

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

Affordable Housing Statewide Impact FISCAL YEAR 2011 Report

Economic impact estimates provided by





A MESSAGE FROM
the
**Executive
Director**

Dear Colleagues,

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

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

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

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

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

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

Sincerely,

Valarie M. Williams



BOARD OF
COMMISSIONERS

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

T. Scott Smith, Chairman
Mt. Pleasant

Clente Flemming
Vice Chairman
Columbia

Eddie C. Bines
Charleston

Carlisle Roberts, Jr.
Columbia, Ex Officio

Robert Mickle
Columbia, Ex Officio

John S. Hill
Columbia

Felicia D. Morant
Columbia

Mary L. Thomas
Spartanburg

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**.
www.schousing.com

Follow us on Twitter:
@SCStateHousing

Find us on Facebook:
/SCStateHousing

Join our group on LinkedIn:
SC State Housing

Overview

SERVING SOUTH CAROLINIANS
FOR OVER 40 YEARS

SC STATE HOUSING

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

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

VISION

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

MISSION

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

GOALS

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

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



SC STATE HOUSING Program Descriptions

SC STATE HOUSING

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

MORTGAGE BOND PROGRAM (HOMEOWNERSHIP)

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

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

SOUTH CAROLINA HOUSING TRUST FUND

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

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

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

MULTIFAMILY TAX EXEMPT BOND PROGRAM

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

LOW INCOME HOUSING TAX CREDIT PROGRAM

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

CONTRACT ADMINISTRATION

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

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

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

THE NEIGHBORHOOD STABILIZATION PROGRAM

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

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

SOUTH CAROLINA HOMEOWNERSHIP AND EMPLOYMENT LENDING PROGRAM (SC HELP)

