

Economic Impact of THDA Activities on the Tennessee Economy - 2009

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This is the Executive Summary of the Economic Impact of THDA Activities on the Tennessee Economy - 2009 report. The full report is available on our website, www.thda.org under Research and Planning and Special Reports.

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

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

Economic Impact of THDA Activities in 2009

Business revenue

- ✓ The total contribution of the THDA-related activities to Tennessee's economy was estimated at \$836 million* in 2009
 - Of this total, \$486 million was directly injected into the economy by the THDA-related activities
 - Every \$100 of the THDA-related activities generated an additional \$72 in the business revenues

Personal income

- ✓ The THDA-related activities generated \$293 million* in wages and salaries in 2009
 - Every \$100 of personal income produced an additional \$65 in personal income in the local economy

Employment / Job Creation

- ✓ The THDA-related activities created 7,550 jobs* in 2009
 - Every 100 jobs created by the THDA-related activities, primarily in the construction sector, generated 62 additional jobs throughout the local economy

State and local taxes

- ✓ The THDA-related activities accounted for \$26.4 million in the state and local taxes in 2009.



*Direct, indirect and induced

THDA programs' accomplishments in 2009 included in this study are as follows¹

- ✓ The mortgage production reached \$253 million. As a result, 2,411 low- to moderate-income families and individuals achieved the dream of homeownership.
- ✓ The Low Income Housing Tax Credits (LIHTC) 2009 allocations in the amount of \$21.59 million will create an additional 3,445 rental units**.²
- ✓ The Multifamily Tax-Exempt Bond Authority 2009 allocations in the amount of \$41.97 million will create and renovate 1,054 rental apartments.³
- ✓ HOME awarded \$17.46 million to local governments and not-for-profit organizations to provide rehabilitation and homeownership services to 291 households and to develop 41 rental housing. The American Dream Downpayment Initiative (ADDI) grants provided \$60,000 in downpayment assistance to 12 families.
- ✓ The Section 8 Rental Assistance Programs helped 36,367 households pay reasonable rent by providing \$176.85 million in rent subsidies. Of this, the tenant-based assistance of \$34.41 million in the form of vouchers aided 6,121 households across Tennessee and the project-based assistance of \$142.06 million helped 30,280 families.⁴
- ✓ Lenders received Community Investment Tax Credit (CITC) for over \$1.3 million in below market loans made to the eligible non-profits to help approximately 1,000 households in homeownership, home repair and rental housing.
- ✓ The THDA Housing Trust Fund funded three affordable housing programs. RAMPS provided \$81,073 to make 117 homes wheelchair accessible. The Rural Housing Repair supplemented the USDA's rural repair program, providing \$562,729 additional repair dollars for 145 families. \$1.51 million of the Emergency Repair Program (ERP) helped 282 elderly households.
- ✓ The Emergency Shelter Grant Program awarded \$1.62 million to the non-profits serving Tennessee counties to help the homeless and the domestic violence shelters.



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

¹ Due to data limitations some housing-related expenditures, though important, are not incorporated in this study: the Homebuyer Education program, the Foreclosure Prevention Program, the Neighborhood Stabilization Program (NSP), the Tax Credit Assistance Program (TCAP), the Section 1602 Program, the Homelessness Prevention and Rapid Re-housing Program (HPRP), the benefits of accumulated home equity, and interest earnings throughout the life of the mortgages generated by the THDA homeownership programs. Additionally, no attempt was made to measure the social impact.

** Some multi-family developments receive funding through both the LIHTC and the Multi-Family Bond programs. For these developments, units are counted in the totals for both programs.

² For the LIHTC developments, the developers have three years to complete the development and place in service. Most of the consumption spending takes place in the second year and the remaining small portion is completed in the third year. Therefore, for 2009 economic impact of the LIHTC program spending, 80 percent of 2007 and 20 percent of 2008 total development costs are used.

³ For the Multifamily Tax-Exempt Bond Authority projects, most of the construction spending takes place in the year after the developers receive the allocations. Therefore for the 2009 economic impact of the consumption spending in this program 2008 total development cost is used.

⁴ The awarded applicants have three years to spend the HOME funds. Therefore for the 2009 economic impact of the consumption spending in this program 2008 total development cost is used.