

FY2010-2011 Accountability Report Transmittal Form

Agency Name: South Carolina State Housing Finance and Development Authority

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“HOUSING SOUTH CAROLINA IS OUR BUSINESS”

For 40 years, the South Carolina State Housing Finance and Development Authority (hereafter referred to as “SC State 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 State Housing is able to do this by using its proven financial strength to sell securities to investors all over the country. This allows SC State Housing to make mortgage loans to home buyers to get their piece of the American Dream. Additionally, SC State Housing administers a number of federal and state programs providing housing opportunities where they are needed most.

SC State 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.

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 State 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.

MISSION, VISION AND VALUES

The mission of SC State 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 State Housing employs four core values:

- **Customer Focus:** SC State Housing strives to know and understand its customers and their needs. It respects all persons and values their diversity. The agency continually seeks ways to improve its service. SC State Housing encourages and appreciates its partnerships.
- **Public Trust:** SC State Housing takes responsibility for its actions and protects the public trust by upholding the constitution and laws of our nation and state. As guardians of public funds and resources, SC State Housing will exercise competent and judicious management. The agency values integrity and ethical conduct above all else.
- **Employee Focus:** SC State Housing values its employees and treats them with dignity and respect. The agency ensures its employees have the tools and the training they need to be successful. The agency recognizes and rewards them for their outstanding contributions to its mission. SC State Housing empowers them to improve upon the systems and processes that they control.
- **Quality and Innovation:** SC State Housing is comprised of dedicated, committed and competent public servants. The agency is visionary, creative and open to change. The agency constantly seeks to improve its knowledge and ability to serve its customers. Professionalism, Quality and Innovation are the hallmarks of SC State Housing.

MAJOR ACHIEVEMENTS OF FY10-11

Measuring achievement does not always mean measuring dollars. While SC State Housing's economic impact is an important outcome, achievement can also be measured by partnerships, participation, leadership and social impacts. These measures have afforded SC State Housing the opportunity to not only achieve success in its Contract Administration, HOME Investment Partnerships, Housing Trust Fund, Mortgage Bond, Multifamily Tax Exempt Bond, Low Income Housing Tax Credit and Housing Choice Voucher Programs, but to also play a critical role in other broad initiatives. Highlights of some of these initiatives include:

- SC State Housing maintained its Aaa bond rating level with Moody's.
- The Homeownership Voucher Program continued to see an increase in participation during FY10-11. Currently, there are 29 families utilizing this housing option which provides vouchers to assist first-time homebuyers with their monthly homeownership expenses in lieu of a rental subsidy.
- The Neighborhood Stabilization Program (NSP) expended 89 percent of its NSP1 funds and received an allocation of NSP3 funds, of which 100 percent have been committed.
- In January, following a successful pilot program and the US Department of the Treasury's approval of South Carolina's readiness assessment, the South Carolina Homeownership and Employment Lending Program (SC HELP) was made available statewide. As of January, SC State Housing had \$295 million dollars in federal funds to administer on behalf of SC Housing Corp., a non-profit division of SC State Housing. SC HELP assists responsible but struggling homeowners in the state.
- In 2011, SC State Housing dedicated \$15 million to its successful Palmetto Heroes Program which provides lower interest rates and down payment assistance to Teachers, Firefighters, Law Enforcement, Nurses and EMS workers. Additionally, in 2011, Veterans were added to the list. A press conference in conjunction with the Richland County Sheriff's Department was held to announce the updates to the program.
- The Mortgage Servicing Department has achieved a US Department of Housing and Urban Development (HUD) Tier 1 ranking for eleven consecutive quarters. The Tier ranking system is designed to measure the number of loss mitigation actions that are taken on loans in a delinquency status against the number of loans that are foreclosed. Loss Mitigation is responsible for loan reviews that capitalize on home retention or home liquidation options.
- The Mortgage Servicing Department successfully implemented SC HELP to the benefit of the agency's borrowers. Currently, over 65 SC State Housing borrowers have received loan assistance through the program.
- The Marketing and Communications Department built upon its already successful social media efforts by enhancing SC State Housing's presence on Facebook and Twitter, and also created a LinkedIn group to enhance networking opportunities in the housing industry. The Marketing and Communications staff attended a social media course through Midlands Technical College and plans to attend additional social media courses and conferences next fiscal year. Currently, SC State Housing has 132 fans on Facebook, over 1,000 followers on Twitter and 57 members on LinkedIn.
- For the sixteenth consecutive year, SC State 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 nearly 500 attendees, numerous speakers and over 40 sponsors and exhibitors.

KEY STRATEGIC GOALS FOR PRESENT AND FUTURE YEARS

SC State Housing has outlined a set of four strategic planning objectives:

- Create and maintain a positive work culture that reinforces its mission, encourages innovation and is based on a spirit of cooperation and teamwork.
 - Constantly review processes and the use of technology to improve customer service and enhance employee performance.
 - Develop mutually supportive relationships that expand its ability to provide affordable housing while enhancing the value of its investments.
 - Actively seek new and innovative ideas to improve affordable housing opportunities.
- Table 2.2-1 Strategic Planning Chart outlines the objectives and initiatives, and Table 1.5-1 Performance Measures by Program outlines the performance measures that will be evaluated in order to determine the success rate of achieving these goals. Some goals will only be accomplished through the combination of successes of two or more objectives and initiatives.

KEY STRATEGIC CHALLENGES

SC State Housing has been measurably successful over its 40-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 State Housing can: react appropriately and effectively address situations that affect its business functions; originate programs and initiatives that are timely and relevant; and participate in opportunities that extend beyond the core components of its major programs.

In turn, SC State Housing faces challenges to its potential success. The most significant challenges to SC State Housing in achieving its mission are the limitations incurred by being a governmental agency and the uncertainty of bond cap allocations. While SC State Housing has been very successful in achieving its mission, these two issues continue to exist as significant constraints.

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.

Second, the uncertainty of the amount of the state's private activity tax exempt bond cap allocation that will be available to SC State 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 State Housing must request bond cap each year, with no guarantee or expectation in advance as to the amount or availability of the bond cap. This method of allocation creates a more difficult process for controlling activity and production.

The highlights of SC State Housing's major achievements and business results for FY10-11 are not indicative of a serious constraint from the limitations mentioned above, but noticeable improvements to program performance. Ultimately, SC State Housing's overall effectiveness could be significantly improved if these challenges were removed.

The primary key strategic challenges for SC State Housing are outlined in the action plan initiatives in Table 2.2-1. These action plan initiatives are the direct results of key strategic challenges that have presented themselves to such a degree that some resolution was required, whether that resolution be immediate and singular or continual, requiring a solution that provided sufficient flexibility to remain relevant as the key strategic challenge evolved over time.

USING THE ACCOUNTABILITY REPORT TO IMPROVE PERFORMANCE

The Accountability Report has afforded SC State Housing the ability to measure its performance over successive years and evaluate the trends associated with this performance, as well as evaluate the performance measures themselves. These evaluations have led to a review of supplemental measures during FY10-11 that measure employee efficiency, as well as program inputs, activities, outputs and most importantly, outcomes.

SECTION II

ORGANIZATIONAL PROFILE

MAIN PRODUCTS AND SERVICES AND PRIMARY DELIVERY METHODS

SC State Housing has nine major 'products and services' that represent its core business functions and are delivered by various methods depending on the guidelines set forth in each program's rules and regulations (see also Section III, Category 7 – Business Results).

- The Mortgage Bond Program is delivered through lenders and brokers who offer mortgages secured by bond proceeds from bonds issued under SC State Housing's name.
- The South Carolina Housing Trust Fund Program is delivered primarily through developers (private sector and nonprofit) who act according to the rules set forth in state guidelines and who act under the administrative oversight of SC State Housing.
- The HOME Investment Partnerships Program is delivered through developers (private sector, public sector and nonprofit) who act according to the rules set forth in federal guidelines and who are regulated under the administrative oversight of both SC State Housing and HUD.
- The Multifamily Tax Exempt Bond Program is delivered through developers (private sector and nonprofit) who act according to the rules set forth in federal guidelines and who are monitored by SC State Housing staff.

