

Final Report

Economic Contributions of the Florida Housing Finance Corporation in Florida in 2015

Contributors:

Dr. Julie Harrington

Director, Center for Economic Forecasting and Analysis, Florida State University, FSU Research Complex, 3200 Commonwealth Blvd. Tallahassee, Fl. 32303. Tel. (850) 644-7357. Email: jharrington@cefa.fsu.edu

Mr. Kevin Tatreau

Director of Development Finance, Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Fl. 32301. Tel. (850) 488-4197. Email: kevin.tatreau@floridahousing.org

Ms. Nancy Muller

Director of Policy & Special Programs, Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Fl. 32301. Tel. (850) 488-4197. Email: nancy.muller@floridahousing.org

Staff at The Florida State University Center for Economic Forecasting and Analysis, Regional Economic Models, Inc. and Florida Housing Finance Corporation.

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.

The Florida State University Center for Economic Forecasting and Analysis (CEFA) has run two different regional economic modeling software programs for Florida Housing Finance Corporation (FHFC) based on the funding outlined in its 2015 annual report along with its administrative operations. The first software program is IMPLAN, an input-output analysis and social accounting software licensed from IMPLAN Group, LLC which was used to determine the economic impact to the state of Florida based on the delivery of the various homeownership and multifamily rental units as outlined in FHFC's 2015 annual report along with its administrative operations. The second software program is REMI, a dynamic (multiple time-period) integrated input-output and econometric model licensed from Regional Economic Models, Inc. (REMI PI+ v2.0.2) 2016 which was used to determine the economic impact to the state of Florida based on the initial 15 years of operations of the multifamily rental units once they are delivered. The findings from both economic modeling software analyses are summarized herein.

In 2015, FHFC assisted in providing more than 24,000 total housing units in both new construction and rehabilitation activities. The overall total development cost equaled over \$2.39 billion. In addition, FHFC's homeownership programs led to over \$161 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 2015 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 2015, FHFC leveraged \$1.05 billion of its own funding resources to create a total of \$4.74 billion in economic activity.

Total Economic Impact Results from acquiring, constructing and/or rehabilitating the units in 2015 as well as the administrative operations of FHFC (IMPLAN) – In summary, the economic impact generated by FHFC based on FHFC’s non-duplicative program funding is **\$4.66 billion**. The economic impact associated with FHFC’s operations (spent in Florida) is estimated to be **\$86.9 million**. The total annual economic impact as a result of delivering the homeownership and multifamily rental units funded in 2015 by FHFC’s programs as well as its own operations is estimated to be **\$4.74 billion in economic output, \$1.53 billion in income, \$2.50 billion in value added, and 34,264 full and part-time jobs**.

Total Economic Impact Results from annual operations of the multifamily rental units for 15 years (REMI) – In summary, the **average number of jobs created over each of the 15 years of analysis is 2,072 jobs** for the 112 multifamily rental developments (9,605 total units) identified in the 2015 annual report (all but the six MERP-only developments). Over the 15 years of analysis beginning once the units are delivered, the operations of the 112 multifamily rental developments would create a **cumulative economic output of \$6.68 billion to the state of Florida and \$2.33 billion in personal income**.

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. 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 2015.

Institutional Capacity and Project Team

The Center for Economic Forecasting and Analysis (CEFA¹) 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.

¹ See: <http://www.cefa.fsu.edu>

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 2015, FHFC provided financial assistance through several affordable housing programs which the funding for these programs was allocated as single family (homeownership) programs and multifamily (rental) programs (Tables 2 and 3). Some FHFC programs are funded 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. In many cases, multifamily programs may be used together to finance a development; the same is true for single family programs.

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

A summary of the prior economic benefits studies is provided in Table 1. below as a comparison to the current study. Whereas the amount of funding and total development costs represents both homeownership and multifamily rental programs, the reported economic benefits are inclusive of FHFC's administrative operations, except for 2010 when the operations were not included in the analysis. This Table represents only the economic benefits generating from delivering the proposed units funded by FHFC in 2015 (IMPLAN analysis) and is not related to the economic benefit from operating them once delivered (REMI analysis).

Table 1. Summary of Prior and Current Economic Benefits Studies

Expenditure Year	Overall FHFC Funding (Millions)	Total Development Costs (Millions)	Employment	Industry Revenue Output (Billions)
2015	\$1,048.9	\$2,511.0	34,264	\$4.744
2014	\$1,028.5	\$1,984.5	27,888	\$3.806
2013	\$452.5	\$982.3	15,943	\$2.252
2012	\$408.4	\$486.2	24,515	\$3.094
2010	\$1,237.5	\$2,106.7	41,260	\$4.886

Section I

Economic Benefits Methodology for the 2015 FHFC Study – IMPLAN Analysis

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;
- 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 536 sectors, 25 institutional sectors, and latest dataset – year 2014 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 2015 from FHFC staff. The researchers used “profiles” for multifamily and homeownership that were generated from the prior year’s economic impact modeling process. The input data used for this study were for 2015² 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 for each program as well as expressed in a non-duplicative manner for overall expense amounts, which were the data used for the economic modeling process. The respective funding and development costs generated by the programs were assigned to

² The final economic impacts were reflected in current year dollars (September 2016).

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 while some are a percentage of purchase price. 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 2015 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.

Table 2a lists the funding amount and total development cost from each multifamily program. Table 2b lists the multifamily rental programs FHFC administered in 2015, with the funding amount and total development costs for each multifamily program. The *State Housing Initiatives Partnership (SHIP) Program*, 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 2a and 3a. As such, the totals of each program cannot be added together to determine the overall multifamily total as presented in Tables 2b and 3b, respectively, because this would result in duplication. Tables 2b and 3b 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.

Table 4 reports that, in 2015, the total operation expenses for FHFC were \$33,795,372. Approximately ninety percent (89.9%) of the total amount was spent in Florida.

