



Strategic Plan

FY 2015-18



Strategic Focus

SC Housing: *Financing Housing. Building SC.*



SC Housing Mission:

To create quality affordable housing opportunities for the citizens of South Carolina.

People

We will strive to select, train and retain transformational professionals who fit our agency's culture, mission and vision, to build our team's future.

Competencies: Cultivate People, Build Partnerships

Values: Caring, Quality, Professionalism, Innovation

Finance

We will be excellent stewards to sustain the financial resources we oversee to effectively execute our overall strategy.

Competencies: Optimize Finance

Values: Public Trust, Quality, Professionalism

Programs

We will develop, execute and maintain effective programs designed to improve the affordability of safe, decent housing across the state to help the citizens of South Carolina.

Competencies: Sustain Programs, Build Partnerships, Leverage Technology

Values: Caring, Public Trust, Quality, Professionalism, Innovation

Technology

We will leverage advancements in technology to enhance our processes and procedures to enable us to accomplish our vision overtime balancing the need for security and risk to operational function.

Competencies: Leverage Technology

Values: Public Trust, Quality, Innovation

In August of 2014, Senior and Executive Staff received guidance from the Executive Director to begin a deliberate strategic planning process to comprehensively evaluate the current goals and direction of the organization. The Executive Director provided a vision statement that is aligned with the agency's mission and current competencies. Over the next ten months the staff provided a strategic assessment of the organization and conducted an analysis of the operational environment to determine the impact of outside influences on our programs, policies and personnel. These actions were done simultaneously with other internal efforts to prepare and align human capital for changes resulting from this planning process.

To guide the direction of the Agency and to help allocate resources and focus required to accomplish our strategic goals, the Senior Staff developed top priorities to act upon. These action items have a responsible lead agent and support from areas of the agency that are impacted by the outcome of these goals. From each item an operational plan with a timeline, decision points and measurable objectives to determine success can be created.

This Strategic Plan is a blueprint for our agency to follow, to help us decide where and when to commit resources of time, people, money and equipment and understand how to operate in the current political and socio-economical climate.



VISION

To become the premier, affordable housing agency in South Carolina through the optimization of financing, programs, technology and data, as well as leveraged partnerships, while cultivating professionalism, proficiency and innovation among team members.



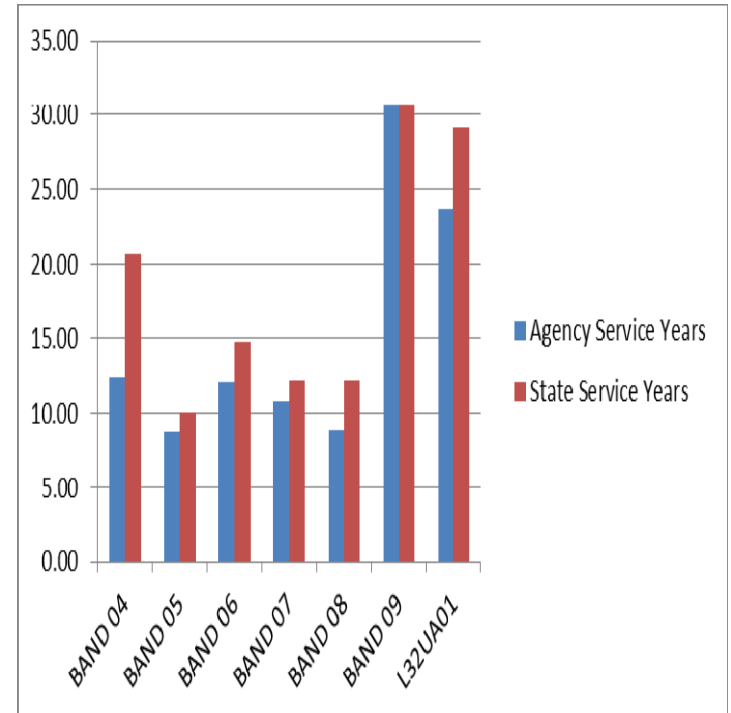
Our Values:

- Caring
- Public Trust
- Quality
- Professionalism
- Innovation

PEOPLE

has been developing a comprehensive career development model complete with continuing educational and training requirements to determine the organization's talent demands and gaps for the future. A future learning management system will help monitor and deliver training to provide employees with potential for positions of increased responsibility.