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

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

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

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

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

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

Deer Park - Lexington



TOTAL ECONOMIC INVESTMENT Program Areas

PROGRAM AREAS

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

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

HOUSING ASSISTANCE

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

TOTAL ECONOMIC INVESTMENT

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

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

SINGLE-FAMILY PROGRAMS

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

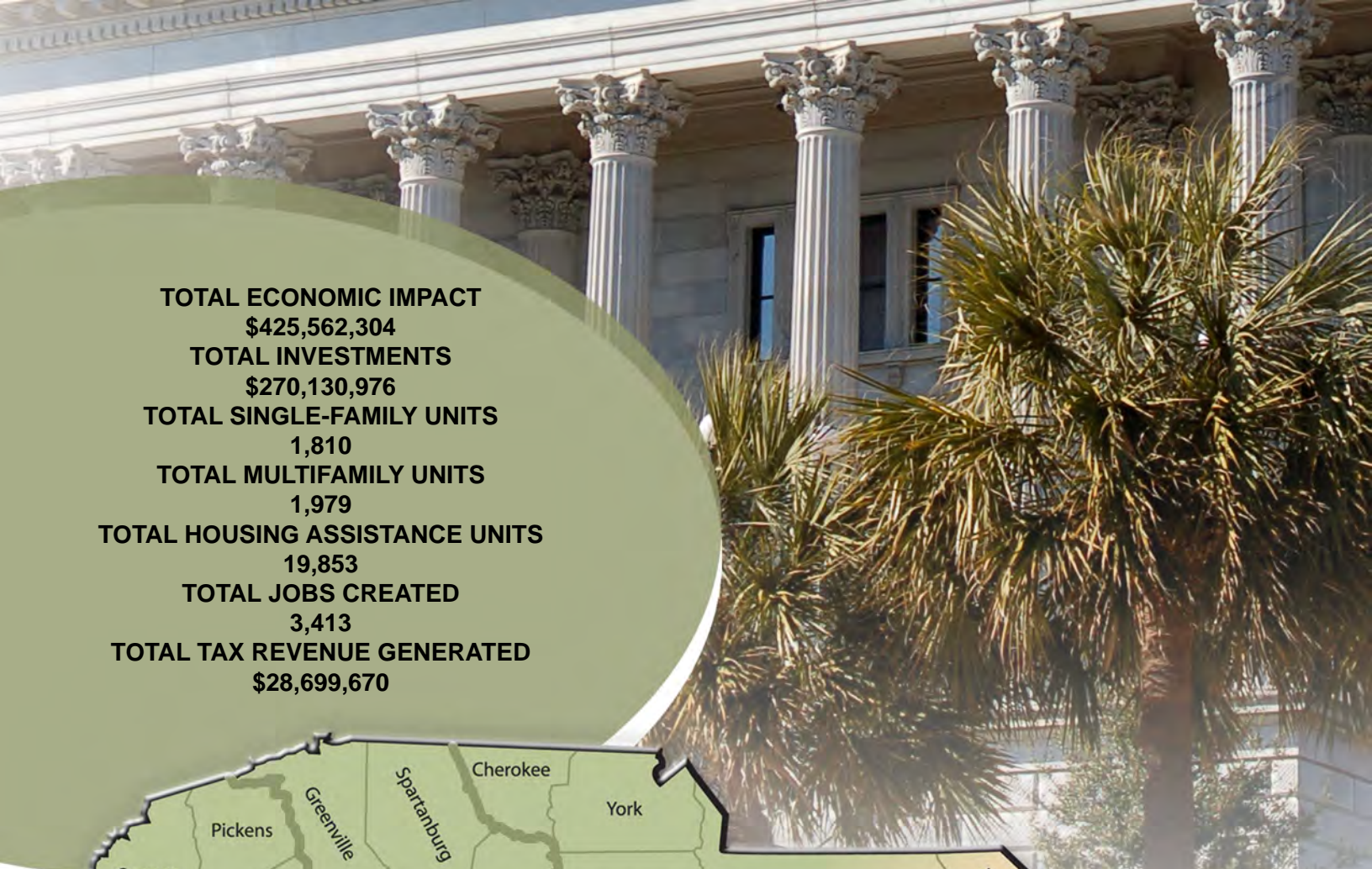
MULTIFAMILY PROGRAMS

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

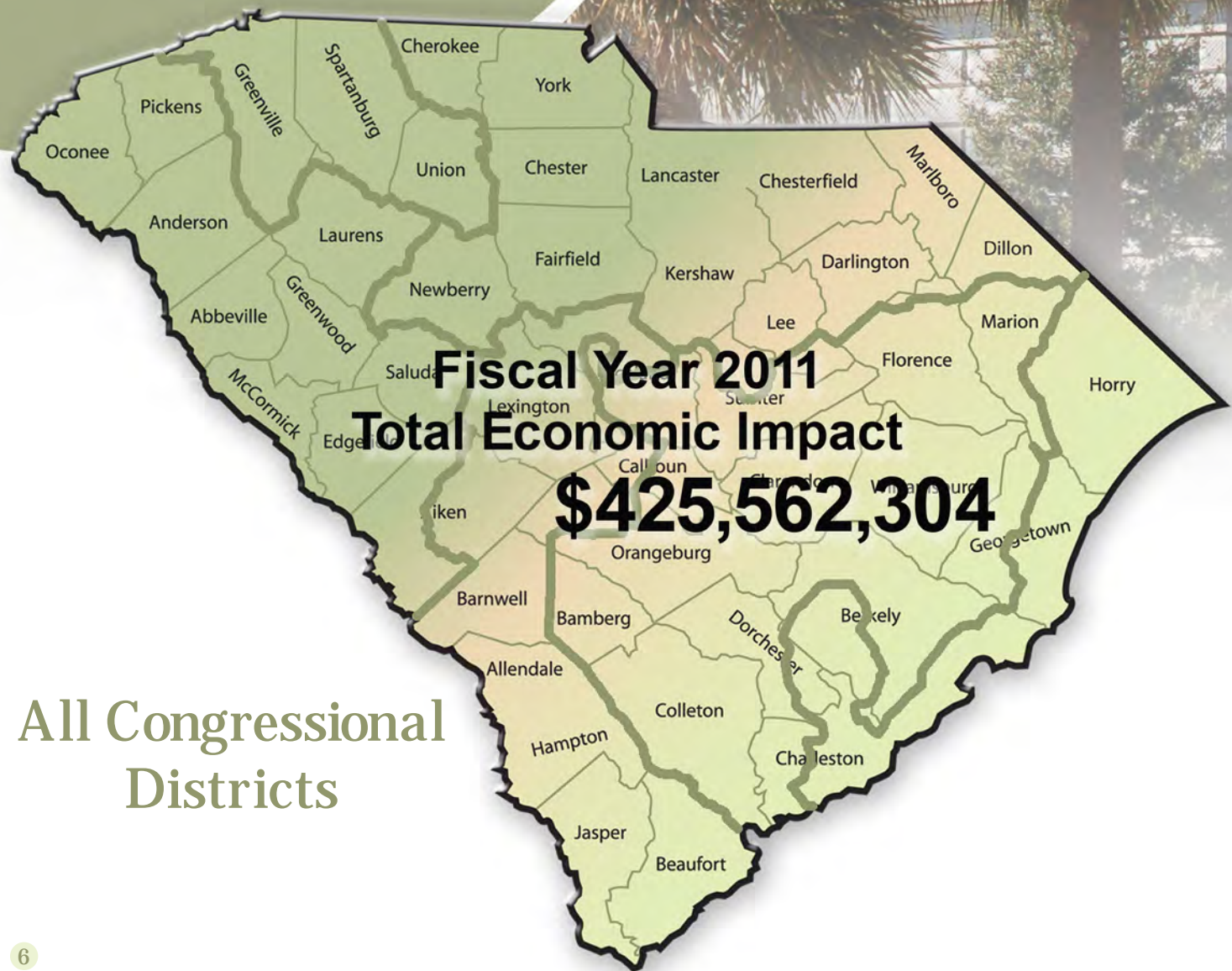


FISCAL YEAR 2011

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



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

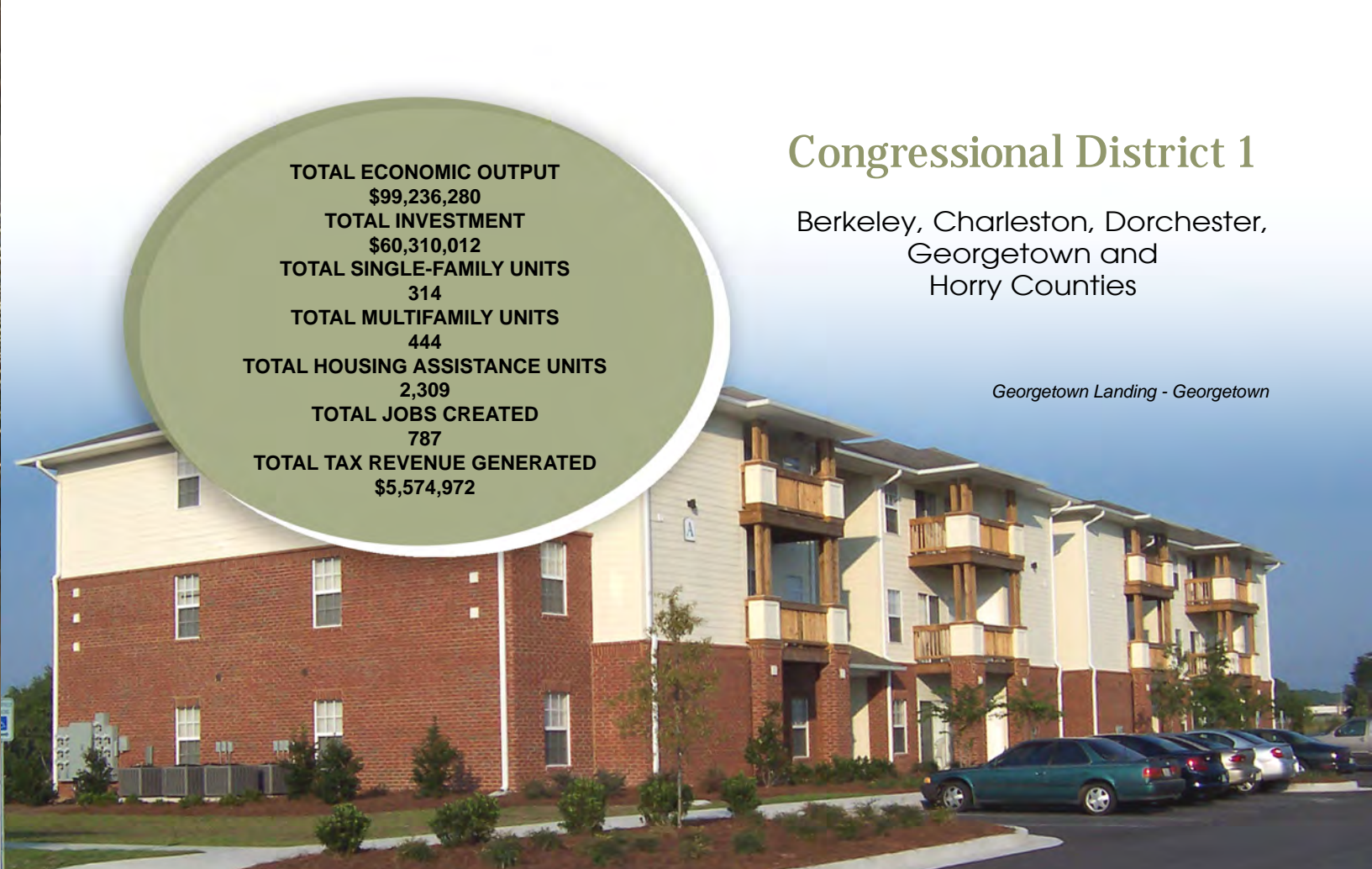


All Congressional Districts

Congressional District 1

Berkeley, Charleston, Dorchester, Georgetown and Horry Counties

Georgetown Landing - Georgetown

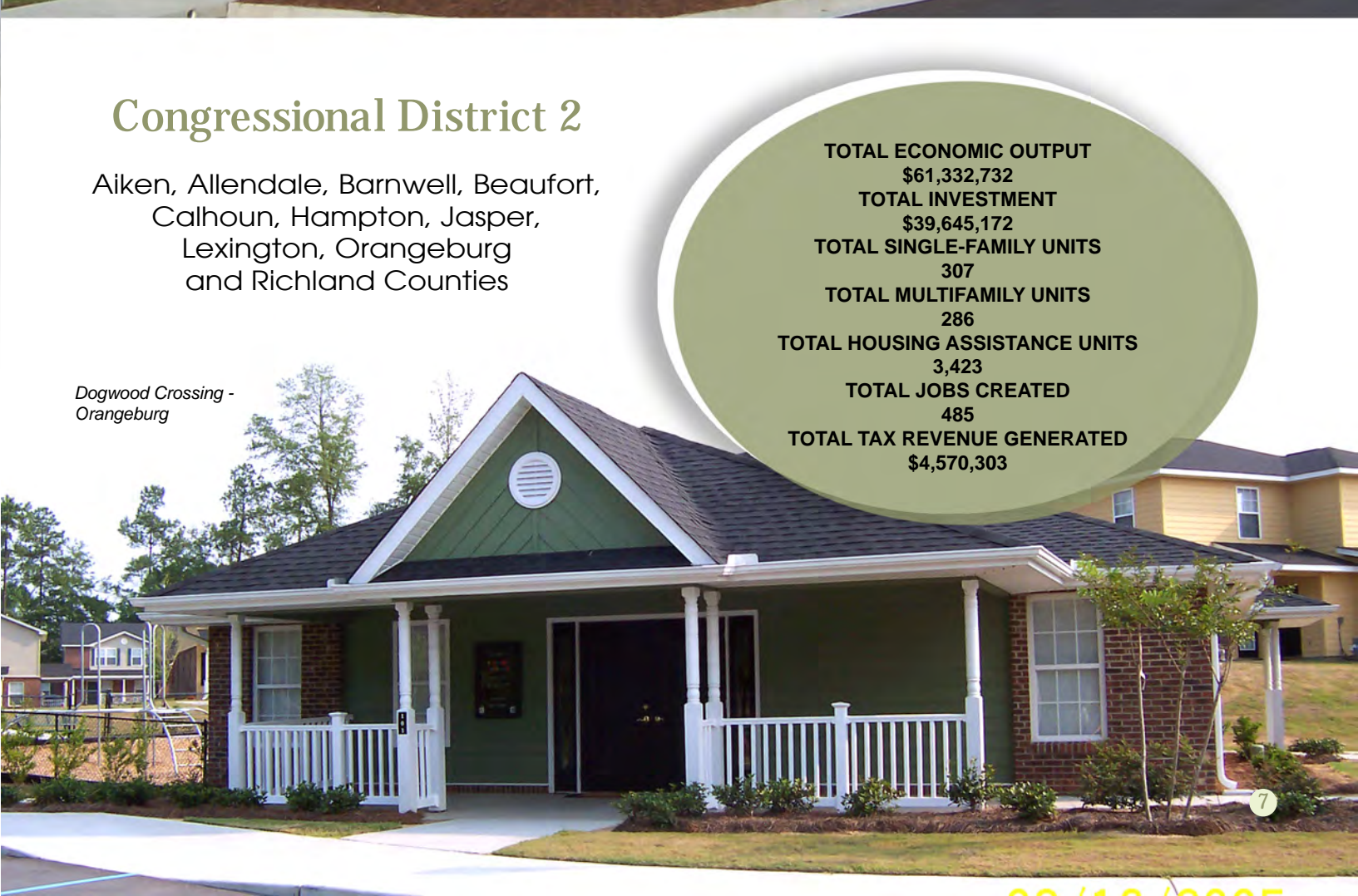


TOTAL ECONOMIC OUTPUT
\$99,236,280
TOTAL INVESTMENT
\$60,310,012
TOTAL SINGLE-FAMILY UNITS
314
TOTAL MULTIFAMILY UNITS
444
TOTAL HOUSING ASSISTANCE UNITS
2,309
TOTAL JOBS CREATED
787
TOTAL TAX REVENUE GENERATED
\$5,574,972

