

# Accountability Report Transmittal Form

Agency Name: South Carolina State Housing Finance and Development Authority

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South Carolina  
State Housing  
Finance and Development Authority

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# Annual Accountability Report

## Fiscal Year 2001-2002

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South Carolina State Housing Finance & Development Authority  
919 Bluff Road  
Columbia, SC 29201

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# Section I

## Executive Summary

Since 1971, the South Carolina State Housing Finance and Development Authority (“Agency” or “Authority”) has been helping low-to-moderate income families, older adults, persons with disabilities, and others who are frequently underserved find quality, safe, and affordable housing. The Authority exists for the primary purpose of expanding housing opportunities for lower income South Carolinians as defined by governing State and Federal Legislation.

While the Agency has been diligent in its efforts to ensure that the housing demands of its clients are met, there is still much work to be done to achieve maximum efficiency internally, and maximum impact externally. This report attempts to present a balanced view of the Authority by providing insight into the strengths and accomplishments of the Authority as well as identifying opportunities for improvement and any strategies in place to resolve them.

### **Mission, Vision, and Values**

The mission of the Authority is to promote and provide safe, decent, and affordable housing for the citizens of South Carolina. The Authority envisions that all South Carolinians will have the opportunity to live in safe, decent, and affordable housing. The Authority focuses delivery of its services on the following organizational values:

- **Public Trust:** We take responsibility for our actions and protect the public trust by upholding the Constitution and laws of our nation and our state.
- **Quality and Innovation:** We constantly seek to improve our knowledge and ability to serve our customers. Professionalism, Quality, and Innovation are the hallmarks of the Authority.
- **Employee Focus:** We recognize that employees are our most important assets and ensure that our staff has the tools and the training they need to be successful. We recognize and reward them for their outstanding contributions to our mission.
- **Customer Focus:** We strive to know and understand our customers and their needs, continually seeking to improve our service. We respect all persons and value their diversity.

### **Key Housing Goals and Strategies**

In pursuing its vision, the Authority bases its operations on the following housing goals:

- To support the development and availability of safe, decent, and affordable housing;
- To expand homeownership opportunities;
- To support the preservation of existing housing stock; and
- To support housing initiatives to assist the homeless, persons with special needs, and the elderly.

These housing goals are addressed using the following strategies:

- Continue to use HOME funds for the construction of affordable rental units, new construction, and housing rehabilitation;

- Promote public/private-housing partnerships that develop housing units, provide further investment in low-income housing, and ensure long-term affordability for low-income persons;
- Leverage private sector alliances to maximize the effectiveness of program funds, such as the Housing Trust Fund;
- Provide low-cost mortgage financing for consumers using revenue bond proceeds; and
- Insure that applicable Federal programs, including Section 8 Rental Assistance, are distributed effectively.

### **Key Operational Goals and Strategies**

In order to meet the housing vision and goals of the Authority, operational goals and strategies have been developed. The operational goals are designed to improve the overall effectiveness of the Authority both internally and externally. These goals and the related strategies for each are:

- **Maintain effective programs.** To achieve this the Authority aims to quickly disseminate program change information and use our resources to identify best practices, needs and opportunities.
- **Continually improve our processes.** The Authority continually strives to simplify and streamline processes, eliminate redundant and/or conflicting requirements and establish benchmarks for quantifying performance.
- **Strengthen our internal environment.** In order to achieve this we plan to begin the process of creating a cohesive strategic plan with the action plans and monitoring necessary to ensure that they are completed. An effort will be made to provide for better internal communication and coordination between program areas.
- **Improve community relations.** The Authority continually strives to expand the reach of programs by actively seeking partnerships with communities, working through the media, maintaining effective relationships with our Congressional Delegation and the General Assembly and expanding our outreach efforts with other state and local housing agencies.
- **Make effective use of information technology.** We realize that effective use of information technology will serve the Authority in achieving many of its goals. Therefore, we are in the process of realigning the Information Technology function at the Authority. The goal is to have the function focus on the business processes of the Authority and to formalize business analysis and project management. This process should be completed by June 2003.

### **Opportunities and Barriers**

The Agency experienced significant turnover in the senior management ranks during the fiscal year. These changes have resulted in some challenges but also provided the opportunity for the Authority to analyze its strategic goals, its business processes and its culture. This next fiscal year will be one of further identifying where changes are needed, evaluating alternatives, and implementation of selected alternatives.

The Authority faces many other challenges in order to continue to grow in depth and breadth of the programs it offers. We take the view that barriers often create opportunities. Chief among the Authority's barriers are:

- Throughout the State there are a significant number of low-to-moderate income families who need assistance to even bring their houses in compliance with HUD Housing Quality Standards. There are not enough funds available to meet this need.
- In many communities across the state, available housing stock suitable for rehabilitation and adaptive re-use is limited. Often existing housing is too expensive to rehabilitate due to any number of factors including severe substandard condition, square foot/unit cost (program) limitations, local land use restrictions, prohibitive building supply/construction materials and labor costs, as well as historic preservation and community standards requirements. Many localities also have limited capacity to compete for or administer public funds.
- There are a limited number of available housing contractors who will typically participate in these rehabilitation and adaptive re-use projects. This is due to various factors including negative perceptions of federal projects, perceived excessive regulatory burdens, and lower profit potential.
- Demand for rental and special needs housing for young families, the elderly and disabled continues to increase statewide. The need for expanded housing options for these populations is often further complicated by their very low household income. The supply of housing development providers that have sufficient capacity to develop affordable rental housing in rural communities, group homes, assisted living facilities, and shelters is severely limited across the state, and especially in high cost areas, such as along the coast.
- NIMBY (“Not In My Back Yard”) continues to be prevalent. Many communities continue to resist efforts to develop housing for a variety of special needs populations. Opposition to the location of such housing is often related to perceived property value impact, safety, community building and aesthetic standards, and socio-economic prejudice that often lead to housing discrimination.
- Small nonprofit and private developers often have difficulty accessing and/or mastering the skills necessary to become effective partners. However, the Authority recognizes that they play a vital role in assisting to develop housing and deliver services locally.

## **Section II**

### **Business Overview**

South Carolina State Housing Finance and Development Authority was created in 1971 by Act No. 500 to initiate innovative programs that over time would provide adequate housing for all South Carolinians. The statute authorized the Authority to investigate housing conditions; acquire, own, and lease personal property; construct, reconstruct, and operate housing developments; issue taxable and tax-exempt bonds to finance single and multifamily housing; and provide assistance in planning and constructing housing for members of the beneficiary classes (individuals or families whose gross annual income falls within the low or moderate-to-low income limits defined by State and Federal legislation).