Table 2a. Funding Amounts, and Total Development Costs for FHFC Multifamily Programs in 2015

Program	Type Activity	Funding Amount	Total Development Cost
State Apartment Incentive Loan (SAIL)	New construction	\$ 49,752,024	\$ 205,696,481
	Rehab construction	\$ 28,476,104	\$ 141,270,409
	Total	\$ 78,228,128	\$ 346,966,890
Multifamily Mortgage Revenue Bonds (MMRB)	New construction	\$ 28,750,000	\$ 52,602,087
	Rehab construction	\$ 50,450,000	\$ 118,131,960
	Total	\$ 79,200,000	\$ 170,734,047
Low Income Housing Tax Credits (LIHTC)-9%	New construction	\$ 41,442,555	\$ 493,944,945
	Rehab construction	\$ 7,691,024	\$ 122,181,214
	Total	\$ 49,133,579	\$ 616,126,159
Low Income Housing Tax Credits (LIHTC)-4%	New construction	\$ 15,196,171	\$ 408,053,139
	Rehab construction	\$ 7,984,621	\$ 254,656,040
	Total	\$ 23,180,792	\$ 662,709,179
Home Investment Partnership (HOME)	New construction	\$ 29,699,980	\$ 94,579,349
Tenant-Based Rental Assistance (TBRA)	Rental assistance	\$ 2,561,735	\$ 2,561,735
Grants for Housing Persons with Developmental Disabilities	New construction	\$ 8,224,000	\$ 10,352,245
	Rehab construction	\$ 959,000	\$ 1,148,263
	Total	\$ 9,183,000	\$ 11,500,508
EHCL	New construction	\$ -	\$ -
	Rehab construction	\$ 2,250,000	\$ 19,516,474
	Total	\$ 2,250,000	\$ 19,516,474
MERP	New construction	\$ -	\$ -
	Rehab construction	\$ 7,270,000	\$ 11,240,928
	Total	\$ 7,270,000	\$ 11,240,928
State Housing Initiatives Partnership (SHIP) - rental	New construction	\$ 1,220,411	\$ 45,708,265
	Rehab construction	\$ 2,956,389	\$ 110,726,189
	Rental assistance	\$ 162,668	\$ 162,668
	Rental deposits	\$ 314,576	\$ 314,576
	Land acquisition	\$ 100,000	\$ 100,000
	Total	\$ 4,754,044	\$ 157,011,698
Predevelopment Loan Program (PLP) - rental	New construction	\$ 580,264	\$ 580,264
	Rehab construction	\$ 233,820	\$ 233,820
	Total	\$ 814,084	\$ 814,084

Table 2b. Totals for All FHFC Multifamily Programs in 2015³

Program	Type Activity	Funding Amount	Total Development Cost
Total Multifamily Programs	New construction	\$ 174,865,405	\$ 1,083,937,010
	Rehab construction	\$ 108,270,958	\$ 504,256,081
	Rental assistance	\$ 2,724,403	\$ 2,724,403
	Rental deposits	\$ 314,576	\$ 314,576
	Land acquisition	\$ 100,000	\$ 100,000
	Total	\$ 286,275,342	\$ 1,591,332,069

³ 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 2b. have netted-out any duplicative figures.

Table 3a. Funding Amounts, Total Development Costs and Closing Costs for FHFC Single-Family Programs in 2015

Program	Type of Activity	Funding Amount	Total Development Cost	Closing Costs
First Time Homebuyer (FTHB)	New construction	\$ 66,808,528	\$ 69,882,292	\$ 8,171,299
	Existing Homes	\$ 483,571,059	\$ 511,179,511	\$ 61,852,709
	Total	\$ 550,379,587	\$ 581,061,803	\$ 70,024,008
Homeownership Assistance (HAP) (FTHB DPA)	New construction	\$ 3,186,925	\$ 57,256,714	\$ 6,690,677
	Existing Homes	\$ 30,417,028	\$ 409,942,457	\$ 49,669,537
	Total	\$ 33,603,953	\$ 467,199,171	\$ 56,360,213
FL Assist - FHFC Bond Proceeds (FTHB DPA)	New construction	\$ 90,000	\$ 2,023,241	\$ 235,079
	Existing Homes	\$ 515,000	\$ 7,995,492	\$ 977,429
	Total	\$ 605,000	\$ 10,018,733	\$ 1,212,508
HFA Preferred Plus Program (FTHB DPA)	New construction	\$ 19,553	\$ 651,753	\$ 76,708
	Existing Homes	\$ 98,355	\$ 3,278,500	\$ 381,303
	Total	\$ 117,908	\$ 3,930,253	\$ 458,011
HHF DPA (FTHB DPA)	New construction	\$ 862,400	\$ 9,815,404	\$ 1,152,560
	Existing Homes	\$ 9,741,265	\$ 89,302,462	\$ 10,744,657
	Total	\$ 10,603,665	\$ 99,117,866	\$ 11,897,217
Homeownership Pool (HOP)	New construction	\$ 1,776,100	\$ 7,822,600	\$ 950,762
Florida Hardest-Hit Fund (HHF)-funds disbursed (net of DPA)	Mortgage reduction	\$ 97,653,001	\$ -	\$ -
Foreclosure Counseling Program (FCP)	Foreclosure Counseling	\$ 642,150	\$ 642,150	\$ -
State Housing Initiatives Partnership (SHIP)	New construction	\$ 4,256,743	\$ 20,584,140	\$ 2,406,893
	Rehab construction	\$ 37,374,790	\$ 37,374,790	\$ -
	Downpayment assistance	\$ 22,118,612	\$ 144,082,625	\$ 17,363,584
	Foreclosure Prevention	\$ 204,893	\$ 204,893	\$ -
	Foreclosure Counseling	\$ 1,392,555	\$ 1,392,555	\$ -
	Land Acquisition	\$ 75,678	\$ 75,678	\$ -
	Total	\$ 65,423,271	\$ 203,714,681	\$ 19,770,477
MCC	MCC on New Homes	\$ 418,000	\$ 418,000	\$ -
	MCC on Existing Homes	\$ 1,442,000	\$ 1,442,000	\$ -
	Total	\$ 1,860,000	\$ 1,860,000	\$ -

