliers in South Carolina. All estimates were generated using data provided by the South Carolina State Housing Finance and Development Authority.

In order to formalize the reporting of the economic impact of an organization, there are two figures that are reported as part of this impact analysis: output and employment. Each of these figures, in turn, is comprised of a direct, indirect, and induced impact.

### **Output**

The economic output of an organization is defined as the dollar value of production, or the dollar value of the final goods and services produced by that organization. For example, if the S.C. Housing Authority were to fund the construction of a multi-family housing unit, the direct economic output would represent the total sales activity resulting from the construction (e.g., roofing materials, lumber, drywall, labor). The economic output of an organization's activity is the dollar value representing the final demand for goods and services produced for that activity.

### **Employment**

Employment is defined as the number of jobs (full-time and full-time equivalent) that are needed to deliver the demand for the final goods and services associated with the organizations and activities being measured.

Output and employment are two standard figures that show the economic impact of an organization on its local economy. Both of these factors, however, have an impact on the economy in three different ways. Thus, both are broken down into a direct impact, an indirect impact, and an induced impact.

### **Direct Impact**

The direct impact of an organization represents the effects of that organization's expenditures – that is – local purchases and wages that are inserted into the local economy. These expenditures represent the initial change to the local economy and are often used as the raw input data for an economic analysis. For example, if the S.C. Housing Authority were to spend one million dollars on low-income housing

rehabilitation that it received from the U.S. Department of Housing and Urban Development, this initial spending change to the local economy represents the direct impact.

### **Indirect Impact**

The indirect impact represents additional economic impacts resulting from changes in the demand of industry suppliers and inter-industry transactions. Using the example cited above, if the S.C. Housing Authority were to spend one million dollars on low-income housing rehabilitation, they would increase the demand for suppliers of goods such as roofing materials and drywall. These suppliers must then purchase inputs from other business suppliers, who in turn purchase inputs from yet more suppliers, and so on. This continues and creates additional demand in many sectors of the local economy, which is what is measured by the indirect impact.

### **Induced Impact**

The induced impact represents additional economic impacts that result from changes in household spending in the local economy. Using the example cited above once again, employees working in remodeling who benefit from a salary increase due to the increase in demand of their services from the S.C. Housing Authority will spend some of that income in the local economy on entertainment and food. The entertainment and food businesses will then experience increases in demand for their products and some employees will see additional income, and again, spend it locally. This pattern continues. These changes in household spending represent the induced impact.

Successive rounds of indirect and induced spending do not continue indefinitely. In each round, some money is “leaked out” of the local economy because, for example, some inputs might be purchased from outside of the local economy or increases in employee income might be saved instead of being spent. Because the spending rounds are finite, a value can be calculated for each of them. The output and employment estimates reported represent total values – that is, the sum of the direct, indirect, and induced impacts.

### **Taxes**

Total tax revenue represents the additional state tax revenue that is collected as the result of increased expenditures in the local economy. These tax figures represent revenue collected from employee compensation, sales, property, production, households, and corporations. They represent tax revenue generated from the direct, indirect, and induced impacts of the increased expenditures.

### **Software**

This report uses the software package *IMPLAN* to calculate all estimates, which is the industry standard software package used by professional regional economists to conduct input-output analyses.

### **Interpreting Reported Estimates**

Each estimate reported is to be interpreted as the economic impact on the entire state of South Carolina. For example, the total output reported for Congressional District 1 is

\$99,236,280. This represents the total output *for all of South Carolina* generated as a result of the S.C. Housing Authority programs implemented in Congressional District 1 over the last fiscal year. It does *not* represent output generated exclusively in Congressional District 1.

**Methodology (to be included at the conclusion of the report)**

All estimates produced in this report were generated using a detailed structural model of the South Carolina economy, known as an input-output model. An input-output model contains specific information on the economic linkages between different industries in an area and can, therefore, quantify the economic impact of various expenditures of the S.C. Housing Authority.

An input-output model makes use of industry multipliers. A multiplier is a measure of how much one factor in the local economy changes in response to a change in another factor. For example, an economic output multiplier of 1.5 in the roof contracting sector would imply that for every \$100 spent on roof contracting, total economic output would rise by \$150 in the local area. The values of multipliers vary from sector to sector and are largely determined by the size of the local supplier network. Different multipliers also exist for different measures of economic impact, namely: output, employment, and total tax revenue. For each measure, different multipliers exist for the direct, indirect, and induced impacts.

The U.S. Bureau of Economic Analysis compiles the necessary data and calculates the values for each of these economic multipliers. In this analysis, the input-output modeling software *IMPLAN* was used to calculate the estimates of the economic impact of the S.C. Housing Authority described earlier.

The S.C. Housing Authority provided the Division of Research with a list of expenditures in each of their eight program areas. These expenditures were then matched to their appropriate industry code so that the appropriate economic multipliers could be applied for analysis. Based on the data provided, all expenditures matched to one of four industries: (1) new construction and demolition; (2) general remodeling; (3) mortgage and lending; (4) rental and leasing. The corresponding NAICS codes are: 236115, 236118, 522292, and 531110, respectively. To the extent that the dollar value representing the acquisition of various properties could be separated, they were excluded. The acquisition of property, in and of itself, does not provide an economic impact to South Carolina.