

SC HOUSING
Financing Housing. Building SC.

FY 2013 Impact Report




MOORE
DARLA MOORE SCHOOL OF BUSINESS
UNIVERSITY OF SOUTH CAROLINA



Financing Housing. Building SC.

A MESSAGE FROM VALARIE M. WILLIAMS, EXECUTIVE DIRECTOR

We are proud to present you with the South Carolina State Housing Finance and Development Authority's (SC Housing) Fiscal Year 2013 Affordable Housing Statewide Impact Report. This report will provide you with an overview of our agency's investment, economic benefit, statewide economic impact and production. It also outlines our agency's housing assistance activities.

We have once again partnered with the Division of Research at the University of South Carolina's Moore School of Business to review and validate our data and are constantly developing more precise methods of tracking and reporting this data. Among the most compelling parts of this analysis was the derivation of an economic multiplier that represents the statewide, total economic impact of housing's efforts to further the availability and sustainability of affordable housing for South Carolina's workforce.

-continued on page 2

The Board of Commissioners for SC Housing is comprised of eight members from throughout the state. The current Board of Commissioners are as follows:

Christopher N. Union, Chairman
Charleston

Chris Goodall
Columbia

Robert D. Mickle, Jr.
Vice Chairman
Governor's Designee
Columbia

300-C Outlet Pointe Boulevard
Columbia, South Carolina 29210

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EXECUTIVE DIRECTOR'S MESSAGE -continued from page 1

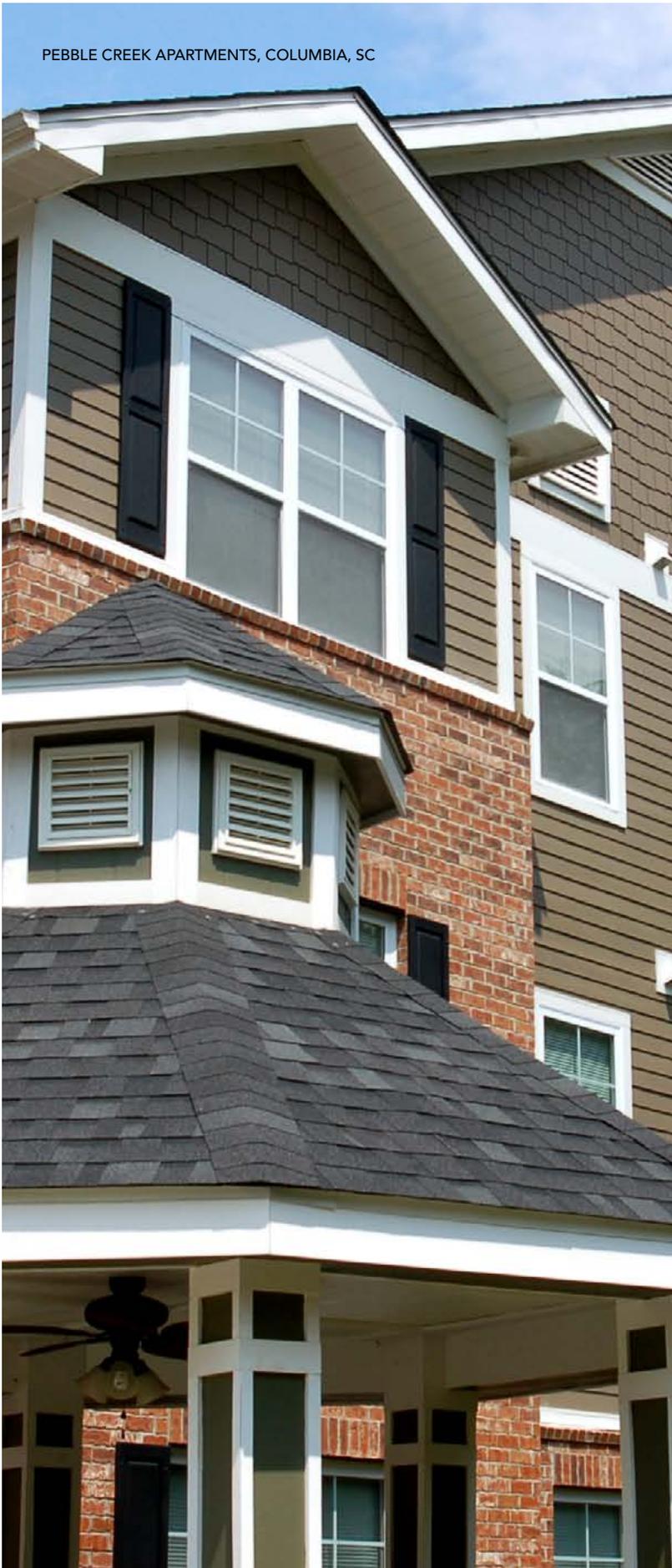
For Fiscal Year 2013, the economic multiplier is 1.65, meaning that every \$100 in direct spending from our affordable housing initiatives resulted in an overall total economic impact of \$165 on South Carolina's economy. SC Housing programs had a total impact of almost \$482 million on South Carolina's economy in terms of economic output.

Specifically, in this reporting year, SC Housing directly invested more than \$292 million in South Carolina, which resulted in the total economic impact figure mentioned above of almost \$482 million. But more than dollars and cents, more than bricks and mortar, this work has a very real and lasting impact on the people and families of our state. These dollars helped more than 26,000 families—the true faces of home-realize quality, affordable housing. SC Housing's investment resulted in an economic impact of 3,875 jobs (272 more than in 2012) as well as \$22.3 million in state and local tax revenue, making Fiscal Year 2013 another strong and productive year for our agency. Unfortunately, there were many more members of South Carolina's workforce who were not able to provide their families with a safe, affordable home during this time. We will continue to keep these men and women as well as their families in mind as we make decisions affecting affordable housing policy and funding 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 our partners throughout 2014 to further our mission to create quality, affordable housing solutions for the citizens of South Carolina.

Sincerely,
Valarie M. Williams

Handwritten signature of Valarie M. Williams in black ink.



Overview

SC HOUSING

For 42 years, the South Carolina State Housing Finance and Development Authority (SC Housing) has been helping families, older adults, persons with disabilities and others who are frequently underserved secure quality, safe and affordable housing. SC Housing is able to do this by using our proven financial strength to sell securities to investors all over the country. SC Housing administers a number of federal and state programs providing additional housing solutions where they are needed most.

SC Housing takes pride in knowing that it has been able to serve the citizens of South Carolina for more than four decades and that our work helps to sustain 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 Housing is that all South Carolinians have the opportunity to live in safe, decent and affordable housing.

MISSION

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

GOALS

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

Program Areas

SC 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 Homeownership and Employment Lending Program (SC HELP)
 South Carolina Housing Trust Fund Program (HTF)
 HOME Investment Partnerships Program (HOME)
 Housing Tax Credit Program
 Multifamily Tax Exempt Bond Program
 Housing Choice Voucher Program
 Project-Based Contract Administration
 Neighborhood Stabilization Program (NSP)

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

SC Housing is comprised of nine distinct program areas and multiple internal departments.

SINGLE-FAMILY PROGRAMS

Single-family activities include mortgages issued through Mortgage Bond Program (Homeownership) funding through the HOME Program with rehabilitation and emergency repair funding offered through the HTF Program and foreclosure mitigation assistance through SC HELP.

MULTIFAMILY PROGRAMS

Multifamily activities include projects developed through the Multifamily Tax Exempt Bond Program, group homes for the disabled as well as transitional and supportive housing funded through the HTF, and rental development funded through the HTF, HOME and the Housing Tax Credit Programs.

HOUSING ASSISTANCE

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

TOTAL ECONOMIC INVESTMENT

The chart below represents the value of the total investments that SC 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 Housing recognizes the value of these dollars to be an integral part of the transaction.

FISCAL YEAR 2013		Single-Family		Multifamily		Housing Assistance	
CONGRESSIONAL DISTRICT	TOTAL UNITS	INVESTMENTS	TOTAL UNITS	INVESTMENT	TOTAL UNITS	INVESTMENT	
DISTRICT 1	684	\$14,155,482	364	\$23,018,852	2,546	\$18,058,820	
DISTRICT 2	871	\$18,658,152	94	\$12,563,283	2,745	\$15,958,997	
DISTRICT 3	438	\$ 5,082,714	50	\$ 1,060,245	2,915	\$17,741,784	
DISTRICT 4	692	\$10,348,277	186	\$14,680,302	2,755	\$18,276,546	
DISTRICT 5	892	\$11,274,012	162	\$ 6,899,597	2,314	\$13,515,206	
DISTRICT 6	848	\$ 9,456,399	162	\$16,120,168	4,875	\$32,455,218	
DISTRICT 7	590	\$11,650,766	91	\$ 8,967,583	2,005	\$12,099,303	

Program Descriptions

MORTGAGE BOND PROGRAM (HOMEOWNERSHIP)

The Mortgage Bond Program is the flagship program offered by SC Housing. The sale of tax exempt bonds to investors provides the bulk of the funding available to qualified homebuyers. SC Housing's loans offer qualified borrowers a fixed, competitive interest rate. This option allows 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 South Carolinians. Like all of SC Housing's homeownership programs, persons purchasing homes under the Mortgage Bond Program must not exceed income restrictions and must meet credit standards, as well as purchase price restrictions which vary by county.

The SC Mortgage Tax Credit Program is a Mortgage Credit Certificate program administered by the Homeownership Division. This makes available a federal income tax credit of up to \$2000 per calendar year to qualified homebuyers for every year they occupy the home as their primary residence.