- The Low Income Housing Tax Credit Program is delivered through developers (private and nonprofit) who act according to the rules set forth in federal guidelines and who are under the Administrative oversight of both SC State Housing and the Internal Revenue Service.
- The Housing Choice Voucher Program is delivered through Housing Assistance Payments Contracts with landlords and property owners who are under the administrative oversight of both SC State Housing and HUD.
- The Contract Administration Program is delivered through property owners and management agents who are under administrative oversight of both SC State Housing and HUD.
- The Neighborhood Stabilization Program (NSP) is delivered through local governments and developers (private sector and nonprofit) who act according to the rules set forth in federal guidelines and are regulated under the administrative oversight of both SC State Housing and HUD.
- The SC Homeownership and Employment Lending Program (SC HELP) is a function of the SC Housing Corp., the nonprofit division of SC State Housing. SC HELP operates under the support of the Board of Directors of the SC Housing Corp. and the direction of the US Department of the Treasury. Services are delivered through dedicated SC Housing Corp./SC HELP staff and joint agreements with SC State Housing. Benefits are delivered to struggling but responsible homeowners throughout the state through a network of trained and certified counselors.

KEY CUSTOMER GROUPS AND KEY REQUIREMENTS AND EXPECTATIONS

SC State Housing's key customer groups are primarily dependent on the program under which the customer is classified. For the Contract Administration, Multifamily Tax Exempt Bond Program, Low Income Housing Tax Credit and Housing Choice Voucher Programs, the primary customers are very low- and low-income tenants. For the HOME Investment Partnerships Program, South Carolina Housing Trust Fund Program and NSP the primary customers are very low- and low-income tenants, homeowners and special needs populations. For the Mortgage Bond Program, the primary customers are low- to moderate-income homebuyers.

The key requirements and expectations of these customer segments are broad, but can be integrated based on the type of financing available to produce safe, decent and affordable housing for their respective needs.

KEY STAKEHOLDER GROUPS

SC State Housing's key stakeholders are primarily dependent on the program under which they are identified. For the Contract Administration Program, the stakeholders are the federal government, property owners and management agents. For the HOME Investment Partnerships and the Neighborhood Stabilization Programs, the stakeholders are the federal government, local governments, nonprofit entities and public and private sector entities. For the South Carolina Housing Trust Fund Program, the stakeholders are state government, local governments, nonprofit entities and private sector entities. For the Mortgage Bond Program, the stakeholders are lenders, brokers, bond investors and qualified borrowers. For the Multifamily Tax Exempt

Bond Program, the stakeholders are nonprofit entities and private sector entities. For the Low Income Housing Tax Credit Program, the stakeholders are the federal government, local governments, nonprofit entities and private sector entities. For the Housing Choice Voucher Program, the stakeholders are the federal government and private sector property owners and landlords.

KEY SUPPLIERS AND PARTNERS

Listed in the table below are SC State Housing's key suppliers by service or product vended.

Service or Product	Supplier
Computer Software	Applications Oriented Design (AOD), Housing Development Software (HDS), Yardi Voyager, Easy Track Inspection System, Westlaw®
Computer Hardware	Dell Computers, HP Direct, CDW Computer Supplies
Office Supplies	Lorick Office Supplies, Forms & Supply, J M Grace, Office Depot, Office Max, Staples
Office Equipment	Xerox Corporation, Pitney Bowes
Office Furniture	SCDC Division of Industries, Lorick Office Supplies, JM Grace, COF
Printing and Binding	SCDC Printing & Graphics, Professional Printers, Lexington Printers, FedEx Kinkos, SC DSIT, Another Printer, Inc.
Mail, Freight and Courier Services	US Postal Service, Federal Express, United Parcel Service
Temporary Services	Find Great People, Flemming Group, TEMPO, Roper Personnel
Travel Services	Travel Network, Forest Lake Travel
Promotional Supplies	Paper Pro, Adstreet Specialties, Palmetto Promotions, Joe Henry Company

OPERATING LOCATION

SC State Housing's operations are located at 300-C Outlet Pointe Boulevard, Columbia, SC 29210. This is its only location.

EMPLOYEES SEGMENTED BY CATEGORY

SC State Housing staff consists of 123 filled classified positions, one (1) filled unclassified position, four (4) filled time-limited equivalent positions, 12 filled temporary positions and eight (8) vacant classified positions.

REGULATORY ENVIRONMENT

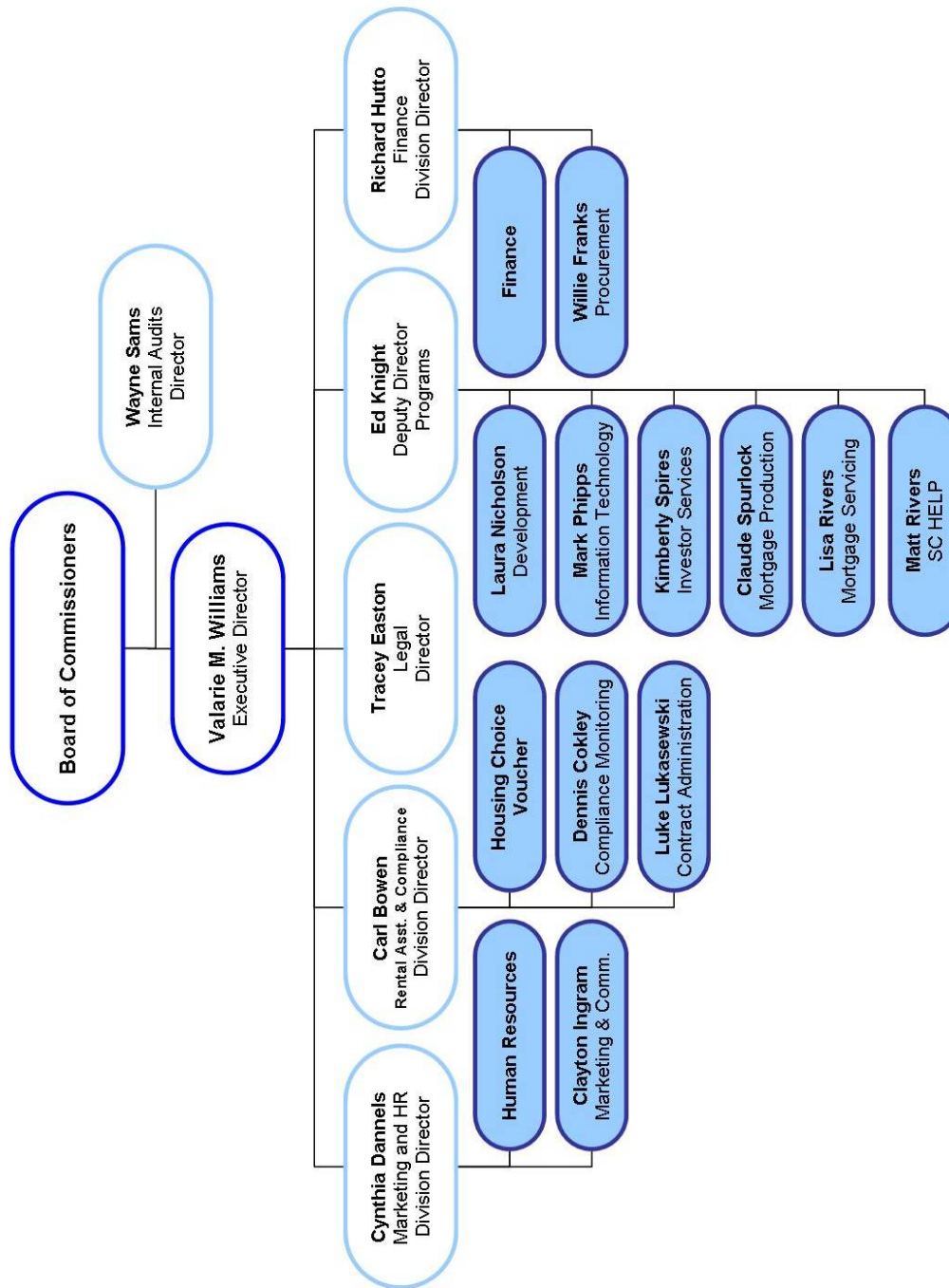
SC State Housing operates under the regulatory oversight of the South Carolina General Assembly, HUD and the Internal Revenue Service.

