

AGENCY NAME:	South Carolina State Housing Finance and Development Authority		
AGENCY CODE:	L32	SECTION:	42



Fiscal Year 2013-14 Accountability Report

SUBMISSION FORM

AGENCY MISSION

The mission of SC Housing is to create quality affordable housing opportunities for the citizens of South Carolina through a vision that all South Carolinians have the opportunity to live in safe, decent and affordable housing. In order to accomplish its mission and fulfill its vision, SC Housing employs four core values:

Please identify your agency's preferred contacts for this year's accountability report.

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
PRIMARY CONTACT:	Clayton Ingram	803-896-9520	Clayton.ingram@schousing.com
SECONDARY CONTACT:	Krystal Reid	803-896-2959	Krystal.reid@schousing.com

I have reviewed and approved the enclosed FY 2013-14 Accountability Report, which is complete and accurate to the extent of my knowledge.

**AGENCY DIRECTOR
(SIGN/DATE):**

Valarie M. Williams

11/5/14

(TYPE/PRINT NAME): Valarie M. Williams

**BOARD/CMSN CHAIR
(SIGN/DATE):**

Christopher N. Union

11/5/14

(TYPE/PRINT NAME): Christopher N. Union

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AGENCY'S DISCUSSION AND ANALYSIS

The South Carolina State Housing Finance and Development Authority (hereafter referred to as SC Housing) is a self-sustaining agency and receives no funding from state tax assets or general fund proceeds.

As part of the FY13-14 Accountability Report and overall agency strategic planning goals, SC Housing has taken a fresh look at its programs and overarching goals. This examination yielded a new "Strategic Vision." This vision will guide this report and our strategic planning into the future. Our Strategic Vision is:

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

For more than 42 years, SC Housing has been helping low- and low-to-moderate income families, older adults, persons with disabilities, and others who are frequently underserved with quality, safe and affordable housing. SC Housing is able to do this by using its proven financial strength to sell securities to investors all over the country. Additionally, SC Housing administers a number of federal and state programs providing housing opportunities where they are needed most.

SC Housing takes pride in serving the state of South Carolina and knowing that its work helps the state's local economy – as well as creates jobs in the construction, financial and real estate industries. An annual analysis of this impact is done by University of South Carolina Moore School of Business which reviews our data and applies the correct formulae to determine our economic impact.

In FY2013 we were able to determine our "Multiplier." at 1.65 meaning for every \$100 invested in our program we return \$165 to the state's economy. This was an improvement from 2012's multiplier of 1.55.

The broader impact and significance of the agency's contribution to the state can be best seen in the resolutions read into the House and Senate record during the last legislative sessions, detailing the \$482 million, broad based economic impact of the agency's investments; the 3,875 thousand jobs created; \$22 million in revenue generation, and \$292 million in direct investment in every portion of the state.

Our programs offer opportunities from rental assistance to homeownership and have made the quality of life better for tens of thousands of South Carolinians. SC Housing enjoys significant partnerships with a wide spectrum of individuals, agencies, businesses and other affordable housing advocates – all working together to help fulfill a basic need for the citizens of South Carolina.

SC Housing is comprised of nine core programs, representing its core business functions, and which further the mission to create quality affordable housing opportunities for the citizens of South Carolina

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Single-Family Programs

Single-family activities include mortgages issued through the Mortgage Bond Program, homeownership funding through both the HTF and HOME Programs and rehabilitation and emergency repair funding offered through the HTF Program and the SC HELP program.

Multifamily Programs

Multifamily activities include projects developed through the Multifamily Tax Exempt Bond Program, group homes for the disabled and transitional and supportive housing funded through the HTF, and rental development funded through the HTF, HOME and the LIHTC Programs.

Housing Assistance

In addition to those programs specifically targeted to project funding and development, SC Housing administers housing assistance programs: Section 8 Housing Choice Voucher Program and Contract Administration.