Table 3b. Totals for All FHFC Single-Family Programs in 2015⁴

Program	Type of Activity	Funding Amount	Total Development Cost	Closing Costs
Total Singlefamily Programs	New construction	\$ 77,000,248	\$ 98,289,032	\$ 19,683,977
	Existing Homes	\$ 524,342,707	\$ 511,179,511	\$ 123,625,635
	Rehab construction	\$ 37,374,790	\$ 37,374,790	\$ -
	Mortgage reduction	\$ 97,653,001	\$ -	\$ -
	Foreclosure Prevention	\$ 204,893	\$ 204,893	\$ -
	Foreclosure Counseling	\$ 2,034,705	\$ 2,034,705	\$ -
	Land Acquisition	\$ 75,678	\$ 75,678	\$ -
	Total MCC	\$ 1,860,000	\$ 1,860,000	\$ -
	Pre-Development	\$ -	\$ -	\$ -
	Downpayment assistance	\$ 22,118,612	\$ 144,082,625	\$ 17,363,584
	Total	\$ 762,664,634	\$ 795,101,234	\$ 160,673,196

⁴ 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 3b. have netted-out any duplicative figures.

Table 4. Operation Expenses for FHFC in 2015⁵

Descriptions of FHFC Line Item Operating Expenses	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	\$360,309	\$17	0.00%
Office Supplies	406. Retail - Miscellaneous store retailers	\$9,432	\$169	0.00%
Rent - Offsite Storage	416. Warehousing and storage	\$24,498	\$24,498	0.07%
Software Licenses, Capital Expenditures - Software	422. Software publishers	\$291,745	\$80,378	0.24%
Telephone	428. Wireless telecommunications carriers (except satellite)	\$335,753	\$308,118	0.91%
Books & Subscriptions	431. News syndicates, libraries, archives and all other information services	\$60,002	\$60,002	0.18%
Credit Underwriting, Advisor Payments, Banking & Processing Charges	433. Monetary authorities and depository credit intermediation	\$4,568,715	\$4,520,736	13.38%
Salaries, Unemployment Taxes, Employee Benefits, Compensated Absences, Payroll Taxes, Workers Compensation Insurance	436. Other financial investment activities	\$11,962,628	\$10,374,019	30.70%
Corporate Insurance	438. Insurance agencies, brokerages, and related activities	\$140,845	\$124,413	0.37%
Rent	440. Real estate	\$773,197	\$773,197	2.29%
Legal Fees	447. Legal services	\$294,885	\$294,885	0.87%
Compliance Monitoring	448. Accounting, tax preparation, bookkeeping, and payroll services	\$2,773,973	\$2,773,973	8.21%
Systems Design Contracts	452. Computer systems design services	\$429,642	\$0	0.00%
Systems Maintenance Contracts	453. Other computer related services, including facilities management	\$179,070	\$65,675	0.19%
Consulting	454. Management consulting services	\$1,226,034	\$814,762	2.41%
Environmental Review, Technical Assistance	455. Environmental and other technical consulting services	\$350,750	\$350,750	1.04%
Advertising, Public Relations, Marketing	457. Advertising, public relations, and related services	\$107,753	\$105,270	0.31%
Printing & Reproduction, Servicer Fees	460. Marketing research and all other miscellaneous professional, scientific, and technical services	\$691,160	\$691,160	2.05%
Board Meetings, C-3 Committee	462. Office administrative services	\$59,208	\$58,886	0.17%
Repairs & Maintenance, Property Expenses	463. Facilities support services	\$313,491	\$267,710	0.79%
Employee Relations	464. Employment services	\$3,909	\$3,909	0.01%
Conferences & Seminars	465. Business support services	\$63,920	\$52,454	0.16%
Travel	466. Travel arrangement and reservation services	\$217,030	\$120,591	0.36%
Property Expenses	468. Services to buildings	\$38,860	\$38,860	0.11%
Tuition Reimbursement	473. Junior colleges, colleges, universities, and professional schools	\$2,500	\$2,500	0.01%
Workshops	474. Other educational services	\$107,878	\$107,878	0.32%
Grant Disbursements	514. Grantmaking, giving, and social advocacy organizations	\$8,291,196	\$8,291,196	24.53%
G&A Other, Membership Dues, Trustee Fees	515. Business and professional associations	\$66,063	\$10,096	0.03%
Postage	518. Postal service	\$48,910	\$48,910	0.14%
Other Fees	523. Other state government enterprises	\$2,016	\$2,016	0.01%
	Total	\$33,795,372	\$30,367,029	89.86%

The economic impacts of the 2015 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

⁵ 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.

final goods and services produced across the program type economies as a result of the sales/revenues generated by FHFC activities during 2015. 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 2015 economic impacts for each of the multifamily programs are presented in Table 5. Table 5 represents impacts for each multifamily program and as such, totals for all multifamily programs are not presented therein.

Table 5. Economic Impacts of each FHFC Multifamily Program in Florida in 2015⁶ – IMPLAN Analysis

Economic Impacts	Multifamily Programs			
	Output*	Employment	Income*	Value added*
State Apartment Incentive Loan (SAIL)	\$759,588,932	5,474	\$247,488,283	\$398,209,745
Multifamily Mortgage Revenue Bonds (MMRB)	\$327,297,653	2,357	\$107,128,401	\$172,196,305
LIHTC-9%	\$1,471,858,881	10,609	\$478,265,636	\$769,991,462
LIHTC-4%	\$1,465,324,250	10,560	\$477,277,545	\$767,995,912
HOME Rental	\$243,870,475	1,758	\$79,070,463	\$127,362,365
TBRA	\$7,218,400	53	\$1,877,978	\$4,426,904
Grants for Housing for DD	\$28,556,016	206	\$9,268,557	\$14,925,781
Grants for Homeless Households	\$31,664,717	228	\$10,433,264	\$16,745,813
Special Needs ELI	\$18,237,967	131	\$6,009,260	\$9,645,107
State Housing Initiatives Partnership (SHIP) - 1	\$298,851,301	2,153	\$97,755,840	\$157,383,264
PLP - Rental	\$1,875,560	14	\$610,111	\$982,020

* in Sep 2016 \$

⁶ 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.