PERFORMANCE IMPROVEMENT SYSTEM

SC State Housing utilizes the Employee Performance Management System (Section III, Category 5 – Human Resource Focus) as a performance improvement system for all employees. The Executive Director is evaluated by the Agency Head Salary Commission.

SC State Housing utilizes program appropriate performance measures (Table 1.5-1) as a performance improvement system for all programs.

ORGANIZATIONAL STRUCTURE



EXPENDITURES AND APPROPRIATIONS

SC State Housing is a self-sustaining agency that does not rely on state general fund revenues for its operations. It is supported through proceeds generated by the sale of revenue bonds; funds provided by HUD and tax credits authorized by the Internal Revenue Service and user fees. All notes and bonds issued by SC State Housing are special obligations of SC State Housing and do not constitute a debt, grant or line of credit by the state of South Carolina, or any political subdivision thereof. SC State Housing works in partnership with the private sector and operates in a fashion that more closely resembles a private financial institution than a governmental entity.

The only allocation SC State Housing receives from the state of South Carolina comes in the form of a portion of deed recording fees transferred to the South Carolina Housing Trust Fund to be used for award allocations.

BASE BUDGET EXPENDITURES AND APPROPRIATIONS

	FY09-10 Actual Expenditures		FY10-11 Actual Expenditures		FY11-12 Appropriations Act	
Major Budget Categories	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$6,013,109	\$0	\$6,184,838	\$0	\$7,130,562	\$0
Other Operating	\$2,333,890	\$0	\$4,545,948	\$0	\$5,560,960	\$0
Special Items	\$0	\$0	\$0	\$0	\$0	\$0
Permanent Improvements	\$0	\$0	\$0	\$0	\$0	\$0
Case Services	\$117,562,172	\$0	\$123,110,736	\$0	\$128,250,000	\$0
Distributions to Subdivisions	\$70,223,054	\$0	\$94,202,485	\$0	\$33,387,153	\$0
Fringe Benefits	\$1,907,373	\$0	\$1,857,321	\$0	\$2,186,752	\$0
Non-recurring	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$198,039,598	\$0	\$229,901,328	\$0	\$176,515,427	\$0

OTHER EXPENDITURES

Sources of Funds	FY09-10 Actual Expenditures	FY10-11 Actual Expenditures
Supplemental Bills	\$0	\$0
Capital Reserve Funds	\$0	\$0
Bonds	\$0	\$0

MAJOR PROGRAM AREAS

Program Number and Title	Major Program Area Purpose	FY09-10 Budget Expenditures	FY10-11 Budget Expenditures	Key Cross References for Financial Results
II.A. Contract Administration (CA) and Compliance Monitoring (CM)	CA monitors and disburses rental assistance under HUD contract. CM monitors other government assisted affordable housing.	State: - Federal: 106,738,810 Other: 1,886,123 Total: 108,624,933 % of Total Budget: 55%	State: - Federal: 112,245,170 Other: 1,977,237 Total: 114,222,407 % of Total Budget: 50%	7.0-1, 7.1-7, 7.2-6-
II.C. Housing Initiatives	HUD HOME and Neighborhood Stabilization Programs and Housing Trust Fund promote partnerships to support affordable housing.	State: - Federal: 66,491,238 Other: 3,374,196 Total: 69,865,434 % of Total Budget: 35%	State: - Federal: 91,649,266 Other: 3,164,341 Total: 94,813,607 % of Total Budget: 41%	7.0-1, 7.1-8, 7.1-9, 7.1-13, 7.1-14
II.B. Rental Assistance	The HUD Housing Choice Voucher Program provides rental assistance to very low-income families.	State: - Federal: 11,939,649 Other: - Total: 11,939,649 % of Total Budget: 6%	State: - Federal: 12,533,758 Other: - Total: 12,533,758 % of Total Budget: 5%	7.1-0, 7.1-7
III. Homeownership	Homeownership provides competitive home mortgages to low-to-moderate income families.	State: - Federal: - Other: 2,397,797 Total: 2,397,797 % of Total Budget: 1%	State: - Federal: - Other: 2,204,516 Total: 2,204,516 % of Total Budget: 1%	7.0-1, 7.1-2, 7.1-3, 7.1-4

Below: List any programs not included and show the remainder of expenditures by source of funds.

Low Income Housing Tax Credit Program and Administration

Remainder of Expenditures:	State: - Federal: - Other: 5,211,785 Total: 5,211,785 % of Total Budget: 3%	State: - Federal: - Other: 6,127,040 Total: 6,127,040 % of Total Budget: 3%
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1. LEADERSHIP***1.1 How do senior leaders set, deploy, and ensure two-way communication for: a) short and long term direction and organizational priorities, b) performance expectations, c) organizational values, d) ethical behavior?***

The Board of Commissioners provides policy direction for SC State Housing, and executive and senior management are responsible for translating this direction into strategic and tactical plans. Most direction is set by senior leaders during regularly scheduled meetings, as well as monthly board meetings. The Board of Commissioners utilizes several committees composed of board members to address important decisions regarding organizational direction that must be dealt with outside of the normal planning process. It is the ultimate responsibility of all managers to communicate the importance of goals and plans to employees. The most effective way in which senior leaders set, communicate and deploy direction at the individual level is Employee Performance Management System (EPMS) review process. These reviews ensure that the employee is aware of and understands their role toward helping achieve the goals of SC State Housing.

Senior leaders establish the tone for setting, deploying and communicating performance expectations by requiring that each employee's objectives and success criteria as outlined in the employee's EPMS align with SC State Housing's strategic goals. Senior leaders also communicate a high standard for performance by placing a strong emphasis on maintaining excellent standing with agency stakeholders, particularly HUD, which conducts annual audits of SC State Housing's performance in several departments.

Organizational values are the basis of SC State Housing's operations. SC State Housing's core values are public trust, quality and innovation, employee focus and customer focus. These values are reinforced in the EPMS process, employee functions, SC State Housing newsletters and other internal communications. As role models, senior leaders display these values by remaining good stewards of funds and resources, by always endeavoring to improve processes and services and encouraging the same of their employees, by cultivating their employees to be contributors and treating them with respect, and by realizing and communicating a strong customer focus, remembering that meeting the needs of the agency's customers is at the center of what they do.

Organizational and professional development is offered through access to professional certifications, seminars and other training. All supervisors and managers are encouraged to participate in the Associate and Certified Public Manager courses. Each employee follows an individualized training plan to ensure consistency and thoroughness.

Ethical behavior standards are endorsed and communicated by the actions and examples of SC State Housing leadership, and through personnel policies. Progressive discipline and proper conduct are addressed in accordance with SC State Housing's discipline policy while performance deficiencies are addressed through the EPMS substandard performance process.

1.2 How do senior leaders establish and promote a focus on customers and other stakeholders?

SC State Housing emphasizes special initiatives in order to affect the expansion of knowledge and awareness of SC State Housing products by reaching out to current and prospective customers and stakeholders. The senior staff continues to create technical assistance functions to assist customers and stakeholders in their utilization and application of SC State Housing products.

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

Public trust is a core value of SC State Housing; therefore, addressing the impact of its programs and services on the public is of great importance. SC State Housing gauges the current and potential impact of its programs and services on the public in a variety of ways. Perhaps the most important tool for determining impact is through its Annual Investment Report which outlines the amount of money that has been invested in the state through SC State Housing programs that create affordable housing. This report measures the impact these programs have on job creation, expansion of tax base, generation of tax revenues and, most importantly, families assisted. This report not only serves as a means to address SC State Housing's impact on the public, but is also a method of being held accountable to SC State Housing customers and stakeholders.

SC State Housing uses "roundtables" and public hearings to outline proposed program enhancements. These forums garner public input that is incorporated into any final decisions.