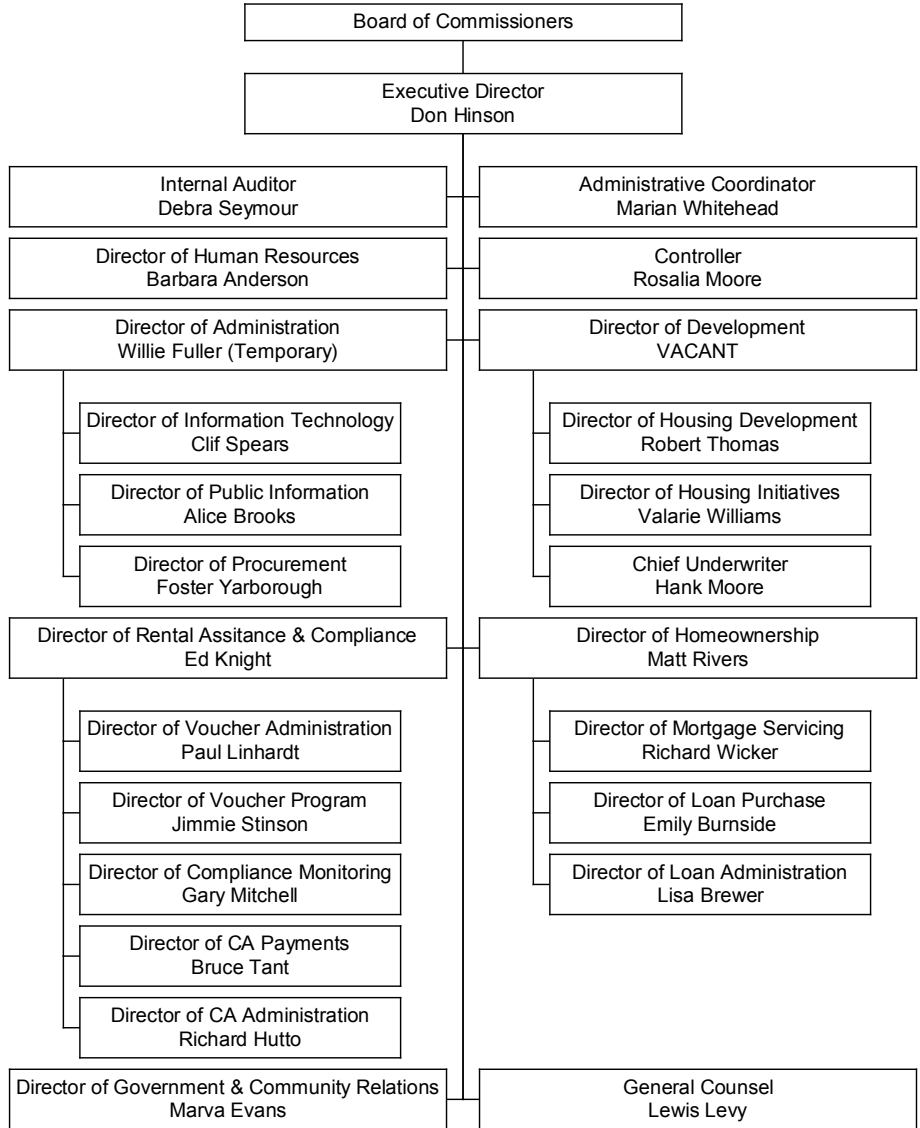
The Authority serves the affordable housing needs of South Carolina by:

- Stimulating housing construction and renovation activities by providing essential technical assistance. IRS tax credits and grants writing expertise to public and private entities interested in housing;
- Administering Federal housing assistance and other housing programs.
- Functioning as a financial institution by selling tax-exempt securities and using the proceeds to purchase mortgages for new construction and renovations.
- Acting as a housing and community development entity, utilizing its wide range of financial, legal and developmental powers; and
- Selling tax-exempt securities to develop Multi-family rental housing for low and moderate-income households.

### **Staff and Organization**

The Authority has 121 FTE (full-time equivalent position) slots available that are filled with 116 full-time permanent employees. The Authority also employs ten (10) temporary employees. The Authority operates from two locations in Columbia: The Homeownership Division, which includes Loan Administration, Loan Purchase and Mortgage Servicing, operates from the 711 Bluff Road location. The remainder of the Authority programs, including Finance and Administration, Legal, Development, Government Community Relations, and Rental Assistance and Compliance, reside in the main location at 919 Bluff Road in Columbia.

**South Carolina State Housing Finance & Development Authority  
Organizational Chart**





## **Customers and Partners**

In order to provide service to its customers, the Authority works in partnership with developers of affordable housing, real estate professionals, mortgage bankers, landlords and property managers, federal agencies (such as Housing and Urban Development; Internal Revenue Service; Department of Agriculture -Rural Housing, Veterans Administration), members of Congress and staff; not-for-profit housing providers, and affordable housing advocates. The Agency also works closely with a number of other State agencies, including:

- Department of Alcohol and Other Drug Abuse Services
- Budget and Control Board
- Department of Commerce
- Department of Consumer Affairs
- Department of Disabilities and Special Needs
- The Governor's Office
- Human Affairs Commission
- Department of Labor, Licensing and Regulation
- Legislature
- Department of Mental Health
- Department of Social Services

The Agency's programs are established to serve low-to-moderate income South Carolinians by providing housing assistance and producing affordable housing units. The primary customers of the Agency are all low-to-moderate income persons who are in need of safe, decent, and affordable housing. Other customers are real estate developers, federal and state agencies that collaborate with the Authority to provide housing opportunities, mortgage bankers, and bond holders.

Demand for all forms of affordable housing assistance is steadily increasing statewide along with the state's population. The most common types of assistance include home mortgage and down payment loans for entry-level homebuyers; rental housing construction and rehabilitation for moderate and lower income households in urban and larger suburban markets; rent and utility subsidies for the very low income, elderly, homeless and disabled; preservation of existing low income units in low-wealth, high cost and other difficult to develop areas; and funding for deferred home maintenance and repairs for low income, seniors and the disabled.

## **Programs and Suppliers**

The Authority operates six (6) major programs:

### **1. Homeownership – Mortgage Revenue Bonds**

The Homeownership Program is the core of the Authority's operations, and provides affordable homeownership opportunities for low-to-moderate income first-time homeowners in South Carolina, primarily through the sale of tax-exempt mortgage revenue bonds. The combination of funds generated by the sale of these bonds and prepayments support the homeownership program. These funds are recycled to finance new reduced interest rate mortgages for first-time homebuyers and used for other related affordable housing activities.

**2. Multi-Family Tax-Exempt Bond Financing**

The Multi-Family Tax Exempt Bond Financing Program provides affordable rental housing opportunities to lower income South Carolinians through the construction of new units or the preservation of existing units through rehabilitation.

**3. Rental Assistance (Section 8) and Compliance Monitoring**

The Rental Assistance (Section 8) and Compliance Program provides housing and utility assistance to low and very low income South Carolinians to enable them to rent a decent and safe place to live. The Rental Assistance program is funded directly by the U.S. Department of Housing and Urban Development and administered by the Authority.

**4. Low Income Housing Tax Credits**

The Authority allocates and monitors the Federal Low Income Housing Tax Credit Program for the State of South Carolina. The Tax Credit Program is administered by the Internal Revenue Service and is the primary source of new affordable rental housing production in the State and nationwide. Rental units financed with tax credits are created primarily through new construction or rehabilitation.

**5. HOME Investment Partnerships**

The HOME Investment Partnerships Program is designed to promote partnerships between and among the public and private sectors to support a wide range of affordable housing activities from owner-occupied housing rehabilitation, to home buyer assistance, to rental unit construction, to tenant-based rental subsidy. Through a competitive process, participants receive HOME funding for rental, homeownership, and owner-occupied replacement housing. The HOME program is funded directly by the U.S. Department of Housing and Urban Development and administered for the State by the Authority.

**6. Housing Trust Fund (HTF)**

The Housing Trust Fund makes financial assistance available for increasing or improving the supply of housing for the very low or lower-income citizens. Funds are awarded to specific properties and families who are sponsored by non-profit entities. The non-profit sponsorship insures that HTF funds are fully leveraged with other private and public sector funds. Funding is provided by the direct allocation of the property transfer stamp tax.

**Expenditures and Appropriations**

The Authority is a self-sustaining Agency that does not rely on state general revenue funds for its operations. It is supported through funds generated by the sale of revenue bonds; Federal programs funded by the U.S. Department of Housing and Urban Development (HUD); user fees; and State Documentary tax funds transferred to the SC Housing Trust Fund. All Notes and Bonds issued by the Authority are special obligations of the Authority and do not constitute a debt, grant, or loan of credit of the State of South Carolina, or any political subdivision thereof. The Authority works in partnership with the private sector and operates in a fashion that more closely resembles a private financial institution than a government entity.

**SC State Housing Finance and Development Authority  
Base Budget Expenditures and Appropriations**

Major Budget Categories	99-00 Actual Expenditures		00-01 Actual Expenditures		01-02 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	3,554,349.69	0	4,066,965.93	0	4,428,036	0
Other Operating	2,187,008.51	0	2,931,495.14	0	2,709,172	0
Special Items						
Permanent Improvements						
Case Services	19,260,530.24	0	29,799,389.81	0	140,099,937	0
Distributions to Subdivisions	8,801,860.17	0	8,311,905.48	0	8,000,000	0
Fringe Benefits	869,792.59	0	1,045,222.00	0	1,198,258	0
Non-recurring						
<b>Total</b>	<b>\$31,673,541.20</b>	<b>\$0</b>	<b>\$46,154,978.36</b>	<b>\$0</b>	<b>\$156,434,403</b>	<b>\$0</b>

## **SECTION III**

### **Malcolm Baldrige Award Criteria**

#### **1. Leadership**

As background, the fiscal year saw significant turnover in the senior management ranks of the Authority. Specifically, the following changes occurred:

- A new Executive Director was appointed to lead the Agency in November of 2001.
- The Director of Homeownership retired and was replaced in April of 2002.
- A new Director of Human Resources was hired in June of 2002.
- The Director of Administration retired in May of 2002 and a permanent replacement has not yet been named.
- The Director of Development retired in July of 2002 and permanent replacement has not yet been named

The major changes in senior leadership mean that new ideas and methods are still being incorporated into the everyday operations of the Authority. Critical issues such as internal communication, customer alignment, process re-engineering, and strategic planning is currently being addressed.