FHFC Single Family Programs

The 2015 economic impacts associated with each of the single-family programs are presented in Table 6. Table 6 represents impacts for each single-family program and as such, totals for all single-family programs are not presented.

Table 6. Economic Impacts of each FHFC Single Family Program in Florida in 2015⁷ – IMPLAN Analysis

Economic Impacts	Single Family Programs			
	Output*	Employment	Income*	Value added*
FTHB & DPA Programs	\$390,672,069	2,830	\$117,314,064	\$218,572,748
HOP	\$24,132,645	175	\$7,467,638	\$12,648,021
Foreclosure Counseling	\$1,899,533	16	\$821,431	\$1,119,933
SHIP - Homeownership	\$613,217,451	4,441	\$190,961,195	\$320,527,958
MCC	\$5,513,396	42	\$2,263,774	\$3,140,917

* in Sep 2016 \$

FHFC Operations

FHFC 2015 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 7.

Table 7. FHFC Operations, Impacts for 2015 – IMPLAN Analysis

Economic Impacts	FHFC Operating Expenses			
	Output*	Employment	Labor Income*	Value added*
FHFC Admin. and Operating Expenses	\$86,880,004	658	\$29,663,995	\$48,739,962
Grand Total	\$86,880,004	658	\$29,663,995	\$48,739,962

* in Sep 2016 \$

⁷ 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.

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 8. In addition, the economic impacts associated with FHFC operations are included.

Table 8. Economic Impacts of All FHFC Housing Programs and Operating Expenditures for 2015 – IMPLAN Analysis

Total FHFC Housing Programs & Operations				
Economic Impacts	Output*	Employment	Labor Income*	Value added*
Multifamily Programs	\$3,621,603,321	26,102	\$1,177,992,572	\$1,897,571,226
Single Family Programs	\$1,035,435,094	7,504	\$318,828,103	\$556,009,577
FHFC Admin. and Operating Expenses	\$86,880,004	658	\$29,663,995	\$48,739,962
Total All Program Activities	\$4,743,918,420	34,264	\$1,526,484,669	\$2,502,320,765

* in Sep 2016 \$

Section II

Economic Impacts Methodology for the 2015 FHFC Study – REMI Analysis

The 15-year economic impact results, based on projected operating data (program input data), show the impact of each FHFC individual program, relative to the baseline economy. The results reveal that the impacts on the Florida economy will be positive, on Output, Income and Employment, for years 2015 - 2029. It should be noted that the analyses did not reallocate or redistribute any potential revenues generated from program income associated with potential loan repayments from these developments to other areas of spending; such as government spending or other affordable housing programs. The program input data (for 2015) included the following data categories (by individual program) for operating income and expenses provided to FSU CEFA by the FHFC,⁸ on a per-unit basis:

- Average Annual Effective Gross Income
- Average Annual Real Estate Taxes
- Average Annual Insurance

⁸ Input data provided by Mr. Kevin Tatreau, FHFC Director of Development Finance.

- Average Annual Management Fee (% of EGI)
- Average Annual General & Administrative
- Average Annual Payroll
- Average Annual Utilities
- Average Annual Utility Allowances
- Average Annual Marketing & Advertising
- Average Annual Building Maintenance & Repairs
- Average Annual Grounds Maintenance & Landscaping
- Average Annual Contract Services
- Average Annual Resident Programs
- Average Annual Security
- Average Annual Other
- Average Annual Replacement Reserves
- Average Annual Amortizing Debt – Principal Payments
- Average Annual Amortizing Debt – Interest Payments
- Average Annual Interest Only Debt Service & Fees
- Net Cash Flow after Debt Service

FSU CEFA then derived the totals (used in the REMI model) based on the average operating cost (or average effective gross income) per unit multiplied by the number of units for each input data category listed above, for each FHFC multifamily program and a separate overall FHFC multifamily grouping (because programs are often used together to fund developments). There was no duplication of any category nor numbers provided in the input data.⁹ In order to estimate the expected growth rate of operating expenses, an assumption of 3 percent annually was used. Income¹⁰ was based on a growth rate of 2 percent annually.¹¹

For each of the seven programs (4%HC, 9%HC, SAIL, MMRB, EHCL, Grants, and HOME), several policy variables were used in REMI PI+ to model changes in several expense and income categories. For “Average Annual Effective Gross Income PU”, REMI’s proprietor’s income policy variable was used because this is the income category that reflects the total income received by the development. “Average Annual Real Estate Taxes PU” uses REMI’s local government spending variable because it is assumed that money taxed by the

⁹ The Summary Table presents the total economic impact results including all rental developments funded in 2015 without duplication when any development received funding from more than one program.

¹⁰ Based on the Average Annual Effective Gross Income variable.

¹¹ The growth rate(s) for operating expenses and income, of 3 percent and 2 percent, respectively, were based on growth rates used by the FHFC.

government is spent. All other expense categories used the industry sales policy variable, with the industry detail selected that best corresponds to the associated NAICS code of the category.