1.4 How do senior leaders maintain fiscal, legal, and regulatory accountability?

Fiscal accountability is accomplished via a comprehensive internal budgeting process. This process is conducted in addition to the usual agency-level budgets required by the Comptroller General's office. The internal budgeting process requires each program director to carefully review past and expected revenues and expenses and to provide a detailed estimate for each line item.

Legal and regulatory accountability is driven by both external and internal forces. Externally, each program area is subject to various compliance audits by HUD or other outside parties. These audits generally focus on process compliance in addition to results. The results of all audits are reviewed in detail by the program director, the Internal Audits Director, the Executive Director and any other affected staff.

Internally, each program area carefully coordinates new processes or products with internal and external legal counsel to ensure compliance with all legal and regulatory requirements. In addition, the Internal Audits department will facilitate each program area's self-assessment of risks and controls. Management of each program area will report the results of the self-assessment to the program director and the Executive Director. The Internal Audits department will review different areas of SC State Housing for compliance and participate in all external audit processes.

1.5 What key performance measures are regularly reviewed by your senior leaders?

Performance measures vary by program. Table 1.5-1 outlines the key performance measures regularly reviewed by senior staff:

TABLE 1.5-1 PERFORMANCE MEASURES BY PROGRAM

Program or Support Area	Measure
Rental Assistance	Percent of Voucher Program Participant Satisfaction
	Percent of Voucher Program Owner Satisfaction
	HUD SEMAP Score
	Percent of Administrative Fees Earned
	Number of Annual Compliance Review Findings
	Number of Families Assisted
	Family Data Submission
	Dollar Cost Per Contract Administration Unit
Homeownership	Number of Mortgage Loans Purchased
	Number of Mortgage Loans Managed
	Number of Mortgage Loans Serviced
	SC State Housing Foreclosure Rate
	Number of Serviced Loans Per Servicing FTE
HOME	Pull Through Rate
	Number of Awards
	Dollar Value of Awards
	Number of Units Produced
Neighborhood Stabilization Program	Percent of Budget Awarded
	Number of Awards
	Dollar Value of Awards
	Number of Units Produced
Low Income Housing Tax Credit	Percent of Budget Awarded
	Number of Awards
	Dollar Value of Awards
Housing Trust Fund	Number of Units Produced
	Number of Awards
	Dollar Value of Awards
Human Resources	Number of Units
	State Percent Turnover
	SC State Housing Percent Turnover

1.6 How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness, the effectiveness of management throughout the organization including the head of the organization, and the governance board? How do their personal actions reflect a commitment to the organizational values?

Senior leaders compare organizational performance with either industry standards or historical data to determine progress and effectiveness, where possible. Senior leaders regularly review findings collected as part of the EPMS process and exit interviews to evaluate leadership effectiveness. All senior leaders are also encouraged to complete the Certified Public Manager program. Within this curriculum is the Edge 360 class which includes a formal assessment by peers, supervisors and employees. As role models, senior leaders reflect a commitment to organizational values by remaining good stewards of public funds and resources, by always endeavoring to improve processes and services and encouraging the same of their employees, by cultivating their employees to be contributors and treating them with respect, and by realizing and communicating a strong customer focus, remembering that meeting the often divergent needs of the agency's customers is at the center of what they do.

1.7 How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?

Senior leaders provide opportunities through which staff members are able to showcase their innovation, ideas and leadership potential. SC State Housing encourages all managers to complete the Associate and Certified Public Manager program as well as function-specific training and certifications. Employees who think progressively and are not constrained by convention or status quo, who are creative and foster an inventive atmosphere that is receptive and adaptive to new and different ideas, who are solution- and goal-oriented and who seek out opportunities to improve processes and procedures are rewarded with opportunities to attend skill-building workshops and conferences, such as those offered through National Council of State Housing Agencies (NCSHA).

1.8 How do senior leaders create an environment for performance improvement and the accomplishment of strategic objectives?

Major organizational priorities for improvement are generally set and addressed through regular meetings of the senior management group, including annual senior and executive staff planning meetings, strategic planning sessions, leadership development and collective solution-driven initiatives. Depending on the complexity of the improvement task, SC State Housing may assemble a team comprised of employees from across the organization working collectively to develop a solution.

1.9 How do senior leaders create an environment for organizational and workforce learning?

Innovation and employee focus are among SC State Housing's most important stated organizational objectives. Senior leaders empower their employees with the information, education, resources and flexibility they need to do their jobs to best of their abilities. Creativity

and innovation in the services SC State Housing provides, the delivery of those services, and process management are encouraged through awards and recognition. Organizational and workforce learning is encouraged through access to professional certification, seminars and other training. All supervisors and managers are encouraged to participate in the Associate and Certified Public Manager programs. Each employee follows an individualized training plan to ensure consistency and thoroughness.

1.10 How do senior leaders engage, empower, and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high-performance throughout the organization?

Senior leaders communicate at the individual level through the annual review process using the Employee Performance Management System (EPMS) to ensure the employee is aware of the goals of SC State Housing and the responsibilities of the employee towards helping SC State Housing achieve those goals. Senior leaders also advocate an open door policy to all staff to encourage open communication. SC State Housing offers several recognition programs in order to encourage, motivate and recognize employees. Each program stresses the importance of individual contributions, teamwork, creativity and innovation. “Kudo” awards are given for short term, immediate impact employee contributions; Safe Driving awards are given to employees who have not received a ticket or who have not been charged in an automobile accident during the year. In 2011, SC State Housing implemented the Lunch & Learn Program, which allows employees to take part in field visits around Columbia and surrounding areas to gain knowledge of various agency programs. Employees also take part in agency wide socials and fundraising activities, regular staff meetings, and have the ability to post news on the internal email server. Management plans two activities per year to promote employee appreciation.

1.11 How do senior leader actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for organizational involvement and support, and how senior leaders, the workforce, and the organization contribute to improving these communities.

Providing affordable housing is, by its nature, a community strengthening public service. Each time SC State Housing employees place a very low-income family in an affordable home, each time the agency is able to finance the new home of a low-income single parent, each time we help a nonprofit build an affordable housing complex for elderly, disabled or low-income individuals, SC State Housing is strengthening the community. Beyond this, SC State Housing supports many community activities benefiting low-income individuals and families. Community activities sponsored by SC State Housing and its staff concentrate on helping individuals who are in the same economic positions as its customers. Some of these activities include an annual coloring and essay contest that benefits many children whose families are served by the agency’s various programs; supporting Harvest Hope Food Bank by holding food drives; participation in the Children’s Garden supporting homeless children; and participation in Red Cross blood drives. In addition to these, senior leadership encourages voluntary payroll deductions to charity causes such as the United Way Campaign and Community Health Charities.

2. STRATEGIC PLANNING

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

- a. Your organization's strengths, weaknesses, opportunities and threats;*
- b. Financial, regulatory, societal and other potential risks;*
- c. Shifts in technology and customer preferences;*
- d. Workforce capabilities and needs;*
- e. Organizational continuity in emergencies;*
- f. Your ability to execute the strategic plan.*

Strategic planning is accomplished through regular meetings among the senior and executive staff of SC State Housing. For FY10-11, this process included a day-long offsite planning session where the management group evaluated a SWOT Analysis, strategic goals and enhancement opportunities in current program area operations.

All program and support department directors are represented during these periodic meetings and are afforded the opportunity to express their comments, views and feedback on issues that are brought before the group. This creates an environment of free-flowing dialogue that facilitates innovative thinking and conceptually philosophical debate. By directly involving senior staff with programmatic, regulatory, oversight and support responsibilities, this planning process ensures that all internal and external needs and opportunities are addressed.

2.2 *How do your strategic objectives address the strategic challenges you identified in your Executive Summary?*

The strategic objectives outlined in Table 2.2-1 provide SC State Housing with a framework to follow in order to overcome key strategic challenges by using the key agency action plan initiatives. There is a direct correlation between the achievement of SC State Housing's action plan initiatives, the achievement of the key strategic objectives, the accomplishment of SC State Housing's key strategic goals, and the resolution of SC State Housing's key strategic challenges.

All strategic objectives are continuous and on-going.