***1.1 How do senior leaders set, deploy and communicate: a) short and long term direction, b) performance expectations, c) organizational values, d) empowerment and innovation, e) organizational and employee learning, f) ethical behavior?***

**a)** The Board of Commissioners provides policy direction for the Agency, and executive and senior management are responsible for translating this direction into strategic and tactical plans. However, the methods by which these plans are set, deployed and communicated have been lacking for some time. The Authority continues to strive for a cohesive approach that organizes all program and support areas around a unified set of goals and tactics to achieve them.

Under the new Executive Director, the Agency has become more focused on internal communication, fairness, process improvement, strategic planning, and alignment with the Agency's respective customer groups. It is critical to the Agency's continued success that any issues in each of these areas are addressed quickly and with the best interest of the public in mind. Progress has surfaced on several fronts with significant improvement in communications and fairness. All changes should be in place by June 2003.

**b)** Performance expectations have been largely driven at the program or department level. Little attention has been paid to ensuring that individual performance plans align with the overall strategic and tactical plans for the Authority. The EPMS system has been modified this year and will be further refined to achieve this objective during fiscal years 2003-2004.

**c)** Organizational values of the Authority have been established and well communicated. These include: Public Trust, Quality and Innovation, Employee Focus and Customer Focus. Copies of

these values are provided to each Agency employee. In addition, the Employee Handbook and Agency newsletter are used to promote and reinforce the values.

**d)** Employee innovation is encouraged and wholly supported by the Authority. Employees are encouraged to continually offer suggestions for improvement. The Agency leadership empowers employees through the use of teams. An example of this teamwork is the Employee Recognition Program, which was recently re-designed by a team of former winners of the recognition award. The Employee Recognition Program recognizes the outstanding performance and contributions made in carrying out the mission, vision, and values as outlined in the Authority's Strategic Plan. The Program stresses the importance of individual contributions in productivity and teamwork. This Program recognizes the two outstanding employees of each year, and a monetary award is given to each of the recipients.

**e)** Organizational and employee learning is encouraged through access to seminars and other training. All supervisors and managers are encouraged to participate in the Associate and Certified Public Manager courses and all employees are encouraged to make use of the Authority's Tuition Assistance program. However, no methodology exists to ensure that all employees receive training, or to ensure that employees receive cross training that traverses program and departmental lines.

**f)** Ethical behavior standards are communicated by the actions and examples of Agency leadership, and through the employee handbook and personnel policies. Progressive discipline and proper conduct are addressed in performance reviews and on an ongoing basis as needed. Public trust is one of our four stated values in our strategic plan.

Internal communication, both vertical and horizontal, must be improved for the Authority to be fully effective. Senior management has made this the primary issue for immediate resolution.

### ***1.2 How do senior leaders establish and promote a focus on customers?***

The Authority has at its core a commitment to quality customer service and constituent satisfaction. Customer focus is one of four stated values in the Agency's Strategic Plan, and staff members meet with customers and stakeholders frequently to receive feedback. The Authority conducts a Customer Satisfaction Survey. The survey is designed to elicit qualitative information on the effectiveness of Agency processes and programs, in addition to new product and service suggestions our customers consider important. However, there is no formal procedure that ensures that process changes are rigorously reviewed to assess their potential customer impact.

Despite this lack of a formal change management process, many of the program areas have instituted ad hoc procedures to act on feedback from customers regarding processes and requirements. Senior management is working to expand these efforts across all program and support areas. In order to continue to expand both the depth and breadth of the Authority's programs, all areas must understand, and be aligned with, the customer needs. This will entail

more than just a process review; program areas of the Authority must work more cooperatively to insure a holistic approach to solving housing needs within the State.

### ***1.3 What key performance measures are regularly reviewed by your senior leaders?***

Key performance measures regularly reviewed by senior leaders include:

- Utilization of program funds in meeting the objectives of the program within legislatively mandated requirements;
- The number of housing units produced and rehabilitated;
- Cost effectiveness of programs;
- Project status reports and fee schedules;
- Loan turn-around time;
- Delinquency and foreclosure ratios;
- Findings and recommendations from various types of audit reports, both internal and external; and
- Accounting methods and accuracy.

Management and staff continually strive to improve performance and customer service. Adjustments and improvements are made in program and administrative areas based on information gathered during departmental and management staff meetings and from customer surveys. Staff members make every effort to respond to customer needs in a timely and accurate fashion.

### ***1.4 How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the organization?***

Performance review findings collected as part of the EPMS process and reviews of key performance measures allow senior leaders to learn of areas that need improvement and further development. Leaders can gain insight into the processes that are effective and productive. Consequently, because of open communication within the department, senior leaders increase management skills, create a more productive workforce, and empower employees.

### ***1.5 How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?***

All programs of the Authority are designed to serve the low-to-moderate income citizens of the State and all of those programs require public hearings at some point in their development and implementation.

The Agency also maintains active communications with community leaders and state legislators. Developers are required to coordinate their efforts through community leaders and local governing jurisdictions. State legislators are notified when awards have been made in their

respective districts. We create broad based support through developer workshops, community and tenant meetings, partnerships, and support from the news media. We attempt to make the public aware that our efforts have a far greater impact on the economy of the State than just financing the home. Our programs provide incomes for the lenders, realtors, builders, appraisers, lawyers, building supply companies, and other peripheral businesses.

***1.6 How does senior leadership set and communicate key organizational priorities for improvement?***

Global organizational priorities are determined via the strategic planning process. Additional tactical-level priorities are set periodically based on market changes, customer feedback, legislative changes or other data gathered within the organization.

Organizational priorities for improvement are set through utilization of employee feedback and information gathered from customer surveys and departmental meetings. Key organizational priorities for improvement are communicated through the EPMS process, and regular staff meetings.

***1.7 How does senior leadership and the Agency actively support and strengthen the community? Include how you identify and determine areas of emphasis.***

The Agency has completed a Statewide Comprehensive Housing Needs Assessment to help identify housing supply and demand across the state. The needs assessment contains three volumes. Volume I is presented by Metropolitan Statistical Area, Volume II by Councils of Government and Volume III by cities and towns with populations of 5,000 or greater. This report, designed to provide program areas with information needed to allocate scarce resources, will be updated on an annual basis.

The Agency is also the primary sponsor of the “South Carolina Partners in Homeownership.” This group is comprised of public, private and non-profit sector organizations involved in the issue of affordable housing and minority homeownership. The partnership, under the guidance of the Authority, provides educational opportunities throughout the state for people interested in becoming homeowners (refer to section 3.6). In addition, the partnership promotes the affordable housing opportunities and awareness throughout the member organizations.

**2. Strategic Planning**

A strong strategic plan, along with the reporting to ensure that it is carried out, is key to the continued growth and success of the Authority’s programs. The Authority’s senior management is committed to updating and refining the current strategic plan over the next several months. Particular attention will be paid to aligning the information technology efforts to the business requirements of the Authority.

***2.1 What is your Strategic Planning process, including participants, and how does it account for:***

- ***Customer needs and expectations***
- ***Financial, societal and other risks***
- ***Human resource capabilities and needs***
- ***Operational capabilities and needs***
- ***Supplies/contractor/partner capabilities and needs***

The process of strategic planning started in 1996 at a Management Team retreat. The plan has changed little since its inception, and there is insufficient reporting to ensure that strategic plans are being met. The Agency is in the initial stages of creating a new strategic plan, that may incorporate some of the strategies in the existing plan, and positioning the Agency staff to prepare the necessary tactics to carryout the plan. This should be completed by fiscal year 2004.