SOUTH CAROLINA HOMEOWNERSHIP EMPLOYMENT AND LENDING PROGRAM (SC HELP)

South Carolina Homeownership Employment and Lending Program (SC HELP) was created and developed in late 2010/early 2011. It was created as a result of the Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets, which gave 19 states, including South Carolina (via SC Housing), the opportunity to develop an innovative, statewide program to help homeowners avoid foreclosure. These funds will go to assist struggling but responsible borrowers – homeowners who find themselves in default due to circumstances beyond their control, which may include job loss, underemployment (job loss followed by reemployment at a substantially lower income), divorce, death of a spouse or extensive medical expenses.

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 opportunities for low-income South Carolinians by funding the acquisition or construction of group homes for the disabled, as well as emergency repair to owner-occupied housing. The Trust Fund also provides funding for 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.

KINGS SQUARE APARTMENTS
KINGSTREE, SC



HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

The HOME Investment Partnerships Program (HOME) is designed to expand the supply of decent, safe, sanitary and affordable housing for the low- and very low-income beneficiaries. HOME promotes the development of partnerships as part of an effective delivery system to promote and create affordable housing for the citizens of South Carolina. Based on the state's population, SC Housing receives an allocation of HOME funds each year. Funds are divided among homeownership and rental housing development. SC Housing has responsibility for the implementation, administration and evolution of this program in accordance with federal regulations for the state of South Carolina.

HOUSING TAX CREDIT PROGRAM

Housing Tax Credit Program provides a financial incentive to owners developing multifamily rental housing. Tax credit allocations serve to leverage public and private funds to keep rents affordable for tenants. Housing developments qualifying for credits include new construction, acquisition with rehabilitation, rehabilitation and adaptive re-use. Owners receive the tax credits annually for ten years. The rental property must comply with occupancy and rent restrictions for a minimum of 30 years. These credits provide the owner a dollar-for-dollar reduction in federal income tax liability.



MULTIFAMILY TAX EXEMPT BOND

The Multifamily Tax Exempt Bond Program provides financing 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 financing for apartments in more than 110 rental complexes located throughout the state.

HOUSING CHOICE VOUCHER PROGRAM

The Housing Choice Voucher Program is the federal government's major program for assisting very low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private rental market. SC Housing administers the program through an Annual Contributions Contract (ACC) with HUD in seven South Carolina counties: Clarendon, Colleton, Dorchester, Fairfield, Kershaw, Lee and Lexington. 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 participant family and the conditions of the unit are examined in accordance with standards established by HUD.

CONTRACT ADMINISTRATION

Contract Administration is responsible for the administration of much of HUD's South Carolina portfolio contracts serving many very low- and low-income households. 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; responding to tenant complaints; processing actions related to subsidy contracts; and reporting and tracking processes required under the contract between SC Housing and HUD.

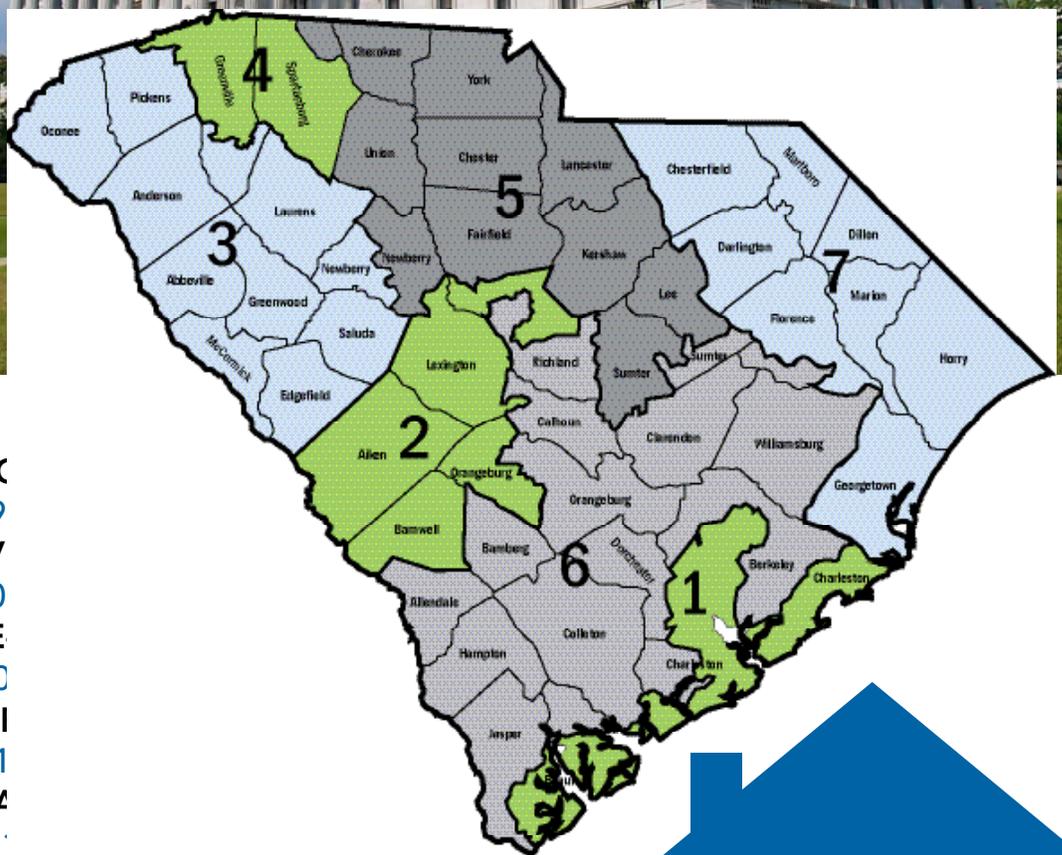
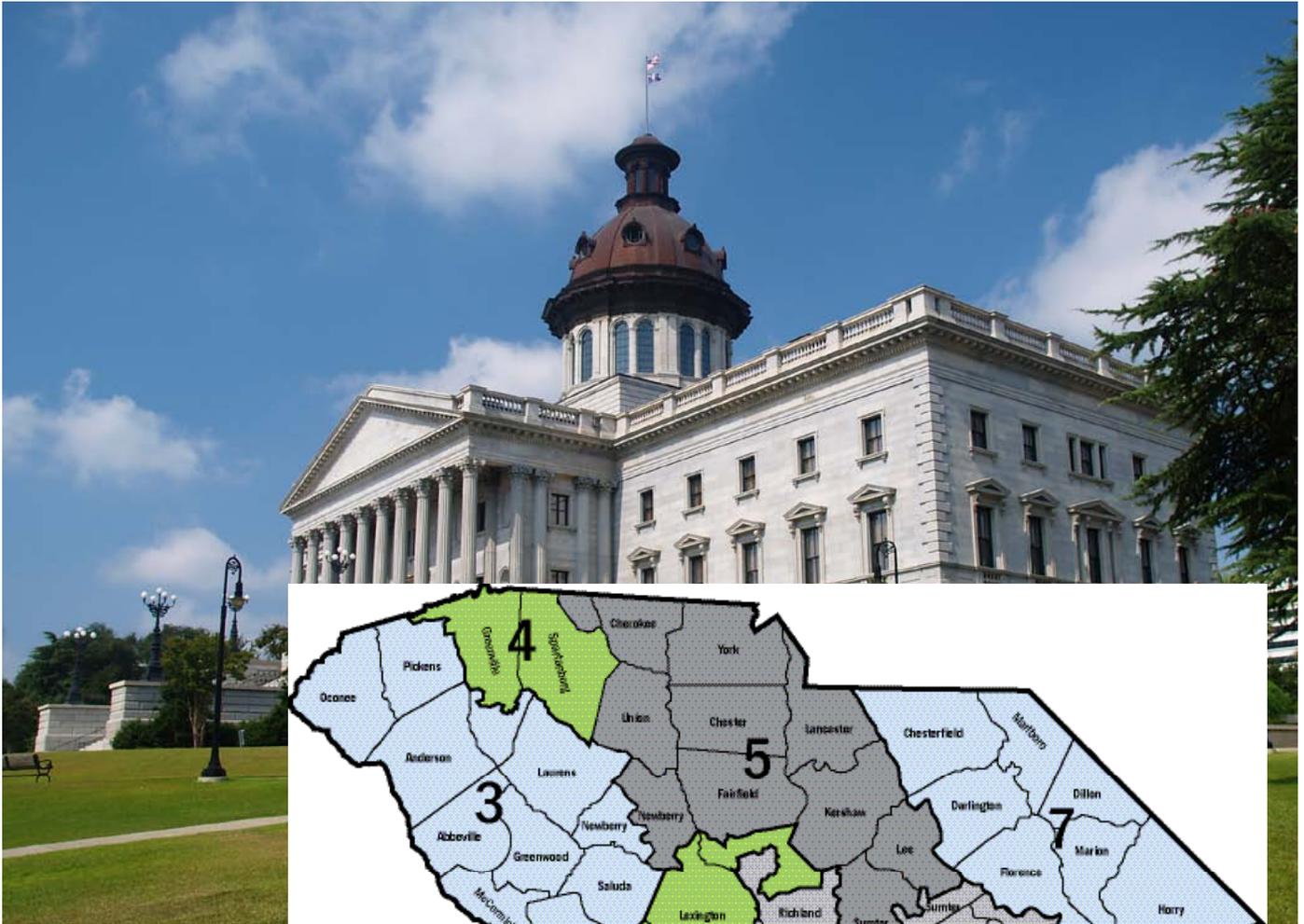
The Housing Tax Credit Program is designed to provide a tax incentive to developers of multifamily rental housing. Owners can take the credit for up to ten years if the rental property remains in compliance.

NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

The Neighborhood Stabilization Program (NSP) was created under Title III of the Housing and Economic Recovery Act (HERA) of 2008 to respond to rising foreclosures and declining property values. NSP funds are a special allocation of the Community Development Block Grant (CDBG) funds designed to provide emergency assistance in acquiring and redeveloping foreclosed properties that might otherwise become sources of abandonment and despair within their community. HUD has allocated more than \$5.6 million to SC Housing to administer this program. All Neighborhood Stabilization Program funds have been allocated.