MAJOR ACHIEVEMENTS OF FY13-14

- SC Housing maintained its Aaa bond rating level with Moody’s.
- Invested over \$292 million into affordable housing initiatives resulting in an economic impact of \$482 million and the creation of over 3,875 jobs statewide
- Helped over 25,000 families realize quality, sustainable, affordable homes with a portfolio of programs that aid in the economic vitality
- In 2013, SC Housing dedicated \$7.7 million to its successful Palmetto Heroes Program which provides lower interest rates and down payment assistance to teachers, firefighters, law enforcement, nurses, veterans and EMS workers.
- Currently, more than 8,000 SC borrowers have received assistance through SC HELP.
- The Procurement and Marketing Department built upon prior social media efforts by successfully enhancing SC Housing’s presence on Facebook and Twitter. Currently, SC Housing has more than 1,145 “Likes” on Facebook and more than 1,766 followers on Twitter resulting in an increasing number of South Carolinians as well as entities within the for profit and non-profit sectors are aware of the affordable workforce housing opportunities available via SC Housing and its business partners
- For the nineteenth consecutive year, SC Housing and its partners held a successful Palmetto Affordable Housing Forum, the state’s largest and most comprehensive event dedicated to affordable housing. This year’s Forum brought more than 500 attendees, numerous speakers and over 40 sponsors and exhibitors. Numerous professional continuing education credits are now offered as a part of the Forum curriculum.

CHALLENGES

SC Housing has been measurably successful over its 42-year existence because its mission has been broad enough and flexible enough to change with the needs, opportunities, market conditions, organizational transitions and the ever-changing environment of the affordable housing industry and the priorities of legislative bodies. This flexibility ensures that SC Housing can: react appropriately and effectively address situations that affect its business functions; originate programs and initiatives that are

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timely and relevant; and participate in opportunities that extend beyond the core components of its major programs.

In turn, SC Housing faces challenges to its potential success. The most significant challenges to SC Housing continuing to fulfill its mission are the housing market related limitations incurred by being a governmental agency and the uncertainty of bond cap allocations. While SC Housing has been very successful in achieving its mission to date, these two issues continue to exist as significant constraints to sustaining and expanding access to affordable workforce housing for all South Carolinians..

First, being a governmental agency has its limitations and associated complications. Many housing finance agencies have been allowed by their sponsoring states to become quasi-governmental agencies and, in some cases, to become private organizations. This allows the agencies to react more quickly to changing market conditions, similar to more traditional financial institutions. As an example, in the current low interest rate environment, bond financing is a less viable funding source, as bond interest rates continue to remain above mortgage interest rates. Many housing finance agencies have turned to securitizing mortgages through government sponsored entities like Fannie Mae. SC Housing is currently precluded from participating in this financing strategy due to state government restrictions on contractual indemnification.

Second, the uncertainty of the amount of the state’s private activity tax exempt bond cap allocation that will be available to SC Housing creates constraints. Many other southeastern states have set allocations of their state’s bond cap that are earmarked for single- and multi-family housing revenue bond programs. This allows those housing finance agencies to effectively manage the allocation of bond proceeds within a fixed budget, so that the flow of resulting mortgages can be reasonably controlled through the use of forecasting and loan production models. At present, SC Housing must request bond cap each year, with no guarantee or expectation in advance as to the amount or availability of the bond cap. Although a recent surplus of bond cap has ameliorated the uncertainty, this method of allocation creates a more difficult process for controlling activity and production and will continue to be a concern in the future.

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Strategic Vision

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Strategic Planning Template

Type	Goal	Item # Strat	Object	Description
G	1			Improve Affordable Housing Opportunities Statewide
		1.1		Increase outreach efforts with community and affinity groups with whom our housing mission aligns / overlaps
			1.1.1	Increase the number of community and affinity groups in our database that align with our Agency mission by 10%
			1.1.2	Differentiate our organization by disseminating targeted messages to external stakeholders (the public), via FaceBook and increase our audience by 10% by June 30, 2015
		1.2		Enhance Development Programs (e.g. HOME, Tax Credits, Housing Trust Fund) and Increase Development Program Outreach Efforts Statewide
			1.2.1	Conduct at least 3 workshops and trainings annually to promote the development of affordable housing programs statewide
			1.2.2	Maintain and enhance financial compliance monitoring reviews through utilization of control self-assessment processes to ensure participants' viability and adherence to program requirements
		1.3		Increase Understanding and Usage of SC Housing Homeownership Programs Statewide
			1.3.1	Increase SC Housing trained real estate professionals by providing local, regional and individual company training to increase qualified buyer pool by 5%
			1.3.2	Increase SC Housing trained lending partners by providing local, regional and individual company training to increase market share by 1%
G	2			Efficiently and Effectively Manage and Support Agency Programs and Human Resource Capitol
		2.1		Utilize Enterprise Risk Management to effectively manage the Agency's Risks which threaten the achievement of objectives
			2.1.1	Conduct Annual Control Self-Assessments
			2.1.2	Provide trainings to Divisions with first-year CSA

