

The background of the page is a photograph of the South Carolina State House. The building is a grand, multi-story structure made of light-colored stone or marble. It features a prominent central dome with a smaller cupola on top. The facade is adorned with classical architectural elements, including columns, pedimented windows, and decorative balustrades. In the foreground, there are several palm trees and other greenery, along with a decorative wrought-iron fence. The sky is clear and blue.

SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY

**Fiscal Year 2010 Affordable  
Housing Statewide  
Impact Report**

**[www.schousing.com](http://www.schousing.com)**



## SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

300-C Outlet Pointe Blvd., Columbia, S.C. 29210

T. Scott Smith  
Chairman

Valarie M. Williams  
Executive Director

March 2011

Dear Friends,

We proudly present to you the South Carolina State Housing Finance and Development Authority's (SC State Housing) Fiscal Year 2010 Affordable Housing Statewide Impact Report. 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.

This year we 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 spending impact of \$158 on South Carolina's economic output.

This Report outlines our agency's production, investment and economic impact statewide, by Congressional District and by county. It also outlines our agency's housing assistance.

This reporting year SC State Housing invested more than \$261 million in affordable housing initiatives, had a total economic output of \$413 million and helped over 25,000 families realize quality, affordable housing. SC State Housing's investment resulted in more than 3,478 jobs, and nearly \$30 million in state and local tax revenue, making Fiscal Year 2010 a strong and productive year for our agency. Unfortunately, there were many more South Carolina families who could benefit from a safe, affordable home during this time. We know that you will keep these families in mind as you make decisions affecting the state of affordable housing in South Carolina.

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 in 2011 to further our mission to create quality, affordable housing opportunities for the citizens of South Carolina.

Sincerely,

Valarie M. Williams

# Overview

## SC STATE HOUSING

For 40 years, the South Carolina State Housing Finance and Development Authority (SC State Housing) has been helping low and low-to-moderate income 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 its proven financial strength to sell securities to investors all over the country. This allows SC State Housing to make loans to enable first-time and special needs home buyers to get their piece of the American Dream. 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 in knowing that its work also helps the state's local economies. Our programs offer opportunities from rental assistance to homeownership and have made the quality of life better 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

SC State Housing has four primary goals that determine the direction and emphasis of its business activities and those are:

- 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.

## 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

## EXECUTIVE DIRECTOR

Valarie M. Williams

## LOCATION OF SC STATE HOUSING

SC State Housing is located at 300-C Outlet Pointe Boulevard, Columbia, South Carolina 29210. SC State Housing can be reached by telephone at 803-896-9001. See also the agency website located at [www.schousing.com](http://www.schousing.com).

# Program Areas

## PROGRAM AREAS

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

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

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 Program 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 the economy of South Carolina 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.

Total Economic Investment by Congressional District by Program Segmentation for 2010.

FY10 DISTRICT	Single Family		Multi-Family		Housing Assistance	
	Total UNITS	INVESTMENT	Total UNITS	INVESTMENT	Total UNITS	INVESTMENT
DISTRICT 1	176	\$14,747,887	358	\$6,810,109	3,221	\$22,475,679
DISTRICT 2	429	\$23,677,061	108	\$2,739,266	6,193	\$34,956,883
DISTRICT 3	157	\$8,600,896	461	\$16,253,264	3,530	\$20,359,738
DISTRICT 4	374	\$16,916,502	810	\$19,484,568	3,517	\$21,192,128
DISTRICT 5	325	\$10,982,800	795	\$24,949,1920	3,556	\$18,707,364
DISTRICT 6	533	\$30,587,670	576	\$9,131,903	8,126	\$48,001,240

## Program Descriptions

### SC STATE HOUSING

SC State Housing is comprised of eight 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 is the flagship program offered by SC State Housing. The sale of tax exempt bonds to investors provides the bulk of the funding available to qualified home buyers. Our loans offer qualified borrowers fixed, competitive interest rate options. These options allow us the flexibility to adjust interest rates as the market dictates and insures the financial integrity of the program, while putting homeownership within the reach of more low to moderate income South Carolinians. Persons purchasing homes under the Mortgage Bond Program must meet minimum credit standards, as well as income and purchase price restrictions which vary by county.

### THE NEIGHBORHOOD STABILIZATION PROGRAM

In 2008 HUD allocated a total of \$3.92 billion to all states and particularly hard-hit areas trying 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 emergency assistance to local governments and non-profits 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.

### HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Program promotes partnerships between the 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 rental housing for very low and low income families; although, homeownership initiatives are also eligible activities. South Carolina has received more than \$190 million in HOME Investment Partnerships Program funding since 1992. An average of \$9 million is 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 take the credit for up to ten years if the rental property remains in compliance with occupancy and rent restrictions for 30 years. These credits can be used as a dollar-for-dollar reduction in federal income tax liability.

### 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 unit are examined in accordance with standards established by HUD.

### 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, responding to tenant complaints and providing follow-up for inspections conducted by HUD's Real Estate Assessment Center.

### 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 rental housing and homeownership opportunities for low income South Carolinians by funding the acquisition, rehabilitation or construction of single family homes, group homes for the disabled and emergency housing for battered women and their children. The Fund also provides single room occupancy apartments for the working homeless and disabled veterans; multifamily rental apartments for single parent households, families and the elderly. All of this is accomplished by building partnerships among government agencies, qualified nonprofit sponsors, for-profit sponsors and those in need of affordable housing.

# New Statewide Programs

## SC HELP and Palmetto Heroes Program

### \$295,431,200 WILL MITIGATE FORECLOSURE FOR RESPONSIBLE BORROWERS IN SC

In March the Obama Administration announced that South Carolina would receive \$138 million as its share of an initiative to help families stay in their homes or otherwise avoid foreclosure in states that have been hit hard by concentrated economic distress. The program, known as the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (or “HFA Hardest Hit Fund”), makes money available to five states with high concentrations of people living in economically distressed areas, defined as counties in which the unemployment rate exceeded 12 percent in 2009. Additional funding followed with \$58 million in August and \$98 million in September. This funding will help responsible borrowers who have fallen behind on their home payments due to unemployment, or other unforeseen circumstances. The program, known as the South Carolina Homeownership & Employment Lending Program (SC HELP), hopes to eventually assist between 20,000 and 33,000 homeowners.

South Carolina’s share of these funds will be administered by SC State Housing through its non profit SC Housing Corp.