What are our staff's capabilities? The agency has 142 employees including temporary employees with an average compensation of \$55,771 per year. Approximately 30 full time employees (40 percent of the agency) are eligible to retire in the next five years with an additional 13 employees either in TERI or working retirees. An increase in the turnover rate should be anticipated during this time which will increase demands on resources for recruiting and hiring talent capable of achieving our strategic goals. As shown in the graph below, the average employee across almost all pay bands has at least 10 years of state service and more than half of that service has been completed with SC Housing. Beyond years of service, more than half of agency full time employees are in the age bracket associated with the baby boom generation and 38 percent are associated with generation 'X'. It is predicted that in the next five years nearly half the available workforce will be the millennial generation (those born between 1981 and 2000) and such changes to the demographics will impact workforce planning, training and development. The agency



Initiate/Begin:

Implement an effective learning management system to track and deliver quality training that empowers and develops our people.

Lead: HR Support: IT, Procurement Jan 2017

Develop a viable succession and transition plan for our workforce as part of a larger human resources development program.

Lead: Executive Staff Support: HR June 2017

Establish a recurrent internship training program to cultivate new talent and interest in working in the state government/public service sector.

Lead: HR Support: Senior Staff Oct 2016

Explore additional incentive programs and benefits to recruit and retain excellent employees.

Lead: HR Support: Legal, Finance Feb 2017

Change/Do Differently:

Improve the effectiveness of our Performance Management System to identify strengths, weaknesses and potential of our human capital.

Lead: HR Support: IT, Senior Staff Dec 2016

FINANCE

Financial Scan

The Authority's Homeownership program remains viable despite the challenges presented by economic slowdowns and a depressed interest rate environment. Over the next two years the Authority expects that the national and South Carolina economies will improve.

Expected increases in interest rates and market changes may allow stand-alone mortgage revenue bond issuance to return in 2017. If, however the environment remains unfavorable to new bond issues, the Authority has collateral that can be utilized to create economically viable bond structures.

Some financial changes are expected over the next 24 months. The South Carolina Homeownership Employment Lending Program (SC HELP) has been extended through 2020. Projecting the future funding commitments and preserving money to fund operating costs, SC HELP management is still planning the cessation of the program in 2018 or early 2019.

The Authority was awarded \$3 million dollars to establish the National Housing Trust Fund. Staff is currently developing processes procedures and manuals for the program.

What is the organization's financial position? The agency continues to have the necessary funds and technical ability to execute a wide variety of programs directly related to our core competencies. The greatest concern remains our overall vulnerability to large fluctuations in market forces that can impact our ability to fund programs and drives a requirement to have multiple revenue sources that can sustain our operations independent of current economic conditions.



Initiate/Begin:

Further develop outline for determining reserve requirements into a working model.

Lead: Finance Support: Executive Feb 2017

Implement new software solution to improve "New Loan Setup" process; test and evaluate.

Lead: Mortgage Servicing Support IT, Procurement Dec 2016

Develop and implement new budgeting analysis and reporting tools to enable better informed decisions regarding expenditures.

Lead: Finance Support: IT, Procurement Date TBD

Incentivize banks/lenders to make our loans through an increase in fee payments.

Lead: Finance Support: Homeownership, Programs Feb 2017

Change/Do Differently:

Explore FNMA contract based on a possible compromise worked out by another HFA (Maryland).

Lead: Finance Support: Legal, Executive, Mortgage Servicing Mar 2017

PROGRAMS

What indicators are we following? SC Housing uses a variety of sources to assess and evaluate current conditions and make reliable predictions about the future. As in previous years, at this year's board retreat the board and senior staff were provided South Carolina economic and housing forecasts for the near future. This data can help the organizational leaders to formulate an engagement strategy across regions of the state based on predicted growth. The agency does a reliable job of constantly monitoring the feedback from stakeholders through surveys, public hearings, workshops, training and focus groups. Among our best qualities is the accessibility of our staff through real voice/real time communications which enables customer contact at a personal level. The organization routinely conducts internal and external audits across different functional segments and has established measures of performance and measures of effectiveness (metrics). With recent changes to the mandated accountability report, we have conducted an examination of metrics to ensure they are

measurable and that benchmarks are clear in helping us to achieve our overall strategic goals.

What is the quality of our programs, products, and services? The overall quality of our organization is high. Through various feedback sources we are continually rated for technical and professional excellence. The establishment of internal audit procedures will ensure we maintain the high organizational standards throughout the strategic planning process. Our recent independent audit indicated that we have solid internal controls and continue to be good stewards of our resources. Though we are a state agency, some of our internal metrics for success have been benchmarked against contemporary private sector businesses. This raises the bar to a higher level and should continue to drive process improvement and innovation in the near term future. We continue to place value on our customers both internal and external and look to meet their needs.



