



Economic Impact of THDA Activities on the Tennessee Economy, CY2008

Hulya Arik, Ph.D., Research Coordinator

Identified as one of the basic human needs, housing has a profound impact, both social and economic, on individuals and communities. Safe, sound, affordable housing is essential to a healthy home, educational achievement, successful employment and the stability and safety of the neighborhood. Both housing rehabilitation and the construction of new homes generate jobs and income in the community and produce additional tax revenue.

Economic Impact of THDA Activities in 2008

Business revenue

- ✓ Total contribution of the THDA-related activities to Tennessee's economy was estimated at \$1.173 billion* in 2008
 - Of this total, \$653 million was directly injected into the economy by THDA-related activities
 - Every \$100 of the THDA-related activities generated an additional \$80 in business revenues

Personal income

- ✓ THDA-related activities generated \$422 million* in wages and salaries in 2008
 - Every \$100 of personal income produced an additional \$67 in personal income in the local economy

Employment / Job Creation

- ✓ THDA-related activities created 11,174 jobs* in 2008
 - Every 100 jobs created by THDA-related activities, primarily in the construction sector, generated 64 additional jobs throughout the local economy



State and local taxes

THDA-related activities accounted for \$37.2 million in state and local taxes in 2008.

In this study, we developed a comprehensive framework to estimate the *economic* impact of Tennessee Housing Development Agency (THDA) activities in providing safe, sound, affordable housing options to low- and moderate-income households. To this end, we reviewed THDA programs, both loans and grants, to determine the scope and the monetary flows of each program's activities.

THDA program activities included in this study¹

- ✓ Mortgage production reached over \$302 million. As a result, 2,885 low- to moderate-income families and individuals achieved the dream of homeownership in 2008.
- ✓ Low Income Housing Tax Credit 2008 allocations in the amount of \$17.9 million will create an additional 2,762 rental units.
- ✓ Multifamily Tax-Exempt Bond Authority 2008 allocation in the amount of \$50.3 million will create and renovate 1,248 rental apartments.
- ✓ HOME grants, which include American Dream Downpayment Initiative (ADDI), in the amount of \$17.8 million helped 372 households in 2008.
- ✓ Section 8 Rental Assistance Programs helped 37,735 households pay reasonable rent by providing \$159 million. Of this, tenant-based assistance of \$29 million aided 7,231 households across Tennessee and project-based assistance of \$130 million helped 30,504 families.
- ✓ BUILD provided \$650,000 in low interest, short term loans to eligible non-profits, to assist 29 households with homeownership and home repair.
- ✓ Lenders received Community Investment Tax Credits (CITC) on \$35.6 million in below market loans made to eligible non-profits to help 949 households in homeownership, home repair and rental housing.
- ✓ The THDA Housing Trust Fund funded four affordable housing programs. The Competitive Round awarded non-profits, local communities, and regional organizations \$2.4 million to help 275 families. RAMPS provided \$118,348 to make 148 homes wheelchair accessible. Rural Housing Repair supplemented USDA's rural repair program, providing \$611,706 additional repair dollars for 138 families. \$1.6 million of Emergency Repair Program (ERP) helped 308 elderly households.
- ✓ The Foreclosure Prevention Program assisted 3,082 homeowners in preventing foreclosure and mitigating the impact of foreclosure.
- ✓ The Emergency Shelter Grant Program awarded \$1.6 million to non-profits serving Tennessee counties to help homeless and domestic violence shelters



Because of the economic multipliers or “ripple” effect, our affordable housing programs impact all industries in the economy, going far beyond the specific unit or neighborhood in which THDA program money is spent. We used the IMPLANpro input-output model to calculate these “ripple” effects of 2008 program accomplishments on the Tennessee economy.

For more information on THDA, please visit: www.thda.org. To download the full economic impact report or learn about other THDA research activities, click on the “Research & Planning” button on the right side of our webpage.

¹ Due to data limitations some housing-related expenditures, though important, are not incorporated in this study including: Homebuyer education program, benefits of accumulated home equity, and interest earnings throughout the life of mortgages generated by THDA homeownership programs. Additionally, no attempt was made to measure the social impact of affordable housing.