Assistance under this Program will be 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 will be forgiven over a five year period at a rate of 20 percent per year.

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

### 308 PALMETTO HEROES HOMEOWNERS

SC State Housing announced “Palmetto Heroes” in March 2010, a program designed to provide low interest home loans to current South Carolina teachers, firefighters, law enforcement and Emergency Medical Services (EMS) personnel who qualify to become homeowners. The initiative also provided down payment assistance of up to \$7,000. The program included a grant from South Carolina Realtors®, to help participants pay for incidentals associated with purchasing a home.

In August teachers and first responders were joined by administrative personnel in education and firefighting, all law enforcement officers – including dispatchers and corrections officers, and nurses. In all, the program loaned \$35,060,248 to teachers (45 percent); police officers (28 percent); firefighters (14 percent); nurses (3 percent); EMS (5 percent); correctional officers (3 percent); and school personnel (3 percent) in 29 counties throughout the state. Loans averaged \$118,831 and average home values were \$119,273.

# All Congressional Districts

## Fiscal Year 2010 - All South Carolina Counties



Clark Street Commons,  
Greenville, SC

**TOTAL ECONOMIC BENEFIT**  
\$413,072,370

**TOTAL INVESTMENTS**  
\$261,668,736

**TOTAL SINGLE-FAMILY UNITS**  
1,432

**TOTAL MULTI-FAMILY UNITS**  
2,503

**TOTAL HOUSING ASSISTANCE UNITS**  
20,158

**TOTAL JOBS CREATED**  
3,478

**TOTAL TAX REVENUE GENERATED**  
\$29,747,716

## Congressional District 1, 113th Congress

Fiscal Year 2010 - Berkeley, Charleston, Dorchester, Georgetown, and Horry Counties

**TOTAL ECONOMIC OUTPUT**  
\$68,462,317  
**TOTAL INVESTMENT**  
\$44,033,675  
**TOTAL SINGLE-FAMILY UNITS**  
176  
**TOTAL MULTI-FAMILY UNITS**  
358  
**TOTAL HOUSING ASSISTANCE UNITS**  
3,221  
**TOTAL JOBS CREATED**  
571  
**TOTAL TAX REVENUE GENERATED**  
\$5,169,200

Appian Way, N. Charleston, SC



## Congressional District 2, 113th Congress

Fiscal Year 2010 - Aiken, Allendale, Barnwell, Beaufort, Calhoun, Hampton, Jasper, Lexington, Orangeburg, and Richland Counties

Williston Elderly, Barnwell, SC



**TOTAL ECONOMIC OUTPUT**  
\$93,956,939  
**TOTAL INVESTMENT**  
\$61,373,210  
**TOTAL SINGLE-FAMILY UNITS**  
429  
**TOTAL MULTI-FAMILY UNITS**  
108  
**TOTAL HOUSING ASSISTANCE UNITS**  
6,193  
**TOTAL JOBS CREATED**  
777  
**TOTAL TAX REVENUE GENERATED**  
\$7,439,750

## Congressional District 3, 113th Congress

Fiscal Year 2010 - Abbeville, Aiken, Anderson, Edgefield, Greenwood, Laurens, McCormick, Oconee, Pickens, and Saluda Counties



**TOTAL ECONOMIC OUTPUT**  
\$71,477,462  
**TOTAL INVESTMENT**  
\$45,213,898  
**TOTAL SINGLE-FAMILY UNITS**  
157  
**TOTAL MULTI-FAMILY UNITS**  
461  
**TOTAL HOUSING ASSISTANCE UNITS**  
3,530  
**TOTAL JOBS CREATED**  
607  
**TOTAL TAX REVENUE GENERATED**  
\$4,170,645

## Congressional District 4, 113th Congress

Fiscal Year 2010 - Greenville, Laurens, Spartanburg, and Union Counties



**TOTAL ECONOMIC OUTPUT**  
\$92,818,518  
**TOTAL INVESTMENT**  
\$57,593,198  
**TOTAL SINGLE-FAMILY UNITS**  
374  
**TOTAL MULTI-FAMILY UNITS**  
810  
**TOTAL HOUSING ASSISTANCE UNITS**  
3,517  
**TOTAL JOBS CREATED**  
780  
**TOTAL TAX REVENUE GENERATED**  
\$6,127,170

## Congressional District 5, 113th Congress

Fiscal Year 2010- Cherokee, Chester, Chesterfield, Darlington, Dillon, Fairfield, Florence, Kershaw, Lancaster, Lee, Marlboro, Newberry, Sumter, and York Counties

**TOTAL ECONOMIC OUTPUT**  
\$88,539,771  
**TOTAL INVESTMENT**  
\$54,639,355  
**TOTAL SINGLE-FAMILY UNITS**  
325  
**TOTAL MULTI-FAMILY UNITS**  
795  
**TOTAL HOUSING ASSISTANCE UNITS**  
3,556  
**TOTAL JOBS CREATED**  
760  
**TOTAL TAX REVENUE GENERATED**  
\$5,950,712



## Congressional District 6, 113th Congress

Fiscal Year 2010 - Bamberg, Berkeley, Calhoun, Charleston, Clarendon, Colleton, Dorchester, Florence, Georgetown, Lee, Marion, Orangeburg, Richland, Sumter, and Williamsburg Counties



**TOTAL ECONOMIC OUTPUT**  
\$135,034,232  
**TOTAL INVESTMENT**  
\$87,720,815  
**TOTAL SINGLE-FAMILY UNITS**  
533  
**TOTAL MULTI-FAMILY UNITS**  
576  
**TOTAL HOUSING ASSISTANCE UNITS**  
8,126  
**TOTAL JOBS CREATED**  
1,128  
**TOTAL TAX REVENUE GENERATED**  
\$10,628,005

# Business Results By Program Area

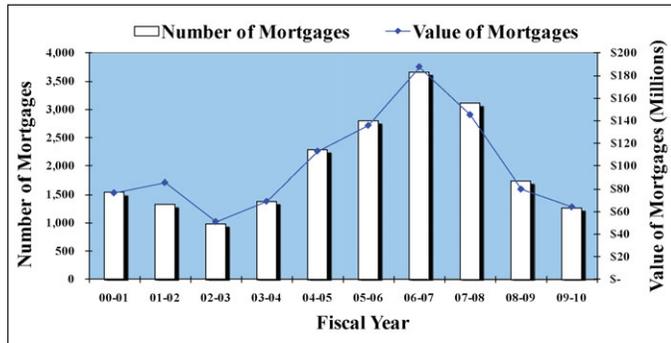
## INTRODUCTION

Below are some insights into the business activities of each SC State Housing program area for Fiscal Year 2010. The graphs track multi-year periods of activity to allow a better context and more insight into the annual results of our programs.