Congressional District 2

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

Dogwood Crossing - Orangeburg



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

Congressional District 3

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

Kennedy Place - Anderson

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

Congressional District 5

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

Oak Terrace - Chesterfield

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

Congressional District 4

Greenville, Laurens, Spartanburg
and Union Counties

Union Mill Crossing - Union

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

UNION MILL CROSSING
Apartment Homes

EXCEL PROPERTY MANAGEMENT
(919) 878-0522

Congressional District 6

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

Celia Saxon - Richland

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

Business Results by Program Area

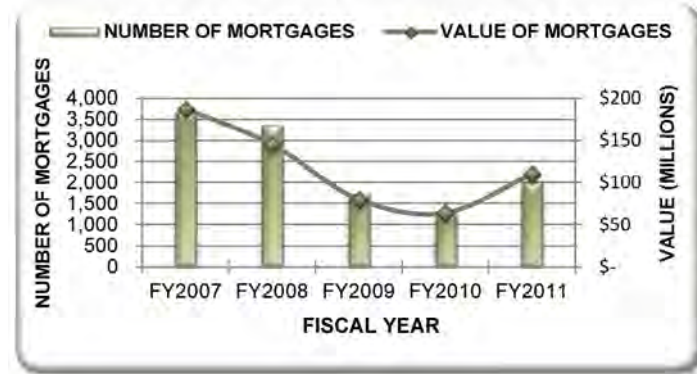
INTRODUCTION

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

MORTGAGE BOND PROGRAM (HOMEOWNERSHIP)

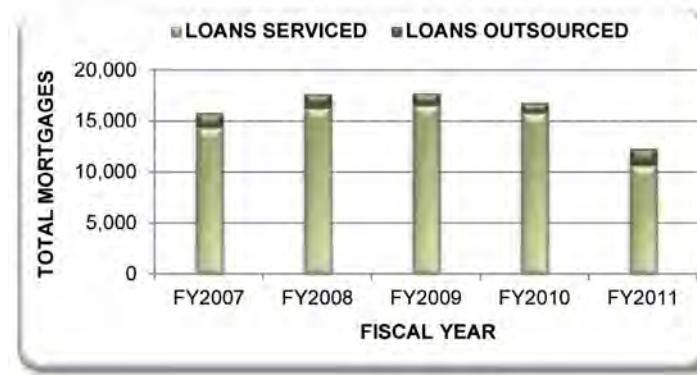
During Fiscal Year 2011, SC State Housing purchased 2,033 mortgages (1,042 first mortgages and 991 second mortgages) totaling a little more than \$110 million. While housing markets nationally experienced declines in purchases, our program experienced a marked resurgence in Fiscal Year 2011, showing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

FIGURE 1



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

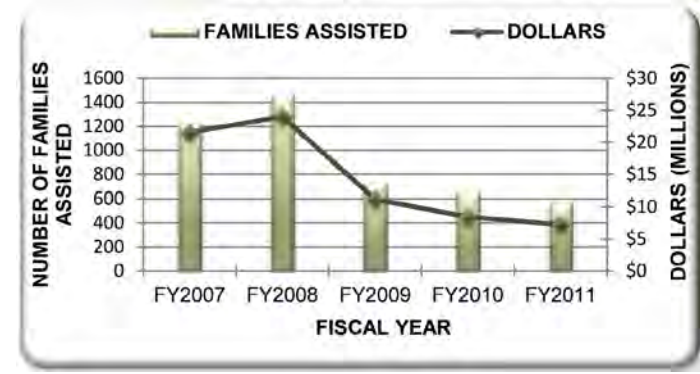
FIGURE 2



SOUTH CAROLINA HOUSING TRUST FUND (HTF)

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

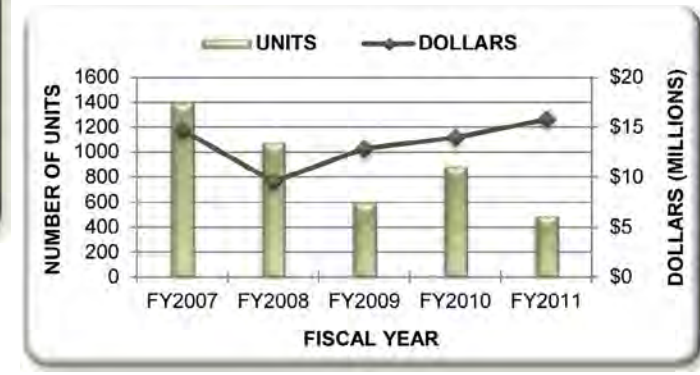
FIGURE 3



HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

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

FIGURE 4



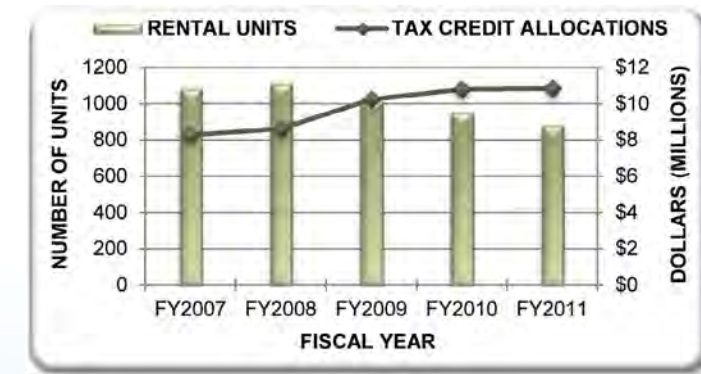
MULTIFAMILY TAX EXEMPT BOND PROGRAM

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

LOW INCOME HOUSING TAX CREDIT PROGRAM (LIHTC)