TABLE 2.2-1 STRATEGIC PLANNING CHART

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY10-11 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures
All	Maintain Effective Programs	<ul style="list-style-type: none"> Quickly disseminate information regarding program changes Use all available resources to identify best practices and programs, as well as needs and opportunities Actively seek new business partners to expand the reach and depth of the programs offered by SC State Housing Insure that the housing mission of SC State Housing operates in harmony with the state's overall goals of economic development 	7.0-1, 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.1-5, 7.1-6, 7.1-7, 7.1-8, 7.1-9, 7.1-10, 7.0-11, 7.1-12, 7.1-13, 7.1-14, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.3-1
All	Continuously Improve Agency Processes	<ul style="list-style-type: none"> Actively involve employees at all levels in simplifying processes both internally and for external partners Identify common processes and missions within SC State Housing to eliminate redundant and/or conflicting requirements and to streamline operations Establish quantifiable benchmarks to measure performance across the organization 	7.0-1, 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.1-5, 7.1-6, 7.1-7, 7.1-8, 7.1-9, 7.1-10, 7.0-11, 7.1-12, 7.1-13, 7.1-14, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.3-1
All	Strengthen the Agency's Internal Environment	<ul style="list-style-type: none"> Maintain a clear understanding of the agency's current financial position, and institute planning and monitoring to accommodate and anticipate market changes Provide defined communication channels at all levels of the organization Promote an environment that values cross-training and learning across traditional organizational lines Promote an environment that encourages teamwork and problem-solving at all levels of the organization Create and maintain a project management discipline throughout the organization to insure that expectations and results are quantifiable and measureable 	7.0-1, 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.1-5, 7.1-6, 7.1-7, 7.1-8, 7.1-9, 7.1-10, 7.0-11, 7.1-12, 7.1-13, 7.1-14, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.3-1, 7.4-1, 7.4-2
All	Improve Community Relations	<ul style="list-style-type: none"> Actively seek partnerships within local communities that expand the reach of SC State Housing's programs Work through established media channels to promote SC State Housing's programs and public perception Maintain effective relationships with the agency's Congressional Delegation to insure that they are kept abreast of Federal programs and regulations that impact the mission of SC State Housing Maintain effective relationships within the General Assembly and Governor's Office to further the mission of SC State Housing Expand outreach efforts to other state and local agencies to promote affordable housing 	7.0-1, 7.2-1, 7.2-2, 7.2-3, 7.2-4
All	Make Effective Use of Information Technology	<ul style="list-style-type: none"> Define the role of the Information Technology department as business-centric and include the IT organization in the business processes Implement recognized "best practices" in the IT sector to include formal business analysis and project management Use technology as a measure to rapidly disseminate information inside and outside SC State Housing 	N/A

2.3 *How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure accomplishment of your action plans.*

Action plans are developed by SC State Housing senior staff, who are charged with analyzing the strategic objective, including gathering all relevant data, and developing an action plan. In most cases, the group responsible for creating the action plan is also responsible for creating performance measures and tracking performance, upon approval of executive staff.

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

The senior staff of SC State Housing meets periodically to discuss a variety of issues. Part of this process involves periodic updates on objectives, plans and measures from the strategic plan. Work groups are assembled to address specific strategic objectives. Specific objectives that directly relate to components of the strategic plan are also included in the EPMS. By including these objectives in each employee's planning document, objectives, plans and measures are pushed down to all levels of the organization.

2.5 *How do you measure progress on your action plans?*

Progress on action plans is measured through the accomplishment of specified objectives with accompanying performance measurements, if applicable, periodic updates are provided to senior staff, executive staff and periodically to the board and identifiable outcomes that may be reflected in financial performance, change in productivity, change in outputs, identification of additional opportunities or barriers, and allocation of resources that will ultimately reflect in a rating of performance on an employee's EPMS.

2.6 *How do you evaluate and improve your strategic planning process?*

Depending on the scope of the strategic goal, group exercises and strategy sessions are conducted. New ideas and/or consensus is gathered. General results are shared agency wide.

2.7 *If SC State Housing's strategic plan is available to the public through SC State Housing's internet homepage, please provide an address for the plan on the website.*

The Strategic Plan is located at www.schousing.com, see "Public Information," "About SC State Housing," then "Strategic Plan."

3. CUSTOMER FOCUS

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

Regulatory guidelines and enabling legislation of the various SC State Housing programs mandate the beneficiary class and corresponding awards. The beneficiary classes range from extremely low-income households (less than 30 percent of the area median income, or AMI) to low-income households (less than 80 percent of AMI). Some beneficiaries include moderate income

individuals and families. Intermediary customers and stakeholders are determined by the services SC State Housing must provide in order to effectively administer its housing programs.

In an effort to stay abreast of changing customer/business needs, SC State Housing administered random sampling surveys and implemented quality assurance programs to streamline processes with more user friendly products. These changes reflect SC State Housing's desire to tailor industry products with new trends. In addition to customer service interaction and workshops, SC State Housing encourages customers to submit suggestions, comments and concerns. Builders, investors and owner-agents in the Multifamily Tax Exempt Bond Program and lenders and brokers in the Mortgage Bond Program participate in training, and periodic workshops to ensure intermediary customers' needs have been met.

The annual Palmetto Affordable Housing Forum continues to provide helpful, thought provoking opportunities for affordable housing professionals from across the state. This is an excellent opportunity for customers and stakeholders to share best practice techniques and voice opinions, needs and concerns.

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

In an effort to stay abreast of changes in the business environment, staff members routinely attend industry-relevant local and national conferences. Interaction with such organizations as the National Council of State Housing Agencies (NCSHA), Southeastern Affordable Housing Management Association (SAHMA), HUD, and industry groups such as the Southeast Regional Section 8 Housing Association (SERSHA) and Nan McKay and Associates provide feedback from customers and stakeholders. This exchange of information has prompted changes in the development of products that better meet customers' needs. Quality control, changes in regulatory guidelines and monthly conference calls with HUD liaisons allow staff to learn and share information with other agencies. This, too, helps meet changing customer needs.

3.3 What are your key customer access mechanisms, and how do these access mechanisms enable customers to seek information, conduct business, and make complaints?

Key customer access mechanisms include telephone (local number, toll free number and a TTY/TTD number for the hearing impaired); customers may visit the agency's office location at 300-C Outlet Pointe Blvd.; and may also access the agency via the internet at www.schousing.com, www.schousingsearch.com and www.scmortgagehelp.com. If necessary, customers may file a complaint over the phone or in person at SC State Housing's physical location. The agency also has a drop-box located in the parking area where customers may drop off their mortgage payments after hours and on weekends.

SC State Housing's Marketing and Communications Department oversees the agency's communications strategy and innovates new solutions for communicating and marketing the agency's programs to its constituents. The department creates and implements individually tailored marketing plans for each project in order to maximize exposure. The department creates and disseminates press releases and holds press conferences whenever possible. The department has greatly increased the agency's social media presence over the last fiscal year and has plans to

continue to develop these efforts. A redesign of the agency's websites is currently under consideration and will increase usability and give greater and easier access to agency resources. The Marketing and Communications Department updates the agency's collateral as needed and exhibits at housing-related events whenever possible. The department is also expanding the use of electronic communications with regular electronic newsletters and updates, both internally and externally, which are easily tailored to targeted constituent groups.

3.4 *How do you measure customer/stakeholder satisfaction and dissatisfaction, and use this information to improve?*

Customer satisfaction is measured differently according to program areas. For example, SC State Housing's Contract Administration Department measures performance by annual HUD audits. The determination of fees earned as a ratio of potential fees is the primary indicator of customer satisfaction. SC State Housing's Housing Choice Voucher Program and Compliance Monitoring Departments are evaluated by surveys that are sent each year to both participants and property owners and landlords on the program. These surveys provide the means by which customer satisfaction can be measured. Suggestions from lenders and production volume serve as direct and indirect indicators of customer satisfaction for homeownership. SC State Housing Servicing Qualified Written Request Log is also an indicator of customer feedback received. SC State Housing also measures internal satisfaction with support services and management. Continuous communication, trust and respect are key elements in establishing customer/stakeholder satisfaction. Satisfaction is then measured against past performance and, where relevant, changes are made to address needs.

