Final Report

Economic Contributions of the Florida Housing Finance Corporation in Florida in 2014

Center for Economic Forecasting and Analysis,
Florida State University

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The Florida Housing Finance Corporation

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Executive Summary

The Florida Housing Finance Corporation (FHFC) is a public corporation of the State created by the Florida Legislature with the mission of promoting homeownership and affordable rental housing for low- and moderate- income Florida residents, using public funds from state and federal sources. The FHFC has been operating in Florida for over 30 years, and offers financing options for homeownership, rental housing development and for foreclosure avoidance. In 2014, FHFC assisted in providing more than 26,000 total housing units. The total development cost equaled over $1.90 billion.[1] In addition, the FHFC's homeownership programs led to over $54.9 million in spending on closing costs. By creating new final demand for construction activity and related services, the affordable housing programs administered by FHFC generates broad regional economic impacts in the form of increased industry output (revenues), employment, personal income, and local and state government tax revenues. The direct spending for housing development and related assistance stimulates additional indirect and induced economic activity through economic multiplier effects. For the purpose of this study, the Florida State University Center for Economic Forecasting and Analysis (FSU CEFA) research team examined both the multifamily and the single family programs, and the year 2014 FHFC administrative expenditures, in order to derive the economic impacts of FHFC to the state of Florida. The results of the study found that in 2014, FHFC leveraged funding resources totaling about one billion dollars to create a total of $3.69 billion in economic activity.

***Total Economic Impact Results* –** In summary, the economic impact generated by FHFC based on FHFC's non-duplicative program funding is **$3.71 billion**. The economic impact associated with FHFC's operations (spent in Florida) is estimated to be **$92.5 million**. The total annual economic impact as a result of FHFC's programs and operations is estimated to be **$3.81 billion in economic output, $1.30 billion in income, $1.97 billion in value added, and 27,888 full and part-time jobs**. The results of the economic analysis indicate that FHFC contributes significantly to the Florida economy.

[1] Total non-duplicative development cost

Introduction

The Florida Housing Finance Corporation (FHFC) is a public corporation of the State created by the Florida Legislature with the mission of promoting homeownership and affordable rental housing for low- and moderate- income Florida residents, using public funds from state and federal sources. By creating new final demand for construction activity and related services, the affordable housing programs administered by FHFC generates broad regional economic impacts in the form of increased industry output (revenues), employment, personal income, and local and state government tax revenues. The direct spending for housing development and related assistance stimulates additional indirect and induced economic activity through economic multiplier effects. For example, building contractors purchase materials and equipment, and households of proprietors and employees purchase goods and services for everyday living. The combined direct, indirect, and induced impacts of an activity represent its total economic impacts (Miller and Blair, 2009). These impacts occur over the development period, typically 18 to 24 months.

The Florida State University Center for Economic Forecasting and Analysis (FSU CEFA) was contracted by FHFC to conduct an economic analysis study for 2014.

Institutional Capacity and Project Team

The Center for Economic Forecasting and Analysis (CEFA[2]) is part of the Florida State University Institute of Science and Public Affairs (ISPA), which is a multi-disciplinary research institute. FSU CEFA specializes in applying advanced, computer-based economic models and techniques to examine and help resolve pressing public policy issues across a spectrum of research areas. FSU CEFA provides advanced research and training to students in the areas of economic development, energy, environmental economics, education, economic impact analysis, and high technology, among others.

Florida Housing Finance Corporation Programs

FHFC programs consist of a variety of financing activities to facilitate access to affordable housing, such as housing tax credits, loans, mortgage down payment assistance, and other financial instruments. In 2014, FHFC provided assistance through a number of programs which are summarized below. Funding for these programs was allocated as single family (homeownership) programs and multifamily (rental) programs (Tables 1 and 2). Some FHFC programs are funded

[2] See: http://www.cefa.fsu.edu

through state and/or federal appropriations, while others are self-financing through fees or principal and interest payments received for outstanding loans. For example, most rental developments in FHFC portfolio pay ongoing fees to FHFC for compliance monitoring. FHFC programs that were active in 2014 are briefly described as follows. In many cases, multifamily programs may be used together to finance a development; the same is true for single family programs.

State Apartment Incentive Loan (SAIL). This program is typically funded by Florida's State Housing Trust Fund, to provide non-amortizing, low-interest loans to developers for multifamily rental units. This money bridges the gap between the development's primary financing, which is often bonds or other private or public sector capital sources, and the total cost of the development. This funding is in the form of a cash flow loan, meaning that interest payments to FHFC on the loan are deferred until maturity, unless the property has available cash flow after senior debt service.

Low Income Housing Tax Credit (**LIHTC**). This is a federal tax credit allocated to designated state agencies by the Internal Revenue Service based either on state population (9% LIHTC) or qualifying development costs (4% LIHTC). FHFC allocates this tax credit to developers who then sell them to investors to raise capital to finance the new construction or rehabilitation of affordable multifamily rental housing units. Developers may also get a first mortgage—typically from a private lender, or other loans or grants, or local government grants to make the development feasible.