Initiate/Begin:

Begin the planning to transition the SC HELP program.

Lead: Homeownership Support: HR, Marketing, Legal, Senior Staff Dec 2016

Develop and implement a long-term strategy for affordable housing impacted by the Flood of 2015.

Lead: Marketing Support: Internal Audit, Homeownership, Programs Oct 2016

Plan for the National Housing Trust Fund (HTF) program.

Lead: Development Support: Finance, Legal, HR Sep 2016

Acquire, offer and require web-based Homebuyer Counseling for all SHA homeowners.

Lead: Homeownership Support: Marketing, Procurement April 2017

Change/Do Differently:

Review, compare and rework programs as needed based on budget constraints to ensure a consistent message to our stakeholders.

Lead: Programs Support: Homeownership, Mortgage Servicing, Rental Assistance and Compliance Monitoring, Marketing, Development Ongoing

TECHNOLOGY

Information Technology Scan

Over the next several years, the areas of focus for Information Technology are expected to be: information security, IT governance, applications development, and improved website.

Information security is a high risk area because of the sensitive customer information housed in agency systems. An Information Security Assessment Team (ISAT) was formed and assessed the risks to the confidentiality, integrity, and availability of agency data. The ISAT also identified the gaps in current control policies and practices as measured against the SC-200 requirements. While the agency plans to address all of the gaps that represent unacceptable risks, two areas – user awareness and disaster recovery – stand out as most crucial. The agency has implemented policy requiring employees take awareness training. Additionally, employees are periodically reminded to be on

guard to various threats. A disaster recovery (DR)/ business continuity (BC) plan has been developed and has served the agency well in the restoration of data from offsite backup storage after virus attacks. However, the DR/BC plan has yet to be fully tested. Plans for such testing are under way. The next step in assessing information security risk is to perform penetration testing. A contract has recently been awarded and work is expected to begin shortly. Many aspects of gap remediation can be addressed concurrently by internal staff (Information Technology, Human Resources, Procurement, Legal, Internal Audit, and other key stakeholders) as the SC-200 requirements impact all agency divisions. The agency is also in discussion with the State’s Division of Information Services (DIS) and Enterprise Privacy Office (EPO) to determine their availability to assist in remediation activities. The other high risk area of focus is IT governance which can be defined as putting structure around how the agency aligns IT strategy with business strategy, ensuring that the agency stays on track to achieve its strategies and goals, and implementing effective measures of IT performance.



Initiate/Begin:

Implement the known risk mitigation measures to protect the enterprise information systems and data integrity.

Lead: Internal Audit Support: IT, Senior Staff Jun 2016

Establish a baseline for IT Governance

Lead: IT Support: HR, Legal, Internal Audit Aug 2017

Create an internal (FTE) or external (contract) IT applications development capability to improve functionality of current programs

Lead: IT Support: Procurement, Finance Sep 2017

Improve our digital presence through an enhanced website

Lead: IT Support: Senior Staff, Marketing Oct 2017

Change/Do Differently:

Use software as a service (SAAS) or other web-based cloud technology on a case by case basis where solutions enhance operations but do not create restrictions based on current regulatory climate.

Lead: IT Support: Legal, Procurement, Internal Audit Oct 2017

Core Competencies

- *Cultivate People*
- *Optimize Finance*
- *Sustain Programs*
- *Build Partnerships*
- *Leverage Technology*

How are our facilities and equipment? The agency's lease on the 28,000 square foot facility was solicited during the fall of 2015, with a new lease executed December 2015. The term of the current lease expires October 31, 2016, with the new lease term being November 1, 2016 through October 31, 2023. Our current space has a designated property manager who interfaces with the agency's Procurement team to ensure efficient and continuous operation of the lease office space.

What is our reputation? Brand recognition and how we are perceived by our stakeholders has a significant impact on our ability to accomplish our strategic goals. As a whole, the general attitude towards our agency is neutral to positive and largely dependent on the individual or groups with whom we work. Unfortunately, a large part of the population we serve incorrectly views us as a localized subset of the Department of Housing and Urban Development and/or having a direct supervisory/control relationship with local public housing authorities. Our own branding efforts to showcase successful programs such as SCHELP are thought to be separate organizations and not programs under the umbrella of SC Housing. We have limited presence outside traditional state government agency venues (such as social media) and are just beginning to tailor a strategic messaging campaign. Following the South Carolina Floods in the fall of 2015, SC Housing was called upon to be part of a Joint Task Force of federal, state and local government agencies, non-government entities and others to assess the impact from the crisis, and identify needs and solutions for any long term housing recovery. The agency gained more visibility for the positive role and contributions to this group and should continue to capitalize on the relationships that were forged during this time.