***2.2 How do you develop and track action plans that address your key strategic objectives?***

At present, there are no formal action plans tied directly to the strategic plan, and a mechanism to track success against the specific objectives does not exist. However, many of the strategic initiatives are intrinsic to the basic mission of the Authority and are therefore part of the everyday work that is performed. Senior management's current strategic planning process will include the action plans necessary to complete the objectives and the monitoring necessary to insure that they are completed.

In developing action plans we rely on feedback from the organizations that implement our programs across the State. They assist us in allocating Agency resources to address the most pressing needs they have identified, particularly as it relates to staff positions. For Federal programs that provide audits and performance reviews, we receive direct feedback from the monitoring departments of these federal agencies as to how well we are performing a specific task. A significant portion of the action plans and performance measures are derived directly from the staff. Objectives, plans and measures are then communicated through the EPMS system and departmental meetings.

***2.3 How do you communicate and deploy your strategic objectives, action plans and performance measures?***

The strategic plan document is distributed throughout the Authority. However, while no formal action plans have been developed to address the initiatives, many of the major initiatives fall in line with the overall mission of the Authority and are addressed in the course of the day-to-day work in the respective program areas. Senior management is committed to preparing a comprehensive strategic plan, the action plans and monitoring required to complete them, and ensuring that each employee's performance plan is bound to the strategic and tactical plans.



Once the strategic plan has been re-evaluated and adjusted and the key issues and strategies have been aligned with the updated plan by the executive staff, the information will be communicated to division managers and all Agency employees through divisional meetings.

### **3. Customer Focus**

The Agency has a proud tradition of helping low-to-moderate income and special needs South Carolinians in meeting their housing needs. Authority programs include rental assistance, multi-family housing development, home rehabilitation and first-time homeowner mortgage financing. The Agency accomplishes this by working collaboratively with other public agencies and nonprofit organizations, and forging effective partnerships with the private sector. This allows the Agency to leverage the funds, efforts, and expertise of other entities operating in the affordable housing arena.

The end-user of the Authority's programs is well defined and is, to a large extent, driven by State and Federal requirements. However, the indirect customers and stakeholders in the process are numerous and their interests and motivations vary. The Authority is working to ensure that all of the stakeholders are identified and that their interests are taken into account in the Authority's decision and policy making processes.

#### ***3.1 Identify key customers and stakeholders.***

The end customer is the person that benefits from our programs directly, i.e. the person who receives the low-interest mortgage or the subsidized rent or other assistance. In order to provide service to its customers, the Authority works with the following stakeholders: developers of affordable housing, real estate professionals, mortgage bankers, landlords and property managers, Federal agencies, members of Congress and staff; not-for-profit housing providers, affordable housing advocates and a variety of other State agencies.

#### ***3.2 How do you determine who your customers are and what their key requirements are?***

In order to identify our customers and their key requirements, we host roundtable meetings, conduct classes and workshops, use surveys, public meetings, and focus groups. Our customers must be income eligible as mandated by the legislature.

Staff members also participate in a variety of ad-hoc committees, task forces, and working groups working on affordable housing-related activities. These groups are often sponsored and organized by Community Development Corporations (CDC) and local Housing Authorities across the State.

***3.3 How do you keep your listening and learning methods current with changing customer/business needs?***

In an effort to keep abreast of changes in the business environment, staff employees routinely attend Realtor<sup>®</sup>, builder, and mortgage banking conferences and trade shows as well as the National Council of State Housing Authorities (NCSHA) sponsored conferences to get first-hand input on customer program requirements.

Tenants are contacted through on-site meetings and surveys. The surveys are conducted to ascertain the customers' level of satisfaction with the services provided and to receive feedback on possible additional services required. Property Owners are provided with the opportunity to attend housing forums conducted semi-annually by Authority staff.

***3.4 How do you use information from customers/stakeholders to improve services or programs?***

Information and feedback received from customers and stakeholders are often reflected in the action plans, applications and criteria of our programs. The Annual Qualified Allocation Plan for the Low Income Housing Tax Credit begins with the Agency hosting conferences through the year to solicit input from the development community. A draft plan is developed based on that input, and the plan is presented at a public hearing. Developers then may offer additional suggestions in writing before the document is finalized.

Feedback from tenants obtained by surveys and tenant meetings is also used to correct physical deficiencies with housing and problems with property management to meet customer needs. Feedback from customers is used to adjust programs. As a result of complaints received from lenders, Realtors<sup>®</sup>, and builders about income and house price limits, both limits have been adjusted.

***3.5 How do you measure customer/stakeholder satisfaction?***

Most feedback is informal in nature; therefore measures of satisfaction are somewhat subjective. However, in some instances, such as loan turnaround time in the MRB program, the customers have stated what constitutes satisfactory performance, and the Agency measures itself against those standards. In other cases, performance standards and the associated measures are dictated directly by the stakeholder, as in the case with HUD.

The feedback received from external partners, coupled with input from individual customers, provides the Agency with the information needed to tailor its programs and delivery mechanisms to maximize efficiency and customer service.

**3.6 How do you build positive relationships with customers and stakeholders? Indicate any key distinctions between different customer groups.**

The Authority hosts a statewide conference annually and holds public hearings for most of its programs. The conference and hearings brings affordable housing stakeholders together to network, share ideas, and develop business strategies that can be replicated in communities across the state to expand and improve housing opportunities for modest income South Carolinians. The Authority works closely with numerous nonprofit and for-profit organizations to enhance their capacity as housing development partners and advocates. The Agency provides training opportunities, housing development capital, organizational support, and in-kind contributions to these entities that are essential to the state's housing delivery system. The annual housing conference also features a Housing Achievement and Director's Awards ceremony that honors outstanding individual and organizational contributions to affordable housing. Additionally, our Children's Coloring and Essay Contest provides an opportunity for the children of families living in Authority-financed homes or apartments to be recognized for their creative expressions of gratitude for (now) having a safe, decent place to live.

The Agency believes that the key to building and maintaining positive relationships is doing a job accurately and timely, listening to our customers, and making every attempt to satisfy and meet their needs. HUD, the IRS, and other regulatory agencies are primarily interested in compliance with rules and regulations and timely reporting. Property owners and managers look for correct and timely payments and consistent application of the rules. Customers demand and have a right to confidential, accurate, timely, and courteous service. Lenders, realtors, and builders are satisfied by a quick turn around time and our willingness to work with them on problem loans.

The Authority's Executive Director chairs the SC Partners In Homeownership (the Partnership). Established in the fall of 1996, the Partnership is a statewide alliance of over 45 public agencies, private sector organizations and businesses working together to expand homeownership opportunities for South Carolinians through community outreach, services, and housing policy reform. The Partnership hosts an annual Home Buyers Fair and Education Seminars to serve the needs of consumers interested in becoming first-time (and oftentimes, first-generation) homeowners. For the past two years, the education seminars were offered in both English and Spanish. The fair and seminars were marketed and taught in both languages, and educational materials provided in English and Spanish. Over 300 people attended the 2001 Fair (held on June 9<sup>th</sup> at Columbia Mall).

**4. Information and Analysis**

All of the programs administered by the Agency require monitoring and reporting mandates that the Agency must meet, and most of the monitoring data must be provided to third parties on a scheduled basis. These third parties include HUD/FHA, the IRS, and bond rating agencies. In addition to internal reporting and monitoring, the Agency is subject to external audit or review by many of these same organizations. The monitoring encompasses such items as general eligibility compliance, financial strength, fiscal responsibility, and tax matters. The Agency has

stringent measures in place to ensure that all of these requirements are met, and management and/or senior management reviews findings as needed.

In the future, the Agency's monitoring and information dissemination efforts will expand to include such items as progress against strategic and tactical goals, customer satisfaction, and internal process performance. .

Due to the requirements placed on Agency programs by third parties, the processes surrounding these different programs are fairly well defined, and in most cases, documented. Within the framework prescribed by the third parties, the Agency works to maximize the efficiency of the processes for each program from both a financial and customer-service perspective. This process management is also driven by direct feedback from business partners and customers.

The Agency views the role of technology as critical in streamlining its' processes and has had some success in using technology to improve existing delivery methods. In the future, the Agency will be even more focused on maintaining alignment between business requirements and technology investments.