Multifamily Mortgage Revenue Bonds (MMRB). Funding for this program comes from federal private activity bond volume allocated to the states, using tax-exempt bonds to provide below-market rate loans to developers for financing affordable housing. FHFC awards an allocation of bonds to a developer through an application process. The bonds may be credit enhanced by a governmental entity or the private sector and then sold on the public market. The credit enhancement improves the bond's rating, allowing them to be sold at a lower interest rate. Alternatively, an investor may agree to buy the bonds in a privately placed transaction without credit enhancement. When the transaction is closed, a trustee holds the funds and they are dispersed to the developer to finance construction. Developers who receive a tax-exempt bond allocation are also eligible to receive an allocation of 4% LIHTC to finance their developments. The bond mortgage acts as the first mortgage, and the developer may also receive gap financing from the state or a local government, including FHFC programs such as SAIL or HOME.

HOME Investment Partnerships Program - Rental. This program provides non-amortizing, low-interest rate loans to developers who acquire, rehabilitate or construct housing for low-income families. HOME funds are often targeted to smaller developments in rural areas.

Grants to Finance Housing for Homeless People and Families. This one time state funding was appropriated to finance small developments of up to 15 units of rental housing to serve homeless people and families.

Grants to Finance Housing for Persons with Developmental Disabilities. This special state funding was appropriated to finance rental housing, including community residential homes and supported living units. Funds were made available to nonprofit organizations whose primary mission includes serving persons with developmental disabilities.

Special Needs/Extremely Low Income Loans. This special, one-time state funding was appropriated to finance the development of permanent supportive housing for special needs, extremely low income households.

Tenant-Based Rental Assistance (TBRA). These HOME funds are granted to qualifying public housing authorities that already administer the HUD Section 8 Housing Choice Voucher Program to provide short-term rental assistance to families for up to two years.

First Time Homebuyer Program (FTHB). This program offers 30-year, fixed-rate first mortgage loans originated by trained and approved lenders throughout the State of Florida. The program is offered to all borrowers who meet income, purchase price and other program criteria; can qualify for a loan; and successfully complete a homebuyer education course. Borrowers who qualify for this first mortgage program may access one of Florida Housing's down payment assistance programs.

Homeownership Assistance Program (HAP) This program is typically funded from the State Housing Trust Fund, to provide funds for down payment assistance and closing costs, in conjunction with the First Time Homebuyer Program. In 2014, up to $10,000 was available to first time homebuyers. HAP loans are zero percent interest, non-amortizing second mortgage loans repaid when the homebuyer sells the home, transfers ownership, satisfies or refinances the first mortgage, or ceases to occupy the home.

HFA Preferred Plus. This program also provides up to 3% of the purchase prices of a new home in down payment and closing cost assistance and is used in concert with the FTHB program.

Homeownership Assistance for Moderate Income (HAMI). This program is funded by FHFC through repaid loans to provide up to $5,000 to assist first time homebuyers with down payment and closing costs. HAMI provides an amortized loan to the homebuyer at a low, fixed interest rate with level monthly payments for a 10-year term. It is used in conjunction with the FTHB Program.

State Housing Initiatives Partnership (SHIP). This is traditionally funded from Florida's Local Government Housing Trust Fund. This funding provides resources to local governments on a population-based formula to produce and preserve affordable housing for very low, low, and moderate income families. SHIP dollars may be used to fund such activities as emergency repairs, new construction, rehabilitation, and down payment assistance. SHIP funding is allocated to local governments, which then allocate funding based on a locally adopted plan to individuals, developers, contractors, or other organizations.

Homeownership Pool Program (HOP). This program is typically funded with federal HOME Program dollars and is a non-competitive and on-going program. Developers can reserve funds to provide eligible homebuyers with down payment assistance. HOP funds are primarily used for construction of new homes by "self-help" organizations.

Predevelopment Loan Program (PLP). This is a revolving loan fund originally funded from the State Housing Trust Fund to assist nonprofit developers and public housing authorities with planning, financing, and developing affordable housing. Eligible activities include rezoning, title searches, legal fees, administrative costs, soil tests, engineering fees, appraisals, market studies, audit fees, earnest money deposits, commitment fees, and acquisition expenses. The loans are repaid upon closing of construction financing for rental developments or when the homes are sold for homeownership developments. Loans are at a one percent interest rate for a term of three years.

Florida Hardest-Hit Fund Program (HHF). The suite of programs under this umbrella program provides various types of assistance to homeowners to help them stay in their homes. Assistance to eligible borrowers is provided mortgage assistance, loan reinstatement payments and modifications, and principal reduction.

National Foreclosure Mitigation Counseling Program. Through this federal program, foreclosure counseling is provided at no charge to homeowners at risk of foreclosure. Funding is provided on a fee-for-service basis to nonprofit housing counseling agencies which provide the counseling to homeowners.

Foreclosure Counseling Program. Through this state program, foreclosure counseling and financial education is provided at no charge to homeowners at risk of foreclosure. Funding is provided on a fee-for-service basis to nonprofit housing counseling agencies which provide the counseling to homeowners.

Other Programs. Several other housing programs or initiatives contribute to FHFC's mission but do not fit in with the analysis of this report, as they do not create new final demand for construction activity and related services. These programs and initiatives do, however, help make housing affordable to homeowners and renters in Florida, or assist Floridians to stay in their homes. In addition, they have either fees or administrative funding to external entities, such as housing counseling agencies, that contribute to the economic impact of FHFC's operational budget. The impact of FHFC operations expenditures is discussed in a separate section in this report. The Mortgage Credit Certificate program does not result in development activity, but instead provides additional household income to the recipients.