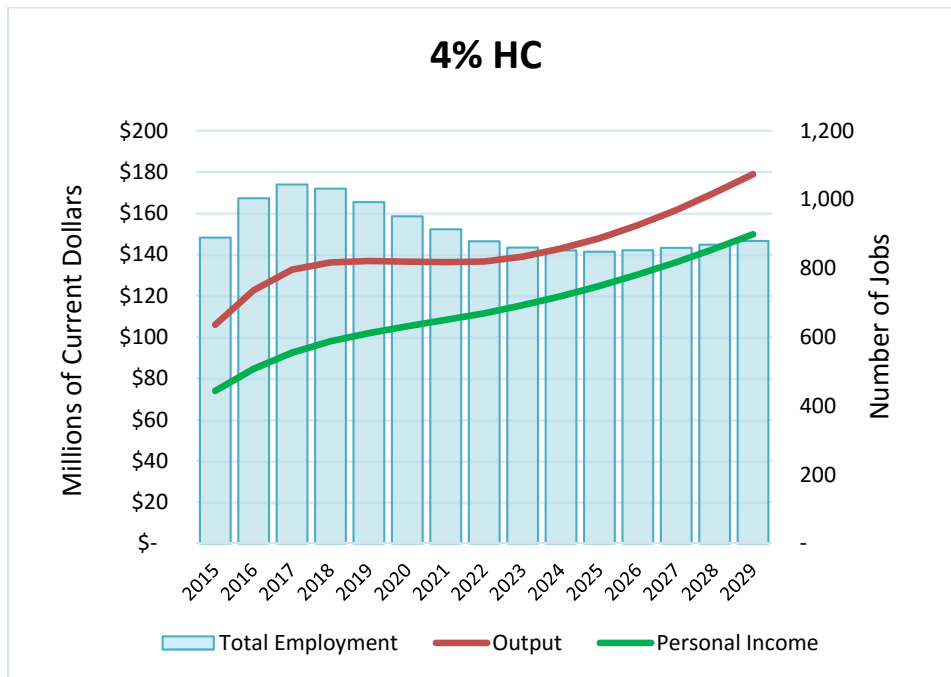
FHFC Program Results

4% HC Program

The economic impact presented below is based on the 15-year operating proformas for the 31 4% HC developments that were awarded funding in 2015, creating 3,990 units.

- Employment increases by 889 jobs for the initial year of operation in 2015, before settling at 880 jobs in 2029.¹² After the first three years of operations where the market demonstrates an over-employment strategy, it begins to stabilize itself by 2025 when the economy begins to create additional jobs annually thereafter.
- Annual Output increases by \$106 million for the initial year of operation in 2015, eventually rising to \$179 million in 2029, with an increasing trend at that time.
- Personal Income increases by \$74 million for the initial year of operation in 2015 and continues to increase to \$150 million in 2029.

Figure 1. The FHFC 4% HC Program to Year 2029



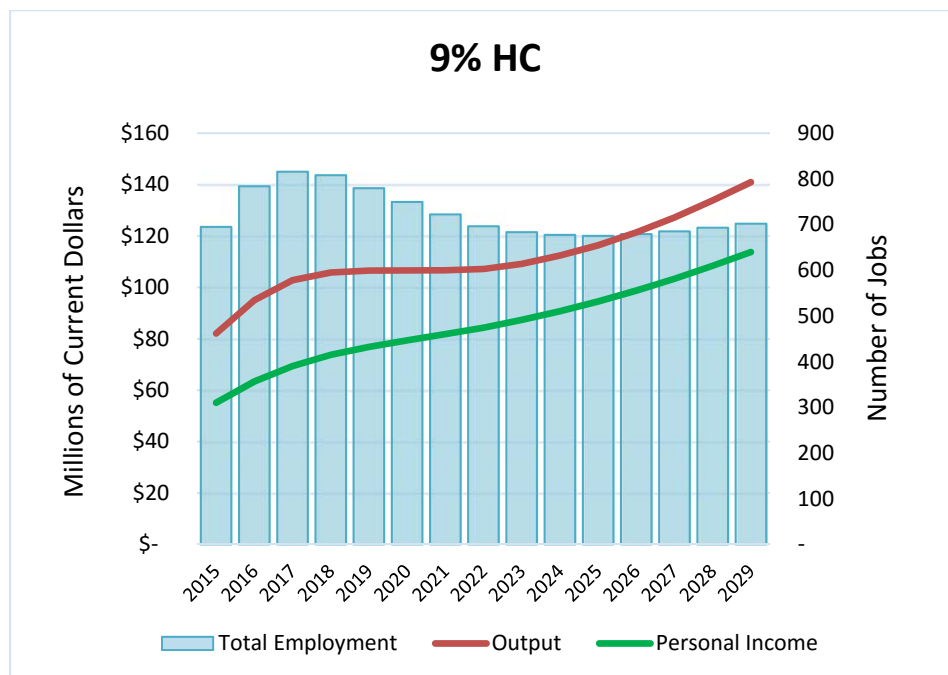
¹² The job increases for each program are compared to a baseline (i.e., no FHFC program investment activity).

9 % HC Program

The economic impact presented below is based on the 15-year operating proformas for the 32 9% HC developments that were awarded funding in 2015, creating 3,251 units.

- Employment increases by 695 jobs for the initial year of operation in 2015, before further increasing to 702 jobs in 2029.¹³ During the first three years of operations the market creates jobs based on higher demand expectations than needed, and then it begins to correct itself through 2025 when the economy begins to create additional jobs annually thereafter.
- Annual Output increases by \$82 million for the initial year of operation in 2015, eventually rising to \$141 million in 2029, with an increasing trend at that time.
- Personal Income increases by \$55 million for the initial year of operation in 2015 and continues to increase to \$114 million in 2029.

