

Investing in Places Called Home

Economic impact and collaborative
investment in Kentucky, Tennessee,
Virginia, and West Virginia

2018–2024



fahe
Strength in Numbers




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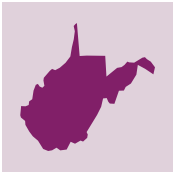
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Introduction

Fahe's 50+ members served over 90,000 people in FY2024. Through housing construction, business lending, buyer counseling, and other lines of business, Members working in the Appalachian areas of Alabama, Kentucky, Maryland, Tennessee, Virginia and West Virginia generate a sizable economic impact to their communities. **The purpose of this research brief is to estimate the value of the direct, indirect, and induced spending using a sophisticated and trustworthy impact-output model of analysis.**

The sheer number of units built and households benefiting from the work is impressive; however, the positive impact of this goes even further. Each dollar loaned or granted through the Fahe network not only helps a family gain a home, it moves through the economy as wages, spending, and stability in places that often miss out on the investments directed to larger cities, but no less needed in Appalachian communities.

The nonprofit sector unfairly contends with the perception that it subtracts from economic growth rather than contributes, like other businesses. This report shifts that narrative. The place-based leadership provided through the Fahe network of nonprofit developers ensures that a maximum investment returns to the community—in the ways we can measure, like spending, and the ways that are not quantified easily, like commitment to their neighbors. This research brief demonstrates the critical role Fahe Members play in supplying housing to close the gap in available affordable units (nlihc.org/gap) and the value their work contributes to the economy.

Methodology

Input-output analysis is useful because it accounts for the share of a particular industry within an economy and estimates a multiplier of the effect of investments from that sector. Like all models, there are limitations to this approach, but it is a trusted way to account for the ripple effects of investment from sectors like construction. The IMPLAN software program allows researchers to use reported spending by sector and estimate the additional value generated to the economy in a place at a point in time.

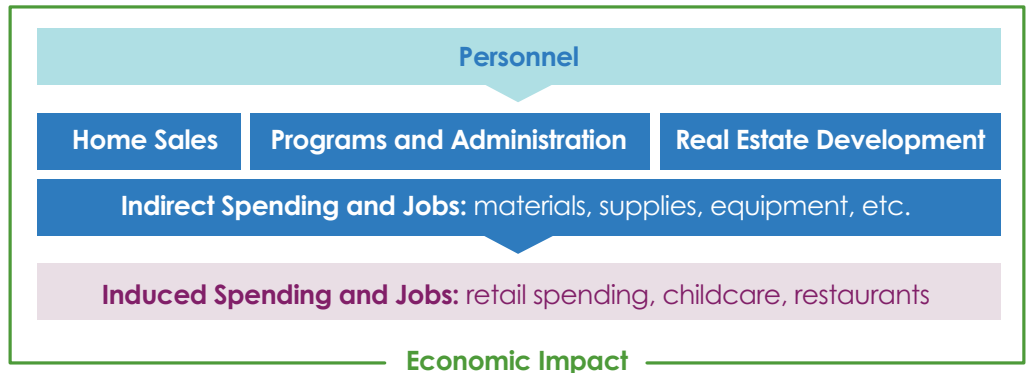
For additional information on IMPLAN modeling please visit: support.implan.com/hc/en-us/categories/16901766894619-References

For this report, the authors used information from the NeighborWorks® survey collected quarterly from the Fahe Membership.