All Congressional Districts



TOTAL ECONOMIC IMPACT
 \$481,945,184
TOTAL INVESTMENT
 \$292,000,000
TOTAL SINGLE-FAMILY HOUSING UNITS
 5,000
TOTAL MULTIFAMILY HOUSING UNITS
 1,100
TOTAL HOUSING AFFORDABILITY INDEX
 20%
TOTAL JOBS CREATED
 3,875
TOTAL TAX REVENUE GENERATED
 \$22,333,091

FISCAL YEAR
 2013
 Total Economic Impact
 \$481,945,184

Congressional District 1

BEAUFORT,* BERKELEY,* CHARLESTON*, COLLETON* AND DORCHESTER* COUNTIES

SEVEN FARMS VILLAGE (BERKELEY COUNTY)



TOTAL ECONOMIC OUTPUT

\$92,757,832

TOTAL INVESTMENT

\$55,233,156

TOTAL SINGLE-FAMILY UNITS

684

TOTAL MULTIFAMILY UNITS

364

TOTAL HOUSING ASSISTANCE UNITS

2,546

TOTAL JOBS CREATED

743

TOTAL TAX REVENUE GENERATED

\$3,934,452

**Denotes partial county*



Faces of Home

RAYE CHAPMAN

A Home Filled with Love

Raye Chapman knows what it takes to make a good place to live. As a property manager in Greenville for more than seventeen years, Raye loved meeting new people and helping them get into places they would feel at home.

Raye wasn't planning to move to Charleston, but when her granddaughter was born with a severe heart problem—one that would require numerous delicate surgeries at the Medical University of South Carolina, she knew she must join her family in their move to Charleston so she could be there to support them through the trials that lay ahead.

Downsizing was probably the hardest part of moving. Outgoing and with energy and exuberance that would be the envy of a person half her age, Raye had little trouble finding a job and settling into her new community. She was named Employee of the Year and made great new friends. Then, as the economy declined, her hours were cut to the point where she would soon be struggling to keep up financially. She began accessing 401Ks and thinking of downsizing further—including finding a more affordable place to live.

Her daughter told her about a new development she had read about on Daniel Island called Seven Farms Villages; a new development for "seniors." Raye was skeptical. After all, she didn't consider herself to be a "senior" and didn't think it would suit her at all. But to make her daughter happy, she agreed to take a look—and she never looked back. She completed her application on the spot and was soon in her new apartment in a peaceful setting with a beautiful view.

Raye is still working (now as a nanny) and keeping active. She loves the staff and neighbors at Seven Farms Villages and now does a newsletter for residents. She keeps the monthly dinner get togethers going and makes sure game nights are fun for everyone (she recommends that everyone try Rummikub, a favorite game). And she has met so many new friends, many who have weathered setbacks in their lives and careers that have caused them to seek affordable housing opportunities.

The downsizing continues, and Raye finds more and more things to give to charities as she embraces her new life in a smaller place. She spends time with her family, especially her granddaughter, who continues to improve and has her grandmother's smile and infectious charm.



Faces of Home

BRET CARTER

Renovating a Home for the Future

After graduating from the College of Charleston in 2008, Bret Carter did what a lot of young people were doing that year—he moved back home and started looking for a job. Even then, though, he was looking toward the future and thinking that buying a home of his own might be a good idea.

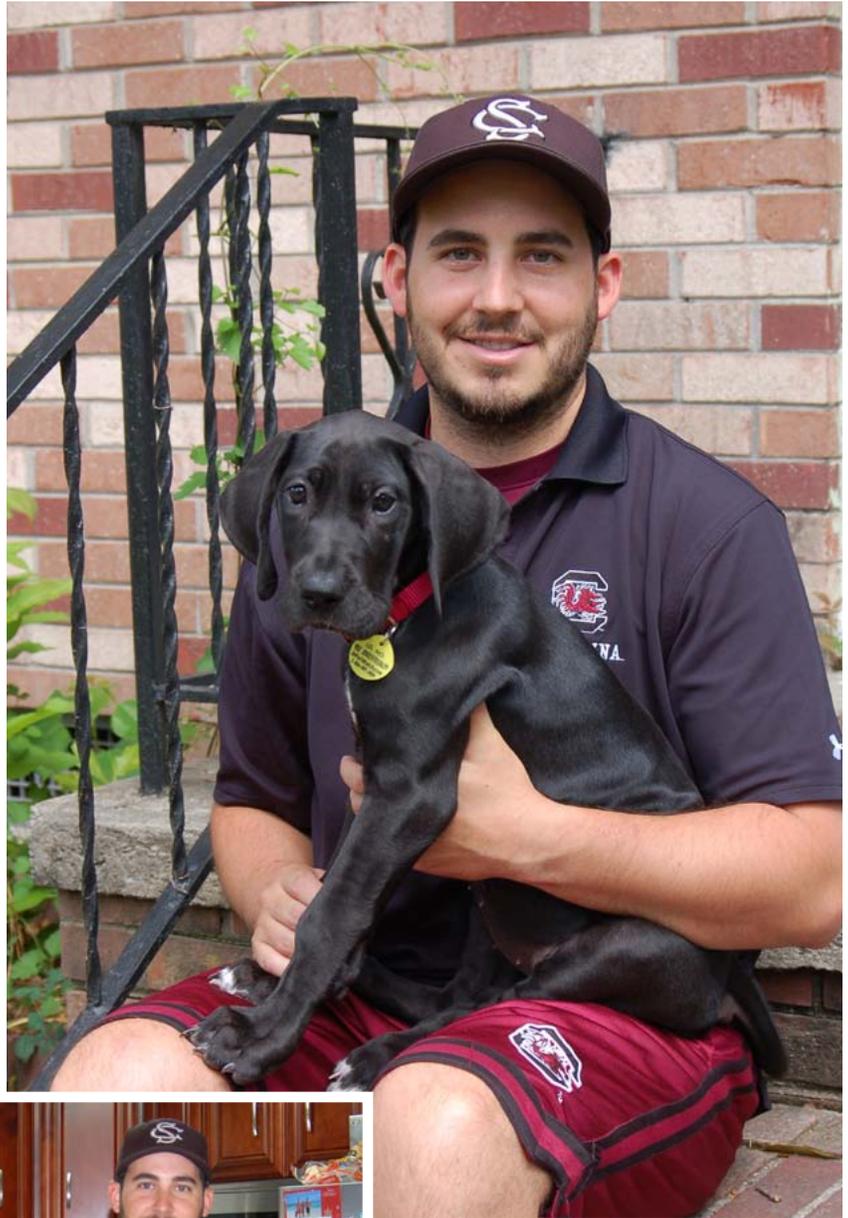
Over the next few years, he had various jobs eventually landing in a position with a large insurance company where he could make enough to think in earnest about the home purchase he had been dreaming of.

Bret's family was in the real estate business, so he knew the ups and downs of homeownership. He knew that with a little help, he could take advantage of the low home prices and good selection that were becoming available all around the area where he wanted to live.

The help he needed came from SC Housing's homeownership program with its low, fixed interest rates and down payment assistance. Bret soon found a home that he could renovate and work on himself—bringing an empty and aging house back to new life.

Now his renovated home is almost complete, near family and friends, with a big back yard for his new dog Penny. As if becoming a homeowner wasn't enough of a life changing experience, Bret is engaged to be married later this year and is already working to make his new house a home for the three of them.

Bret was able to leverage the money he had saved and the down payment assistance from SC Housing, with Federal Home Loan Bank assistance, to make a large down payment and bring the monthly mortgage payment to a place he can easily afford and with enough left over to feed a growing Great Dane!



Congressional District 2

AIKEN, BARNWELL, LEXINGTON, ORANGEBURG* AND RICHLAND* COUNTIES

FERN HALL APARTMENTS (LEXINGTON COUNTY)



TOTAL ECONOMIC OUTPUT
\$80,386,304
TOTAL INVESTMENT
\$47,180,433
TOTAL SINGLE-FAMILY UNITS
871
TOTAL MULTIFAMILY UNITS
94
TOTAL HOUSING ASSISTANCE UNITS
2,745
TOTAL JOBS CREATED
652
TOTAL TAX REVENUE GENERATED
\$3,464,519

**Denotes partial county*



MEADOWBROOK APARTMENTS (AIKEN COUNTY)

Faces of Home

SENITA CARTER

The Right Place—Right on Time

“You never know where life will take you.” Senita Carter knows this well. But no matter what her circumstances, she has persevered and risen to the challenge.

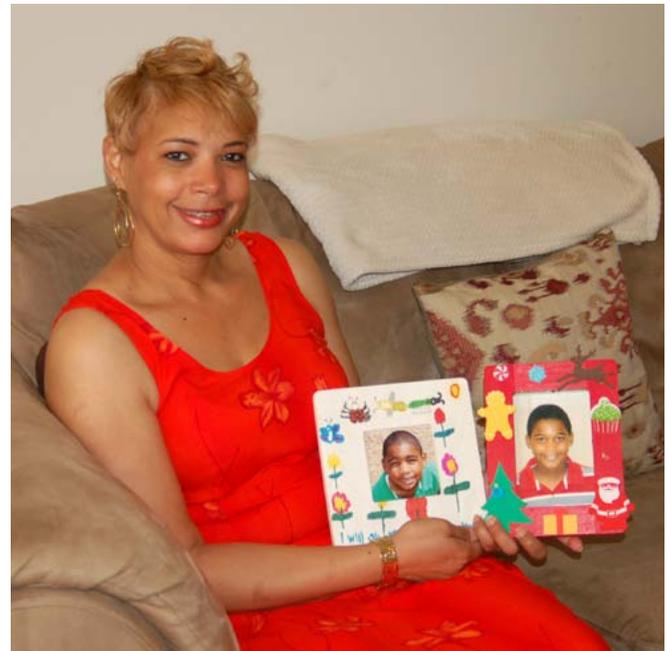
After a divorce, Senita and her two sons, ages seven and 10 had to find a new place to live. Like many people, she started out living with friends who offered a place to stay until they could find a place of their own. She soon found an apartment they liked, went back to school, and looked forward to the future.