## MORTGAGE BOND PROGRAM

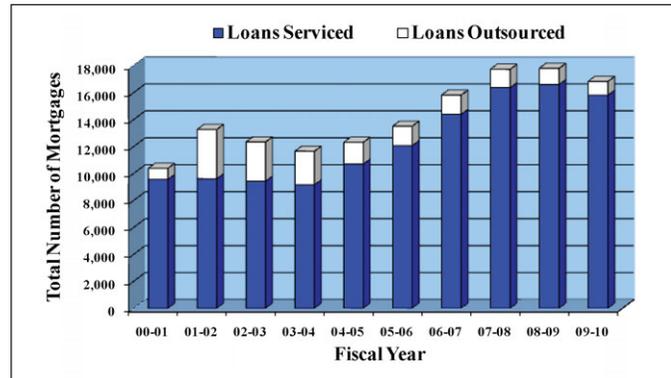
During Fiscal Year 2010, SC State Housing purchased 1,268 mortgages, totaling \$64.1 million. Housing markets nationally experienced steep declines in purchases and our program was no exception, showing an almost 20 percent decrease in dollar value of purchase from the previous year. Figure 1 illustrates this productivity.

Figure 1



With the purchase of 1,268 additional mortgages, SC State Housing currently manages a portfolio of 16,831 first and second mortgages, a small portion of which is serviced by one private sector provider. Figure 2 illustrates this relationship.

Figure 2

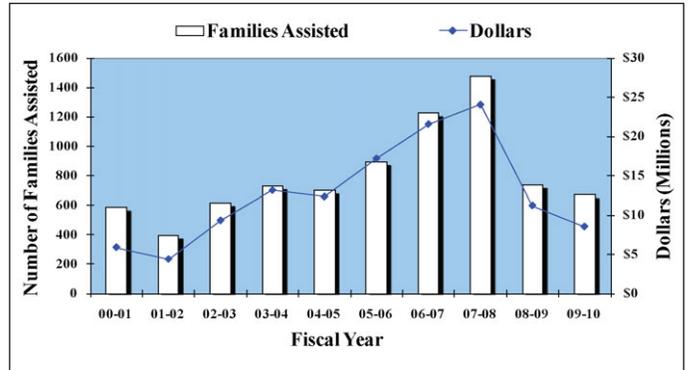


## SOUTH CAROLINA HOUSING TRUST FUND

South Carolina Housing Trust Fund awards were made throughout the state with a total of 346 awards for \$11.17 million in Fiscal Year 2009 and 344 awards for \$8.47 million in Fiscal Year 2010. This represents a decrease in total award amounts of 24 percent. This decrease is directly attributable to the significant drop in real estate

sales, therefore deed transfer fees, 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. See Figure 3.

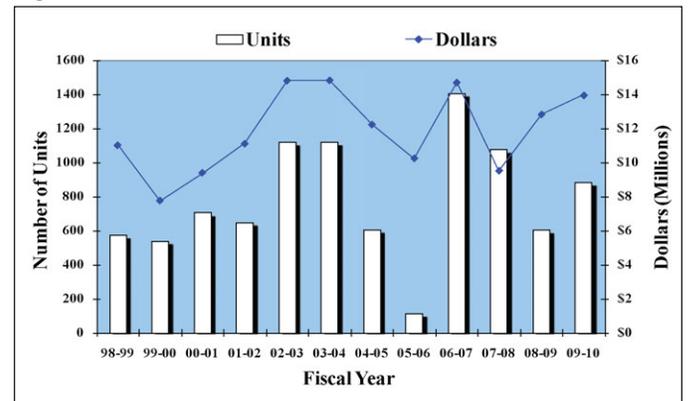
Figure 3



## HOME INVESTMENT PARTNERSHIPS PROGRAM

Figure 4 illustrates the award activity for the HOME Investment Partnerships Program for Fiscal Year 2010. These awards were made to non-profit organizations, for-profit entities, local governments, and Public Housing Authority (PHA) participants. The HOME Investment Partnerships Program 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



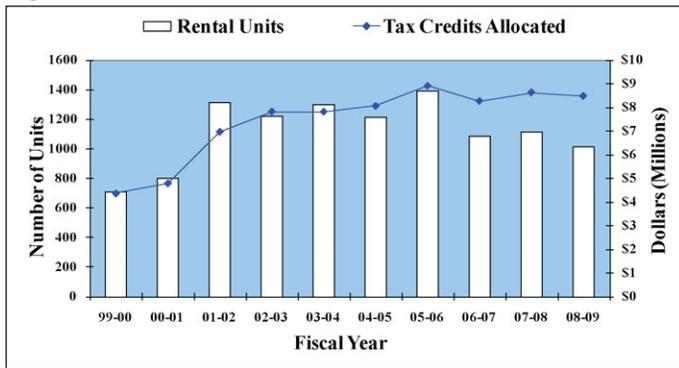
## MULTIFAMILY TAX EXEMPT BOND PROGRAM

For Fiscal Year 2010, \$21,000,000 in bond cap was allocated. The Multifamily Tax Exempt Bond program helped finance 41 projects in 36 towns across 23 counties. 1,548 low income units were financed, of which all were rehabilitations.

### LOW INCOME HOUSING TAX CREDIT PROGRAM

During Fiscal Year 2009, due to the financial crisis, investor demand for low income housing tax credits sank to very low levels, if there was any demand at all. In reaction to this, Congress temporarily increased the per capita tax credit amount by 20 cents to \$2.20, and permitted states to apply a basis boost to allow developments to remain financially feasible. These actions helped to offset the drastic decreases in tax credit equity pricing resulting from lack of demand. In addition, during Fiscal Year 2010, the per capita tax credit amount was increased to \$2.30, and Congress created the Tax Credit Assistance Program (TCAP) and the Housing Credit Exchange Program. Without these programs providing the necessary equity to keep the developments progressing, the Low Income Housing Tax Credit Program 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. See Figure 5.