Most of the Authority's existing information and analysis efforts are confined to the respective program areas. One of the greatest challenges facing the Authority is broadening access to this information and improving the communication channels among the program staff. Overcoming this challenge is critical in achieving the goal of approaching housing issues from a holistic, as opposed to a program-specific, perspective.

#### ***4.1 How do you decide which operations, processes and systems to measure?***

National standards for programs, in addition to internal and external needs, define most of the operations, processes and systems that need to be measured. The Agency has also identified other measurements that it found to be meaningful both internally to program managers, and to customers who rate the Authority's effectiveness and efficiency. For example, the delinquency rate and the foreclosure rate are critical to the Mortgage Servicing program, and must be kept low to protect the Authority's assets. These two items are measured and reported monthly.

#### ***4.2 How do you ensure data quality, reliability, completeness and availability for decision-making?***

Data quality, reliability, completeness and availability for decision-making is ensured in the following ways:

- All program inputs and outputs are reviewed on an annual basis.
- Financial data is systematically reconciled.
- External auditors audit the Authority's financial records annually.
- The Authority hired an internal auditor this year. Audits and evaluations performed by the internal auditor will include verification of data accuracy and availability.
- Work done by contractors is verified or reviewed annually.

- All Section 8 tenants are re-certified annually and have their income verified directly by the source.
- TANF (formerly Aid to Families With Dependent Children, AFDC), Child support and Social Security benefits are verified via computer link with the SC Department of Social Services.
- Contract Administration and Tax Credit compliance require that a sample of tenant files be reviewed for proper and timely income verification, appropriate rent levels and number of units set aside for the beneficiary class.

To ensure data quality and reliability, the Authority has integrated information technology via various software products into most of its business processes. The automated systems have edits and verifications designed into the software to detect errors and/or inaccurate data.

Agency information and various other services are provided to all employees using the Agency’s intranet. Communicating our employment Policies and Procedures, processing leave requests and approvals, scheduling, reserving presentation equipment and meeting rooms, taking telephone messages, and other routine office tasks can all be done using customer solutions on our intranet.

Similar information services are offered to our external customers using our public World Wide Web site and secure extranet site, designed for use by our business partners. Lenders who initiate Agency-funded home loans can reserve funds and receive instant feedback on the status of loan reservations that are being processed by the Loan Purchase Department. Developers who attend our training events and conference can register for these events on-line. Application forms and instruction manuals for the Agency’s various housing programs are available on-line also. Many forms can be filled out and submitted electronically

**4.3 How do you use data/information analysis to provide effective support for decision-making?**

Programmatic data is reviewed annually and is used to make and justify changes in the programs. The analysis of information received allows those in decision-making positions to:

- ⊕ Ensure compliance with program eligibility requirements.
- ⊕ Assess and adjust program policies and procedures to meet customer and stakeholder needs.
- ⊕ Determine any needed action for performance improvement.
- ⊕ Future plans include performing historical analysis of costs to use the data to pinpoint areas that may be underserved or overbuilt.

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**5. Human Resources**

The Authority places a high premium on the collective knowledge and experience of its staff, and continues to make investments in staff training. In order to continue to expand that knowledge base, the Authority is committed to improving internal communication channels.

Goals and objectives for individual staff members must also be reviewed to ensure that they are in line with the overall strategic plan for the organization.

***5.1 How do you and your managers/supervisors encourage and motivate employees (formally and/or informally) to develop and utilize their full potential?***

Beyond the standard state benefits, employee performance management system (EPMS), and the Authority's incentive pay plan, the Agency also offers internal programs such as Employee Recognition Program that includes bonuses for two outstanding employees each year. The objective of the Employee Recognition Program is to recognize outstanding performance and contributions made in carrying out the mission, vision and values as outlined in the Authority's Strategic Plan. The program stresses the importance of individual contributions in productivity and teamwork.

***5.2 How do you identify and address key developmental and training needs, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training?***

The Authority ensures that staff has the tools and the training needed for success. Each employee is required to undergo training sessions on Diversity, Team Skills, Introduction to Quality, and Sexual Harassment.

In order to improve services to the increasing number of Hispanic customers, the Authority offered a Conversational Spanish Course as a pilot program for 17 employees.

In addition to basic computer skills and job-specific training required for each employee, supervisors are required to complete the Associate Public Manager (APM) course provided by the Budget and Control Board. Managers are encouraged to complete the Certified Public Manager (CPM) training and eight Agency managers have received certification. Six Agency employees have graduated from the Executive Institute.

Agency employees receive additional job-related training directly from their supervisors. All housing workers are also sent to professional training and certification seminars. Additionally, the Authority has adopted a tuition assistance policy that provides for employees to attend courses that are directly related either to the employee's position or to a position to which the employee could progress or that is a part of a planned degree program in a field related to the Authority's mission.

***5.3 How does your employee performance management system, including feedback to and from employees, support high performance?***

In order to track employee progress, all supervisors complete annual performance reviews for their respective employees. Employees are encouraged to give feedback during their reviews

and to participate in developing a personalized action plan of goals to accomplish. Employees are also encouraged to discuss issues of concern, contribute new ideas, and are recognized for doing so.

***5.4 What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation?***

Employee well-being, satisfaction, and motivation are assessed through the initiation of frequent discussions and observation of employee behavior. Employee characteristics are assessed each year on the Employee Performance Management System (EPMS) and are measured in the employee's overall evaluation. Each year the Employee Performance Management System (EPMS) is assessed for efficiency and effectiveness and adjustments are made to the process where appropriate.

***5.5 How do you maintain a safe and healthy work environment?***

The Agency maintains a safe and healthy work environment through preserving the knowledge of safety rules and regulations and ensuring compliance. The Authority has developed emergency procedures and has established a team to coordinate emergency preparedness efforts. The Authority's employees are encouraged to participate in the State wellness program.

***5.6 What is the extent of your involvement in the community?***

The Authority provides personnel and supplies to further housing outreach efforts directed at new homebuyers, vulnerable populations, homeless veterans, minorities, Hispanics and persons with disabilities. The Agency also offers educational opportunities for prospective homebuyers.

The Agency regularly supports Red Cross blood drives and encourages employee participation every two months by giving the employees time off to do this. The Agency also mounts a very aggressive United Way campaign every year. Employee campaign leadership rotates by department.

The Authority holds a "Christmas in July" food drive to help stock the Emergency Food Pantry of Harvest Hope Food Bank. Agency employees also support Habitat for Humanity, Salvation Army, Good Health Appeal, Black United Fund, Muscular Dystrophy Association, as well as other charities each year at Christmas. In addition, the Authority is an active member of the Greater Columbia Chamber of Commerce.

**6. Process Management**

Most of the processes within in the respective program areas are driven to a certain extent by State and Federal requirements. However, the Authority's senior management is committed to

reviewing all internal processes to insure that they do more than just meet the letter of the law; they must also be efficient and any unnecessary gaps and/or redundancies must be eliminated.

***6.1 What is your key design and delivery processes for products/services, and how do you incorporate new technology, changing customer and mission-related requirements, into these design and delivery processes and systems?***

After assessing customer requirements and how those requirements can be met within the guidelines of applicable state and federal laws and regulations, Agency staff works with focus groups and committees to determine the most efficient method of delivering our programs and communicates updated information about current programs.

The Agency evaluates and ranks Low Income Housing Tax Credit (LIHTC) proposals and delivers tax credits for housing to serve qualified tenants. We take advantage of all opportunities to utilize technology to better our processes by publishing data on our website, providing the LIHTC and HOME applications on disk and on the web.

The primary mission of the Tenant-based and Contract Administration programs is to pay rental subsidies for eligible clients in eligible units. Compliance Monitoring works to ensure contractual compliance of properties that have received assistance through the Tax Credit, Trust Fund and Multi-family Bond programs. The Tenant-based program and Contract Administration utilize Windows based software that enables timely payments, eligibility checking and complete reporting.