But more challenges lay ahead. An unexpected layoff meant she would now also need to find a new job. Soon it was a struggle to pay the rent, along with all the other living expenses for her and the boys.

It was a chance conversation that brought Regent Park to her attention. Her beautician’s sister had recently rented a new apartment there and spoke highly of it. Senita decided to schedule a visit and take a tour.

“The process was so easy and everyone was so helpful.” Senita says she started filling out the paperwork on Thursday and had the lease done on Friday. They moved in soon after and have been working to make it a happy home. This effort is evident in the simple, but comfortable, furnishings she has assembled and the many pictures of her and her two sons that show how happy they are in their new house.

Senita will tell you that when she sets her mind to something, she makes it work. This determination recently paid off when she found a new job with Community Assistance Providers, a local nonprofit that helps people find affordable housing and works with the SC HELP foreclosure prevention program.



Congressional District 3

ABBEVILLE, ANDERSON, EDGEFIELD, GREENWOOD, GREENVILLE,*
LAURENS,* MCCORMICK,* NEWBERRY,* OCONEE, PICKENS AND SALUDA
COUNTIES

KENNEDY PLACE (ANDERSON COUNTY)



FOUNTAIN HILLS (LAURENS COUNTY)

TOTAL ECONOMIC OUTPUT	\$36,888,504
TOTAL INVESTMENT	\$23,884,742
TOTAL SINGLE-FAMILY UNITS	438
TOTAL MULTIFAMILY UNITS	50
TOTAL HOUSING ASSISTANCE UNITS	2,915
TOTAL JOBS CREATED	293
TOTAL TAX REVENUE GENERATED	\$2,067,563

**Denotes partial county*

Congressional District 4

GREENVILLE* AND SPARTANBURG* COUNTIES

CLARK STREET COMMONS (GREENVILLE COUNTY)



CEDAR SPRINGS PLACE (SPARTANBURG COUNTY)

TOTAL ECONOMIC OUTPUT	\$71,161,672
TOTAL INVESTMENT	\$43,305,124
TOTAL SINGLE-FAMILY UNITS	692
TOTAL MULTIFAMILY UNITS	186
TOTAL HOUSING ASSISTANCE UNITS	2,755
TOTAL JOBS CREATED	569
TOTAL TAX REVENUE GENERATED	\$3,259,367

**Denotes partial county*

Faces of Home

EDDIE BRIDGES

HELP for Our Homeowners

Eddie Bridges has been out of work for more than eight months. A U.S. army veteran, Bridges was suddenly faced with the prospect of losing his home to foreclosure.

"I might be emotional, but I can't help it. I've not been in this position before," said Bridges.

After serving in the Army for 30 years, it was a program funded by the U.S. government that offered the answer.

Bridges is one of thousands of homeowners in South Carolina who have been helped by the South Carolina Employment Lending Program (SC HELP). Funded by the U.S. Department of the Treasury in cooperation with the South Carolina State Housing Finance and Development Authority, the program exists to help responsible homeowners keep and stay in their homes. There is no fee or cost for assistance, and an application for or receipt of assistance does not impact unemployment benefits or weekly payments.

SC HELP aid was slated to run out for program recipients like Bridges after only 12 months, but changes to the program have extended assistance to 2 years.

A resident of Spartanburg S.C., Bridges definitely hasn't given up on finding new employment. The important thing is that now he doesn't have to worry about losing his home while he is out of work.

"I'm so grateful," said Bridges. "My home is very, very important because I worked so many years to get it, and I'd hate to lose it."



Congressional District 5

CHEROKEE, CHESTER, FAIRFIELD, KERSHAW, LANCASTER, LEE, NEWBERRY,*
SPARTANBURG,* SUMTER,* UNION AND YORK COUNTIES

MANOR YORK (YORK COUNTY)



CAMDEN COVE (KERSHAW COUNTY)

TOTAL ECONOMIC OUTPUT
\$52,955,268
TOTAL INVESTMENT
\$31,688,815
TOTAL SINGLE-FAMILY UNITS
892
TOTAL MULTIFAMILY UNITS
162
TOTAL HOUSING ASSISTANCE UNITS
2,314
TOTAL JOBS CREATED
430
TOTAL TAX REVENUE GENERATED
\$2,449,133

**Denotes partial county*

Faces of Home

KALUS BENJAMIN AND DANIEL TRAJAN JONES

From the Hearts of the Children

MISSION:
Create quality affordable housing opportunities for the citizens of South Carolina.

Each year, with a generous donation from the McNair Law Firm, the South Carolina State Housing Finance and Development Authority (SC Housing) sponsors a "What My Home Means to Me" Coloring/Essay Contest. The contest is open to children twelve years of age and under who live in a home or apartment financed by, or receiving assistance from, one of the affordable housing programs provided by SC Housing. The winners of the contest are announced at the annual Palmetto Affordable Housing Forum.



When people think of affordable housing and its benefits to the economy and community, they immediately think of the adults who are finally able to live in safe, decent homes. This contest highlights the impact that affordable housing has on the children of these families. They draw pictures or write essays to communicate their feelings about their homes and what they like most about where they live.

The entries are both heartwarming and inspiring. The sincerity and simplicity of the words and the drawings of the children give Forum attendees and the staff of SC Housing the opportunity to see and understand the impact their work makes from another perspective.

Kalus Benjamin, Jr., 10, of Sumter, was the first place winner of the coloring category. His favorite subject in school is Social Studies, and when he is not studying, he likes to watch movies and go to the park. He also enjoys drawing, playing football and playing video games. Kalus would like to be a football player and an artist when he grows up, and his winning entry shows he is already a good artist. His drawing is titled "Home is in My Heart," and it shows a happy family inside of a big heart.



Eight-year-old Daniel Trajan Jones, of Charleston, received first place in the essay category. Daniel says he would like to be a basketball player in the NBA when he grows up. His hobbies are drawing, playing basketball and reading. His favorite subject in school is Math, and when he is not in school, he enjoys playing basketball and going on bike rides with his family. His favorite thing about where he lives is the park.

"What my home means to me is that I'm safe, and I have a nice healthy home. I have a Mom, Dad, two sisters and two brothers that love me. Before we lived in our nice home, we lived with our Nanny and Pop-Pop. It was hard, but it got a lot easier. Me and my family prayed for a new house every night, and God finally answered our prayers. I love my new home, and I thank God for blessing my family with it, and that's what my home means to me."

Kalus and Daniel are among thousands of people whose lives and communities have been transformed through the housing programs administered by SC Housing. These children are truly the real Faces of Home.

Congressional District 6

ALLENDALE, BAMBERG, BEAUFORT,* BERKELEY,* CALHOUN,
CHARLESTON,* CLARENDON, COLLETON, DORCHESTER,* FLORENCE,*
HAMPTON, JASPER, ORANGEBURG,* RICHLAND,* SUMTER* AND
WILLIAMSBURG COUNTIES

MADISON APARTMENTS (RICHLAND COUNTY)



KINGS SQUARE APARTMENTS (WILLIAMSBURG COUNTY)

TOTAL ECONOMIC OUTPUT
\$92,476,280
TOTAL INVESTMENT
\$58,031,784
TOTAL SINGLE-FAMILY UNITS
848
TOTAL MULTIFAMILY UNITS
162
TOTAL HOUSING ASSISTANCE UNITS
4,875
TOTAL JOBS CREATED
740
TOTAL TAX REVENUE GENERATED
\$4,709,400

**Denotes partial county*

Congressional District 7

CHESTERFIELD, DARLINGTON, DILLON, FLORENCE,* GEORGETOWN, HORRY, MARION AND MARLBORO COUNTIES

HARTSVILLE GARDEN APARTMENTS (DARLINGTON COUNTY)



GEORGETOWN LANDING (GEORGETOWN COUNTY)

TOTAL ECONOMIC OUTPUT
\$55,319,324
TOTAL INVESTMENT
\$32,717,652
TOTAL SINGLE-FAMILY UNITS
590
TOTAL MULTIFAMILY UNITS
91
TOTAL HOUSING ASSISTANCE UNITS
2,005
TOTAL JOBS CREATED
449
TOTAL TAX REVENUE GENERATED
\$2,448,657

**Denotes partial county*

Business Results by Program Area

INTRODUCTION

Below are some insights into the business activities of each SC Housing program area for Fiscal Year 2013. The graphs track multi-year periods of activity to provide better context and more insight into the annual results of our programs.