Figure 2. The FHFC 9% HC Program to Year 2029



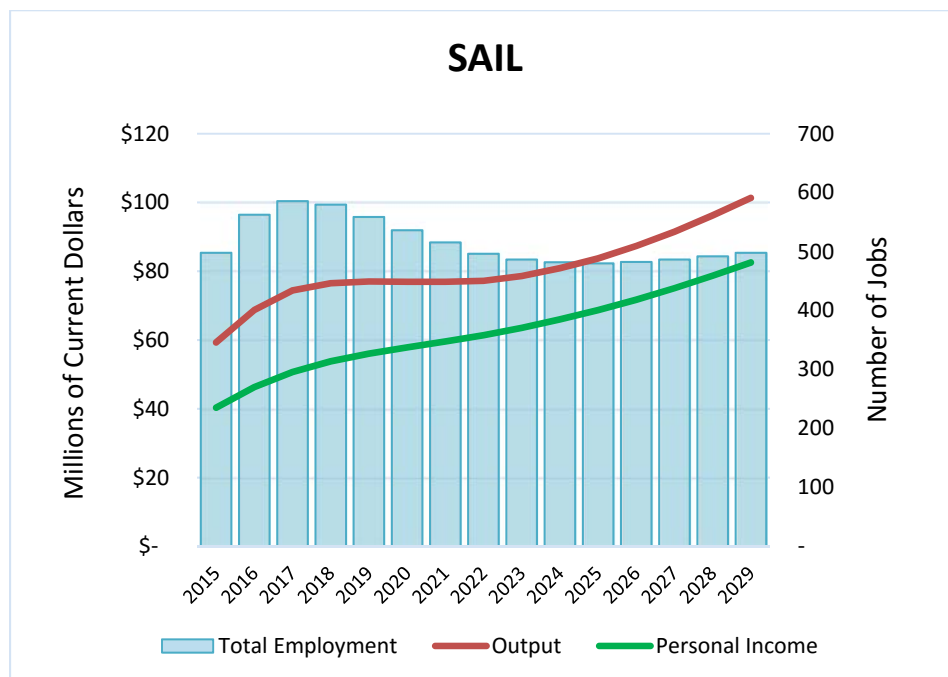
¹³ The job increases for each program are compared to a baseline (i.e., no FHFC program investment activity).

SAIL Program

The economic impact presented below is based on the 15-year operating proformas for the 20 SAIL developments that were awarded funding in 2015, creating 2,239 units.

- Employment increases by 498 jobs for the initial year of operation in 2015 and after additional increase returns to 498 in 2029.¹⁴ During the first three years of operations the market creates jobs based on higher demand expectations than needed, and then it begins to correct itself through 2025 when the economy begins to create additional jobs annually thereafter.
- Annual Output increases by \$59 million for the initial year of operation in 2015, eventually rising to \$101 million in 2029, with an increasing trend at that time.
- Personal Income increases by \$40 million for the initial year of operation in 2015 and continues to increase to \$83 million in 2029.

Figure 3. The FHFC SAIL Program to Year 2029



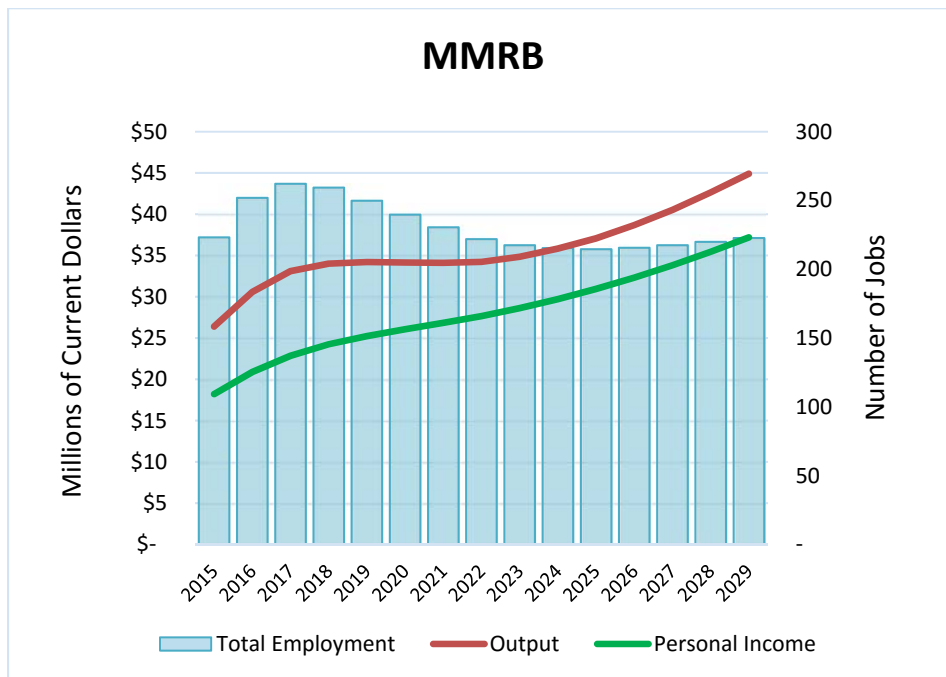
¹⁴ The job increases for each program are compared to a baseline (i.e., no FHFC program investment activity).

MMRB Program

The economic impact presented below is based on the 15-year operating proformas for the 11 MMRB developments that were awarded funding in 2015, creating 1,084 units.

- Employment increases by 223 jobs for the initial year of operation in 2015 and after increasing beyond that, returns to 223 in 2029.¹⁵ During the first three years of operations the market creates jobs based on higher demand expectations than needed, and then it begins to correct itself through 2025 when the economy begins to create additional jobs annually thereafter.
- Annual Output increases by \$26 million for the initial year of operation in 2015, eventually rising to \$45 million in 2029, with an increasing trend at that time.
- Personal Income increases by \$18 million for the initial year of operation in 2015 and continues to increase to \$37 million in 2029.