3.5 *How do you use information and feedback from customers and stakeholders to keep services and programs relevant and provide for continuous improvement?*

SC State Housing receives information and feedback from customers and stakeholders that is reflected in the action plans, applications and criteria of its programs. Periodically, SC State Housing produces brochures and publications that are designed to enhance an understanding of its products. These publications range from loan processing guides for lending partners to step by step homeownership information for current borrowers. Also, coordinated visits by Low Income Housing Tax Credit Program, HOME Investment Partnerships Program and Housing Trust Fund Program staff make it possible for owners and agents to schedule fewer visits to properties in an effort to save time and money. Workshops to interested developers, Housing Trust Fund Advisory Committee meetings and public hearings also encourage continuous improvement. SC State Housing strives to incorporate customer and stakeholder feedback, whenever possible, into program criteria to accommodate necessary adjustments.

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

SC State Housing hosts a statewide annual conference, the Palmetto Affordable Housing Forum, which brings affordable housing stakeholders together to network, share best practices and develop business strategies in an effort to expand and improve affordable housing opportunities in South Carolina. SC State Housing staff members participate in public hearings, NCSHA conferences and SAHMA events that also build positive relationships. Lender, developer and builder relationships

are fostered through timely turnaround of transactions. HUD, the Internal Revenue Service and other regulatory agencies are primarily interested in compliance with rules and regulations and timely reporting and are satisfied when those expectations are met. Property owners and managers look for correct and timely payments and consistent application of the rules. Finally, SC State Housing builds positive relationships through its willingness to consider partnerships and programs that achieve positive results from across industry spectrums. SC State Housing believes that building and maintaining positive relationships through interaction, availability, mutual respect, trust and cooperation are the best means to achieving success in a demand-driven environment with limited resources.

4. MEASUREMENT, ANALYSIS AND KNOWLEDGE MANAGEMENT

4.1 How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?

Federal and state legislation mandates many of the financial and operational measurements for SC State Housing's programs. In 2005, the board requested that the program areas establish additional performance measures that focused on employee effectiveness and efficiency (Table 1.5-1). Since that time, staff members have included additional performance measures that focus on inputs, activities, outputs and outcomes with an emphasis on quantifying economic impact and articulating social impact. In April 2005, HUD, Office of Policy and Research issued a report prepared on its behalf by Economic Systems, Inc. entitled "Promising Practices in Grantee Performance Measurement." This report forms the basis for the performance measures that are currently being evaluated.

4.2 How do you select, collect, align, and integrate data/information for analysis to provide effective support for decision making and innovation throughout your organization?

Data analysis is instrumental in the decision making activities of SC State Housing. The Marketing and Communications Department provides support services and is responsible for all data collection and analysis throughout the agency. The data and analysis are used to produce three major annual reports: The Accountability Report; The Investment Report and the Affordable Housing Statewide Impact Report. Additionally, SC State Housing partners with USC's Moore School of Business on the compilation and analysis of the data for the annual Affordable Housing Statewide Impact and Investment Reports. Other reports are created on an as-needed basis. For efficiency, information for major reports is now collected simultaneously at the conclusion of the fiscal year. Data analysis and the resulting information continue to be critical to the decision making process as more reliable and integrated systems are developed.

4.3 What are your key measures, how do you review them, and how do you keep them current with business needs and direction?

SC State Housing's key program measures deal primarily with utilization, efficiency and effectiveness (Table 1.5-1). Common program measures are production (housing units served), investment (program dollars awarded or disbursed), customer satisfaction (number of complaints and commendations), budget utilization and quality control (error rates and timeliness). These

measures are primary measures of output. SC State Housing uses an evaluation that extends these measures to include those that will measure outcomes, including economic and social impact.

4.4 How do you select and use key comparative data and information to support operational and strategic decision making and innovation?

The selection of comparative data varies from program to program. SC State Housing selects comparative data from external sources based on the appropriateness of the information and the applicability of its comparisons. Examples of comparative data are bond and loan yield rates, homeownership rates, HUD performance-based contract fees, and the ratio of operating costs to production. SC State Housing staff also compares internal data across multiple years as a measurement of performance and quality. With the implementation of these measures of outcome, internal comparative data will become critical to strategic decision making.

4.5 How do you ensure data integrity, reliability, timeliness, accuracy, security and availability for decision making?

SC State Housing uses a series of checks and balances to ensure data integrity, accuracy, security and availability for decision making. For programs and support areas, SC State Housing utilizes quality control software that audits the data, generates summary reports that are reviewed by SC State Housing staff. Staff members also manually review workloads and collaboratively evaluate the work products to ensure not only data integrity, but program integrity. Customer feedback is also an indicator of data integrity and quality control. Customer responses support or refute report audits and findings generated by SC State Housing software.

Additionally, SC State Housing ensures data integrity and accuracy for its major annual reports through a partnership with USC's Moore School of Business. USC analyzes data from various departments within the agency and determines its economic impact on the state.

4.6 How do you translate organizational performance review findings into priorities for continuous improvement?

Organizational performance review findings are translated into priorities for continuous improvement when the finding is relevant to the key strategic goals, the strategic planning objectives or the action plan initiatives set forth in SC State Housing's strategic plan. However, if an organizational performance review finding detects a strategic challenge for the organization, or exposes a critical flaw, then the review finding is immediately evaluated for its short- and long-term impacts. If the resulting evaluation determines that the impact of the review finding is significant, measures are developed to address the issue and incorporated in the agency's strategic plan.

4.7 *How do you collect, transfer, and maintain organizational and workforce knowledge (knowledge assets)? How do you identify, share and implement best practices, as appropriate?*

SC State Housing uses cross-training, on-the-job training, annual reviews, certification classes, training and development plans, and work teams to manage organizational knowledge in program and support areas. The collaboration of efforts results in higher retention rates and the transfer of critical knowledge.

5. WORKFORCE FOCUS

5.1 *How does management organize and measure work: to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies, and action plans; and 2) promote cooperation, initiative, empowerment, teamwork, innovation and your organizational culture?*

SC State Housing has developed a strong Employee Performance Management System (EPMS) process that is aligned with the organizational objectives. The process encourages employees to develop their full potential. Strategies and action plans are incorporated into the EPMS process which outlines job duties and characteristics necessary to produce desired outcomes. Deficiencies in job duties or characteristics are addressed by a work improvement plan and/or the substandard performance process that outlines a course of action for obtaining the desired objectives. Innovation and employee focus are among the agency's most important organizational objectives. Senior leaders empower employees with the information, education and resources necessary to succeed. Creativity, teamwork and innovation are encouraged through recognition mechanisms.

5.2 *How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs, and locations? Give examples.*

A hallmark of SC State Housing's discipline is the sharing of information and best practices amongst similar and related organizations locally, statewide, regionally and nationally. Internally, regular staff meetings are held within each department, as well as full staff meetings after each monthly board Meeting. In 2011, agency divisions began making presentations to inform staff members of what their division is responsible for and how it operates. Additionally, SC State Housing recently implemented the Lunch & Learn Program, which allows employees to take part in field visits around Columbia and surrounding areas to gain knowledge of various agency programs. Cross-training and best-practice sharing is conducted within each department to ensure both internal and external needs and services are being conducted in a timely manner. Duties are often shared or executed in tandem to foster better understanding and skill set sharing within departments. Many senior staff members have worked in and supervised numerous departments and are able to share this institutional memory and knowledge throughout SC State Housing. Staff members attend workshops (i.e. NCSHA) and trainings to ensure industry standards are being met. This is simplified by the fact that SC State Housing operates from a single location.