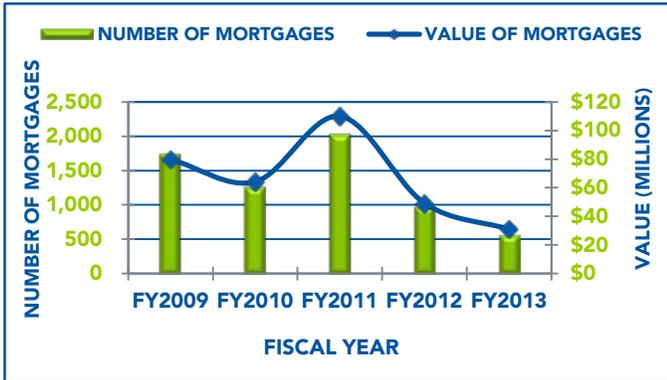


FIGURE 1 - HOMEOWNERSHIP PRODUCTIVITY



FIGURE 2 - HOMEOWNERSHIP LOANS SERVICED

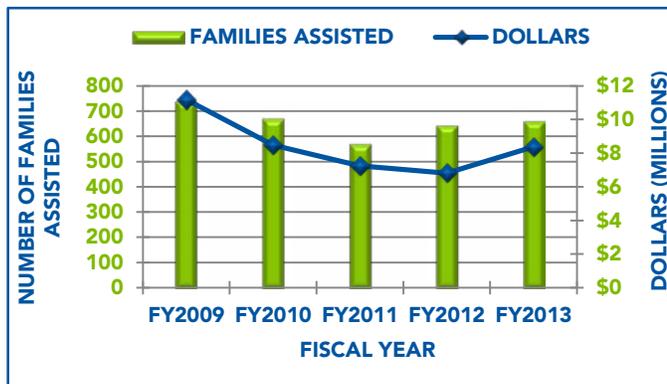


FIGURE 3 - HOUSING TRUST FUND AWARDS

MORTGAGE BOND PROGRAM (HOMEOWNERSHIP)

During Fiscal Year 2013, SC Housing purchased 572 mortgages (294 first mortgages and 278 second mortgages) totaling nearly \$31 million. While housing markets nationally experienced continued stagnation in purchases, our program only began to follow the trend in 2012, after a marked resurgence in Fiscal Year 2011. Declines have continued in Fiscal Year 2013. Figure 1 illustrates this activity.

SC Housing currently services a portfolio of 12,966 first and second mortgages that are serviced in-house. Figure 2 illustrates this. In Fiscal Year 2013, the average loan amount was \$ 106,675 and the average household income of borrowers was \$ 44,083.

SOUTH CAROLINA HOUSING TRUST FUND (HTF)

South Carolina Housing Trust Fund awards were made throughout the state with a total of 497 awards for more than \$8.3 million in Fiscal Year 2013. While fewer awards were made in Fiscal year 2013 (539-in Fiscal Year 2012) the amount of awards represents an increase of almost 23% in the dollar value of awards made. This increase may be attributable to an improvement in statewide real estate sales, and therefore an enhancement in the deed transfer fees upon which the program relies. 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.

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

Figure 4 illustrates the award activity for the HOME Program for Fiscal Year 2013. During this period HOME made 14 awards, producing 115 units for a total of \$5,599,008. Six awards went to rental housing, seven to tax credit properties and one to tax exempt bonds. These awards are 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.

MULTIFAMILY TAX EXEMPT BOND PROGRAM

No transactions occurred in Fiscal Year 2012. There was one transaction closed in Fiscal Year 2013.

LOW INCOME HOUSING TAX CREDIT PROGRAM (LIHTC)

During Fiscal Year 2011, investor demand for tax credits returned to more historically normal levels. In Fiscal year 2012 the LIHTC program allocated \$10 million to 14 housing developments which will produce 768 units. For Fiscal Year 2013 the LIHTC program allocated \$10.3 million to 13 housing developments which will produce 721 units. Figure 5 shows this progression.

CONTRACT ADMINISTRATION AND HOUSING CHOICE VOUCHER PROGRAM

Approximately 20,000 families received housing assistance through SC Housing's management 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 2013, this subsidy amounted to more than \$125 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 \$117,120,800 in subsidy payments. The Housing Choice Voucher Program assisted an average of 2028 families, totaling \$11,252,111. Figure 6 represents this graphically.

NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

In 2008 SC 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 Housing through the third round of funding (NSP3), of which 100 percent has been committed.

SOUTH CAROLINA HOMEOWNERSHIP AND EMPLOYMENT LENDING PROGRAM (SC HELP)

In Fiscal Year 2013, SC HELP committed more than \$40.5 million to assist more than 2,627 additional South Carolina homeowners. Refinements to this program are ongoing, as are increased outreach efforts to reach more homeowners. Figure 7 illustrates this effort.

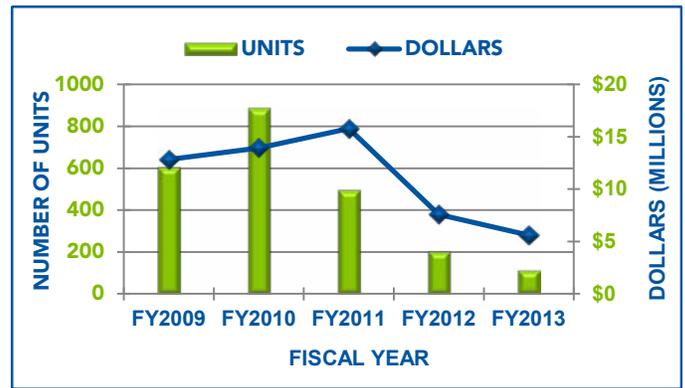


FIGURE 4 - HOME AWARDS

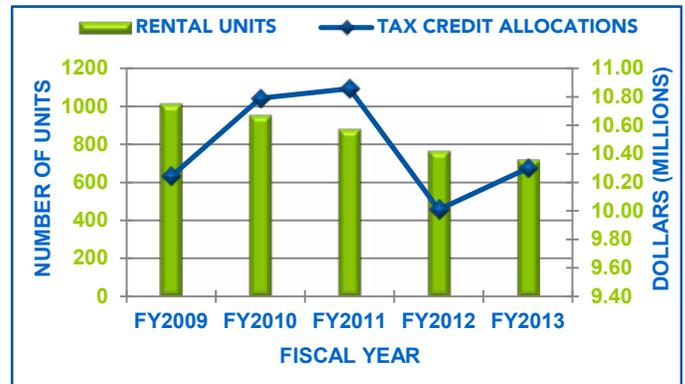


FIGURE 5 - HOUSING TAX CREDIT ALLOCATIONS



FIGURE 6 - PROJECT-BASED CONTRACT ADMINISTRATION/ HOUSING CHOICE VOUCHER ASSISTANCE

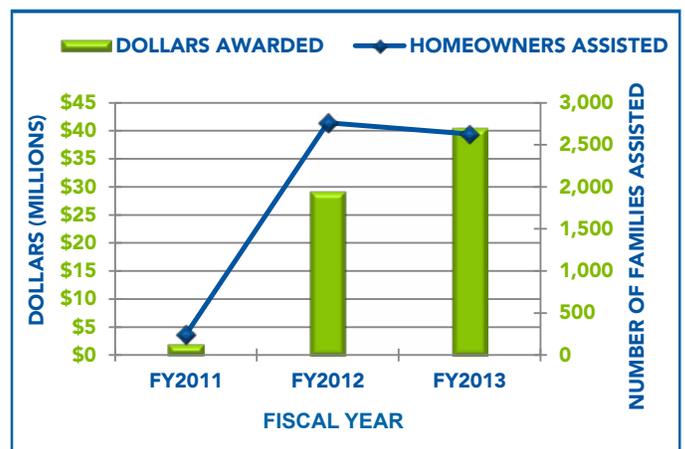
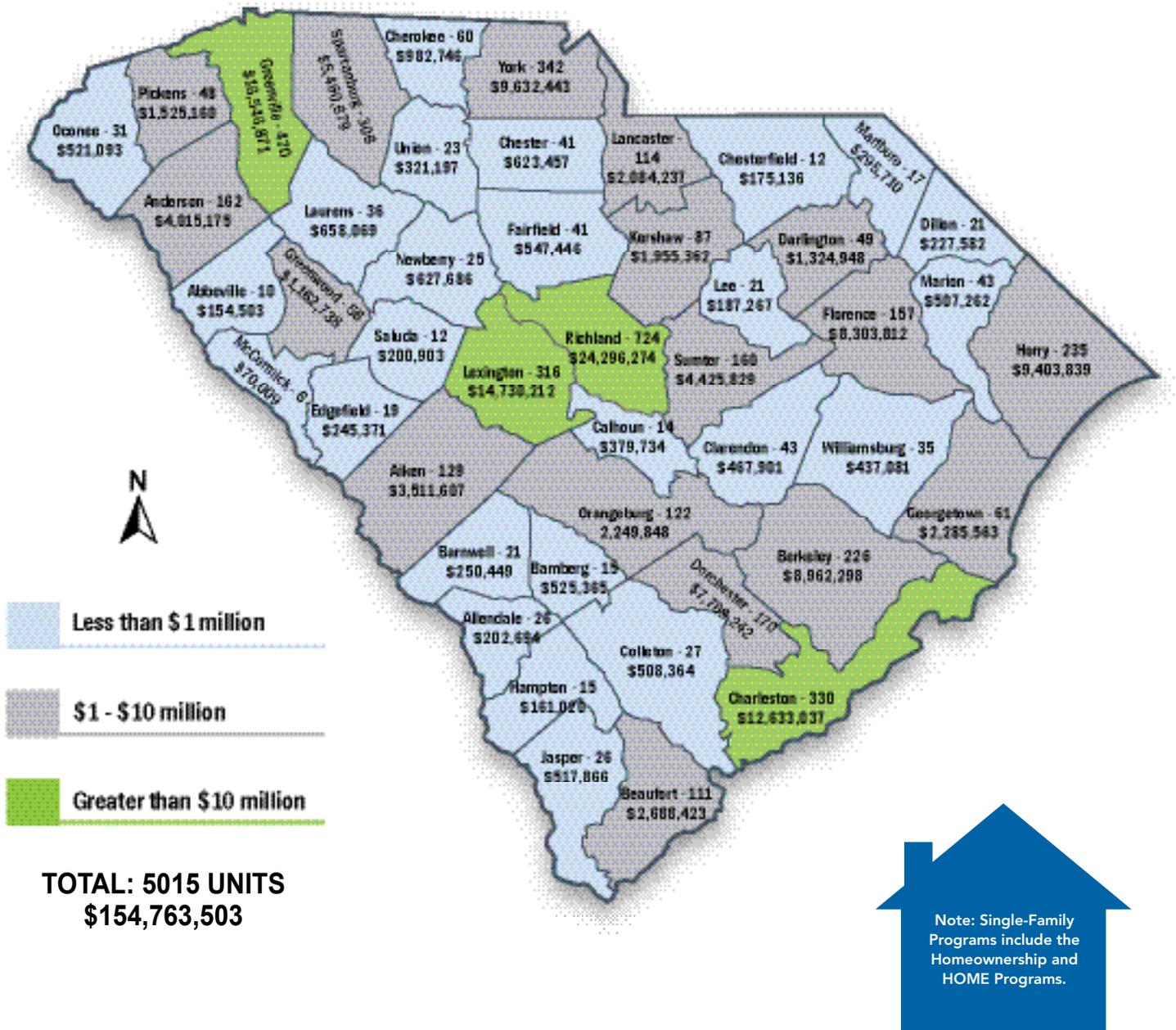