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

FIGURE 5

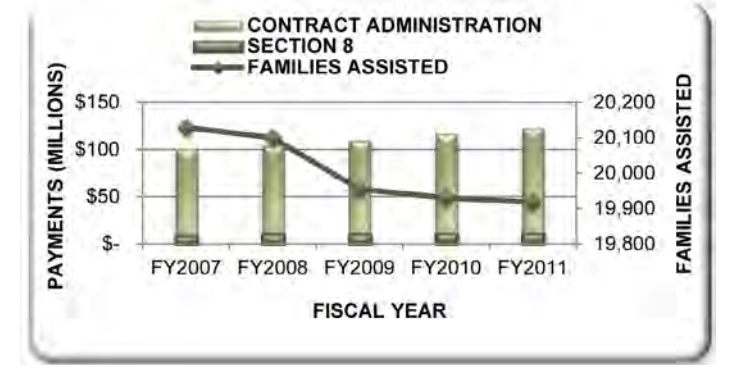


CONTRACT ADMINISTRATION AND HOUSING CHOICE VOUCHER PROGRAM

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

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

FIGURE 6



NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

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

SOUTH CAROLINA HOMEOWNERSHIP AND EMPLOYMENT LENDING PROGRAM (SC HELP)

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

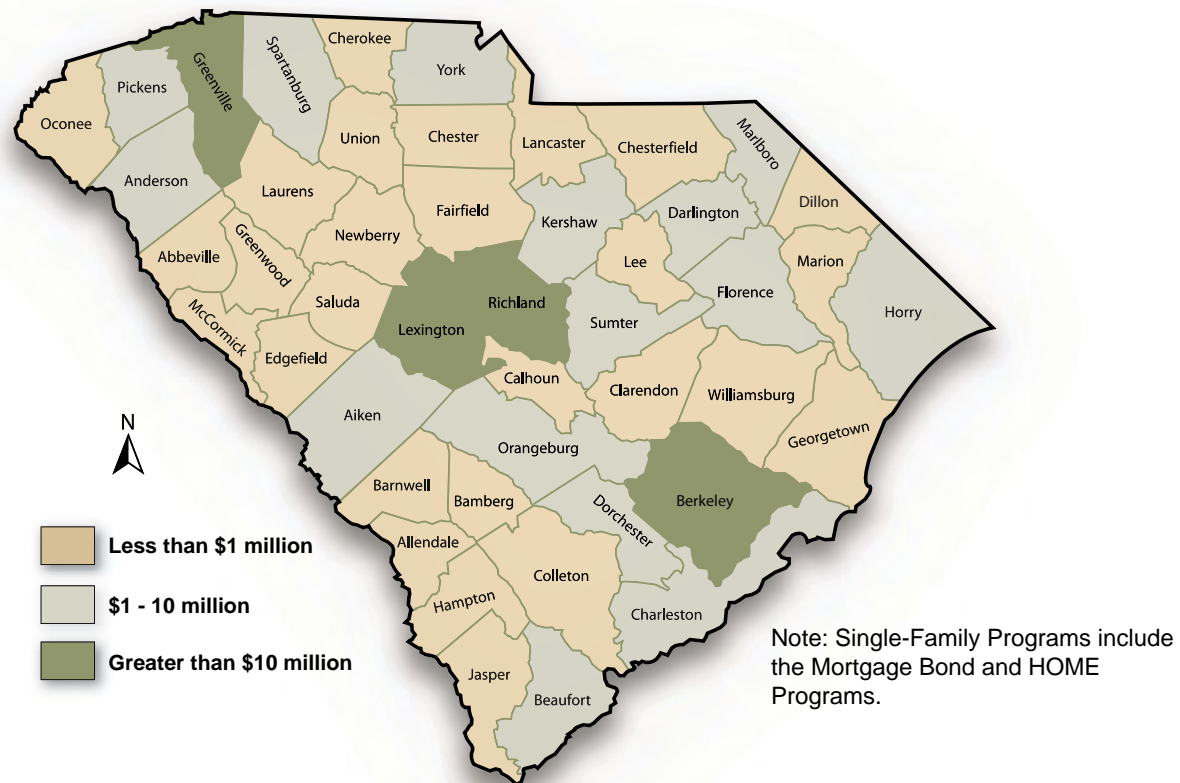


Bailey Gardens - Lake City

Economic Impact of Single-Family Programs by County

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

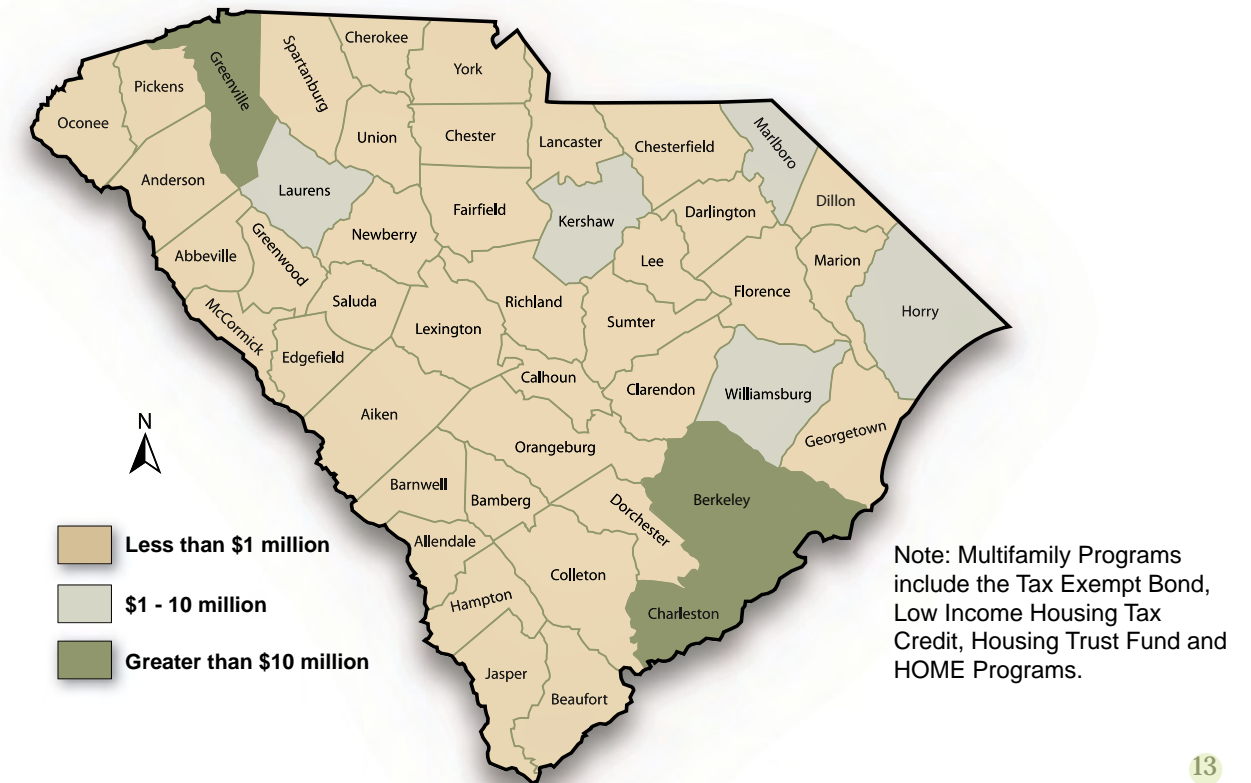
County	Units	Total Economic Output
Greenwood	7	\$935,621
Hampton	0	\$0
Horry	92	\$7,064,229
Jasper	15	\$135,048
Kershaw	32	\$3,194,429
Lancaster	33	\$738,788
Laurens	0	\$0
Lee	13	\$227,528
Lexington	88	\$12,811,490
Marion	4	\$278,252
Marlboro	35	\$2,104,541
McCormick	0	\$0
Newberry	82	\$453,947
Oconee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