Figure 4. The FHFC MMRB Program to Year 2029



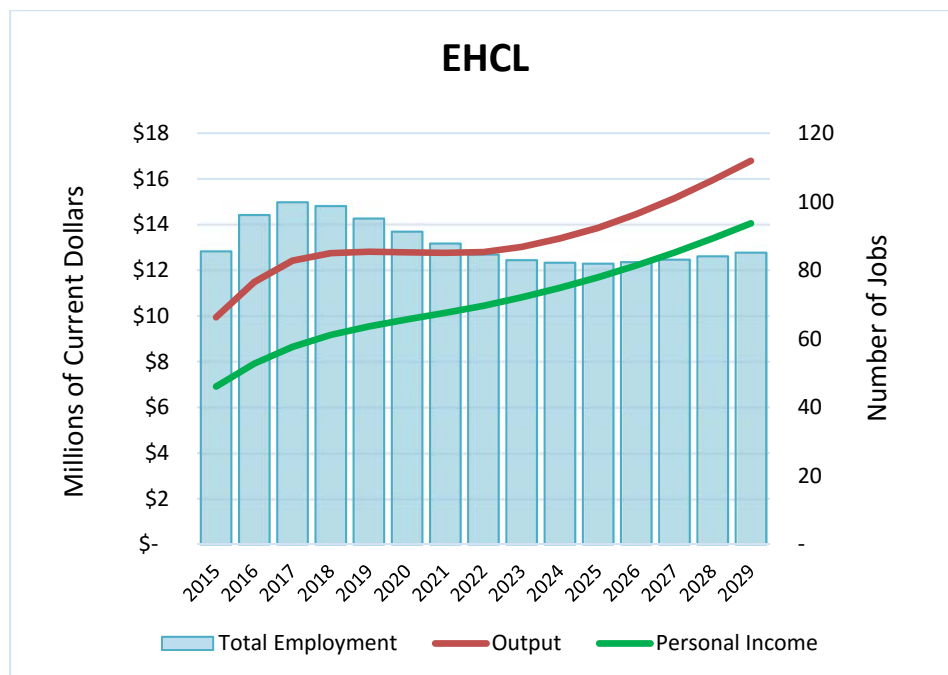
¹⁵ The job increases for each program are compared to a baseline (i.e., no FHFC program investment activity).

EHCL Program

The economic impact presented below is based on the 15-year operating proformas for the 3 EHCL developments that were awarded funding in 2015, creating 418 units.

- Employment increases by 86 jobs for the initial year of operation in 2015, before settling at 85 jobs in 2029.¹⁶ During the first three years of operations the market creates jobs based on higher demand expectations than needed, and then it begins to correct itself through 2025 when the economy begins to create additional jobs annually thereafter.
- Annual Output increases by \$10 million for the initial year of operation in 2015, eventually rising to \$17 million in 2029, with an increasing trend at that time.
- Personal Income increases by \$7 million for the initial year of operation in 2015 and continues to increase to \$14 million in 2029.

Figure 5. The FHFC EHCL Program to Year 2029



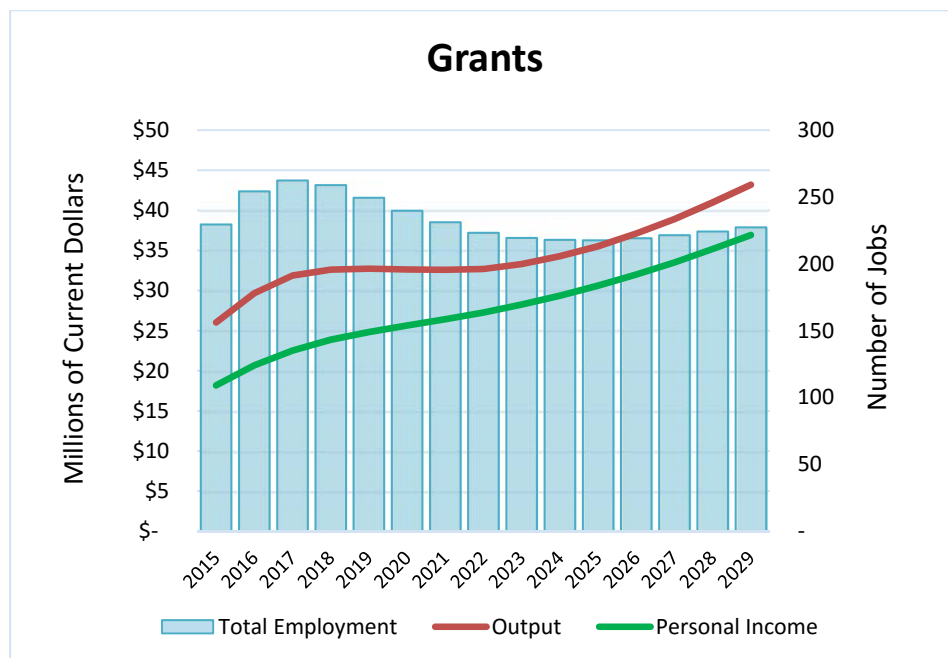
¹⁶ The job increases for each program are compared to a baseline (i.e., no FHFC program investment activity).

Grants Program

The economic impact presented below is based on the 15-year operating proformas for the 28 Grant developments that were awarded funding in 2015, creating 165 units.

- Employment increases by 229 jobs for the initial year of operation in 2015, before settling at 227 jobs in 2029.¹⁷ During the first three years of operations the market creates jobs based on higher demand expectations than needed, and then it begins to correct itself through 2025 when the economy begins to create additional jobs annually thereafter.
- Annual Output increases by \$26 million for the initial year of operation in 2015, eventually rising to \$43 million in 2029, with an increasing trend at that time.
- Personal Income increases by \$18 million for the initial year of operation in 2015 and continues to increase to \$37 million in 2029.