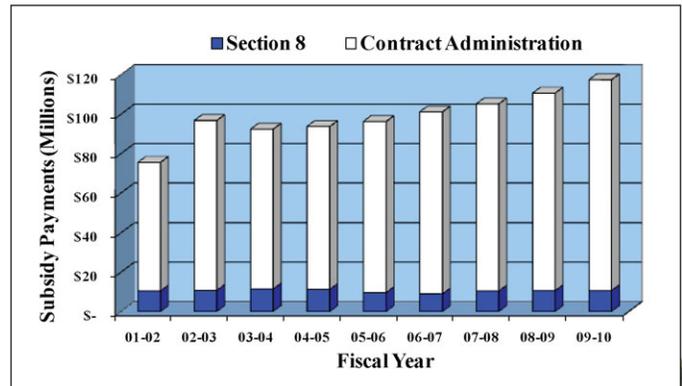
Figure 5



### 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 2010, this subsidy amounted to more than \$117 million. The level of rental assistance activity has remained at a fairly consistent level for the past several years. See Figure 6. Specifically, Contract Administration assisted 17,932 families totaling \$106,800,202 in subsidy payments. The Housing Choice Voucher Program assisted an average of 1,999 families totaling \$10,688,557.

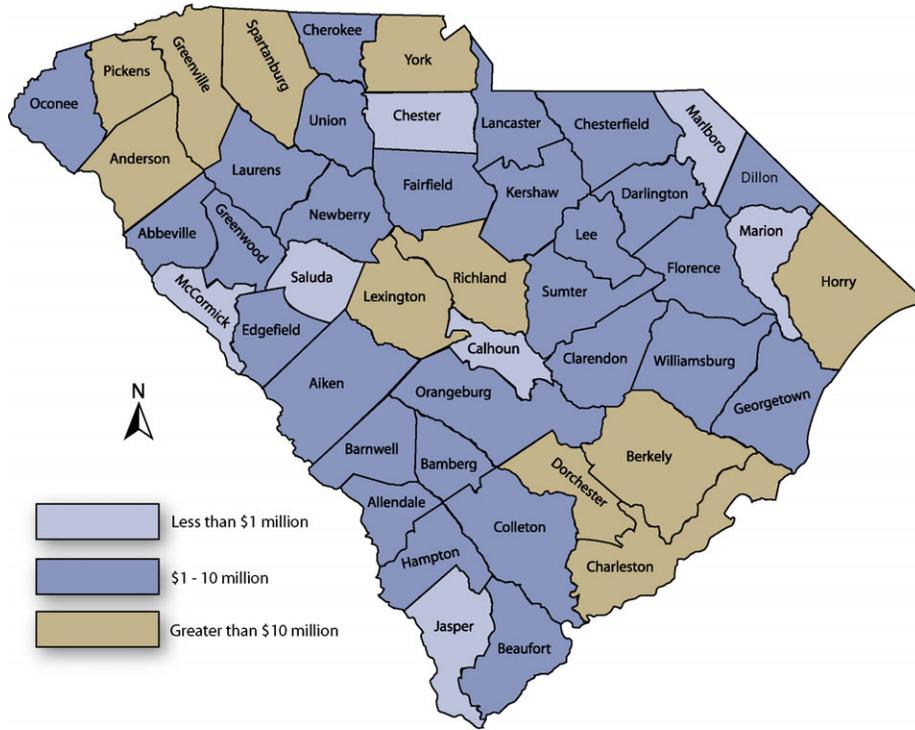
Figure 6



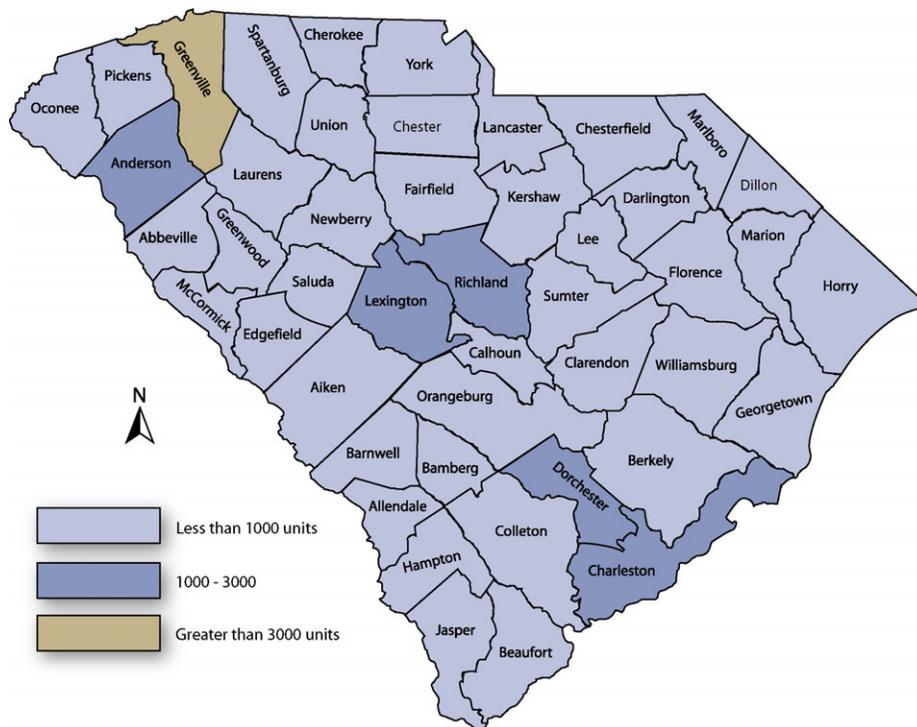
Forest Ridge,  
Hartsville, SC



## Total Economic Output by County in Dollars - All Programs



## Total Economic Output by County in Units - All Programs

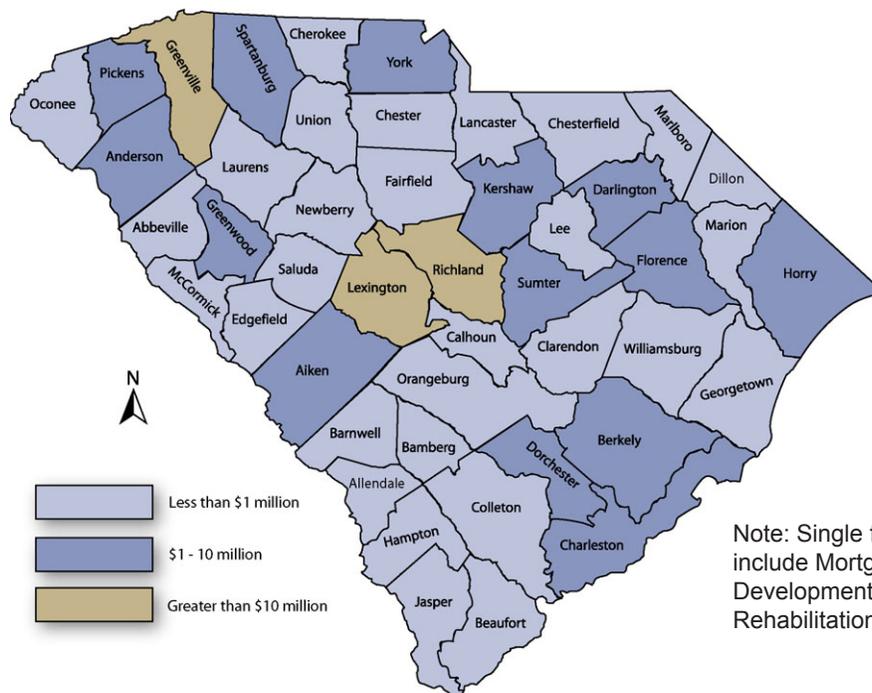




# Total Economic Impact of Single Family Programs by County

County	Units	Total Economic Output
Abbeville	1	\$144,030
Aiken	58	\$2,523,786
Allendale	5	\$48,135
Anderson	31	\$4,629,959
Bamberg	0	\$0
Barnwell	18	\$137,727
Beaufort	6	\$584,715
Berkeley	51	\$8,116,477
Calhoun	5	\$34,697
Charleston	40	\$4,458,476
Cherokee	6	\$137,170
Chester	1	\$97,585
Chesterfield	0	\$0
Clarendon	12	\$106,816
Colleton	1	\$157,042
Darlington	19	\$1,400,277
Dillon	21	\$112,021
Dorchester	43	\$6,700,618
Edgefield	5	\$34,214
Fairfield	3	\$36,188
Florence	46	\$5,376,156
Georgetown	2	\$6,325