Economic Impact of Multifamily Programs by County

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

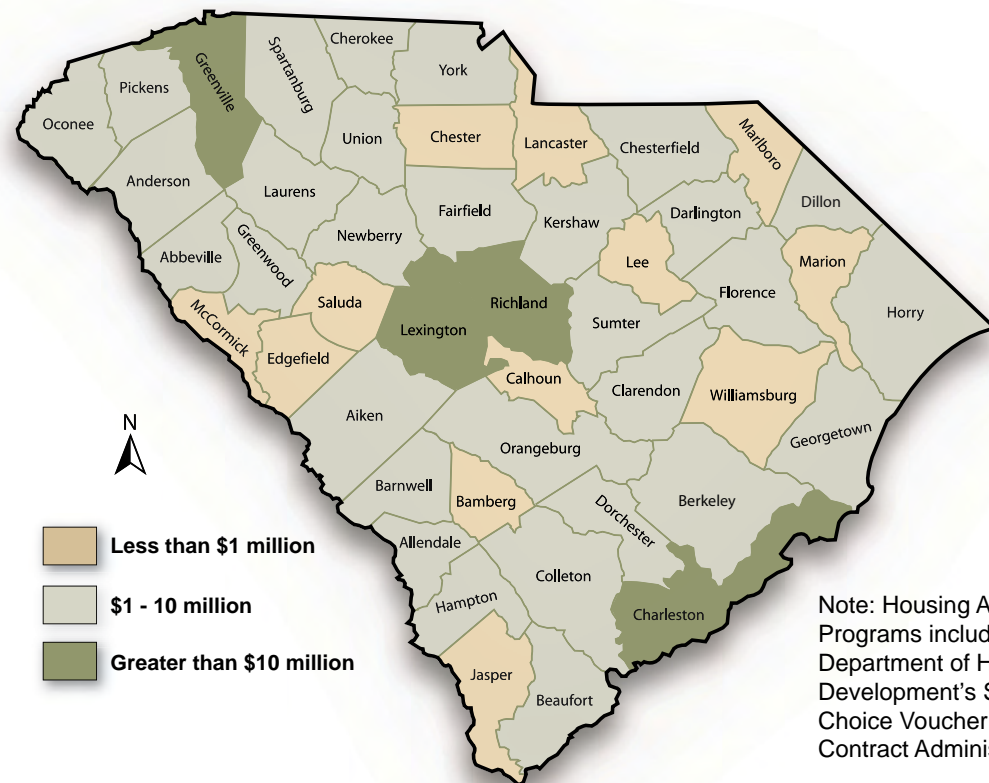
County	Units	Total Economic Output
Greenwood	7	\$167,382
Hampton	0	\$0
Horry	97	\$8,460,587
Jasper	0	\$0
Kershaw	64	\$11,064,381
Lancaster	13	\$122,536
Laurens	72	\$8,864,527
Lee	0	\$0
Lexington	146	\$865,948
Marion	0	\$0
Marlboro	64	\$4,763,801
McCormick	0	\$0
Newberry	42	\$112,039
Oconee	32	\$105,505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