Previous Economic Benefits to Florida Created by Florida's Housing Programs

FHFC stores and manages affordable housing data and statistics for the 2014 calendar year. In a previous study of 2013 expenditures conducted in 2014-15, Florida's investment of $452.3 million towards affordable housing programs resulted in about $982.3 million for the support of new housing construction, mortgage assistance, down payment assistance, and pre-development activity. This, in turn, created 15,943 jobs (directly and indirectly), $2.25 billion in industry revenue output, and $1.35 billion in value added.[3]

Economic Benefits Methodology for the 2014 FHFC Study

In order to obtain estimates of the different types of macroeconomic effects of FHFC programs on the Florida economy, CEFA used a well-established analytical tool known as the Impact Analysis for Planning, or IMPLAN model. IMPLAN is a widely accepted integrated input-output model. IMPLAN is used extensively by state and local government agencies to measure proposed legislative and other program and policy economic impacts across the private and public sectors. There are several advantages to using IMPLAN:

- It is calibrated to local conditions using a relatively large amount of local county level and state of Florida specific data;

[3] See: Florida Housing Finance Corporation 2014 Annual Report, Page 8

- It is based on a strong theoretical foundation; and
- It uses a well-researched and accepted applied economics impact assessment methodology supported by many years of use across all regions of the U.S.

The economic impact model used for this analysis was specifically developed for the counties of Florida, and includes 440 sectors, 25 institutional sectors, and latest dataset – year 2013 data. IMPLAN's principal advantage is that it may be used to estimate direct, indirect and induced economic impacts for any static (point-in-time) economic stimulus.

Economic Impact Model Input Data

The FSU CEFA research team collected FHFC program expenditures and spending data for 2014 from FHFC staff at the onset of the project. Limited interviews were conducted with FHFC staff during the economic model(s) assumption-building process. The researchers used these data to construct "profiles" for multifamily and homeownership. The input data used for this study were for 2014[4] program-type expenditures on: construction and rehabilitation construction for the multifamily and single family programs, rental and homeownership programs, and operations expenditures. The program expenses were summarized into non-duplicative funding amounts, which were the data used for the economic modeling process. The respective funding and development costs generated by the programs were assigned to appropriate industry sector categories in the North American Industry Classification System (NAICS), and further translated into IMPLAN-specific industry sectors in the economic impact model. In this way the research team was able to estimate the proportion of money spent in each industry sector and calculate its economic impact. Expenditures relating to FHFC's operations were directly classified by line item. Some costs associated with single family home purchases are flat fees charged for every transaction. These line items were assigned industry sector codes and the economic impacts were added to the single family profile.

Data for this analysis were obtained from direct expenditures for FHFC programs from sources such as the FHFC 2014 annual report, and supplemental information provided by FHFC staff. The supplemental information provided by FHFC staff includes program funding amounts amount of down payment assistance, program total development costs, closing costs and fees, and operation expenses by expenditure.

[4] The final economic impacts were reflected in current year dollars (2015).

Table 1a lists the funding amount and total development cost from each multifamily program. Table 1b lists the multifamily rental programs FHFC administered in 2014, with the funding amount and total development costs for each multifamily program. Two of these programs, the *Predevelopment Loan Program* (PLP) and the *State Housing Initiatives Partnership (SHIP)*, assisted both rental and homeownership units and the associated dollar amounts are divided between the multifamily and single family Tables.

It should be noted some developments received funding from more than one program and, as a result, the data for these developments are reported on each program line in Tables 1a and 2a. As such, the totals of each program cannot be added together to determine the overall multifamily total as presented in Tables 1b and 2b, respectively, because this would result in duplication. Tables 1b and 2b have only counted the total development costs once for any development receiving funding from multiple programs. Whenever total development costs are discussed for a particular program, they include all development costs associated with the developments that received funding from that program. Whenever total development costs are discussed for all multifamily or all single family programs, then duplicative development costs have been netted-out.

The total funding of multifamily programs in 2014 was over $371.6 million. The total funding includes $216.0 million for new construction, $144.7~~5~~ million for rehabilitation construction, and $4.5 million for rental assistance. Among the programs, the *Multifamily Mortgage Revenue Bonds* had the highest funding amount of $133.5 million.

Total development cost for all multifamily programs in 2014 was $1.48 billion. *Low Income Housing Tax Credits-4% and State Apartment Incentive Loan* had the largest total development cost amounts for any singular program ($583.2 million and $554.1 million, respectively).

On the homeownership side, Table 2a reports on the single family programs administrated by FHFC in 2014. Total 2014 financing for these programs was approximately $656.9 million. These programs include assistance for new construction, rehabilitation construction, purchase of existing homes, mortgage assistance, and foreclosure counseling. Most of the funding was spent on rehabilitation construction ($351.1 million) and mortgage assistance ($249.4 million), followed by new construction ($53.6 million).

Among all homeownership programs, the *First Time Homebuyer* and related Down Payment Assistance programs had the largest total development cost ($356.2 million and $355.1 million, respectively). The total closing costs generated from single family programs were approximately

$54.6 million. The closing costs were associated with newly constructed homes ($7.67million) and with the purchase of existing homes ($47.28 million).

Table 3 reports that, in 2014, the total operation expenses for FHFC were $33,651,723. Approximately ninety percent (90.23%) of the total amount was spent in Florida.