Greenville	219	\$22,581,821

County	Units	Total Economic Output
Greenwood	17	\$2,320,928
Hampton	0	\$0
Horry	40	\$6,294,719
Jasper	10	\$51,991
Kershaw	30	\$1,721,903
Lancaster	35	\$715,323
Laurens	4	\$560,747
Lee	22	\$139,313
Lexington	115	\$14,559,660
Marion	3	\$108,551
Marlboro	32	\$423,927
McCormick	0	\$0
Newberry	3	\$154,800
Oconee	4	\$587,550
Orangeburg	29	\$804,710
Pickens	33	\$4,060,739
Richland	183	\$22,260,515
Saluda	4	\$30,864
Spartanburg	150	\$6,131,925
Sumter	69	\$4,430,767
Union	1	\$106,750
Williamsburg	27	\$308,562
York	38	\$4,303,822

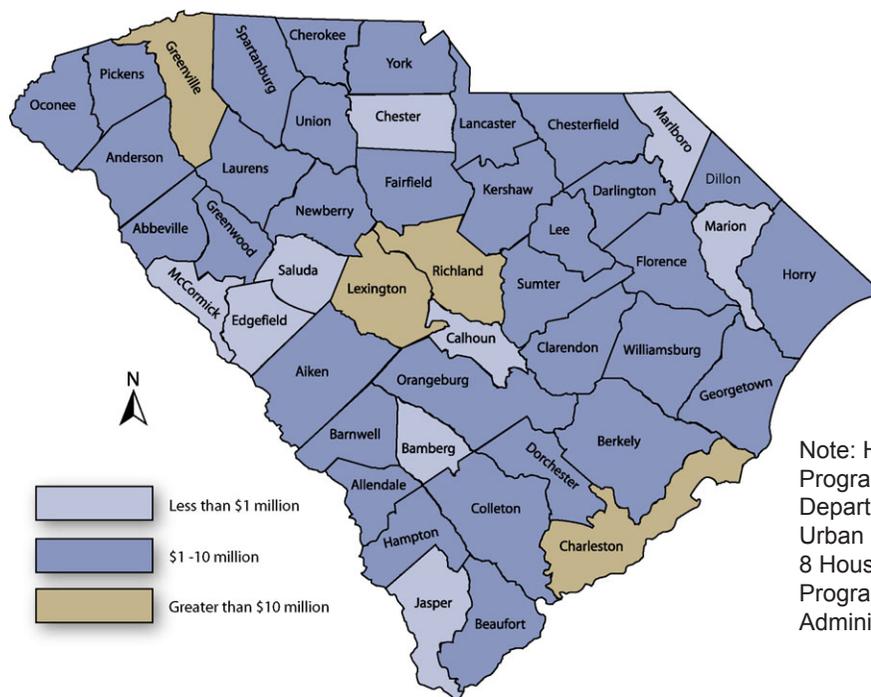


Note: Single family Programs include Mortgages, Single-Family Development, and Housing Rehabilitation.

## Total Economic Impact of Housing Assistance Programs by County

County	Units	Total Economic Output
Abbeville	224	\$1,721,101
Aiken	576	\$4,917,601
Allendale	158	\$1,425,482
Anderson	1094	\$9,252,718
Bamberg	100	\$824,277
Barnwell	154	\$1,214,344
Beaufort	356	\$3,604,257
Berkeley	244	\$2,327,232
Calhoun	96	\$720,833
Charleston	1352	\$14,871,239
Cherokee	185	\$1,595,511
Chester	100	\$804,482
Chesterfield	158	\$1,438,122
Clarendon	404	\$2,843,727
Colleton	422	\$3,163,225
Darlington	438	\$2,859,972
Dillon	284	\$1,664,583
Dorchester	1075	\$9,439,506
Edgefield	112	\$855,021
Fairfield	275	\$2,337,375
Florence	361	\$2,559,502
Georgetown	172	\$1,242,178
Greenville	2279	\$19,728,740