Total Economic Impact of Housing Assistance Programs

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

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



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

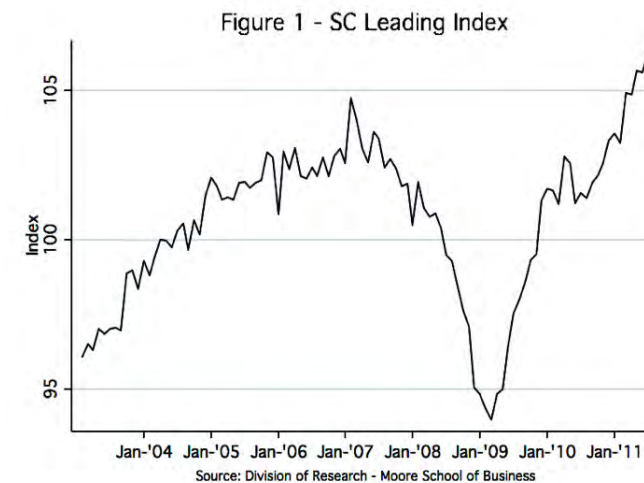
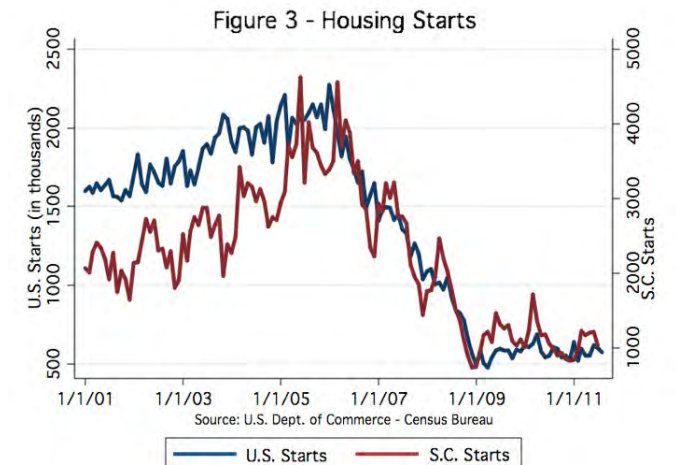
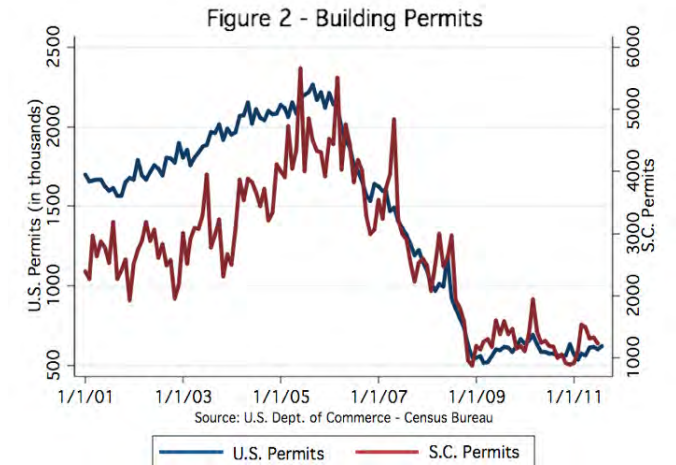
Housing Market Overview

HOUSING MARKETS ARE STABLE, BUT STAGNANT IN 2011

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

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

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

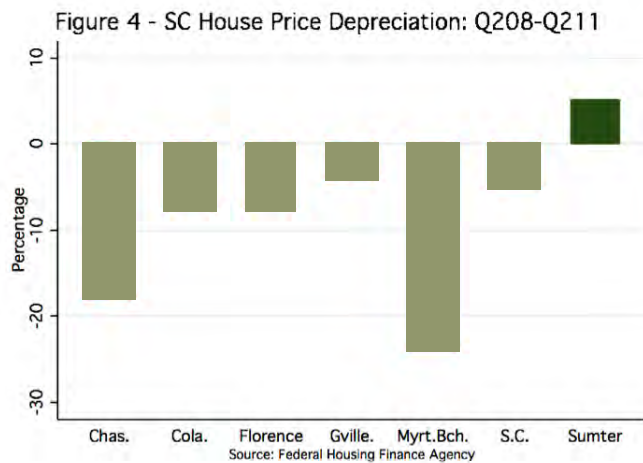


... while there have been demand fluctuations, most notably the spike in mid-2010, overall housing activity has been largely stagnant since stabilizing in 2009.

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

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

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

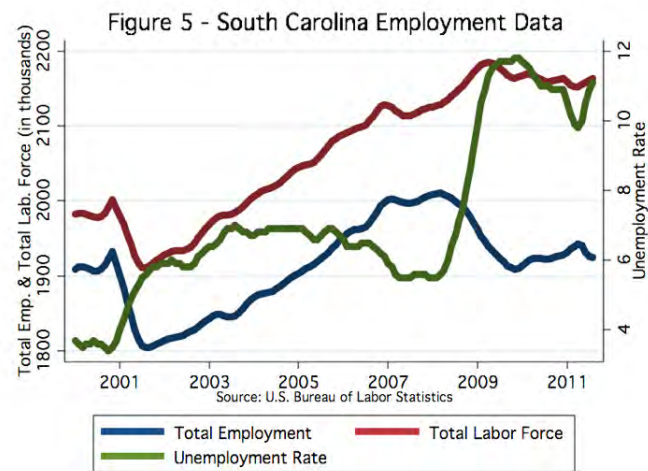


A second popular house price index often quoted is the average sales price as reported by the Multiple Listing Service (MLS). However, MLS statistics do not reflect house price appreciation because the MLS does not track house-over-house price changes (in contrast to the FHFA). For example, the MLS average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