5.3 *How does management recruit, hire, place, and retain new employees? Describe any barriers you may encounter.*

SC State Housing uses NEOGOV, the state's on-line employment system, to post all vacant positions. NEOGOV increases productivity by reducing the time and effort required to conduct recruitments, which allows SC State Housing to hire more qualified applicants. The NEOGOV System is used by individuals seeking employment and employers seeing employees. Additionally, SC State Housing posts "difficult-to-fill" positions on industry-specific association websites. All applicants are required to apply via the state's online employment website at www.jobs.sc.gov. NEOGOV has a supplemental questionnaire feature which allows SC State Housing to monitor applicants based on core job requirements during the screening process. The Human Resources Department screens all applications received via the online application process to determine eligibility. Eligible applications are then referred to the hiring manager(s). All full-time positions are subject to a panel interview and work-based exercises. Interview panels may consist of the department director, hiring manager(s) and a manager or director from another department within SC State Housing. The Human Resources Department reviews all interview questions to ensure they contain both situational and behavioral questions. Candidates are generally asked to bring examples of their work to the interview. In addition, many interview processes include onsite or off-site skills based exercises that the candidate must complete. Based on the information gathered during the interview, the panel recommends the most qualified candidate for hire. All recommendations for hire are approved by the Department Director, Deputy or Division Director, Marketing and Human Resources Division Director and Executive Director. The Human Resources Department conducts a formal orientation with each new employee within three days of hire. During the first month of employment, the manager of the new employee has a checklist of tasks that must be completed. The manager also determines what training is needed for the new employee as well as additional training opportunities throughout the career of the employee.

5.4 *How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?*

SC State Housing's EPMS process incorporates individual employee qualitative and quantitative performance measures. These success criteria are based on department and organizational goals. Employees receive mid-year and year end evaluations. Analysis of performance and accomplishment of goals allows SC State Housing to evaluate compatibility and capacity needs.

5.5 *How does your workforce performance management system, including feedback to and from individual members of the workforce, support high performance work and contribute to the achievement of your action plans?*

SC State Housing uses the combined Position Description/EPMS form that is instrumental in ensuring that employee job descriptions and objectives are aligned. The EPMS (which is updated annually) reflects the employee's position responsibilities and requirements. The EPMS has an August 2 universal review date which coincides with Accountability Report timeframes and action plans.

- 5.6 *How does your development and learning system for leaders address the following:*
- a. *development of personal leadership attributes;*
 - b. *development of organizational knowledge;*
 - c. *ethical practices;*
 - d. *your core competencies, strategic challenges, and accomplishment of action plans?*

- **Development of personal leadership attributes**

SC State Housing enrolls management level employees in a variety of leadership training opportunities each year. Employees attend leadership training offered by the SC Human Resources Division (formerly the state Office of Human Resources) including the Certified Public Manager and Associate Public Manager Certification programs. In addition to training, employees are given opportunities to take the lead in various SC State Housing projects and initiatives, as well as with external stakeholders and partners throughout the state and on a national level within the affordable housing industry.

- **Development of organizational knowledge**

Management level employees are regularly exposed to opportunities which expand their knowledge of SC State Housing and the affordable housing industry. The Executive Director holds monthly management meetings for senior and executive staff. Board meetings are always followed by a general meeting of all SC State Housing staff during which the proceedings and actions of the board are explained and discussed. An annual planning session retreat is also held for senior and executive staff members during which strategic initiatives, problem solving and collaborative sharing occurs. In addition, staff members participate on cross-functional teams including SC State Housing's Employee Satisfaction Committee, Imaging Implementation, New Initiatives Development teams and cross-divisional initiatives.

- **Ethical practices**

Ethics training is available to all employees and required for management level staff.

- **Your core competencies strategic challenges and accomplishment of action plans**

Executive staff meets on a bi-monthly basis to discuss the status of SC State Housing. These meetings include detailed discussions of strategic challenges and the progress of action plans.

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

SC State Housing encourages and supports each employee in developing their ambition, commitment and ability to meet current and future SC State Housing needs and goals. Training is outlined on each EPMS and evaluated after completion of the training on the document as it relates to the employee's work performance. On-the-job use of the training is encouraged through the EPMS document.

Supervisors are strongly encouraged to complete the Associate Public Manager (APM) program, and all senior staff members are encouraged to complete the Certified Public Manager (CPM) program.

5.8 *How do you encourage on the job use of new knowledge and skills?*

Training is outlined on each EPMS and evaluated after the completion of the training as it relates to work performance. On-the-job use of the training is encouraged through the EPMS document.

5.9 *How does employee training contribute to the achievement of your action plan?*

Employee training is crucial for SC State Housing to successfully accomplish its action plan. Employee training is proactive in formulating the action plan through the benefit the training brings to an organization. New best-practices and procedures will create, augment and/or change the action plan and those are skills developed and discovered through the training. Employee training is reactive in responding to the identified action plans and adjusting activities to achieve the goals and objectives of the action plan. Essentially, employee training is a process of action/response, evaluation/reaction, so that the process is constantly evolving as new opportunities are introduced.

5.10 *How do you evaluate the effectiveness of your workforce and leader training and development systems?*

Each employee follows an individualized training plan to ensure consistency and thoroughness and is tracked through the use of the EPMS document.

5.11 *How do you motivate your workforce to develop and utilize their full potential?*

SC State Housing offers several recognition programs in order to encourage, motivate and recognize employees. Each of these programs stresses the importance of individual contributions in productivity and teamwork.

- “Kudos” awards are given for short-term, immediate-impact employee contributions. It consists of a twenty-five dollar gift.
- “Safe Driving” awards are given to employees who have not received a ticket, or who have not been charged in an automobile accident during the year.

The hard work of all employees is acknowledged each year during the state’s Employee Recognition Week with an Employee Appreciation luncheon, during which employees who have reached 10, 20 and 30 years of service are recognized. In addition, SC State Housing holds a holiday luncheon and an annual agency picnic. SC State Housing also offers flexible work hours and casual dress Fridays.

5.12 *What formal and/or informal assessment methods and measures do you use to obtain information on workforce well-being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances?*

The Marketing and Human Resources Division Director performs exit interviews with each employee leaving SC State Housing to measure and assess SC State Housing weaknesses and strengths. These interviews have resulted in valuable input for training of future employees and management/department improvement opportunities. The agency’s flexible work schedule program allows employees to better balance their work and home lives. SC State Housing has a

turnover rate of 7.25 percent, well below the state average of 12.16 percent, which indicates a high retention rate. SC State Housing received no grievances during last fiscal year.

5.13 How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?

Workforce focus is a stated organizational objective. Professional development is encouraged through access to seminars and professional certifications. Cross-training is encouraged within each department to not only promote a team environment, but to ensure that operations function smoothly should an employee have to undergo an extended absence from work.

5.14 How do you maintain a safe, secure, and healthy work environment?

SC State Housing follows OSHA guidelines to maintain a safe working environment.

SC State Housing offers programs that promote a healthy lifestyle at work and at home. SC State Housing has implemented a Health and Wellness Committee and has offered classes in weight management, managing stress and living a long and healthy life. In addition, employees are offered: annual health screenings; onsite CPR training; and regular advisories from Prevention Partners and CIGNA VitaMin. SC State Housing has a written emergency response plan that gives detailed information on exiting the building and maintaining a safe workplace.

6. PROCESS MANAGEMENT

6.1 How do you determine and what are your organization's core competencies, and how do they relate to your mission, competitive environment, and action plans?

SC State Housing's core competencies develop from its nine core programs and charter (Act No. 500 on June 22, 1971, by which the agency was created) as well as from its mission and values statements – “To create quality, affordable housing opportunities for the citizens of South Carolina,” and “that all South Carolinians have the opportunity to live in safe, decent and affordable housing.”

Just as the agency name implies, the core competencies of SC State Housing lie in its ability to finance and develop affordable housing for the people of South Carolina. This is achieved through another core competency, the sale of highly rated, tax free bonds that are the sole obligation of SC State Housing.

As funds are needed to finance mortgages, SC State Housing, with the advice of its financial advisor and the input and consent of the Board of Commissioners and the Budget and Control Board, offers housing bonds for sale to both retail and commercial investors through its Mortgage Bond Program. These funds are then made available to qualified, potential homebuyers to finance low, fixed-rate mortgages. In FY10-11, the agency financed over 2,000 mortgages totaling more than \$110 million. Since 1979, the agency has financed more than 38,000 mortgages with loan amounts exceeding \$2.3 billion.

Since the inception of the Mortgage Bond Program in 1978, all bonds offered have sold during their initial offering. It is also important to note that investors find these bonds attractive not only for their yield but for their security. Neither SC State Housing nor any other HFA has ever defaulted on its bond obligation. SC State Housing consistently maintains at least an Aa1 rating on its three bond indentures from Moody's.

