

Home Attainability Conference

Financing Barriers for Affordable Homeownership

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What is Affordable Housing?

Department of Housing and Urban Development (HUD) defines an "affordable dwelling" as one that a household can obtain for 30 percent or less of its income.

Challenges with the definition:

- 1. Programs are based on this definition
- 2. Most programs (national and local) contemplate 80% of area median income (AMI) as the qualifying formula
- 3. AMI swings "wildly" from city to city

Accessible and Attainable Affordable Housing

We need to address "Accessible and Attainable Homeownership"

- Creating a pool of affordable housing (development)
- Creating down-payment opportunities
- Keeping prices under control

Accessible and Attainable Affordable Housing

- 1. Basic value system of homeownership
- Confidence/self-esteem
- Accumulation of wealth
- 2. Building the economy
- Job creation
- Tax base
- Improved infrastructure

Economic Impacts of Affordable Housing Investment

- Investment in affordable housing creates an economic multiplier effect
- Increases housing development and home purchase activity
- Builds the local tax base
- Boosts job creation and labor income

Why are Banks Committed?

- We believe we can do well by doing good
- We are part of building communities
- Our support and leadership in the affordable housing story is paramount

Banks use their balance sheet, external partnerships and access to the Federal Home Bank of Atlanta to facilitate Affordable Housing opportunities

How Do Banks Support Attainable Homeownership?

- Developer support: financing for construction of affordable rental and owneroccupied housing
- Down-payment assistance and mortgages

Partnership with Federal Home Loan Bank of Atlanta

The Total Affordable Housing Program		
AHP General Fund	AHP Homeownership	Community Investment and Economic Development Programs
 \$500,000 for rental and ownership development Competitive application 	 Down payment, closing costs, principal reduction for home purchase and rehabilitation First-come, first-served 	 Discounted advances for residential or economic development projects First-come, first-served
 Developer/Builder Driven New construction Rehabilitation Multifamily Single family Acquisition Construction/permanent financing 	 Mortgage Professional Driven First-time Homebuyer Community Partners Community Rebuild and Restore 	Enables housing development and community revitalization activities



Economic Basis





\$59.57 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$**81.33** MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$626.87 MILLION

DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/ or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

\$851.50 MILLION

DEVELOPMENT COST INFLATION-ADJUSTED



PROJECT:

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).



TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$198 in 2020. This study reports all economic impacts in inflation-adjusted dollars.

Source: Enhancing Lives, Impacting Communities: The Federal Home Loan Bank System by The Florida State University Center for Economic Forecasting and Analyses. Subsidy amount is based on data from 1990 to 2016 from the Federal Home Loan Bank of Atlanta's Affordable Housing Program.

SOUTH CAROLINA Rental, Home Construction and Rehabilitation Activities

Economic Impact





\$1.55 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



11,930 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



\$539.02 MILLION

LABOR INCOME

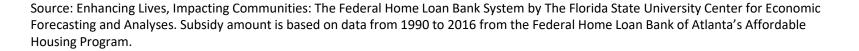
Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and

All dollars are in inflation-adjusted dollars.

1.80

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.





Economic Basis





\$10.87 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$12.98 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$173.65 MILLION

FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

\$204.20 MILLION

FIRST MORTGAGES INFLATION-ADJUSTED



TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$198 in 2020. This study reports all economic impacts in inflation-adjusted dollars.

Source: Enhancing Lives, Impacting Communities: The Federal Home Loan Bank System by The Florida State University Center for Economic Forecasting and Analyses. Subsidy amount is based on data from 1990 to 2016 from the Federal Home Loan Bank of Atlanta's Affordable Housing Program.





\$399.70 MILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



2,054 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



\$133.24 MILLION

LABOR INCOME

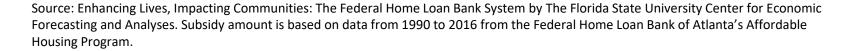
Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

All dollars are in inflation-adjusted dollars.

1.83

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.



AHP-Funded Development in South Carolina

Darlington Downtown Lofts Rental Redevelopment Darlington, SC

Financing: Total Cost- \$5.6 million

FHLBank Atlanta Subsidized Advance: \$340,000

Low-income Housing Tax Credits: \$2.9 million

Historic Tax Credits: \$1 million

Community development block grants: \$500,000

HOME funds: \$500,000

Use: 28 1, 2 and 3 bedroom apartments for low-

income families and individuals



Thank You