Table 1a. Funding Amounts, and Total Development Costs for FHFC Multifamily Programs in 2014

Program	Type Activity	Funding Amount	Total Development Cost
State Apartment Incentive Loan (SAIL)	New construction	$ 65,844,829	$ 395,033,906
	Rehab construction	$ 27,876,167	$ 159,090,618
	Total	**$ 93,720,996**	**$ 554,124,524**
SAIL Extremely Low Income	New construction	$ 14,132,200	$ 375,345,743
	Rehab construction	$ 8,334,200	$ 161,490,835
	Mortgage reduction	$ 6,450,000	$ 2,419,226
	Total	**$ 28,916,400**	**$ 539,255,804**
Multifamily Mortgage Revenue Bonds (MMRB)	New construction	$ 47,400,000	$ 95,038,174
	Rehab construction	$ 86,100,000	$ 213,175,521
	Total	**$ 133,500,000**	**$ 308,213,695**
Low Income Housing Tax Credits (LIHTC)-9%	New construction	$ 19,679,521	$ 244,338,190
	Rehab construction	$ 5,348,131	$ 81,981,470
	Total	**$ 25,027,652**	**$ 326,319,660**
Low Income Housing Tax Credits (LIHTC)-4%	New construction	$ 8,328,103	$ 245,230,969
	Rehab construction	$ 9,828,656	$ 337,967,744
	Total	**$ 18,156,759**	**$ 583,198,713**
Home Investment Partnership (HOME)	New construction	$ 41,885,609	$ 131,170,818
	Rehab construction	$ -	$ -
	Total	**$ 41,885,609**	**$ 131,170,818**
Grants for Housing Persons with Developmental Disabilities	New construction	$ 6,874,459	$ 40,538,431
	Rehab construction	$ 612,273	$ 804,894
	Total	**$ 7,486,732**	**$ 41,343,325**
Grants for Homeless Housing	New construction	$ 1,943,700	$ 2,254,673
	Rehab construction	$ 1,521,790	$ 1,721,681
	Total	**$ 3,465,490**	**$ 3,976,354**
Special Needs-ELI	New construction	$ 6,600,000	$ 8,730,891
	Rehab construction	$ 3,400,000	$ 2,400,217
	Total	**$ 10,000,000**	**$ 11,131,108**
Predevelopment Loan Program (PLP) - rental	New construction	$ 3,290,095	$ 17,981,943
	Rehab construction	$ 500,000	$ 500,000
	Total	**$ 3,790,095**	**$ 18,481,943**
State Housing Initiatives Partnership (SHIP) - rental	New construction	$ -	$ -
	Rehab construction	$ 1,148,514	$ 38,573,792
	Total	**$ 1,148,514**	**$ 38,573,792**
Tenant-Based Rental Assistance (TBRA)	Rental assistance	$ 4,528,386	N/A

Table 1b. Totals for All FHFC Multifamily Programs in 2014 [5]

Program	Type Activity	Funding Amount	Total Development Cost
Total Multifamily Programs	New construction	$ 215,978,516	$ 867,382,309
	Rehab construction	$ 144,669,731	$ 609,386,647
	Mortgage reduction	$ 6,450,000	$ 2,419,226
	Rental assistance	$ 4,528,386	N/A
	Total	**$ 371,626,633**	**$ 1,479,188,182**

[5] FHFC often provides multiple subsidies to the same development. As such, total development costs associated with a property that has multiple subsidies will report those same costs on each FHFC subsidy program line. As a result, the reader cannot simply add-up the totals of each program to determine the totals for all multifamily programs. The totals represented in the Table 1b. have netted-out any duplicative figures.

Table 2a. Funding Amounts, Total Development Costs and Closing Costs for FHFC Single Family Programs in 2014

Program	Type Activity	Funding Amount	Total Development Cost	Closing costs
First Time Homebuyer (FTHB)	New construction	$ 44,192,012	$ 46,278,786	$ 4,214,966
	Existing home	$ 293,162,212	$ 309,928,984	$ 39,030,896
	Total	**$ 337,354,224**	**$ 356,207,770**	**$ 43,245,862**
Homeownership Assistance (HAP)-downpayment assistance (associated with FTHB)	New construction	$ 2,707,679	$ 46,278,786	$ 4,214,966
	Existing home	$ 24,756,236	$ 308,797,538	$ 38,876,501
	Total	**$ 27,463,915**	**$ 355,076,324**	**$ 43,091,468**
Homeownership Assistance for Moderate Income (HAMI)-downpayment assistance (associated with FTHB)	**Existing home**	**$ 5,000**	**$ 100,000**	**$ 15,439**
HFA Preferred Plus Program (associated with FTHB)	**Existing home**	**$ 5,250**	**$ 175,000**	**$ 15,439**
Homeownership Pool (HOP)	**New construction**	**$ 977,808**	**$ 4,284,197**	**$ 555,820**
Florida Hardest-Hit Fund (HHF)-funds disbursed	**Mortgage assistance**	**$ 249,390,114**	**$ -**	**$ -**
National Foreclosure Mitigation Counseling Program (NFMC)	**Foreclosure counseling**	**$ 821,753**	**$ 821,753**	**$ -**
Foreclosure Counseling Program	**Foreclosure counseling**	**$ 409,125**	**$ 409,125**	**$ -**
State Housing Initiatives Partnership (SHIP) - homeownership	New construction	$ 4,608,194	$ 22,037,517	$ 2,007,127
	Rehab construction	$ 22,757,278	$ 22,757,278	N/A
	DPA - NC	$ 1,124,561	$ 9,781,164	$ 890,846
	DPA - Existing	$ 10,413,517	$ -	$ 8,249,300
	Foreclosure prevention	$ 142,040	N/A	N/A
	Total	**$ 39,045,589**	**$ 54,575,959**	**$ 11,147,273**
Predevelopment Loan Program (PLP) - homownership	Pre-Development	$ 372,750	$ 372,750	$ -
MCC	New construction	$ 372,000	$ -	$ -
	Rehab construction	$ 674,000	$ -	$ -
	Total	**$ 1,046,000**	**$ -**	**$ -**