County	Units	Total Economic Output
Greenwood	429	\$2,796,404
Hampton	221	\$1,987,781
Horry	378	\$3,204,689
Jasper	98	\$468,307
Kershaw	378	\$2,823,760
Lancaster	231	\$1,881,364
Laurens	333	\$2,504,702
Lee	268	\$1,676,051
Lexington	884	\$10,292,755
Marion	0	\$0
Marlboro	62	\$347,083
McCormick	60	\$563,994
Newberry	134	\$1,126,868
Oconee	342	\$2,583,813
Orangeburg	654	\$4,418,652
Pickens	312	\$2,522,851
Richland	2532	\$19,296,884
Saluda	48	\$440,202
Spartanburg	773	\$6,047,596
Sumter	322	\$1,976,972
Union	132	\$1,028,601
Williamsburg	124	\$1,027,533
York	360	\$2,781,454



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

## TAX CREDIT EXPIRATION MAKES HOUSING MARKETS VOLATILE IN 2010

Although the national economy and the economy of South Carolina have both been relatively stable in 2010 and experienced positive – though only minor – amounts of growth, housing markets across the nation remained highly volatile, with many markets seeing both historic rates of increasing and decreasing sales activity. Nevertheless, this is not an indication of an underlying instability in the housing industry, but rather is largely a reflection of the expiration of the federal new home buyer tax credit, which occurred on April 30th, 2010.

As part of the federal Worker, Homeownership, and Business Assistance Act of 2009, any first-time home buyer who placed a sales contract on a home – new or resale – between January 1, 2009 and April 30, 2010 was eligible to receive an \$8,000 tax credit from the federal government. This policy was enacted to help stabilize housing markets all over the country that were in rapid decline. See Figure 7. This policy was effective, as most housing markets “bottomed out” in January of 2009 and have been recovering ever since, albeit slowly. Housing starts have increased nationally by 13 percent and in South Carolina by 23 percent since January 2009.

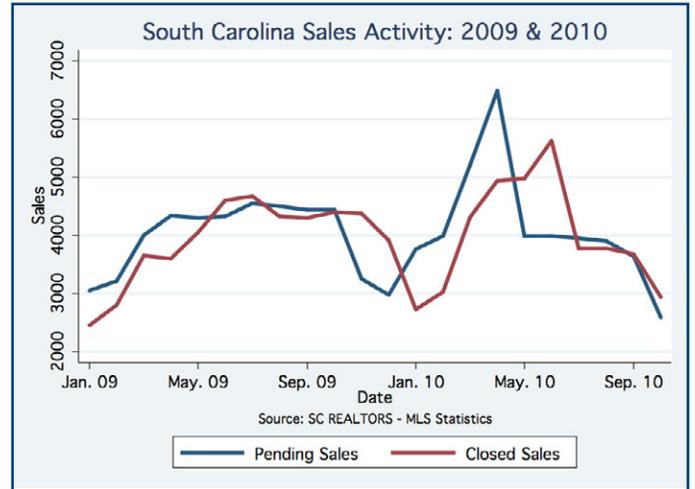
Figure 7



The reason for the high volatility of housing markets in 2010 was that a large number of consumers who were planning to buy a house in 2010 rushed to purchase their home before the April 30th deadline and were therefore not in the market later in the year. The higher demand in the spring months was essentially “borrowed future demand” where sales activity rose at the expense of summer and fall sales activity. As a result, South Carolina saw historic increases in house sales during March and April followed by historic decreases during the summer. See Figure 8. The original deadline for the new home buyer tax credit was in November 2009. It was subsequently extended, but not before a similar surge in demand

occurred during that month. Statistics comparing November 2010 to November 2009 show significant declines in the South Carolina housing market, but a large portion of this is due to the rise in demand due to the original tax credit deadline.

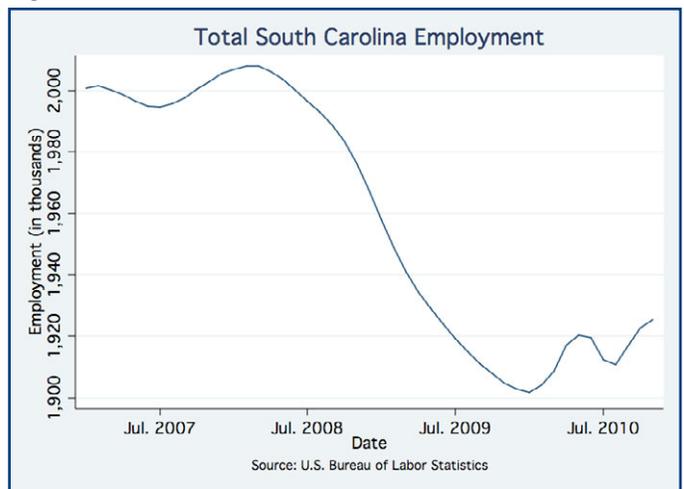
Figure 8



## OUTLOOK FOR SOUTH CAROLINA HOUSING MARKET IN 2011

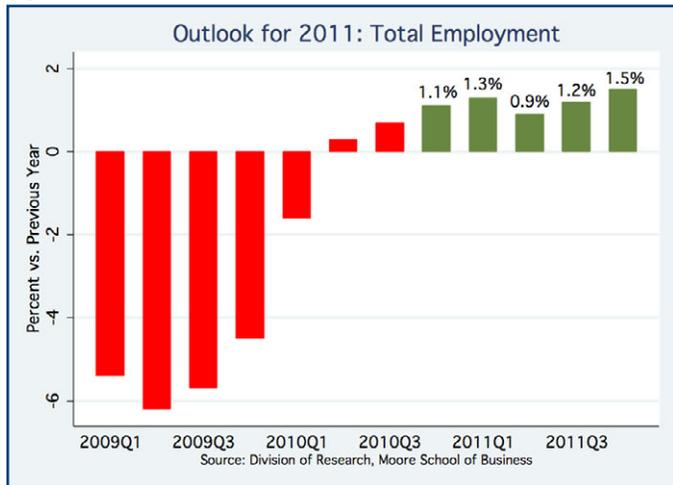
The single best predictor for growth in the housing market is employment. Simply put, one cannot buy or rent a housing unit without a job. After a 23 consecutive months of decreases in total employment, this trend finally reversed in South Carolina in January 2010 and growth in total employment has persisted since then. See Figure 9. 2010 was a transition year for South Carolina, with many economic indicators, including job growth, turning positive again for the first time since the beginning of the recession in 2007. Though employment in South Carolina grew at a mere 0.1 percent,