FIGURE 7 - SOUTH CAROLINA HOMEOWNERSHIP AND EMPLOYMENT LENDING PROGRAM

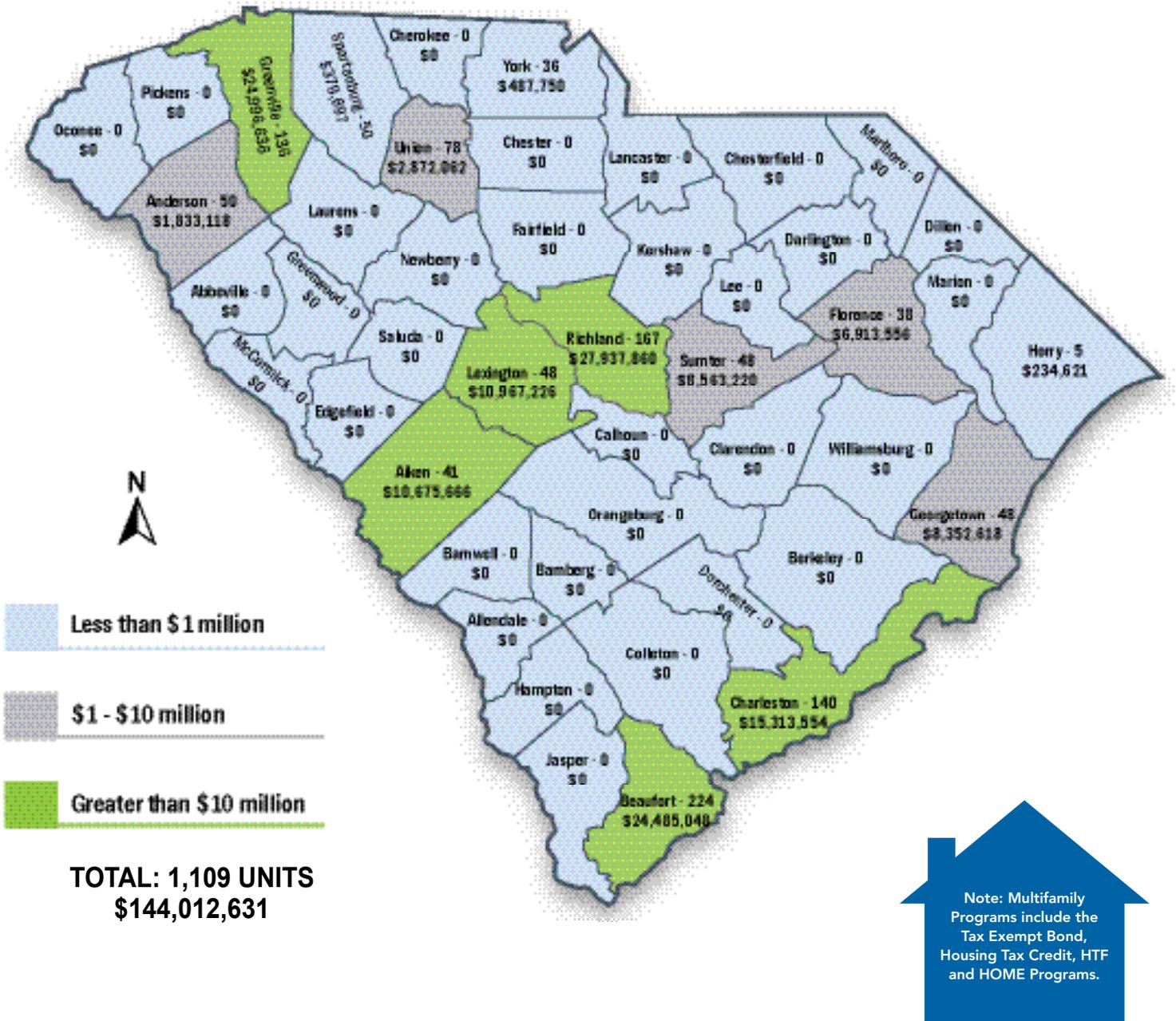
ECONOMIC IMPACT OF SINGLE-FAMILY PROGRAMS BY COUNTY

This map is shaded by county to illustrate the number of currently active single-family units that have received an allocation of resources through SC Housing and the impact of those developments on the community.



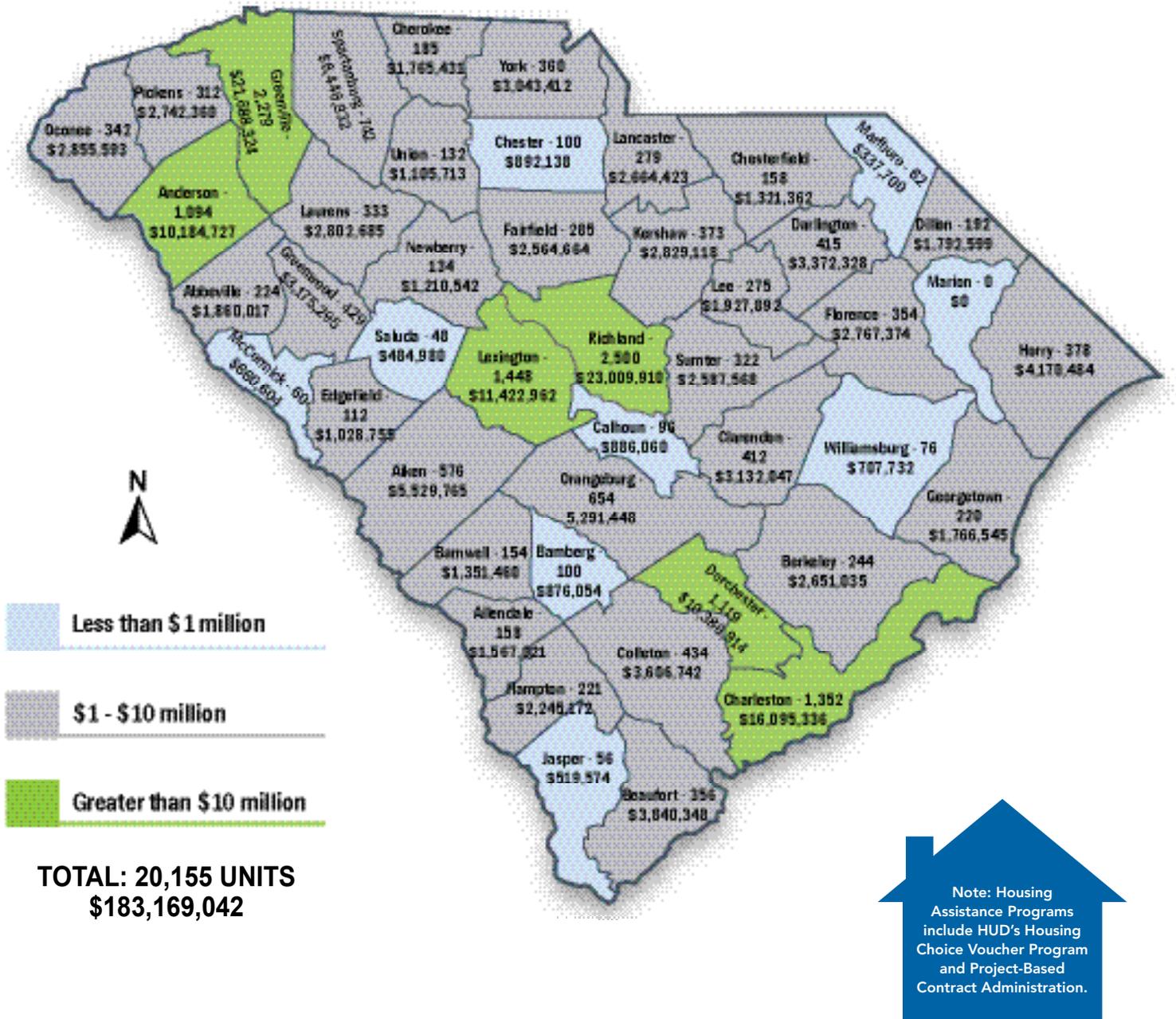
ECONOMIC IMPACT OF MULTIFAMILY PROGRAMS BY COUNTY

This map is shaded by county to illustrate the number of currently active multifamily units that have received an allocation of resources through SC Housing and the impact of those developments on the community.



TOTAL IMPACT OF HOUSING ASSISTANCE BY COUNTY

This map is shaded by county to illustrate the number of single-family and multifamily units that have received an allocation of resources through SC Housing and the total impact of those developments on the community.