Table 2b. Totals for All FHFC Single Family Programs in 2014 [6]

Program	Type Activity	Funding Amount	Total Development Cost	Closing costs
Total Singlefamily Programs	New construction	$ 53,610,254	$ 82,381,664	$ 7,668,759
	Rehab construction	$ 351,099,492	$ 332,686,262	$ 47,280,196
	Mortgage assistance	$ 249,390,114	$ -	$ -
	Foreclosure counseling	$ 1,230,878	$ 1,230,878	$ -
	Foreclosure prevention	$ 142,040	$ -	$ -
	Mortgage Credit Certificates	$ 1,046,000	$ -	$ -
	Pre-Development	$ 372,750	$ 372,750	$ -
	Total	**$ 656,891,528**	**$ 416,671,554**	**$ 54,948,954**

[6] FHFC often provides multiple subsidies to the same development. As such, total development costs associated with a property that has multiple subsidies will report those same costs on each FHFC subsidy program line. As a result, the reader cannot simply add-up the totals of each program to determine the totals for all multifamily programs. The totals represented in Table 2b. have netted-out any duplicative figures.

Table 3. Operation Expenses for FHFC in 2014 [7]

IMPLAN Industry Sector	IMPLAN Industry Sector	Line Item Budget	Budget Spent in FL	Out of Total Budget Spent, % Spent in FL
Furniture & Equipment, Computur Equipment, Capital Expenditures - IT Equipment	395 Wholesale trade	$196,731	$7	0.00%
Office Supplies	406 Retail - Miscellaneious store retailers	$8,304	$181	0.00%
Rent - Offsite Storage	416 Warehousing and storage	$18,285	$18,285	0.05%
Software Licenses, Capital Expenditures - Software	422 Software publishers	$204,749	$756	0.00%
Telephone	428 Wireless telecommunications carriers (except satellite)	$364,261	$341,500	1.01%
Books & Subscriptions	431 News syndicates, libraries, archives and all other information services	$39,560	$8,904	0.03%
Credit Underwriting, Advisor Payments, Banking & Processing Charges	433 Monetary authorities and depository credit intermediation	$9,372,305	$9,319,245	27.69%
Salaries, Unemployment Taxes, Employee Benefits, Compensated Absences, Payroll Taxes, Workers Compensation Insurance	436 Other financial investment activities	$11,195,799	$9,689,256	28.79%
Corporate Insurance	438 Insurance agencies, brokerages, and related activities	$142,761	$127,497	0.38%
Rent	440 Real estate	$689,740	$689,740	2.05%
Legal Fees	447 Legal services	$420,588	$420,588	1.25%
Compliance Monitoring	448 Accounting, tax preparation, bookkeeping, and payroll services	$3,060,920	$3,060,920	9.10%
Systems Design Contracts	452 Computer systems design services	$750,609	$3,250	0.01%
Systems Maintenance Contracts	453 Other computer related services, including facilities management	$71,847	$35,021	0.10%
Consulting	454 Management consulting services	$884,539	$627,848	1.87%
Environmental Review, Technical Assistance	455 Environmental and other technical consulting services	$365,392	$365,392	1.09%
Advertising, Public Relations, Marketing	457 Advertising, public relations, and related services	$82,513	$75,967	0.23%
Printing & Reproduction, Servicer Fees	460 Marketing research and all other miscellaneous professional, scientific, and technical services	$708,612	$708,612	2.11%
Board Meetings, C-3 Committee	462 Office administrative services	$62,862	$62,766	0.19%
Repairs & Maintenance, Property Expenses	463 Facilities support services	$301,523	$274,772	0.82%
Employee Relations	464 Employment services	$406	$406	0.00%
Conferences & Seminars	465 Business support services	$71,297	$31,969	0.09%
Travel	466 Travel arrangement and reservation services	$198,101	$116,229	0.35%
Property Expenses	468 Services to buildings	$53,847	$53,847	0.16%
Tuition Reimbursement	473 Junior colleges, colleges, universities, and professional schools	$2,500	$2,500	0.01%
Workshops	474 Other educational services	$40,350	$40,350	0.12%
Grant Disbursements	514 Grantmaking, giving, and social advocacy organizations	$4,188,623	$4,188,623	12.45%
G&A Other, Membership Dues, Trustee Fees	515 Business and professional associations	$68,070	$12,450	0.04%
Postage	518 Postal service	$84,839	$84,839	0.25%
Other Fees	523 Other state government enterprises	$1,790	$1,790	0.01%
	Total	**$33,651,723**	**$30,363,508**	**90.23%**

[7] The values in the column "Out of Total Budget Spent, % Spent in FL" represent the amount of spending within the particular line item as a percentage of all FHFC operations spending.