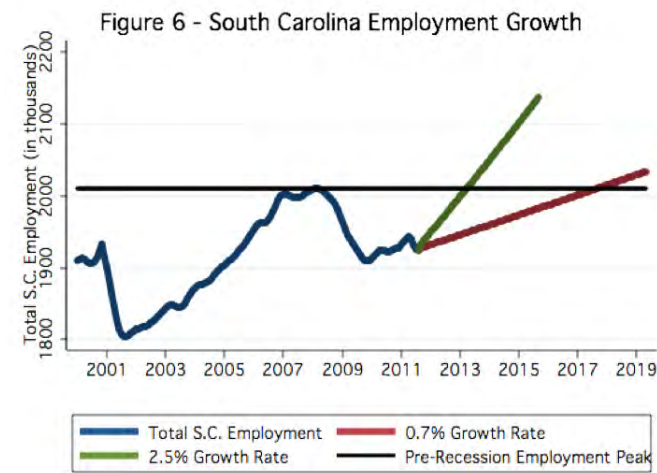
OUTLOOK FOR 2012

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

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

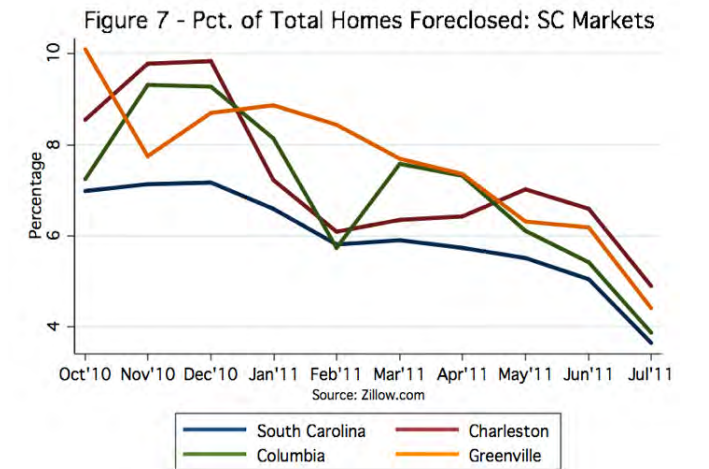


Though employment growth has been positive overall since November 2009, the low level of 0.7 percent indicates an economy that is largely stagnant. Going forward, this level of growth must increase in order to spur significant growth in housing demand – 2.5 percent employment growth is one example considered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



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

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



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

Brookside Gardens - Greenville, SC



Legislative and Regulatory Priorities

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

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



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

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

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

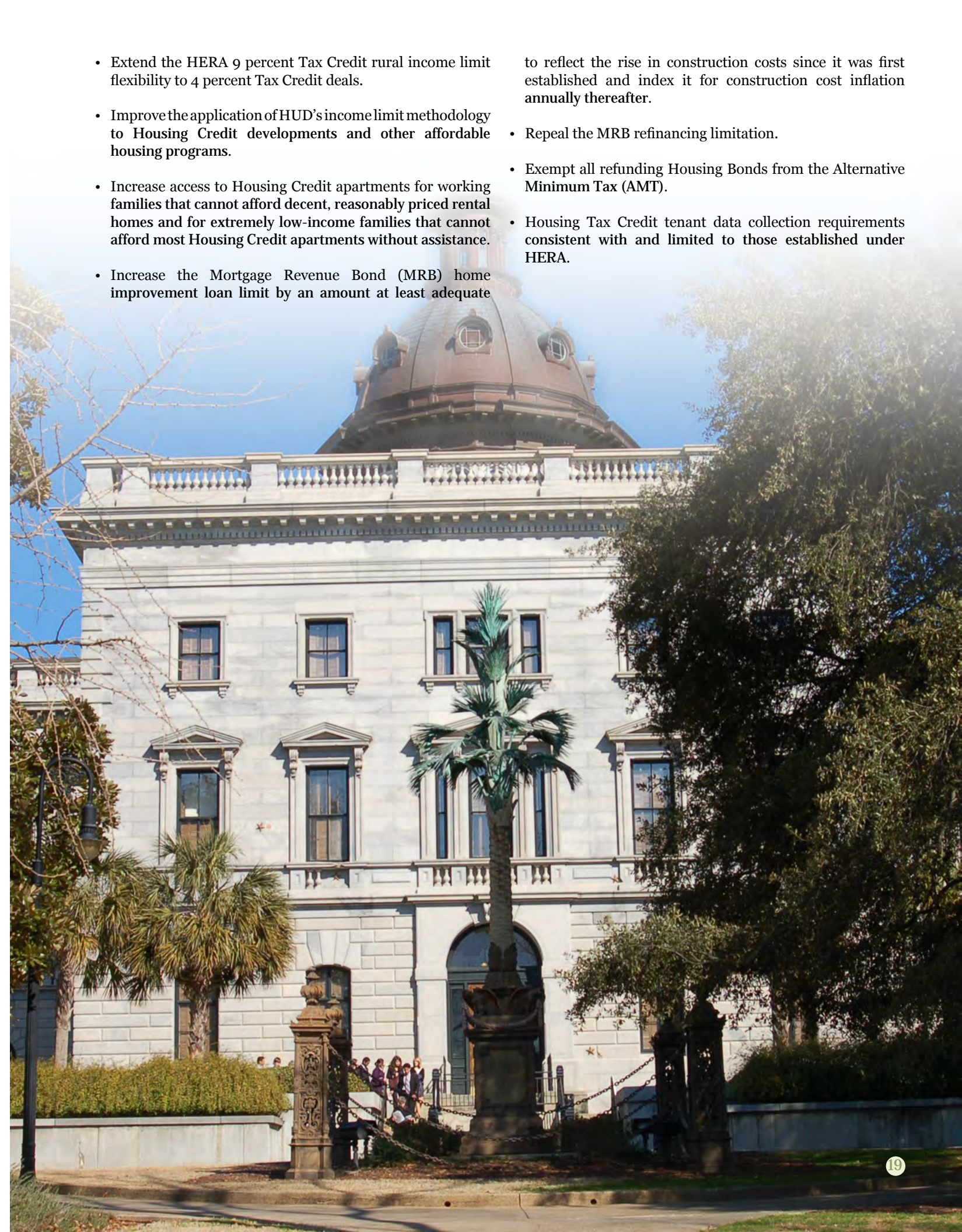
HOUSING BOND AND CREDIT PRIORITIES

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

- Extend the HERA 9 percent Tax Credit rural income limit flexibility to 4 percent Tax Credit deals.
- Improve the application of HUD's income limit methodology to Housing Credit developments and other affordable housing programs.
- Increase access to Housing Credit apartments for working families that cannot afford decent, reasonably priced rental homes and for extremely low-income families that cannot afford most Housing Credit apartments without assistance.
- Increase the Mortgage Revenue Bond (MRB) home improvement loan limit by an amount at least adequate

to reflect the rise in construction costs since it was first established and index it for construction cost inflation annually thereafter.

- Repeal the MRB refinancing limitation.
- Exempt all refunding Housing Bonds from the Alternative Minimum Tax (AMT).
- Housing Tax Credit tenant data collection requirements consistent with and limited to those established under HERA.



Overview and Methodology

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

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

OUTPUT

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

EMPLOYMENT

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

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

DIRECT IMPACT

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

INDIRECT IMPACT

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

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

INDUCED IMPACT

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

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

TAXES

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

SOFTWARE

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

INTERPRETING REPORTED ESTIMATES

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



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