Figure 9



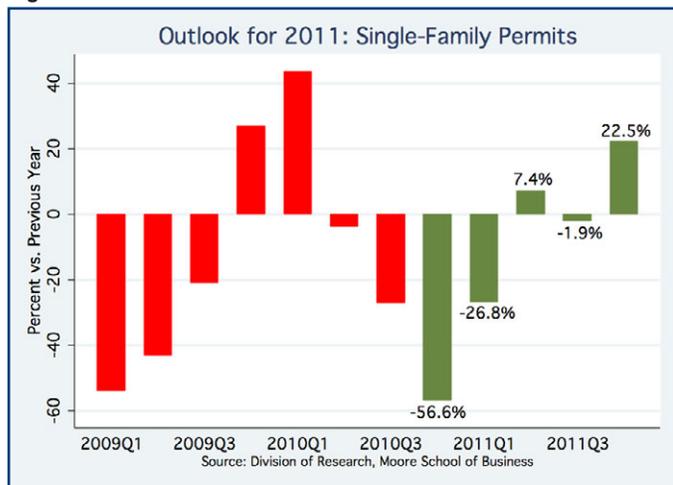
the fact that the job market is now growing again is critically important for the housing market recovery in 2011. The Moore School of Business forecasts 1.2 percent job growth for 2011, which is a considerable improvement over 2010 and reflects a more general economic recovery that will continue over the next year. See Figure 10. With historic lows in both mortgage rates and housing prices, consumers who have been putting off buying a home will be more likely to do so as the recovery continues and economic uncertainty begins to fade.

Figure 10



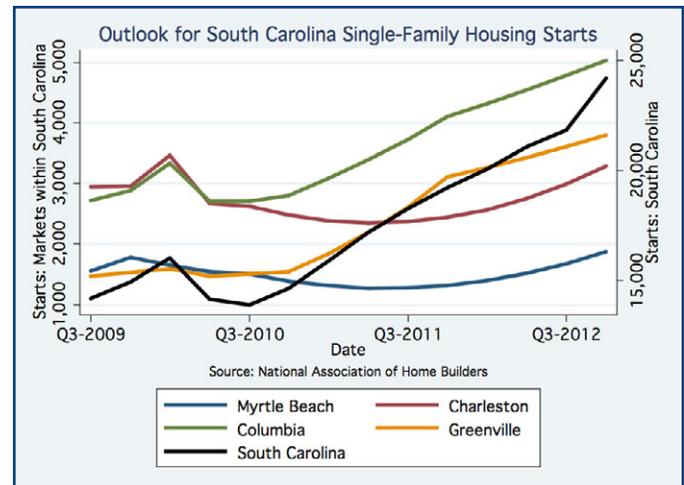
In looking at direct measures of growth in the housing industry during 2011, one must consider both housing permits and housing starts. After a decline during the winter months, the Moore School of Business forecasts that single-family housing permits will begin increasing by the 2nd quarter of 2011. See Figure 11. Permits are an indicator of future housing demand. For example, single-family permit activity increased by over 20 percent during the 4th quarter of 2009 and the 1st quarter of 2010 immediately before the rise in sales activity in March and April of 2010. In general, however, this time lag from permit activity to sales activity is difficult to predict because some permits can be held indefinitely. This means that builders might obtain permits without any immediate plans to build.

Figure 11



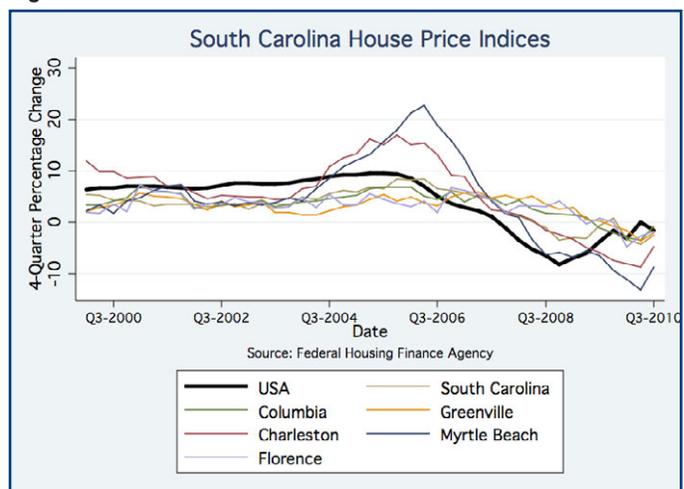
Housing starts is a second measure of housing activity. The National Association of Home Builders (NAHB) forecasts increases in housing starts in South Carolina and in each major metropolitan area during 2011. See Figure 12. Nevertheless, this increase is coming from a low starting point, as housing starts are down close to fifty percent from pre-recession levels. Through October, housing starts in 2010 in South Carolina have had little change compared to 2009, but different areas of the state have had different levels of growth. The Columbia market is faring best when compared to 2009, with increases in housing starts of approximately three percent.

Figure 12



Housing prices in South Carolina also vary considerably by market, but prices have remained relatively stable overall, having declined only 3.6 percent statewide since the beginning of the recession. The Federal Housing Finance Agency measures house price appreciation rates by tracking and comparing the sales prices of the same houses over time. This method of house price appreciation measurement is advantageous because it also takes foreclosed homes into account. Most markets within the state have declined less than five percent since the start of the recession, but Myrtle Beach took an unusually large hit, with depreciation in excess of 14 percent, due in large

Figure 13



part to the second homes market. By comparison, Florida house prices, which are among the hardest hit in the nation, decreased by 23.6 percent; house prices in the United States as a whole decreased by 7.6 percent. Historically, house price trends in South Carolina tend to follow the house price trends of the United States over time, but with a lag. Since 2009, the depreciation of U.S. house prices has reversed and has almost fallen to zero in recent months. See previous page – Figure 13. This is a positive sign for house prices in South Carolina going forward.

Finally, high inventory – due in large part to high foreclosure rates – is still among the biggest problems housing markets face going into 2011. High inventory creates downward pressure on prices and lowers the demand for new construction. The good news is that the U.S. Census Bureau and the National Association of REALTORS® report that there is approximately nine months of new home inventory available nationally, which is down from

13 months in 2009. Nevertheless, a healthy level of inventory is generally considered to be approximately six months worth. In South Carolina, the second homes markets along the coastal areas of the state are suffering the most from foreclosures and high levels of inventory, though according to Zillow.com, foreclosures have been falling in the state as a whole over the last nine months. Continued decreases of inventory levels are crucial for recovering housing markets in 2011.