Figure 6. The FHFC Grants Program to Year 2029



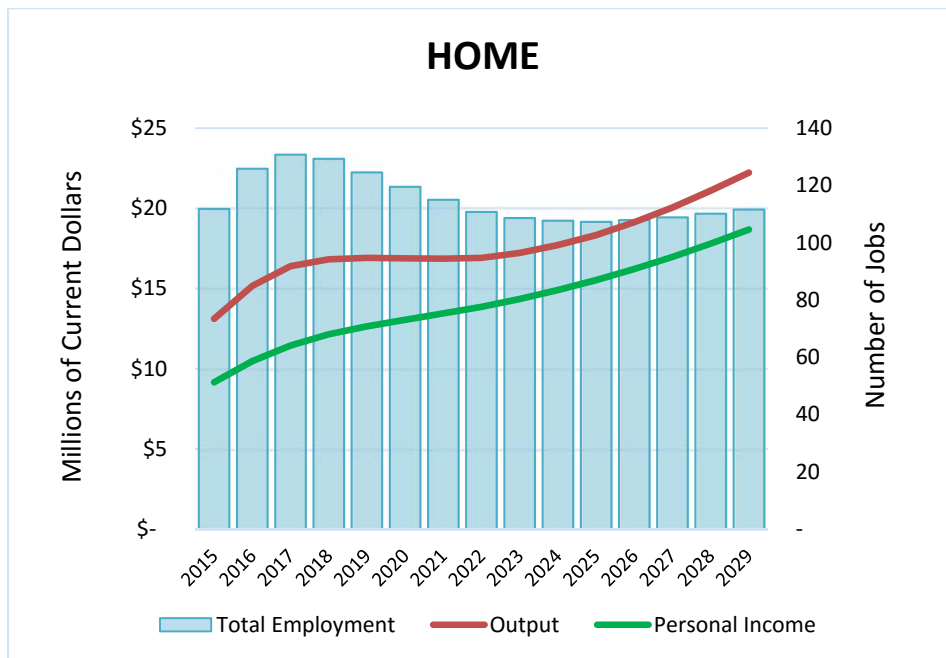
¹⁷ The job increases for each program are compared to a baseline (i.e., no FHFC program investment activity).

HOME Program

The economic impact presented below is based on the 15-year operating proformas for the 6 HOME developments that were awarded funding in 2015, creating 495 units.

- Employment increases by 112 jobs for the initial year of operation in 2015 and returns to 112 in 2029.¹⁸ During the first three years of operations the market creates jobs based on higher demand expectations than needed, and then it begins to correct itself through 2025 when the economy begins to create additional jobs annually thereafter.
- Annual Output increases by \$13 million for the initial year of operation in 2015, eventually rising to \$22 million in 2029, with an increasing trend at that time.
- Personal Income increases by \$9 million for the initial year of operation in 2015 and continues to increase to \$19 million in 2029.

Figure 7. The FHFC HOME Program to Year 2029



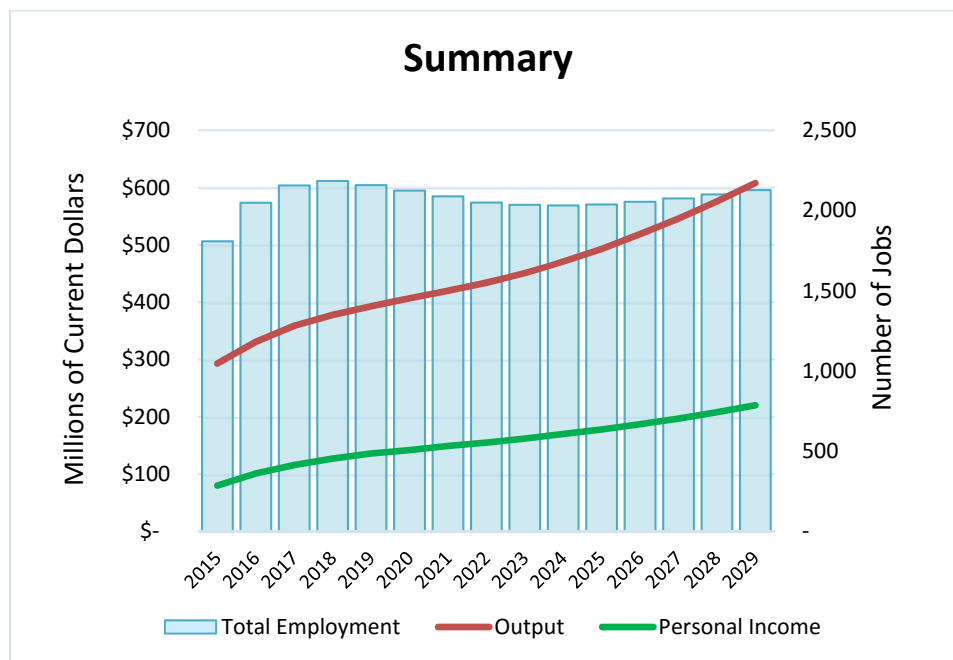
¹⁸ The job increases for each program are compared to a baseline (i.e., no FHFC program investment activity).

Summary

Overall, the combined, total economic impact results for FHFC's seven rental programs are shown below, based on the 15-year operating proformas of the 112 developments that were awarded in 2015, creating 9,605 units. It should be noted that these summary totals contain no duplication of economic impact due to leveraging multiple program funds.¹⁹

- Employment increases by 1,808 jobs for the initial year of operation in 2015, before further increasing to 2,128 jobs in 2029.²⁰ During the first four years of operations the market creates jobs based on higher demand expectations than needed, and then it begins to correct itself through 2024 when the economy begins to create additional jobs annually thereafter.
- Annual Output increases by \$293 million for the initial year of operation in 2015, and continues to rise to \$608 million in 2029, with an increasing trend at that time.
- Personal Income increases by \$80 million for the initial year of operation in 2015 and continues to increase to \$220 million in 2029.

Figure 8. The FHFC Summary of Programs to Year 2029



¹⁹ Although the program funds include all developments funded by each respective program, the summary economic impact analysis only counts each funded development once, even if they had multiple funding programs.

²⁰ The job increases for each program are relative to a baseline (i.e., no FHFC program investment activity).