The underwriting process in the Loan Purchase Department is designed to respond to the lender within three days or less. A step-by-step program is followed and all documents, with a check-off sheet, are placed in order to speed the process. The AOD software is an aid to the process. A similar process is used in Mortgage Servicing in that lenders are required to follow the check-off sheets in order to deliver the servicing file in a complete and orderly manner. The Lender-On-Line software allows participating lenders to enter reservations and to view loan status information and reports online. The use of this software has eliminated delay problems that were present under the old manual system. Savings to the Authority can be measured by the reduction of clerical workload. Eliminating the manual reservations system reduced the number of phone calls therefore eliminating the need for an additional clerical person.

***6.2 How does your day-to-day operation of key production/delivery processes ensure meeting key performance requirements?***

In order to meet the Agency mission to provide safe, decent, affordable housing to South Carolinians, staff must ensure that customers have access to programs funded and administered by the Agency. External auditors ensure that program guidelines are being adhered by conducting audits in each program area. The Authority also has an internal auditor that has done work in some programs and support areas to identify weaknesses and provide suggestions for improvement.



All staff receives professional training on the compliance requirements of each program. Many of these training programs require certification examinations. Each area contains clerical, management and software edits to strengthen compliance with Agency policies and procedures.

***6.3 What are your key support processes, and how do you improve and update these processes to achieve better performance?***

The Agency's internal support processes (human resources, information technology, finance, and procurement) work together to streamline/coordinate processes of program areas and Agency staff.

***6.4 How do you manage and support your key supplier/contractor/partner interactions and processes to improve performance?***

The staff in the Procurement Department strives to procure all supplies, services, and equipment in compliance with the South Carolina Consolidated Procurement Code. They work in conjunction with the Materials Management Office (MMO) in purchasing supplies, furniture, various services, and in conjunction with the Office of State Chief Information Officer (CIO) in purchasing products and equipment relating to information technology. The staff in the Procurement Department constantly strives to recruit new vendors, particularly minority owned vendors, for the purpose of enhancing the goals of the Authority's annual Minority Business Utilization Plan.

In addition, the information technology department works with our software vendors to provide user input regarding needed improvements.

## **7. Business Results**

Despite turnover in senior management, the Authority has done an admirable job in achieving solid results. While the volume in some programs, such as the Mortgage Revenue Bond (MRB) program, may fluctuate with outside economic forces, the overall number of South Carolinians who received benefit from the programs administered by the Authority continues to be significant.

As in prior years, the Agency's efforts to promote and provide housing opportunities for low-to-moderate income South Carolinians were very successful. Notable accomplishments for the year include:

- Assisted 65,892 South Carolinians with their housing needs.
- Provided over \$196 million in direct assistance.
- Helped push South Carolina's homeownership rate to 76.1%, a rate that continues to surpass the national rate of 67.8%.
- Rated "AAA" by bond rating agencies.

- Issued a total of 52 Certifications of Consistency with the State’s Consolidated Plan for housing sponsors.
- Financed the development of some 4,220 affordable units.
- Helped 1,089 families achieve the dream of owning their own home.
- Provided rental subsidies for over 19,000 very-low income families and individuals.

While the Agency staff is proud of these accomplishments, plans are being prepared to significantly increase the depth and reach of the programs administered by the Agency in the coming years.

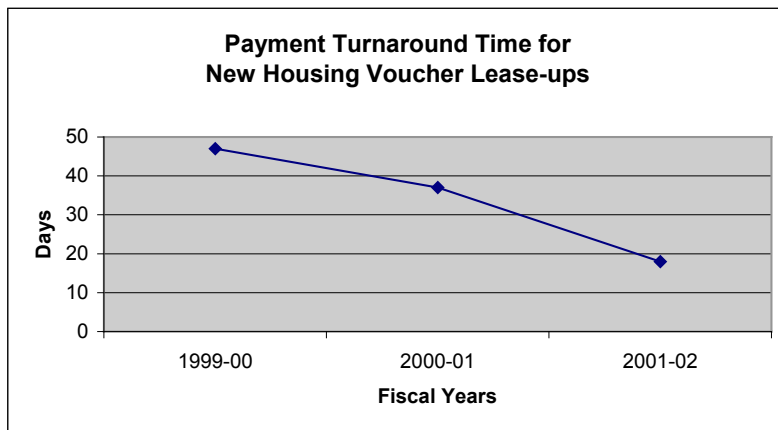
**7.1 What are your performance levels and trends for the key measures of customer satisfaction?**

| –Agency divisions measure customer and stakeholder satisfaction in different ways.

**Rental Assistance And Compliance**

The Rental Assistance and Compliance (RAC) division periodically surveys customers to ascertain their level of satisfaction with the services provided and to receive feedback on possible additional services.

In the most recent survey of owners and managers in the Tenant-based Program, 60% indicated complete satisfaction with the payment process. The most common problem cited involved turn-around time for payment changes (see graph 7.1 below). The Authority is addressing this issue and payment-processing time has improved for each of the last three years. This improvement is due in part to newly installed software. Meetings with owners and managers to explain the program and elicit comments and suggestions were held in Columbia, Spartanburg and Summerville during fiscal year 2001-2002.



Graph 7.1

Tenants in the Tenant-based Program are also periodically surveyed to ascertain their level of satisfaction with the services provided and to receive feedback on possible additional services. In the most recent survey, 80% indicated general satisfaction with the programs and employees. Most comments received concerned confusion about the program rules and regulations. All respondents with comments were contacted and the issues resolved.

### **Low-Income Housing Tax Credit**

Low-Income Housing Tax Credit property managers were surveyed. Over 98% found the service provided by the Authority to be good. On a scale of 1 to 5, over 80% rated the Authority's employee who provided the services as excellent (5).

### **Homeownership – MRB**

In Loan Purchase, turn around time is used as an indicator. Lenders and realtors are generally satisfied when turn around time is three days or less.

Customer satisfaction in the House Mortgage Servicing Department is measured by the number of complaints received from homeowners concerning errors in the department in our escrow accounting and default record keeping areas. The Mortgage Servicing Program monitors complaints about errors in property taxes, insurance, and payoffs as a guide.

### ***7.2 What are your performance levels and trends for the key measures of mission accomplishment?***

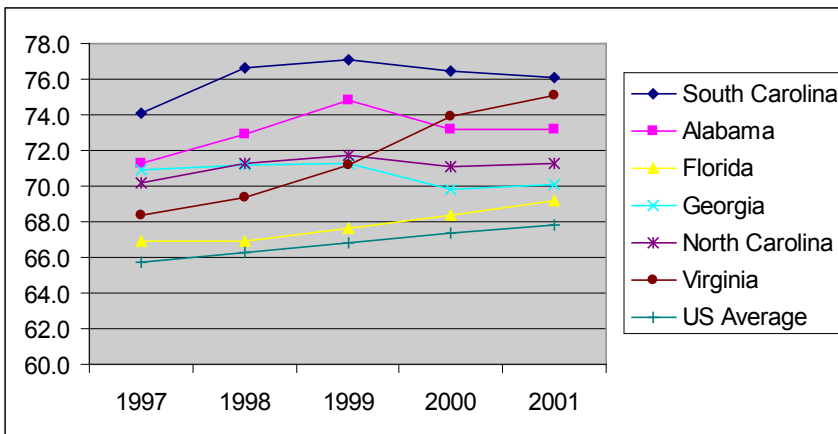
The South Carolina State Housing Authority is the state's single largest public developer of affordable multi- and single-family housing. Resources available to the Agency were invested in a wide range of programs to help address growing demand for affordable housing across South Carolina. The state's housing assistance activities included homeownership (mortgage) and down payment loan assistance, single and multi-family housing development, preservation, rental and utility payment assistance, and special needs housing development for the very low income, homeless, disabled and elderly.

According to the most recently available census data, South Carolina had a home ownership rate in 2001 of 76.1%. This is significantly higher than the national average of 67.8% and trails the state with the highest home ownership rate, Michigan, by only 1.0%. In the Southeast, South Carolina continues to lead the region in homeownership, as evidenced in the charts below.