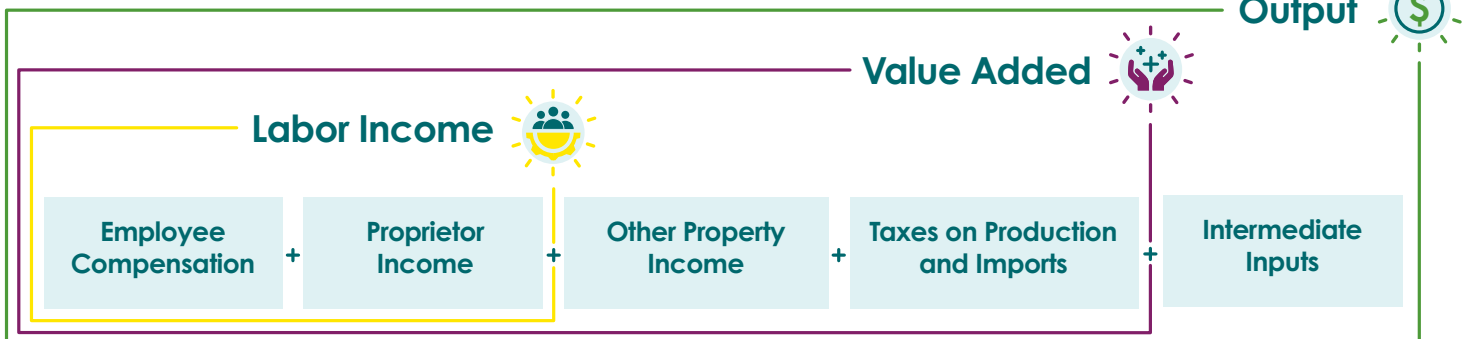
Fahe Member Direct Effects

Direct+Indirect+Induced
=Economic Impact

Adapted from Greater Ohio Policy Center report "Economic Impact of the Neighborworks Collaborative of Ohio 2014-2018".
www.greaterohio.org/publications/2019/11/11/economic-impact-of-the-neighborworks-collaborative-of-ohio-2014-2018



Fahe Member Direct Effects



Measurable Impact



This section highlights some key accomplishments of the network over the period 2018–2024.

A full report is due in the Fall of 2025, but preliminary analysis shows that Fahe's members are contributing millions of dollars to their local economies. They are doing it in some of the most difficult economic conditions in the country and meeting the need for quality housing, skilled jobs, and investments that last when so much spending quickly cycles out of the region. Each section is organized by state caucus, with basic facts about the Appalachian areas served within the state followed by tables reporting the analysis.

The tables on the following pages display the cumulative impact estimates from each year in each state across the direct, indirect, and induced spending and jobs supported through that spending. These numbers are reflective of the statewide economic impact, so there may be cases where they seem smaller than expected. The average annual impact is calculated by dividing each total by the number of years (7). In the IMPLAN estimates (Collaborative Impact in the charts on the following pages), lending activity is not included because capital flow through the activities of lending, origination,

brokering, packaging, and foreclosure mitigation is happening but not in the same way as traditional banks, therefore it is not appropriate to use the IMPLAN model. It is also important because excluding it helps mitigate the potential for labor income to become artificially inflated if lending dollars are included in the impact analysis.

Finally, the summed totals of the direct, indirect, and induced effects represent the "total economic impact." These effects quantify changes in the industries corresponding to reported spending. The initial expenditure (direct), business transactions (indirect), and household spending generated by those initial activities (induced) give this total impact estimate. Labor income, value added, and output should receive a different interpretation. Output is a measure of the total value of goods produced, i.e. a house sold. Value added measures contributions to GDP, as it includes labor income, taxes on production and imports and other property income, for example the cost of employing workers, sales taxes paid on items, and the expense of renting office space.

Kentucky



Kentucky currently has 15 members serving the 54 counties in Appalachian Kentucky, as well as other areas that fall within their footprint.

The Appalachian Regional Commission (ARC) designates 70% of counties as economically distressed. According to the most recent ARC Chartbook, this area has a poverty rate of 22.5%, three-year average unemployment rates as high as 10.8%, and a per capita market income less than half the U.S. average. The area also continues to recover from devastating flooding in 2022.

Between 2018 and 2024, for each person employed within the caucus, 0.5 additional jobs were created. The total impact of labor dollars averaged \$7.7 million annually. The impact of value-added investment was \$10.8 million, and the impact of the direct outputs was \$20.7 million on average each year from 2018–2024. The estimated tax contributions during this period averaged over \$1.8 million, including county, state, and federal payments.

Impact At A Glance

\$10.8 million
value-added investment

\$20.7 million
average direct output impact

Kentucky Caucus Summary Investment Activities 2018–2024

| Activity | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| New Construction | \$9,264,151 | \$7,819,910 | \$8,861,647 | \$6,502,366 | \$7,203,069 | \$6,598,449 | \$6,115,920 |
| Rehab/Repairs | \$2,116,628 | \$2,665,942 | \$2,392,752 | \$2,858,860 | \$6,435,955 | \$3,203,437 | \$4,478,353 |
| Lending Activity | \$22,734,973 | \$9,927,141 | \$4,219,977 | \$3,588,325 | \$4,275,597 | \$3,381,798 | \$10,268,730 |
| GRAND TOTAL | \$34,115,752 | \$20,412,993 | \$15,474,376 | \$12,949,551 | \$17,914,621 | \$13,183,684 | \$20,863,003 |