Housing markets in South Carolina will grow in 2011, but it will be slow growth and will depend primarily on the pace of job creation and inventory reduction – though both are already moving in the right direction. Housing prices remain relatively stable, as do the volume of total housing. 2011 will be a year of recovery for South Carolina housing markets, but the pace of that recovery will be slow.

*Manor York, Rock Hill, SC*



## 2011 Legislative and Regulatory Priorities

Our goal, like that of our national organization, 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 in this session:

- Support HFAs previously designated as HUD Performance Based Contract Administrators to continue in that role.
- To protect, strengthen, and expand the production potential of the tax-exempt Housing Bond and Low Income Housing Tax Credit programs.
- 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 fully implement their lending programs and responds to their capital and liquidity needs.
- To work with the Federal Housing Finance Agency and the Federal Home Loan Banks (FHLBs) it regulates to strengthen and expand HFA-FHLB partnerships.
- Increased HOME funding and HOME program changes to increase flexibility, improve efficiency, and eliminate needless bureaucracy.
- Section 8 funding adequate to renew all authorized vouchers; provide for new ones; compensate PHAs fairly for their administrative costs; and honor and, if expiring, extend existing project-based assistance commitments. NCSHA will also seek to reduce the voucher program's administrative burden on PHAs and prioritization of state HFAs in any rebidding of Section 8 contract administration contracts.
- 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 Credits for five years and incentives to encourage increased individual investment.
- Fixing the 4 percent Credit in addition to the 9 percent Credit and making these permanent.
- Allow state designation of DDA areas for 4 percent Credit.
- Extension of rural income limit flexibility to 4 percent Credit deals.
- Improvement in the application of HUD's income limit methodology to Housing Credit developments and other affordable housing programs.
- Increased 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.
- Extension and potential expansion of the New Issue Bond Program and the Temporary Credit and Liquidity Program.
- An MRB home improvement loan limit increase to an amount not to exceed 50 percent of the MRB purchase price limit for the area in which the home is located.
- Exemption of all refunding Housing Bonds from the AMT.
- Housing Credit tenant data collection requirements consistent with and limited to those established in the Housing and Economic Recovery Act of 2008.



# Overview with Methodology

The figures contained in this report detail the economic impact of SC State Housing on the state of South Carolina for Fiscal Year 2010 (July 1, 2009 – June 30, 2010). 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.

In order to formalize the reporting of the economic impact of an organization, there are two figures that are reported as part of a standard 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 part-time) that are needed to deliver the demand for the final goods and services associated with the organizations and activities being measured.

Output and employment show the economic impact of an organization on its local economy. Each of these factors, however, has an impact on the economy in three different ways. Thus, each is 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 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 SC State Housing 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 for 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.

## 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

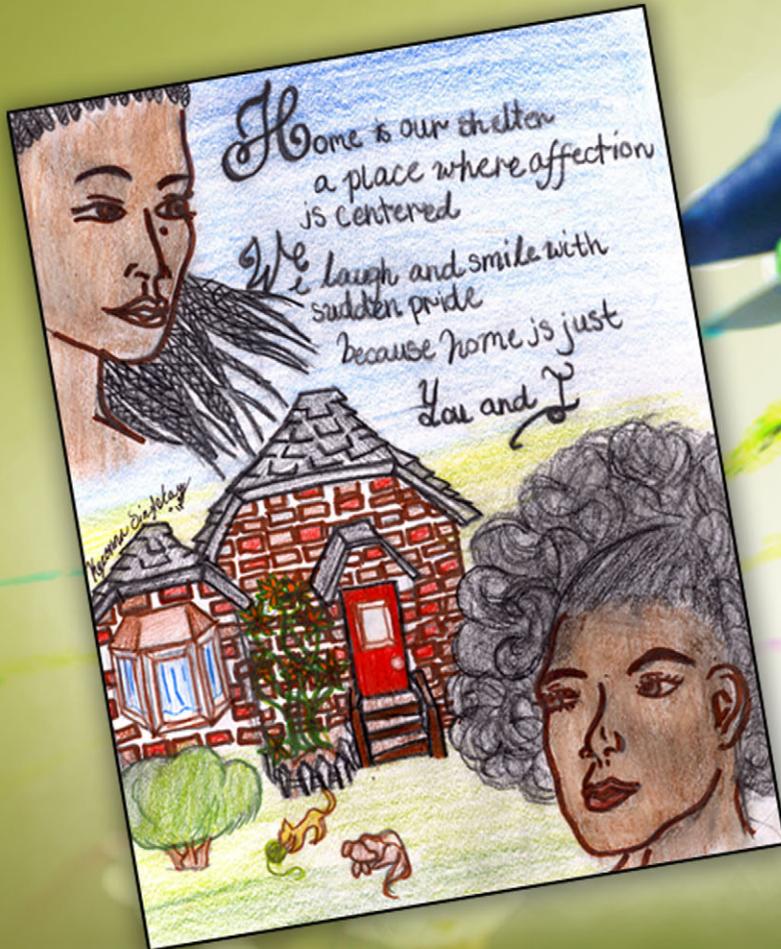
Each estimate reported is to be interpreted as the economic impact on the entire state of South Carolina. For example, the total output reported for Congressional District 1 is \$68,462,317.09. This represents the total output for all of South Carolina generated as a result of SC State Housing programs implemented in Congressional District 1 over the last fiscal year. It does not represent output generated exclusively in Congressional District 1.

Because of data limitations, SC State Housing's various investments in housing were only tabulated at the county level. Thus, each congressional district's total is the sum of the totals of each county through which it passes. As a result, some counties were double counted, meaning that congressional district totals do not sum to the reported South Carolina totals

All estimates are generated using data provided by SC State Housing.

SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY

Coloring and Essay Contest Winners



**Essay Category:**  
**First Place**  
**Olivia Carbajal**  
Lexington, S.C.

*What my home means to me is "love" and to have love, you have to have family. There are so many meanings to what home is, and I know that my home is the best.*

**What My  
Home  
Means to Me**



**Coloring Category:**  
**First Place**  
**Kyeonna Singletary**  
Myrtle Beach, S.C.

**Congratulations to Our Winners!**

# South Carolina State Housing Finance and Development Authority

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Economic impact estimates provided by



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