Legislative and Regulatory Priorities

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:

- To authorize commitment of certain assets and hold governmental or private entities safe and harmless in order to facilitate a stronger and more sustainable range of single family mortgages for South Carolinians.
- To protect, strengthen and expand the production potential of the tax-exempt Housing Bond program (including its Mortgage Credit Certificate option) and the Low Income Housing Tax Credit.
- Section 8 funding adequate to renew all authorized vouchers; provide for new ones; compensate Public Housing Authorities (PHA) fairly for their administrative costs; and honor and, if expiring, extend existing project-based assistance commitments.
- To authorize and/or help facilitate, as necessary, additional means for Housing Finance Agencies (HFA) to access the capital markets, including alternative pass-through bond structures and tax-exempt mortgage-backed securities.
- 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 respond 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.
- NCSHA will continue to aggressively represent the interests of HFAs in HUD's Project-Based Contract Administration program and ensure that HUD recognizes HFAs' proven capacity and track record to serve as Performance-Based Contract Administrators.
- 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.
- 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.
- To preserve and expand HFAs' authority to provide secondary financing and other forms of down payment and closing cost assistance in transactions involving FHA single-family mortgage insurance and to secure authority for Ginnie Mae to securitize multifamily FHA-HFA risk-sharing loans.

Our goal, like that of the National Council of State Housing Agencies (NCSHA), is an affordably housed state and nation.

HOUSING BOND AND CREDIT PRIORITIES

- Support for the U.S. Department of the Treasury's (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 fixed 9 percent credit included in the Housing and Economic Recovery Act of 2008 (HERA) for future development.
- Fix and make permanent the 4 percent credit, in addition to the 9 percent credit.
- Establish a state-determined basis boost for 4 percent credits.
- 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.
- Extend the HERA 9 percent Credit rural income limit flexibility to 4 percent Credit deals.
- Eliminate the Mortgage Revenue Bond (MRB) purchase price limits. Meanwhile, work with Treasury to improve its proposed safe harbor purchase price methodology.
- Repeal the MRB refinancing limitation.
- Increase the 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.
- Exempt all refunding Housing Bonds from the Alternative Minimum Tax (AMT).
- Improve the application of HUD's income limit methodology to Housing Credit developments and other affordable housing programs.
- Strengthen the Mortgage Credit Certificate (MCC) program by making it more efficient and easier to administer.



Housing Market Overview

YEAR IN REVIEW

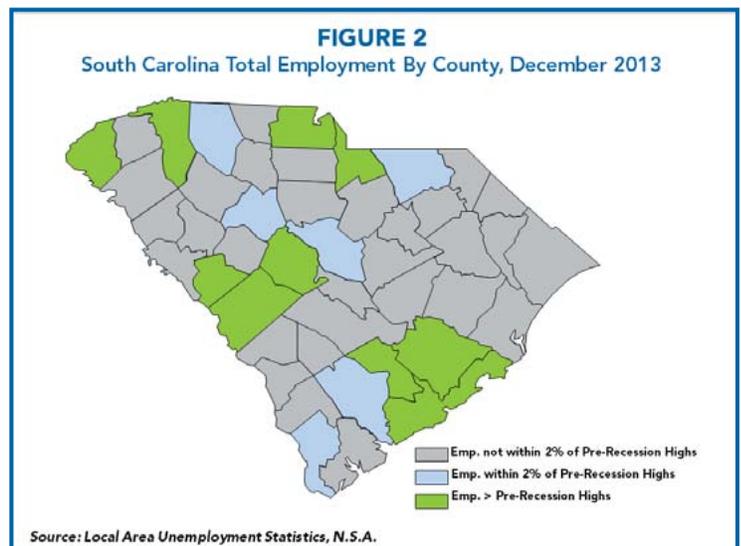
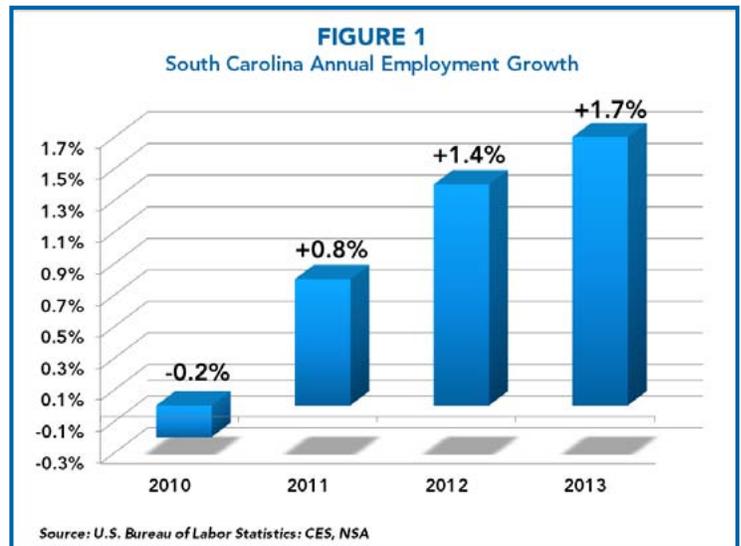
South Carolina's economy has officially begun the transition from recovery to expansion. Though the state has experienced improving rates of growth since 2010, it is only within the last year that South Carolina has begun to achieve levels of economic activity that are now higher than they were before the Great Recession. This is a major economic milestone, and without any major threats to the economy currently on the horizon, it is a milestone that provides a solid foundation from which further growth will likely emerge.

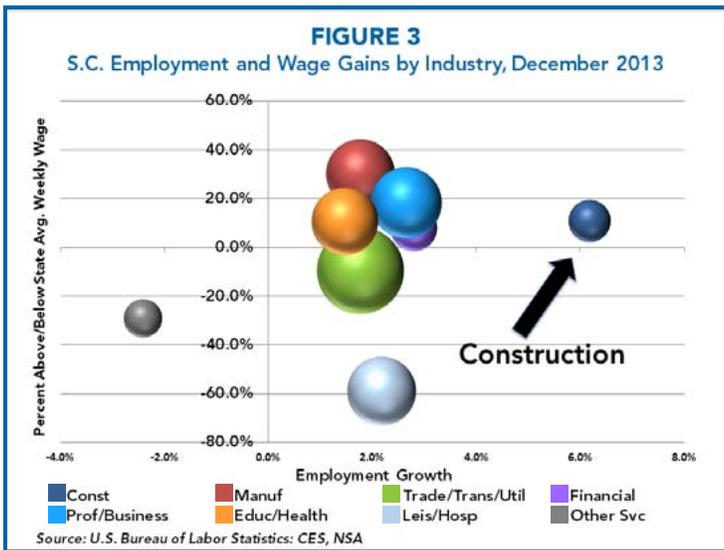
The single best gauge for statewide economic activity is employment growth. Though 2013 started off relatively slowly due to the payroll tax increase and federal sequester, South Carolina's economy picked up steam in the second half of the year. Employment growth increased from 1.5% (between January 2013 and June 2013) to 1.9% (between July 2013 and December 2013). From a long-run perspective, South Carolina has seen its annual rate of employment growth increase in each of the last three years, highlighting the steady improvements of South Carolina following the Great Recession. Figure 1 displays these steady increases.

In addition, several regions of the state have now achieved total employment levels not seen since before the Great Recession. Figure 2 highlights (in dark green) the ten counties in South Carolina that have employment totals that are higher today than they were in 2007 – as well as the six counties (in light green) that are expected to achieve this level of total employment during 2014. Among the three major metropolitan regions, Charleston's current employment level is approximately 5.1 percent higher than it was in 2007, Greenville's is 0.2 percent higher, and Columbia's is -0.09 percent lower. This is consistent with the fact that of the major markets in South Carolina, Charleston has been steadily growing at the fastest rate.

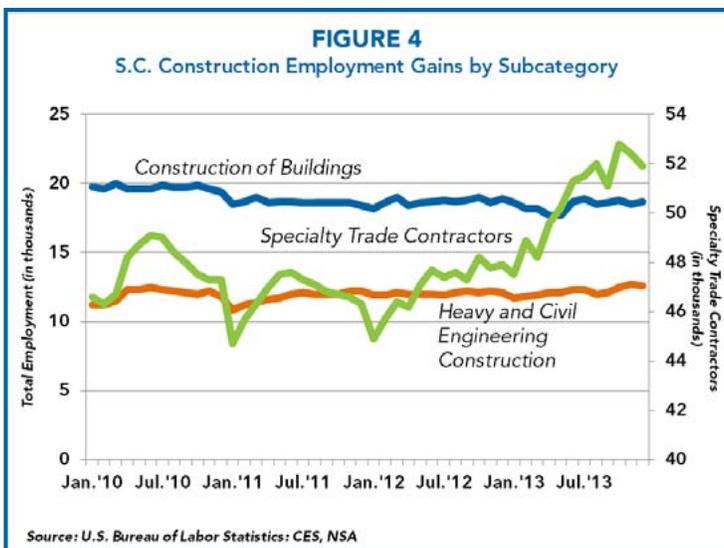
Perhaps the most encouraging news regarding these improving employment numbers is the fact that the construction industry has been the major contributor over the last year. Figure 3 highlights the major industries in South Carolina and how wages and employment levels have grown in each over the past twelve months. The size of each bubble represents the overall industry's size. Industries that are further to the right are experiencing relatively higher employment growth, while industries that are higher up pay relatively higher wages. Notice that while the construction industry is not the largest in terms of sheer size, it has been the overwhelming leader in employment growth over the last twelve months at 6.1 percent. This is more than twice the rate of any other major industry in South Carolina. Further, the construction industry is contributing to wage growth in South Carolina, as the average construction job in South Carolina pays approximately nine percent above the state average.