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Strategic Planning Template

Type	Goal	Item # Strat	Object	Description
		2.2		Maintain Fiscal Compliance, Program Auditability and Quality Control
		2.2.1		Successfully complete periodic and annual independent compliance audits
		2.2.2		Maintain and reinforce program guidelines for all SC HELP processing agencies and underwriting staff
		2.2.3		Complete QC audits within HUD's prescribed timeframes
		2.3		Leverage Technology and Education to assure network and information security
		2.3.1		Meet the state's IT security requirements by June 30, 2015
		2.3.2		Achieve 100% completion of cyber security training for current agency employees by October 17, 2014
		2.4		Hire and Retain Professional, Innovative Staff to Achieve Agency Goals
		2.4.1		Utilize new methods to find innovative professionals to increase talent application pool by 10%
		2.4.2		Enhance the organization's Human Capital and Leadership Development Plan
G		3		Maintain and Expand Diverse Mortgage Products to Enable the Agency to Meet its Goals
		3.1		Maintain and Enhance Affordable Housing Finance Programs Through Facilitating Maximum Utilization of Resources
		3.1.1		Enhance single family lending programs through the introduction of a conventional lending product by 12-31-14
		3.1.2		Maintain single family lending through a new bond issuance and refunding, leading to production of 500 new first and second mortgages by June 30, 2015

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Performance Measurement Template

	Last Value	Current Value	Target Value	Time Applicable	Data Source and Availability	Reporting Freq.	Calculation Method	Associated Objective(s)
The number of community and affinity groups in our database and time frame	New Metric		10%	July 1, 2013 -June 30, 2014	Development of database	Annual	N/A	1.1.1
Increase of social media audiences	New Metric	300%	10%	July 1, 2013 -June 30, 2014	Internal application diagnostics	Annual	Divide the sum of Facebook "Likes" at 6/30/15 by the sum of Facebook "Likes" at 7/01/14. Express as a %.	1.1.2
Number of workshops and trainings conducted	5	5	3	July 1, 2013 -June 30, 2014	Notices Published	Annual	Total number of workshops and trainings completed	1.2.1
Number of trainings	New Metric	N/A	N/A	July 1, 2013 -June 30, 2014	Database	Annual	Completed trainings	1.3.1
Number of persons attending workshops and trainings	248	238	250	July 1, 2013 -June 30, 2014	Attendance records	Annual	Total number of persons attending workshops and trainings	1.3.1,1.3.2
% of SC Housing Approved Lenders participating in MCC	40%	90%	90%	July 1, 2013 -June 30, 2014	SF Program Data	Annual	Participating Lenders/Total Lenders	1.3.2
Division completion % of annual CSA as verified by Internal Audit	100%	100%	100%	July 1, 2013 -June 30, 2014	Internal Audit CSA Reports	Annual	Completed CSAs divided by Required CSAs	2.1.1
Number of initiated Control Self-Assessments	1	2	2	July 1, 2013 -June 30, 2014	Division CSA Reports	Annual	Count	2.1.1
CSA Action Plan items completed on time and implementation verified by Internal Audit	90%	97%	100%	July 1, 2013 -June 30, 2014	Internal Audit	Annual	Number of actions completed and verified divided number of actions	2.1.1
Number of facilitated Division subsequent year CSA	New Metric	0	1	July 1, 2013 -June 30, 2014	CSA Tracking Log	Annual	Count	2.1.2
Response to Audit Findings per Auditor's Due Date	100%	100%	100%	July 1, 2013 -June 30, 2014	Audit Files	Annual	Number of Responses Completed on Time divided by Total Number of Audit Findings	2.2.1
Training sessions for underwriting staff	New Metric	5	4	July 1, 2013 -June 30, 2014	Database	Annual	Completed training sessions	2.2.2
Onsite visits to processing agencies	New Metric	155	140	July 1, 2013 -June 30, 2014	Database	Annual	Completed site visits	2.2.2
Percentage of reports issued within HUD prescribed timeframes	New Metric	95%	100%	July 1, 2013 -June 30, 2014	QC Review Database	Monthly	Number of QC reviews completed timely divided by total QC reviews	2.2.3
% increase of qualified applicants per posting and by job type	New Metric	60%	70%	July 1, 2013 -June 30, 2014	HR files	Annual	Comparison of current fiscal year qualified applicants per posting and by job type to previous fiscal year	2.4.1
The number of employees who are identified and sent through the CPM and STEPS programs	New Metric	10	6	July 1, 2013 -June 30, 2014	HR files	Annual	The number of employees identified and sent through CPM and STEPS programs	2.4.2
The introduction of a conventional lending product by 12-31-14	New Metric	N/A	31-Dec-14	31-Dec-14	Financial files	Annual	The date of the introduction of a conventional lending product	3.1.1