Kentucky Caucus Summary 7-Year Collaborative Impact from Investment

| Impact Source | Employment (Avg/Annual) | Labor Income | Value Added | Output |
|------------------|-------------------------|---------------------|---------------------|----------------------|
| Direct | 74 | \$31,466,623 | \$38,248,185 | \$76,517,440 |
| Indirect | 23 | \$9,175,001 | \$16,018,747 | \$29,612,512 |
| Induced | 24 | \$9,126,863 | \$16,254,933 | \$28,605,618 |
| TOTAL | 122 | \$49,768,487 | \$70,521,865 | \$134,735,570 |
| Avg/Annual Total | | \$7,656,690 | \$10,849,518 | \$20,728,549 |

7-Year Collaborative Impact from Taxes

| Taxing Authority | County Taxes | State Taxes | Federal Taxes | Total |
|------------------|------------------|--------------------|--------------------|---------------------|
| Direct | \$46,513 | \$893,339 | \$5,739,879 | \$6,679,730 |
| Indirect | \$83,403 | \$1,588,268 | \$1,765,080 | \$3,436,751 |
| Induced | \$61,630 | \$1,193,758 | \$1,813,847 | \$3,069,236 |
| TOTAL | \$191,546 | \$3,675,366 | \$9,318,806 | \$13,185,717 |
| Avg/Annual Total | \$27,364 | \$525,052 | \$1,331,258 | \$1,883,647 |

Tennessee



Tennessee currently has 15 members serving the 52 counties in Appalachian Tennessee, as well as other areas that fall within their footprint.

The Appalachian Regional Commission (ARC) designates 13% of counties as economically distressed and 31% as at-risk. According to the most recent ARC Chartbook, this area has a poverty rate of 14.5%, three-year average unemployment rates between 3% and 5.8%, and a per capita market income 71.5% of the U.S. average. These statistics have not yet accounted for the tremendous upheaval caused by catastrophic flooding from Hurricane Helene, nor the potential impact of rebuilding.

Between 2018 and 2024, for each person employed within the caucus, another job was created. The total impact of labor dollars averaged \$6.1 million annually. The impact of value-added investment was \$8.1 million, and the impact of the direct outputs was \$14.3 million on average each year from 2018–2024. The estimated tax contributions during this period averaged over \$1.4 million, including county, state, and federal payments.

Impact At A Glance

\$8.1 million
value-added investment

\$14.3 million
average direct output impact

Tennessee Caucus Summary Investment Activities 2018–2024

| Activity | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| New Construction | \$3,308,031 | \$8,061,734 | \$8,957,985 | \$2,424,699 | \$6,641,129 | \$4,430,319 | \$5,562,665 |
| Rehab/Repairs | \$1,012,945 | \$645,937 | \$946,424 | \$512,536 | \$2,383,765 | \$928,688 | \$3,022,277 |
| Lending Activity | \$40,950,289 | \$68,610,097 | \$69,019,041 | \$65,973,306 | \$61,896,907 | \$62,181,747 | \$59,945,509 |
| GRAND TOTAL | \$45,271,265 | \$77,317,769 | \$78,923,450 | \$68,910,541 | \$70,921,801 | \$67,540,754 | \$68,530,450 |

Tennessee Caucus Summary 7-Year Collaborative Impact from Investment

| Impact Source | Employment (Avg/Annual) | Labor Income | Value Added | Output |
|------------------|-------------------------|---------------------|---------------------|---------------------|
| Direct | 46 | \$24,693,519 | \$26,731,377 | \$48,685,190 |
| Indirect | 14 | \$6,345,558 | \$10,926,899 | \$19,556,067 |
| Induced | 19 | \$8,648,234 | \$14,943,538 | \$24,981,193 |
| TOTAL | 80 | \$39,687,312 | \$52,601,814 | \$93,222,451 |
| Avg/Annual Total | | \$6,105,740 | \$8,092,587 | \$14,341,915 |

7-Year Collaborative Impact from Taxes

| Taxing Authority | County Taxes | State Taxes | Federal Taxes | Total |
|------------------|------------------|--------------------|--------------------|---------------------|
| Direct | \$47,856 | \$72,720 | \$4,582,516 | \$4,660,022 |
| Indirect | \$266,824 | \$1,010,582 | \$1,218,798 | \$2,496,204 |
| Induced | \$247,745 | \$966,161 | \$1,736,121 | \$2,950,027 |
| TOTAL | \$519,355 | \$2,049,463 | \$7,537,435 | \$10,106,253 |
| Avg/Annual Total | \$74,194 | \$292,780 | \$1,076,776 | \$1,443,750 |

Virginia

Virginia currently has 6 members serving 25 counties and 8 independent cities in Appalachian Virginia, as well as other areas that fall within their footprint.