Economic Impact Results of FHFC Programs in Florida

As shown in Table 5, the multifamily program expenditures were assigned industry sectors or codes from the IMPLAN model[8] including their associated multipliers (Table 4). The Social Accounting Matrix (SAM) multipliers measure the direct, indirect and induced multiplier effects, with households and governments handled as internal to the economic model, hence including the re-spending activities generated by them. Total output multipliers typically range from 2.4 to 2.9, which means each dollar of spending generates $2.40 to $2.90 of industry sales. Employment multipliers range from 14 to 26, which means 14 to 26 jobs are created for each $1 million of spending.

The selected IMPLAN multipliers correspond to expenditures in the applicable industry sector. The expenditures for new construction and rehabilitation construction were subdivided into two sector codes: sector 60: *Construction of new multifamily residential structures*, and sector 63: *Maintenance and repair construction of residential structures*.[9] The single family program expenditures relating to new and rehabilitation construction were divided into the following sector codes: sector 59: *Construction of new single-family residential structures*, and sector 63: *Maintenance and repair construction of residential structures*. Financing and insurance costs were included in sectors 434 (*Non-depository credit intermediation and related activities*) and 438 (*Insurance agencies, brokerages, and related activities*), respectively. The percentage breakouts for total development and closing costs for new and rehabilitation construction for multifamily and single family homes, and closing costs, are shown in Tables 5, and 6, respectively. The breakout of percentages were primarily in the new construction, rehabilitation construction, and real estate industries or sectors. Concerning sales of existing homes, the total costs not associated with closing costs, were assumed to be an asset transfer, meaning those costs do not create any final demand. That is, the land acquisition and building costs that occurred prior to the 2014 purchase of the existing single family homes are not included as a component of the 2014 economic impact analysis. The breakouts of closing costs (Table 7) were based on an average home purchase price of $127,331. The expenses for appraisal, realtor fees, loan officers, doc

[8] It should be noted that the IMPLAN sector codes (in the most recent IMPLAN model) differed from sector codes than in previous versions of IMPLAN.

[9] The research team did not include land purchase or existing buildings in the impact analysis because they fall into the asset transfer category and do not represent new final demand.

stamps, title insurance, settlement fees, survey and inspection were viewed as being a part of normal business operations, mostly in sector 440 (*Real estate establishments*).

Table 4. Selected Economic Multipliers for the State of Florida

Activity Item	*IMPLAN* Industry Sector	Employment	Industry Output	Value Added	Labor Income
New construction	59. Construction of new single-family residential structures	19.5362	2.6840	1.5310	0.8757
	60. Construction of new multifamily residential structures	20.0331	2.7320	1.3636	0.9148
Rehabilitation construction	63. Maintenance and repair construction of residential structures	19.4695	2.6965	1.3520	0.8974
Furniture, fixtures and equipment	395. Wholesale trade	19.3067	2.8753	1.7887	1.0359
Other financial costs and fees	434. Non-depository credit intermediation and related activities	21.2290	2.9178	1.5979	1.1688
Insurance	438. Insurance agencies, brokerages, and related activities	19.9565	2.8446	1.4915	1.0128
Real estate related services	440. Real Estate	21.2775	2.7236	1.7662	0.7201
Legal	447. Legal services	22.8594	2.8981	1.8575	1.2440
Accounting	448. Accounting, tax preparation, bookkeeping, and payroll services	26.2365	2.8239	1.8971	1.2914
Architecture engineering	449. Architectural, engineering, and related services	24.8599	2.9376	1.6597	1.3128
Technical service	454. Management consulting services	24.2343	2.9023	1.7041	1.2646
Sales and marketing	457. Advertising, public relations, and related services	19.4729	2.7361	1.6089	0.9133
Developer fees	461. Management of companies and enterprises	19.3408	2.8718	1.6817	1.1607
Federal government fees	520. Other Federal Government enterprises	14.0323	2.4625	1.0847	0.6671
Permits, taxes, impact fees	526. Other local government enterprises	18.0296	2.8698	1.3427	0.9067

Table 5. Profile of Total Development Costs as reported herein for New Construction and Rehabilitation Construction for FHFC Multifamily Programs in 2014, by *IMPLAN* Sector[10]

Percentages		Multifamily		
Activity Item	**IMPLAN Industry Sector**	**ELI Buy Down**	**New Construction**	**Acquisition/ Rehab**
New construction	60. Construction of new multifamily residential structures		75.51%	22.51%
Rehabilitation construction	63. Maintenance and repair construction of residential structures	18.22%	0.13%	21.66%
Furniture, fixtures and equipment	395. Wholesale trade		0.59%	0.38%
Other financial costs and fees	434. Non-depository credit intermediation and related activities	8.55%	4.26%	4.99%
Insurance	438. Insurance agencies, brokerages, and related activities		0.76%	0.50%
Real estate services	440. Real estate	25.44%	1.09%	1.43%
Legal	447. Legal services	12.74%	1.71%	1.48%
Accounting	448. Accounting, tax preparation, bookkeeping, and payroll services		0.16%	0.18%
Architecture engineering	449. Architectural, engineering, and related services	0.10%	2.63%	1.05%
Technical service	454. Management consulting services		0.10%	0.15%
Sales and marketing	457. Advertising, public relations, and related services		0.28%	0.09%
Developer fees	461. Management of companies and enterprises	1.68%	1.83%	2.57%
Federal government fees	520. Other Federal Government enterprises	7.89%	0.02%	0.01%
FHFC administration	523. Other state government enterprises	3.82%	0.07%	0.25%
Permits, taxes, impact fees	526. Other local gobernment enterprises	21.57%	3.77%	1.15%
	Total	100.00%	92.91%	58.39%

[10]The research team developed the ELI Buy Down spending profile using only rehabilitation, closing costs, and transactional costs. The spending associated with New Construction and Rehabilitation overall activities include asset transfer costs that do not generate economic impacts and, therefore, are not included in this table. Because asset transfer expenditures do not generate any new final demand, the totals do not add up to 100%. The spending within these categories net of all asset transfers is 92.91% and 58.39% of total development cost respectively. The IMPLAN multipliers were applied to total development costs net of the spending on these asset transfers.