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Program/Title	Purpose	FY 2012-13 Expenditures				FY 2013-14 Expenditures				Associated Objective(s)
		General	Other	Federal	TOTAL	General	Other	Federal	TOTAL	
I.A. Administration	Administration includes Executive Administration, Legal, Human Resources and Internal Audit	\$ -	\$ 2,573,491	\$ -	\$ 2,573,491	\$ -	\$ 1,487,544	\$ -	\$ 1,487,544	All Objectives
I.B. Finance	Finance	\$ -	\$ 707,620	\$ -	\$ 707,620	\$ -	\$ 805,717	\$ -	\$ 805,717	2.2.1, 2.2.2, 2.2.3, 3.1.1, 3.1.2
I.C. Support Services	Support Services covers Information Technology, Procurement and Marketing	\$ -	\$ 1,459,871	\$ -	\$ 1,459,871	\$ -	\$ 1,634,308	\$ -	\$ 1,634,308	1.1.1, 1.1.2, 1.2.1, 1.2.2, 2.3.1, 2.3.2, 2.4.1, 2.4.2
II.A. Contract Administration (CA) and Compliance Monitoring (CM)	CA monitors and disburses rental assistance under a contract with HUD. CM monitors other government assisted affordable housing.	\$ -	\$ 1,296,039	\$ 117,229,899	\$ 118,525,938	\$ -	\$ 1,354,566	\$ 118,540,536	\$ 119,895,102	1.1.1, 1.1.2, 1.2.1, 2.2.1, 2.3.1, 2.3.2, 2.4.1, 2.4.2
II.B. Rental Assistance	The HUD Housing Choice Voucher Program provides rental assistance to very low-income families.	\$ -	\$ -	\$ 12,676,081	\$ 12,676,081	\$ -	\$ -	\$ 12,123,935	\$ 12,123,935	1.1.1, 1.2.1, 2.2.1, 2.3.1, 2.3.2, 2.4.1, 2.4.2
II. C. Housing Initiatives	The HUD HOME Program, the HUD Neighborhood Stabilization Program, and the Housing Trust Fund promote public/private partnerships to support the development and maintenance of affordable housing	\$ -	\$ 1,988,284	\$ 7,300,044	\$ 9,288,328	\$ -	\$ 3,266,893	\$ 2,951,672	\$ 6,218,565	1.1.1, 1.1.2, 1.2.1, 1.2.2, 1.3.1, 1.3.2, 1.3.3, 1.3.4, 2.1.1, 2.2.1, 2.3.1, 2.3.2, 2.4.1, 2.4.2
II.D. Housing Credit	Low Income Housing Tax Credit Program and Administration	\$ -	\$ 464,087	\$ -	\$ 464,087	\$ -	\$ 432,892	\$ -	\$ 432,892	1.1.1, 1.1.2, 1.2.1, 1.2.2, 1.3.1, 1.3.2, 1.3.3, 1.3.4, , 2.1.1, 2.2.1, 2.3.1, 2.3.2, 2.4.1
III.A. Mortgage Production	The Homeownership Program provides below-market home mortgages to low-to-moderate income South Carolinians	\$ -	\$ 494,481	\$ -	\$ 494,481	\$ -	\$ 490,593	\$ -	\$ 490,593	1.1.1, 1.1.2, 1.2.1, 1.2.2, 1.4.1, 1.4.2, 1.4.3, 2.1.1, 2.2.1, 2.3.1, 2.3.2, 2.4.1, 2.4.2
III.B. Mortgage Servicing	Mortgage Servicing includes Servicing and Investor Services	\$ -	\$ 1,517,760	\$ -	\$ 1,517,760	\$ -	\$ 1,640,468	\$ -	\$ 1,640,468	1.1.1, 1.1.2, 2.3.1, 2.3.2, 2.4.1, 2.4.2