The Appalachian Regional Commission (ARC) designates 16% of counties as economically distressed and 20% as at-risk. According to the most recent ARC Chartbook, this area has a poverty rate of 17%, three-year average unemployment rates between 2.5% and 5.2%, and a per capita market income 57.4% of the U.S. average. These statistics have not yet accounted for the tremendous upheaval caused by catastrophic flooding from Hurricane Helene in far southwest Virginia, nor the potential impact of rebuilding.

Between 2018 and 2024, for each person employed within the caucus, approximately 2/3 additional jobs were created. The total impact of labor dollars averaged \$17.6 million annually. The impact of value-added investment was \$30.4 million, and the impact of the direct outputs was \$53.8 million on average each year from 2018–2024. The estimated tax contributions during this period averaged over \$5.6 million, including county, state, and federal payments.

Impact At A Glance

\$30.4 million
value-added investment

\$53.8 million
average direct output impact

Virginia Caucus Summary Investment Activities 2018–2024

| Activity | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| New Construction | \$742,000 | \$13,514,764 | \$499,008 | | \$72,893,572 | \$6,106,424 | \$19,512,372 |
| Rehab/Repairs | \$51,348,327 | \$4,346,986 | \$4,814,538 | \$2,252,366 | \$5,468,277 | \$4,758,759 | \$13,542,045 |
| Lending Activity | \$5,110,675 | \$25,322,061 | \$19,944,170 | \$9,074,768 | \$6,406,814 | \$9,417,555 | \$8,643,469 |
| Rental Activity | \$5,227,112 | \$808,120 | \$1,131,119 | | | | |
| GRAND TOTAL | \$62,428,114 | \$43,991,931 | \$26,388,836 | \$11,327,134 | \$84,768,662 | \$20,282,739 | \$41,697,886 |

Virginia Caucus Summary 7-Year Collaborative Impact from Investment

| Impact Source | Employment (Avg/Annual) | Labor Income | Value Added | Output |
|------------------|-------------------------|----------------------|----------------------|----------------------|
| Direct | 158 | \$70,099,391 | \$113,227,409 | \$206,965,788 |
| Indirect | 53 | \$23,414,056 | \$43,892,655 | \$76,210,856 |
| Induced | 54 | \$20,679,621 | \$40,611,674 | \$66,580,395 |
| TOTAL | 266 | \$114,193,068 | \$197,731,739 | \$349,757,040 |
| Avg/Annual Total | | \$17,568,164 | \$30,420,268 | \$53,808,775 |

7-Year Collaborative Impact from Taxes

| Taxing Authority | County Taxes | State Taxes | Federal Taxes | Total |
|------------------|--------------------|--------------------|---------------------|---------------------|
| Direct | \$1,375,957 | \$3,443,138 | \$15,387,614 | \$20,206,709 |
| Indirect | \$2,509,533 | \$2,903,952 | \$5,415,530 | \$10,829,015 |
| Induced | \$1,574,527 | \$2,093,247 | \$4,916,823 | \$8,584,597 |
| TOTAL | \$5,460,017 | \$8,440,337 | \$25,719,967 | \$39,620,321 |
| Avg/Annual Total | \$780,002 | \$1,205,762 | \$3,674,281 | \$5,660,046 |

West Virginia

West Virginia is entirely located within the Appalachian region. There are currently 10 members serving these 55 counties.

The Appalachian Regional Commission (ARC) designates 20% of counties as economically distressed and 36% at-risk. According to the most recent ARC Chartbook, this area has a poverty rate of 16.6%, three-year average unemployment rates as high as 8.6%, and a per capita market income that is 65% of the U.S. average.

Between 2018 and 2024, for each person employed within the caucus, approximately 0.15 additional jobs were created. The total impact of labor dollars averaged \$1.6 million annually. The impact of value-added investment was \$2.5 million, and the impact of the direct outputs was \$4.6 million on average each year from 2018–2024. The estimated tax contributions during this period averaged more than \$400,000, including county, state, and federal payments.