Political Scan

From a national perspective, we expect there will be little substantial change until the 2016 election cycle due to the high degree of partisanship that currently exists between Congress and the current presidential administration. While many major issues before Congress (tax reform, national budget/domestic spending, reform/restructuring of the current Fannie Mae and Freddie Mac structures) may affect SC Housing's operations, we expect no significant policy changes to be completed during this congressional session. This was echoed by several members of the South Carolina congressional delegation during meetings in Washington, DC in late February. The agency, however, monitors activity at the federal and state levels to ensure there is awareness and actions in place (as needed) to address potential impacts of activity having an impact on the agency's mission and/or operations.

At the federal level, the agency leverages its membership in the national affordable workforce housing advocacy group, National Council of State Housing Agencies (NCSHA) for awareness of key federal issues and for assistance in providing key messages to key congressional members, committees and subcommittees. The agency will continue to participate in annual NCSHA sponsored congressional events, as well as meet with South Carolina based congressional staffers to share information and update them regarding agency programs, as well as assist them to understand housing related issues facing their constituents.

At the state level, in addition to monitoring related legislation, agency personnel also meet with legislators and legislative staff to review fiscal year budgets, and provide information and updates regarding agency programs. For the agency, key committees continue to be House Ways and Means, Senate Finance Committee, and Labor, Commerce and Industry (and related sub-committees); and meetings are held as needed with the committees as a whole or individual members.

Socio-Economic Scan

Within South Carolina, we do not see significant socio-political shifts over the planning horizon that will cause significant changes in overall views of affordable workforce housing nor the individuals/families who benefit from the types of programs administered by SC Housing. Additionally, because affordable workforce housing is a significant contributor to the state's economy, in particular within the more urban and suburban portions of the state where growth is being experienced, this sector will continue to be a necessary component of the economy to



ensure the growth areas have access to all levels of the workforce.

We expect our outreach plan to be an integral part of our communications strategy. These efforts have already begun to bear fruit in areas such as social media, media coverage, and engagement with political offices. To date the agency’s social media following has grown by more than 5X and we expect the social awareness trend to continue. We have seen an increase in inquiries from legislative and congressional offices on behalf of constituents seeking various types of housing related assistance, and constituents contacting the agency via referrals from legislative and congressional offices. Moreover, during a period of negative media attention on issues such as the economy, joblessness, and government transparency, the agency has continued to receive favorable media coverage.

While we see these results as promising, there is much more work to do to educate key stakeholders and decision

makers about the value of enabling a sufficient supply of affordable workforce housing to meet the demands of South Carolinians. Over the next two to three years, barring major socio-economic change, we do not see significant shifts in societal\political views of affordable workforce housing, but we do see a steady utilization of the agency’s programs driven by economic factors.

Legal Scan

Based on historical data, the agency can anticipate one to three lawsuits associated with the Low Income Housing Tax Credit program (LIHTC). The agency has averaged one lawsuit every other cycle. While the agency has taken steps to mitigate any legal action and successfully defend against any litigation, that does not prevent the suit itself. In addition to external actions, the agency is expected to see an increase agency-wide of compliance requirements based on regulatory changes at the federal and state level. These changes do not just affect housing programs but include human resources, procurement and finance as well. For example, there will likely be new emerging requirements to secure and protect personally identifiable information (PII) and other sensitive data and simultaneously coordinate privacy and security protocols in accordance with state and federal standards.

The agency can anticipate changes to mortgage production and mortgage servicing requirements which will impact the workload demand for the legal department to provide timely and accurate legal documents for associated actions. Additionally, the general counsel must provide assessment and advice on all ongoing or initiated legal actions to include employee actions. The agency anticipates that while the likelihood of legal actions from employees has been reduced, due in part to the ongoing engagement strategy, there is always the potential for employee action and so awareness and risk management must be continued.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year One							Initial Planning Guidance	Goals and Objectives			Strategic Assessment	
Year Two	Strategic Assessment	Environmental Scan		Action Plan		Task Leads	Execution					
Year Three	Execution				Assessment							