Table 6. Profile of Total Development Costs as reported herein for New Construction and Rehabilitation Construction for FHFC Single Family Programs in 2014, by *IMPLAN* Sector

Percentages		Single Family								
Activity Item	**IMPLAN Industry Sector**	**First Time Homebuyer (FTHB)**	**HAP (associated with FTHB)**	**HFA Preferred Plus Program (associated with FTHB)**	**HAMI (associated with FTHB)**	**HOP**	**SHIP - home ownership**	**PLP - home ownership**	**NFMC**	**Foreclosure Counseling Program (FCP)**
New construction	59. Construction of new single-family residential structures	11.58%	11.62%			88.51%	48.40%	8.85%		
Rehabilitation construction	63. Maintenance and repair construction of residential structures						34.62%			
Insurance	438. Insurance agencies, brokerages, and related activities							1.21%		
Real estate related services	440. Real estate	7.98%	7.98%	5.98%	9.86%	8.46%	12.50%	1.34%		
Legal	447. Legal services	1.34%	1.34%	1.00%	1.65%	1.42%	2.10%	4.02%		
Architecture engineering	449. Architectural, engineering, and related services							2.08%		
Technical service	454. Management consulting services							0.80%	100.00%	100.00%
FHFC administration	523. Other state government enterprises	0.89%	0.89%	0.67%	1.10%	0.95%	1.40%			
Permits, taxes, impact fees	526. Other local gobernment enterprises	0.62%	0.62%	0.47%	0.77%	0.66%	0.98%	1.21%		
	Total	22.42%	22.45%	8.12%	13.39%	100.00%	100.00%	19.52%	100.00%	100.00%

Table 7. Profile of Closing Costs for FHFC Single Family Programs in 2014

SF Average Closing Costs					
Average Purchase Price:				**$127,331**	
Cost Type	IMPLAN Industry Sector	**Flat Fee Per Home**	**Percentage of Purch. Price**	**Amount**	**Percentage**
Appraisal	440. Real estate	$450		$450	2.91%
Realtor Fee	440. Real estate		$0	$7,640	49.43%
Loan Officer	440. Real estate		$0	$1,592	10.30%
Doc Stamps	526. Other local government enterprises		$0	$891	5.77%
Title Insurance	440. Real estate		$0	$1,910	12.36%
Settlement Fee	440. Real estate	$1,000		$1,000	6.47%
Survey	440. Real estate	$450		$450	2.91%
Inspection	440. Real estate	$250		$250	1.62%
FHFC Fees	523. Other state government enterprises		$0	$1,273	8.24%
Total Average Closing Costs				**$ 15,456**	**100.00%**

The economic impacts of the 2014 expenditures are listed below. Impacts are expressed for each program area as output (or sales/revenues), employment (or jobs), value-added, and income (or wages). The following Tables present the direct, indirect, induced, and total economic impact results in current dollars. The output generated represents the value of final goods and services produced across the program type economies as a result of the sales/revenues generated by FHFC activities during 2014. The direct impacts measure the immediate effects of spending in FHFC-related industries (e.g., in employment, value-added, and income). Indirect impacts are those that include changes to production, employment, income, etc., that occur as a result of the direct effects. Induced impacts are those further impacts of spending derived from direct and indirect activities (i.e. household purchases of consumer goods and services).

FHFC Multifamily Programs

The 2014 economic impacts for each of the multifamily programs are presented in Table 8. Table 8 represents impacts for each multifamily program and as such, totals for all multifamily programs are not presented therein. The largest output impacts were associated with the SAIL and SAIL ELI, at $1.29 billion, and $1.25 billion, respectively, followed closely by LIHTC-4%, at $1.19 billion. The LIHTC-9% program generated output impacts of $770.6 million. The Multifamily Mortgage Revenue Bonds (MMRB) had an output of $595.1 million. The overall multifamily impacts total $3.27 billion as shown in Table 11.