Impact At A Glance

\$2.5 million
value-added investment

\$4.6 million
average direct output impact

West Virginia Caucus Summary Investment Activities 2018–2024

| Activity | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|--------------------|---------------------|--------------------|---------------------|---------------------|---------------------|--------------------|
| New Construction | \$1,221,500 | \$2,412,266 | \$1,303,501 | \$259,483 | \$3,094,976 | \$6,482,458 | \$201,450 |
| Rehab/Repairs | \$246,544 | \$707,059 | \$435,821 | \$1,490,107 | \$2,019,619 | \$146,445 | \$36,844 |
| Lending Activity | \$7,956,198 | \$7,891,266 | \$7,609,013 | \$12,269,317 | \$10,303,741 | \$6,978,864 | \$8,904,951 |
| GRAND TOTAL | \$9,424,242 | \$11,010,591 | \$9,348,335 | \$14,018,906 | \$15,418,336 | \$13,607,767 | \$9,143,244 |

West Virginia Caucus Summary 7-Year Collaborative Impact from Investment

| Impact Source | Employment (Avg/Annual) | Labor Income | Value Added | Output |
|------------------|-------------------------|---------------------|---------------------|---------------------|
| Direct | 17 | \$8,390,345 | \$12,388,544 | \$22,990,256 |
| Indirect | 2 | \$1,046,547 | \$2,124,687 | \$3,818,637 |
| Induced | 2 | \$898,552 | \$1,955,771 | \$3,095,384 |
| TOTAL | 23 | \$10,335,444 | \$16,469,002 | \$29,904,277 |
| Avg/Annual Total | | \$1,590,068 | \$2,533,693 | \$4,600,658 |

7-Year Collaborative Impact from Taxes

| Taxing Authority | County Taxes | State Taxes | Federal Taxes | Total |
|------------------|-----------------|------------------|--------------------|--------------------|
| Direct | \$8,763 | \$312,157 | \$1,669,283 | \$1,990,203 |
| Indirect | \$27,468 | \$222,179 | \$227,928 | \$477,575 |
| Induced | \$17,657 | \$150,773 | \$204,653 | \$373,083 |
| TOTAL | \$53,888 | \$685,109 | \$2,101,864 | \$2,840,861 |
| Avg/Annual Total | \$7,698 | \$97,873 | \$300,263 | \$405,837 |

About This Report

Authors



CAMILA MORENO, Senior Research Associate at Fahe, graduated with an M.A. in Geography & Planning from Appalachian State University. Camila has worked in the nonprofit sector in rural Appalachia for 4 years, specializing in Geographic Information Systems (GIS) to support rural development and evidence-based narratives.



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What's Next?

This research brief is a preview of a forthcoming analysis of the economic impact of Fahe's network and CDFI activities in central Appalachia. This report will include additional insights from IMPLAN as well as the strides Members make each day toward creating thriving Appalachian communities.

Acknowledgements

Daniel Eades' expertise as a rural economist is an essential component to the analysis. In addition, we could not have completed this work without his generous permission for Fahe to access the West Virginia IMPLAN license.

NeighborWorks® Collaborative Ohio Economic Impact Report (2014–2018)—Fahe would like to credit the invaluable information shared and methods established by the **Greater Ohio Policy Center**, which aided our own analysis and interpretation of the industry output results in IMPLAN.

Adam Safer, Director of Economic Development Policy, and **April Peck**, Research Evaluation Manager, at Carolina Small Business Development Fund, who initially introduced the Fahe team to the potential of IMPLAN to do economic analysis for CDFIs.

Fahe's Members—Their faithful contributions of their data for reporting purposes and research. Their trust and support of the Network is the foundation for this type of work.

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Berea KY 40403



fahe

Strength in Numbers

Fahe is building thriving Appalachian communities.

For over 45 years, Fahe Members have delivered safe, quality housing, community services, job training, and opportunity to our neighbors across Appalachia.

Working with our Network of 50+ nonprofits across the Appalachian portion of Kentucky, Tennessee, West Virginia, Virginia, Alabama, and Maryland, we use our expertise in finance, collaboration, innovation, advocacy, and communication to achieve a more prosperous Appalachian region. With a focus on leadership, housing, education, health and social services, and economic opportunity, Fahe empowers the people and communities of Appalachia with the resources, opportunities, and tools needed to build a better life. Our strength in numbers creates positive change in Appalachia, one of the poorest and most difficult regions of the country to serve.

We envision Appalachia as a place proud of sustaining its culture and environment, where growth, opportunity, and hope are balanced so that all people fulfill their potential with regard to housing, employment, educational opportunity and quality of life.



www.fahe.org



www.housingcantwait.org