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February 2014

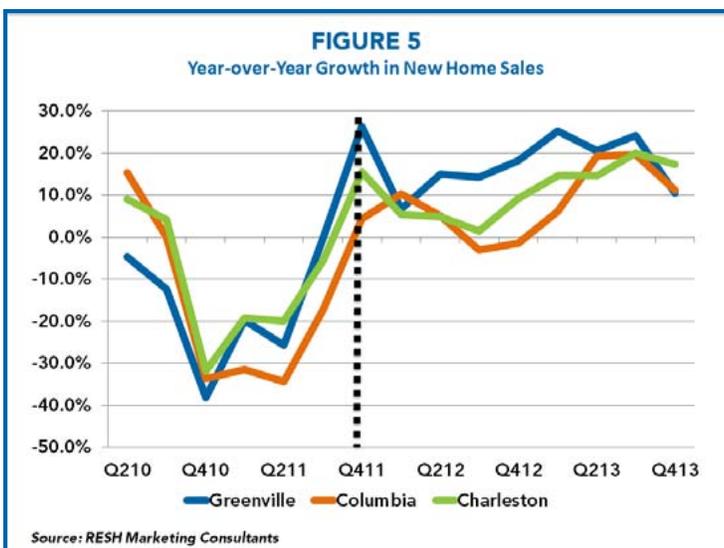




So what areas of construction are contributing most to this high growth? The construction industry can be divided into three general categories: (1) Construction of Buildings; (2) Heavy and Civil Engineering Construction; and (3) Specialty Trade Contractors. As Figure 4 shows, the growth in construction over the past twelve months has come primarily from Specialty Trade Contractors. Specialty Trade Contractors (i.e., subcontractors) consist of establishments involved in all types of building construction, but are not responsible for the entire project. By contrast, builder establishments and employees are typically categorized under Construction of Buildings. Thus, while the number of subcontractors is expanding, the number of builders is not.



This implies at least two things about today's housing market. First, there is still a large amount of underutilized resources in the housing market – in other words, existing builders are not operating at full capacity. Thus, it is possible for the recent increase in housing demand to be entirely fulfilled without the need for a significant number of new builders in South Carolina. Second, it is likely that a large portion of the increase in construction employment is due to an increase in remodeling demand. In addition to this being positive news for the housing industry, it is a positive sign that consumer demand is on the rise in general, which implies greater economic stability.



South Carolina new home sales continue their upward climb. Figure 5 illustrates the year-over-year growth rate of housing sales from Q210 to Q413. Notice the two distinct patterns in the data, which is delineated by the dotted line. The period from Q210 to Q411 saw a major swing in housing activity because of the new homebuyer tax credit. In the immediate aftermath of the expiration of the tax credit in Q210, housing sales dropped, thus making year-over-year comparisons negative. As sales activity began to pick up again in the early part of 2011, the growth rate was initially very high, but eventually settled into a steady pace, which can be observed beginning in Q212. On the whole, new home sales have increased by 7.4 percent between Q412 and Q413 across all three metropolitan areas shown.

Continued house price appreciation is another positive sign for housing markets in South Carolina, though the Columbia market is still struggling behind Greenville and Charleston. Figure 6 visually places the Greenville, Columbia, and Charleston FHFA house price indices over the index for South Carolina. It is clear that the Charleston and Greenville markets are setting the positive state trends, while Columbia is still hovering close to zero. Because the highest levels of economic growth in the state are occurring in Greenville and Charleston, the highest levels of housing demand – and therefore price appreciation – are also occurring in those regions.

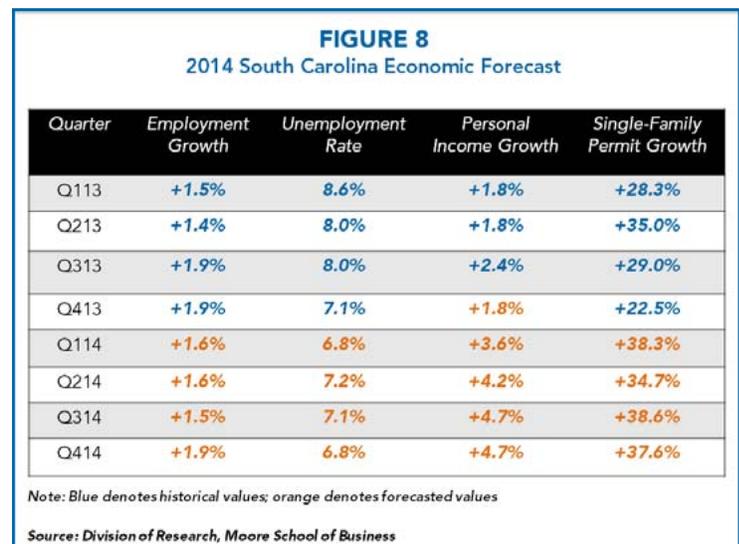
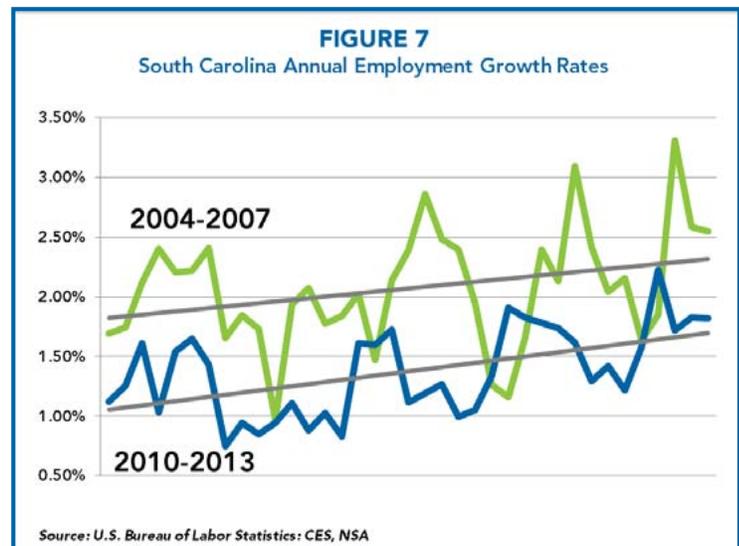
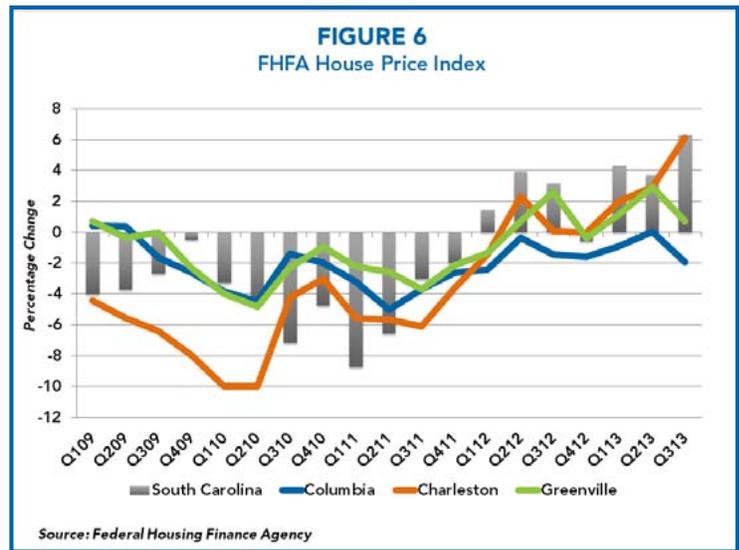
OUTLOOK FOR 2014

Looking ahead to 2014, we are getting mixed signals that make it difficult to determine whether the economy is truly heating up, despite the improving performance of economic activity in the second half of 2013. There is good news and there is bad news. The bad news is that the employment to population ratio, which dropped from approximately 63 percent in 2007 to 58 percent in 2009, is not recovering at all. During normal recovery periods, this ratio improves, indicating that a greater share of the population is able to find work. Most importantly, we know that the current lack of improvement in this statistic is not the result of the retirement of the baby boomers, as a similar trend is also evident when one restricts the employment to population ratio to just 25-54 year olds. A similar trend exists for the average number of weeks that Americans are unemployed. This number increased from 16 weeks in 2007 to 41 weeks in 2009, but has only dropped to 36 weeks by Q413.

Yet there is also good news in the labor market. First, the number of currently available, but unfilled U.S. jobs (known as the vacancy rate) has been steadily increasing since 2009 is now very close to achieving pre-recession levels. During recessions, when demand is low, businesses typically post few new jobs. And in fact, the vacancy rate dropped from 3.2 percent in 2007 to 1.6 percent in 2009. Conversely, as the economy recovers, the vacancy rate rises. Since 2010, the vacancy rate has been steadily rising, now at 2.8 percent. Thus, according to this measure of the labor market, the economy is almost back to normal.

Another measure indicating that the economy is improving is the rate of wage growth. The last twelve months have seen an increase in the average hourly earnings of U.S. employees of 2.2 percent, which is up from 1.3 percent in the previous twelve months. An increase in the rate of wage growth is typically a sign of increasing demand for workers and a relatively healthy labor market.

So how do we sum up what to expect for 2014 in South Carolina? The answer lies in Figure 7. Here we see the annual rate of employment growth graphed for two periods: 2004-2007 and 2010-2013. Notice that when trend lines are plotted across both periods, the trend line for 2010-2013 is steeper! This means that South Carolina's rate of employment growth over the last three years – the best measure for overall economic activity – is increasing faster than it was during the housing boom. So even though the state fell a long way and is starting from a much lower level, South Carolina's economy is nevertheless consistently improving and moving in the right direction. As Figure 8 illustrates, 2014 should bring with it more slow and steady improvement across most major state-level economic indicators.



Overview and Methodology

The figures contained in this report detail the economic impact of SC Housing on the state of South Carolina for Fiscal Year 2013 (July 1, 2012 – June 30, 2013). 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 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,

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 Housing were to spend \$1 million on low-income housing rehabilitation that it received from HUD, 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 previous example cited, if SC 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 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 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.,

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 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 \$92,757,832. This represents the total output for all of South Carolina generated as a result of SC Housing programs implemented in Congressional District 1 over the last fiscal year. It does not represent output generated exclusively in Congressional District 1.

The economic output of an organization's activity is the dollar value representing the final demand for goods and services produced for that activity.



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