**HOMEOWNERSHIP RATES IN THE SOUTHEAST  
1997 – 2001**

	1997	1998	1999	2000	2001
<b>South Carolina</b>	<b>74.1</b>	<b>76.6</b>	<b>77.1</b>	<b>76.5</b>	<b>76.1</b>
Alabama	71.3	72.9	74.8	73.2	73.2
Florida	66.9	66.9	67.6	68.4	69.2
Georgia	70.9	71.2	71.3	69.8	70.1
North Carolina	70.2	71.3	71.7	71.1	71.3
Virginia	68.4	69.4	71.2	73.9	75.1
<b>National Average</b>	<b>65.7</b>	<b>66.3</b>	<b>66.8</b>	<b>67.4</b>	<b>67.8</b>

Table 7.2



Graph 7.2.a.

By using mortgage revenue tax-exempt bond proceeds and Agency-generated funds, the Authority works with participating lenders to offer low-to moderate-income first-time homebuyer loans with affordable, below-market interest rates. During the fiscal year, the Authority purchased a total of 1,327 mortgages, totaling over \$85.5 million. Refer to Table 7.2.b.

**HOMEOWNERSHIP PROGRAMS  
Mortgage Loans Purchased**

	<b>1998-1999</b>	<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002</b>
MRB Program	\$15,540,655	\$83,500,909	\$67,353,530	\$61,721,394
Special Programs	\$17,355,320	\$33,816,384	\$9,274,272	\$23,807,772
<b>TOTAL</b>	<b>\$32,895,975</b>	<b>\$117,317,293</b>	<b>\$76,627,802</b>	<b>\$85,529,166</b>
First Mortgages	536	1,703	1,090	1,089
Second Mortgages	353	778	449	238
<b>TOTAL</b>	<b>889</b>	<b>2,481</b>	<b>1,539</b>	<b>1,327</b>

Table 7.2.b

The Authority's portfolio contains a total of 10,385 first mortgages that are serviced by three (3) private sector providers in addition to Authority in-house servicing. See Tables 7.2.c and 7.2.d.

**HOMEOWNERSHIP PROGRAMS  
Loan Administration  
Mortgage Loans Managed**

	<b>1998-1999</b>	<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002</b>
Principal Balances	\$397.7M	\$467.1M	\$491.4M	\$528.8M
Number Mortgages	9,380	10,180	10,385	13,266

Table 7.2.c

**HOMEOWNERSHIP PROGRAMS  
In-House Mortgage Loan Servicing  
Mortgage Loans Serviced**

	<b>1998-1999</b>	<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002</b>
First Mortgages	5,051	6,068	6,591	6,784
Second Mortgages	2,201	2,846	2,974	2,827
<b>TOTAL</b>	<b>7,252</b>	<b>8,913</b>	<b>9,564</b>	<b>9,610</b>

Table 7.2.d

The Mortgage Servicing Department has set a goal to keep Agency foreclosure ratios below that of the Mortgage Bankers Association of America. The Authority has maintained a ratio below that of the MBAA for several years.

### Rental Assistance and Compliance Programs

Over 35,000 affordable housing units are subsidized or monitored by the Authority’s Rental Assistance and Compliance Programs. The Authority monitors compliance of properties developed or rehabilitated through the Low-income Housing Tax Credit Program and the Authority’s Multi-Family Bond programs. Developers in both programs have been committed to providing affordable housing for periods ranging between 15 and 40 years. Each complex is visited and reviewed at least every third year.

Over 19,000 families receive a housing assistance through the Authority’s administration of the HUD Section 8 Project-based and Tenant-based (Housing Vouchers) programs. Tenants pay approximately 30% of the income toward rent and the remainder is subsidy. During fiscal year 2001-2002 this subsidy amounted to over \$75 million dollars. During 2000-2001, HUD rated the Authority’s Housing Voucher Program as a “High Performer”.

	2000-2001	2001-2002
Families assisted	18,591	19,163
Subsidy Payments	\$ 21,741,877 (A)	\$ 75,542,813

Table 7.2.e

Note A – fiscal year 2000-2001 was a transition year. During most of the year, HUD made the subsidy payments directly.

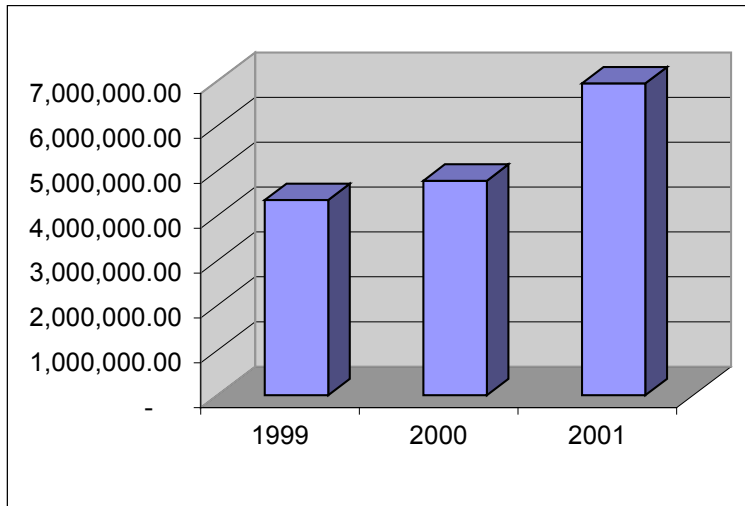
### HOME Investment Partnership Program

HOME Investment Partnership (HOME) funds in the amount of \$8,913,100 were made available for statewide competition in 2001. A total of 31 awards were made in 19 counties during this reporting period. 2001 HOME funds will help finance the development of 704 units of affordable rental, lease/purchase, and owned housing assisting the housing needs of and estimated 1,760 lower income South Carolinians. The HOME program continued to support housing unit preservation activities this year by offering rehabilitation as a funded housing development activity under both the homeownership and rental initiatives. Approximately 50 rental units have been rehabilitated using 2001 HOME funds.

### Low Income Housing Tax Credit Program

The significant increase in tax credit dollars allocated in the year 2001 is a result of an increase in the per capita amount of credit that was passed by Congress in late 2000. This legislation increased the amount of credit from \$1.25/person to \$1.50/person in 2001 and will increase to \$1.75/person in 2002 (see Graph 7.2.f).

## South Carolina State Housing Authority Low Income Housing Tax Credit Allocations



Graph 7.2.f

Year	Tax Credits Allocated	# Developments	Rental Units
1999	4,354,066.93	17	810
2000	4,782,481.68	17	825
2001	6,954,100.64	28	1,312

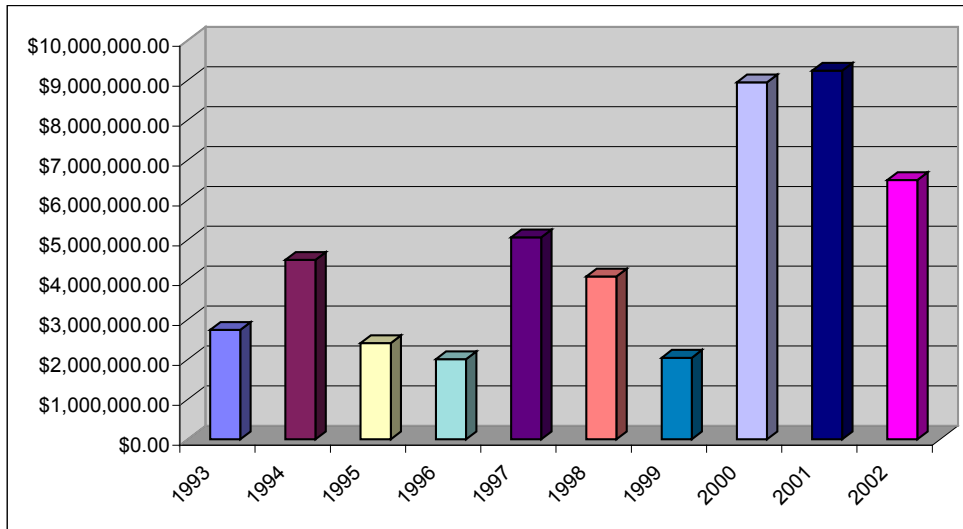
Table 7.2.g

Tax credit funding of \$6,954,101 was awarded in 2001. These tax credits are sold to investors generating approximately \$54,000,000 in equity to be used for the construction and rehabilitation of low-income rental developments. The 28 developments awarded in 2001 will produce 1,312 rental units serving approximately 4,300 citizens of South Carolina.