Table 8. Economic Impacts of each FHFC Multifamily Program in Florida in 2014[11]

	Multifamily Programs			
Economic Impacts	**Output***	**Employment**	**Income***	**Value added***
State Apartment Incentive Loan (SAIL)	$1,289,162,682	9,429	$443,930,581	$659,723,696
SAIL-ELI	$1,248,306,870	9,128	$429,794,876	$639,195,790
Multifamily Mortgage Revenue Bonds (MMRB)	$595,105,653	4,345	$205,647,737	$306,430,144
LIHTC-9%	$770,626,731	5,637	$265,302,180	$394,187,877
LIHTC-4%	$1,190,017,514	8,693	$410,773,661	$611,567,732
HOME Rental	$341,999,680	2,504	$117,552,188	$174,446,908
TBRA	$12,551,279	98	$3,318,604	$8,139,175
Grants for Housing for DD	$107,006,600	783	$36,784,472	$54,592,707
Grants for Homeless Households	$8,683,606	63	$2,993,598	$4,452,580
Special Needs ELI	$26,674,449	195	$9,180,908	$13,638,498
State Housing Initiatives Partnership (SHIP) - Rental	$62,845,961	458	$21,800,091	$32,577,393
PLP - Rental	$47,698,667	349	$16,397,569	$24,336,849

*** in Nov 2015 $**

FHFC Single Family Programs

The 2014 economic impacts associated with each of the single family programs are presented in Table 9. Table 9 represents impacts for each single family program and as such, totals for all single

[11] Because FHFC often uses more than one program to fund the same development, Total Development Cost totals may not simply be added together in this table to get the overall economic impact of all multifamily programs. Instead, this table should only be used to understand the economic impact of each program by itself.

family programs are not presented. The FTHB and associated down payment assistance programs had the largest economic impacts. The program generated output of $240.1 million, 1,804 jobs, and value added of $135.0 million. The SHIP program related solely to homeownership also had substantial economic impacts. The SHIP program generated $179.6 million of output, 1,321 jobs, and value added of $93.7 million. The overall single family impacts total $439.8 million as shown in Table 11.

Table 9. Economic Impacts of each FHFC Single Family Program in Florida in 2014[12]

	Single Family Programs			
Economic Impacts	**Output***	**Employment**	**Income***	**Value added***
FTHB & DPA Programs	$240,068,612	1,804	$75,515,295	$135,027,940
HOP	$13,341,728	98	$4,404,939	$6,854,520
NFMC	$2,427,088	20	$1,057,532	$1,425,104
Foreclosure Counseling	$1,208,371	10	$526,512	$709,515
PLP - Homeownership	$40,604	0	$14,907	$22,329
SHIP - Homeownership	$179,601,887	1,321	$58,756,653	$93,704,701
MCC	$3,105,859	23	$1,244,126	$1,700,959

*** in Nov 2015 $**

FHFC Operations

FHFC 2014 administrative expenditures were assigned sector codes which correspond to the appropriate industry for each expense line item. Money spent outside of Florida is excluded from the economic model. The economic impacts associated with those expenditures are shown in Table 10. The estimated economic impact of FHFC's operations include 676 jobs in Florida, $92.5 million in output, $50.1 million in value-added, and $34.3 million in income.

[12] Because FHFC often uses more than one program to fund the same development, Total Development Cost totals may not simply be added together in this table to get the overall economic impact of all single family programs. Instead, this table should only be used to understand the economic impact of each program by itself.

Table 10. FHFC Operations, Impacts for 2014

	FHFC Operating Expenses			
Economic Impacts	Output*	Employment	Income*	Value added*
FHFC Operating Expenses	$92,516,175	676	$34,328,496	$50,097,010
Grand Total	**$92,516,175**	**676**	**$34,328,496**	**$50,097,010**

*** in Nov 2015 $**

Total Economic Impacts of FHFC Housing Programs and Administrative Expenditures

The total economic impacts for the two FHFC main program groups (multifamily and single family) are shown in Table 11. In addition, the economic impacts associated with FHFC operations are included. In summary, the total economic impacts created $3.81 billion in output, $1.30 billion in labor income, $1,97 billion in value added, and 27,888 full-time and part-time jobs.

Table 11. Economic Impacts of All FHFC Housing Programs and Operating Expenditures for 2014

	Total FHFC Housing Programs & Operations			
Economic Impacts	Output*	Employment	Income*	Value added*
Multifamily Programs	$3,273,467,339	23,935	$1,127,194,655	$1,679,974,257
Single Family Programs	$439,794,148	3,277	$141,534,872	$239,467,396
FHFC Admin. and Operating Expenses	$92,516,175	676	$34,328,496	$50,097,010
Total All Program Activities	**$3,805,777,663**	**27,888**	**$1,303,058,023**	**$1,969,538,663**

*** in Nov 2015 $**

Discussion and Conclusions

Florida Housing Finance Corporation has been operating in Florida for over 30 years. FHFC offers financing options for homeownership, rental housing development, and for foreclosure avoidance. In 2014, FHFC assisted in providing more than 26,000 total housing units. The total development cost equaled over $1.92 billion. In addition, the FHFC's homeownership programs led to over $54.9 million in spending on closing costs. The research study team examined both the multifamily and the single family programs, and the year 2014 FHFC administrative expenditures, in order to derive the economic impacts of FHFC to the state of Florida.

In 2014, FHFC leveraged funding resources totaling about one billion dollars to create a total of $3.81 billion in economic activity.

***Total Economic Impact* –** The economic impact generated by FHFC based on FHFC's non-duplicative program funding is **$3.71 billion**. The economic impact associated with FHFC's operations (spent in Florida) is estimated to be **$92.5 million**. The total annual economic impact as a result of FHFC's programs and operations is estimated to be **$3.81 billion**.

In summary, it is estimated that in 2014 FHFC generated the following benefits to the Florida economy:

- $3.81 billion in economic output;
- $1.30 billion in income;
- $1.97 billion in value added (or GDP); and
- 27,888 full and part-time jobs.

The results of the economic analysis indicate that FHFC contributes significantly to the Florida economy.

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