### Housing Trust Fund

Housing Trust fund awards were made throughout the state with a total of \$9,241,606.91 awarded in 2001 and \$6,498,867.31 awarded in 2002. There were 599 awards made in 42 counties during 2001 and 296 awards were made in 37 counties during 2002. The awards helped finance the development of 1,548 units of affordable housing consisting of rental housing, transitional/shelter units, owner-occupied rehabilitation that includes emergency home repairs for the elderly and disabled, homeownership, group homes, and land acquisition for single family homeownership developments (see Graph 7.2.g).

## South Carolina State Housing Authority Housing Trust Fund Allocation by Fiscal Year



Graph 7.2.h

The decrease in funding in 2002 was deliberate as Housing Trust Fund restricted awards in an effort to insure that the total Housing Trust Fund did not become too depleted, as revenues are economy driven based on real estate transfers (refer to Table 7.2.f and Table 7.2.i).

<u>FY</u>	<u>Trust Fund Amount</u>
1993	\$2,743,843.00
1994	\$4,497,893.24
1995	\$2,410,751.39
1996	\$2,012,386.25
1997	\$5,065,973.50
1998	\$4,081,737.00
1999	\$2,045,788.00
2000	\$8,950,417.20
2001	\$9,241,606.91
<u>2002</u>	<u>\$6,498,867.31</u>
<b>Grand Total:</b>	<b>\$47,549,263.80</b>

Table 7.2.i



**7.3 What are your performance levels and trends for the key measures of employee satisfaction, involvement and development?**

The Agency has adapted a program to provide tuition assistance for its permanent employees. The purpose of the program is to develop a better-educated workforce and to provide job enhancement opportunities for the employees within the Authority. Tuition assistance is provided for employees to attend courses that are directly related either to the employee’s position or to a position to which the employee could progress or which is a part of a planned degree program in a field which is related to the Authority’s mission. During fiscal year 2001-2002, three employees received tuition assistance from the Agency.

Employees also benefit from different training programs offered at the Agency. During the fiscal year of 2001-2002, 62 of our employees participated in 242 in-house training sessions (see table 7.3). In addition, one employee received Associate Public Manager (APM) certification (required for all Agency managers), and one employee received Certified Public Manager (CPM) certification. One graduated from the Executive Institute.

**Authority Employee Training**

	1998-1999	1999-2000	2000-2001	2001-2002
Employees Attending In-House Training	75	95	85	62
Training Sessions Attended	272	504	283	242

Table 7.3\*

\*The 2000 figure is elevated due to the acquisition of a new computer system, which required the training of the entire staff.

**7.4 What are your performance levels and trends for the key measures of supplier/ contractor/ partner performance?**

The Authority’s ability to expand housing and homeownership opportunities depends on the quality and diversity of its relationships. The Authority’s many public-private as well as public-public partnerships have expanded affordable housing choice statewide. The successful business alliances and development partnerships cultivated and maintained over the Agency’s 31-year history have led to substantial capital investment and quality of life improvements. Strategic alliances were key to many of the Authority’s proudest achievements during fiscal year 2001-2002. More recently creative public-private partnerships have enabled the Authority to extend its reach into many of the state’s hardest-to-serve or disenfranchised communities. The Authority was able to increase capital investments in many rural, high-cost urban and coastal, and low-income areas of the state due to effective partnerships. The Authority routinely partners with other public agencies at the federal, state, regional and local levels to design and deploy programs and services, and to improve business processes. A shared sense of purpose and efficiencies achieved through resource sharing and collaboration has led to significant improvements in housing conditions, affordability, and choice statewide.

The Authority's alliances with the Governor's Office, Department of Commerce, U.S. Department of Housing and Urban Development (HUD), Veteran's Administration, SC Low Income Housing Coalition, Local Public Housing Authorities (PHA's), Community Development Corporations (CDC's), Community Action Agencies (CAA's), Home Builders Association, Councils of Government (COG's), Habitat for Humanity, Manufactured Housing Institute, USDA Rural Development, Human Affairs Commission, Department of Mental Health, DSS, DHEC, Department of Consumer Affairs, Commission for Minority Affairs, Department of Disabilities and Special Needs, Fannie Mae, banks, other financial institutions, industry and trade organizations, and many other agencies have led to the creation of new or enhanced housing initiatives as well as process improvements. Other specific examples include, the South Carolina Partners in Homeownership, Governor's Task Force on Affordable Housing, Interagency Coordinating Council for Affordable Housing and Community Development, State HOME Program, CHDO Associations and Housing Trust Fund Advisory Council.

***7.5 What are your performance levels and trends for the key measures of regulatory/legal compliance and citizenship?***

The administration of the Authority is responsible for establishing and maintaining a system of internal control over its transactions. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. ~~The objectives of a system are to provide management with reasonable assurance of the processes.~~ To ensure legal compliance, Agency divisions are regularly audited by external agencies. These audits establish a basis for reliance upon the system of internal control to assure adherence to applicable rules and regulations.

The annual financial audit of the Authority conducted by Rogers & Laban, PA, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The results of the tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. The Agency complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

The audit of Agency internal procurement operating policies performed by the Office of Audit and Certification concluded that the Authority has maintained a "professional, efficient procurement system" and presented certain recommendations for improving the operations of the division.

The results of the audit conducted in the Human Resource division showed that the Agency is in compliance with the delegation agreement and that all of the recommendations from the previous audit had been implemented.

### ***7.6 What are your current levels and trends of financial performance?***

To-date, the Authority's programs have made housing affordable for more than 150,000 people. It has issued more than \$1.1 billion in tax-exempt bonds that provide financing for affordable housing without the use of any tax generated revenues.

The six Authority programs are the cornerstones of South Carolina's affordable housing strategy. They provide the majority of resources that finance mortgage loans and produce much needed affordable housing across the state. With the exception of the South Carolina Housing Trust Fund, the remaining programs are authorized by Congress and regulated by the U.S. Department of Housing and Urban Development (HUD) and Internal Revenue Service (IRS). Congress establishes governing regulations and determines annual funding allocations (or financing Authority) in Washington, but the Authority administers the programs at the state-level. The Authority is the managing agent of the major public funds allocated to South Carolina for affordable housing development. Federal program allocations (including bond issuing Authority under the Mortgage Revenue Bond program) are population-based. The allocating Agency uses the most recent Census data to calculate annual per capita funding thresholds for affordable housing and other publicly funded programs.

In addition to federal program funds, the Authority generates substantial resources through the sale of Mortgage Revenue Bonds (MRBs). Proceeds from the sale of bonds are used to finance lower interest mortgage and down payment assistance loans for first-time homebuyers, and to finance innovative housing initiatives for which federal funds are either unavailable or their use-restricted.

According to the National Council of State Housing Agencies, the South Carolina State Housing Finance and Development Authority "ranks among the nation's most financially secure and well-managed housing finance agencies." Moody's and Standard and Poor's rate the Authority's Bonds AAA, and its loan portfolio is worth more than \$500 million. The financial performance of the Authority's seasoned bond program was assessed as very strong as reflected in a program asset-to-debt ratio of 1.97, the highest in the nation. This position is expected to grow steadily throughout of the life of the bond program.

In 2000, public funds leveraged private capital at an overall ratio of 7:1. The economic impact of this seven-to-one ratio is that every \$1 federal program dollar invested by the Authority in affordable housing activities attracted another \$7 in private or other capital. This represents an estimated \$1.6 billion in leveraged financing added to South Carolina's economy – the vast majority attributed to private sector investors. The investment of these additional resources significantly increased housing unit production, quality, and economic impact across South Carolina. Housing affordability, choice and accessibility were improved for lower income citizens statewide as a result of the Authority's investment decisions and the ability to attract substantial private resources.

The Authority's assistance priorities reflected many of the state's most pressing housing needs. During 2000, the majority of Agency resources were invested in activities that benefited those with greatest housing needs. Sixty-four percent (64%) of all available resources helped those

with more emergent housing needs including the disabled, elderly, and very low income. This represents a commitment of \$204 million in tenant rent and utility payments (subsidy), multi-family construction and preservation, and home repair assistance. The remaining \$116 million (of a total \$320 million) was dedicated to the expansion of homeownership opportunities for lower and moderate income, rural and minority South Carolinians.