As demonstrated in other sections of this report, SC State Housing is able to maintain default and foreclosure rates below the national average. See Table 7.1-5.

Other core competencies result from programs that are assigned to SC State Housing for administration. Some programs, like the Housing Trust Fund Program, are assigned by the state legislature. Others, such as the HOME Investment Partnerships Program, Section 8 Housing Choice Voucher Program and the South Carolina Homeownership Employment and Lending Program, are assigned by various entities of the federal government. The Contract Administration Program function comes from a competitive bid process with HUD.

All core competencies are directly related to the agency's mission, competitive environment and action plans.

6.2 How do you determine and what are your key work processes that produce, create, or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure these processes are used?

From an external perspective, SC State Housing program areas provide workshops on and off-site to applicants interested in program resources and information. SC State Housing holds public hearings and feedback sessions to evaluate program changes. The Palmetto Affordable Housing Forum provides an environment for customers to meet staff and exchange information on general and specific topics. Customers also have the option of discussing program information with staff via telephone and e-mail.

From an internal perspective, SC State Housing automates many support processes including procurement, human resources and payroll. SC State Housing staff can access Human Resources information, including policies and forms via the intranet. All Human Resources functions are automated and accessible via SCEIS. SC State Housing also uses the state's employment website (www.jobs.sc.gov). Career opportunities at SC State Housing are shared via email and are also posted online at www.schousing.com under the "Public Information"/"Job Postings" section. In addition, "E-News for Today," the agency's electronic newsletter, and other information are regularly distributed to the staff. These communications provide instrumental information regarding staff and program changes that result in the continuity of program effectiveness.

6.3 How do you incorporate organizational knowledge, new technology, cost controls, and other efficiency and effectiveness factors, such as cycle time, into process design and delivery?

SC State Housing's website is the result of a combination of organizational knowledge, new technology, changing customer- and mission-related requirements, cost controls and other efficiency and effectiveness factors, all of which contributed to the process design and delivery of its functionality and availability. It allows customers to easily access program applications and

guides, staff directories, press releases and publications, and the Extranet, a customer-based intranet access portal. SC State Housing uses the Extranet to deliver information that is targeted to each partner's specific interest and to create new ways for partners to interact with agency data systems and staff from anywhere. Through SC State Housing's Extranet, customers can obtain such information as subsidy look-ups and business partner information. The website also provides counseling resources through information on the High Cost Home Loan Counseling Program and connects landlords with renters through SCHousingSearch.com. SC State Housing's website represents a vast library of information available at the customer's convenience whenever the customer needs it. SC State Housing is currently considering a website redesign in order to create an even more user-friendly site.

SC State Housing continues to extend its outreach through social media as another way to reach its customers and housing-related partners.

The effect of these efforts is being able to quickly communicate real-time information to the agency's customers and partners. These work practices are the result of SC State Housing's innovative environment, which is cultivated through attending national and statewide workshops and conferences, utilizing feedback from the agency's internal and external customers, and following best practice standards established by industry experts, such as NCSHA.

6.4 How does your day-to-day operation of these processes ensure meeting key performance requirements?

The delivery of information is one of SC State Housing's primary day-to-day operational functions, whether the recipient is external or internal. SC State Housing's website is a key component in the transfer of that information. Information drives each of the strategic planning objectives set forth by SC State Housing: maintain effective programs; continuously improve processes; strengthen its internal environment; improve community relations; and make effective use of information technology. The focus of SC State Housing is to leverage daily operational activities in a way that maximizes the accomplishment of its strategic plan.

6.5 How do you systematically evaluate and improve your key product and service related processes?

As mentioned above, SC State Housing focuses on leverage daily operational activities in order to maximize the accomplishment of its strategic plan. It is these daily activities that provide the framework and content for systematic evaluation and improvement of SC State Housing's key products and services. Open communication lines between executive staff and production staff affords the flexibility to react to situations as they arise and to adjust workflows and business processes as appropriate. These daily activities also develop into operational procedures over time that are discussed and evaluated in senior staff meetings, during employee evaluations, and during the strategic planning process.

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

SC State Housing's key support processes are in Legal, Human Resources, Finance, Information Technology, Procurement and Marketing and Communications. While many of the processes that

dictate the performance of these areas are either mandated by the state, governed by laws on both federal and state levels, scrutinized through the establishment of generally accepted principles and practices, or enforced through common standards, these key support areas have the flexibility to adjust processes in order to deliver maximum performance and superior process quality. As with other processes, these are evaluated and adjusted to ensure that they contribute to the overall success of SC State Housing in attaining its strategic goals through its strategic plan.

6.7 *How does your organization determine the resources needed to meet current and projected budget and financial obligations?*

SC State Housing annually prepares a five year financial forecast which maps anticipated single-family production and ongoing commitments to housing programs to ensure the availability of resources. Executive staff and division directors are supplied with monthly budget variance reports to enable monitoring at an operational level.

SC State Housing continuously evaluates its allocation of resources in an effort to ensure their alignment with the agency's mission. Processes within our core business and support functions are monitored for effectiveness and efficiency.

7. RESULTS

SC State Housing is comprised of nine core programs whose missions are to create quality affordable housing opportunities for the citizens of South Carolina through the unique means that have been established.

The Mortgage Bond Program is the flagship program offered by SC State Housing. The sale of tax exempt bonds to investors provides the bulk of the funding available to qualified homebuyers. SC State Housing's loans offer qualified borrowers a fixed, competitive interest rate. This option allows us the flexibility to adjust interest rates as the market dictates and insures the financial integrity of the program, while putting homeownership within the reach of more low-to-moderate income South Carolinians. Like all of SC State Housing's homeownership programs, persons purchasing homes under the Mortgage Bond Program must not exceed income restrictions and must meet minimum credit standards, as well as income and purchase price restrictions which vary by county.

The South Carolina Housing Trust Fund was created by the General Assembly in 1992. This landmark legislation is funded with dollars collected from a dedicated portion of the deed stamp tax and provides an important resource for affordable rental housing and homeownership opportunities for low-income South Carolinians by funding the acquisition or construction of single-family homes, group homes for the disabled, as well as emergency housing for battered women and their children. The Trust Fund also provides single-room occupancy apartments for the working homeless and disabled veterans; multifamily rental apartments for single parent households, families and the elderly. All of this is accomplished by building partnerships among government agencies, qualified nonprofit sponsors, for-profit sponsors and those in need of affordable housing.

The HOME Investment Partnerships Program (HOME) is designed to expand the supply of decent, safe, sanitary and affordable housing for the low- and very low-income beneficiaries. HOME promotes the development of partnerships as part of an effective delivery system to promote and create affordable housing for the citizens of South Carolina. Based on the state's population, SC State Housing receives an allocation of approximately \$8.5 million in HOME funds each year. Funds are divided among the HOME eligible activities including homeownership and rental and tenant-based assistance. SC State Housing has responsibility for the implementation, administration and evolution of this program in accordance with federal regulations for the state of South Carolina.

The Multifamily Tax Exempt Bond Program provides financing for affordable multifamily rental housing. A percentage of the property's units must be set aside at all times for occupancy by low-to-moderate income individuals and families. This program has provided permanent financing for apartments in more than 110 rental complexes located throughout the state.

The Low Income Housing Tax Credit Program (LIHTC) provides a financial incentive to owners developing multifamily rental housing. Tax credit allocations serve to leverage public and private funds to keep rents affordable for tenants. Housing developments qualifying for credits include new construction, acquisition with rehabilitation, rehabilitation and adaptive re-use. Owners receive the tax credits annually for ten years. The rental property must comply with occupancy and rent restrictions for a minimum of 30 years. These credits provide the owner a dollar-for-dollar reduction in federal income tax liability.

The Housing Choice Voucher Program is the federal government's major program for assisting very low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private rental market. SC State Housing administers the program through an Annual Contributions Contract (ACC) with HUD in seven South Carolina counties: Clarendon, Colleton, Dorchester, Fairfield, Kershaw, Lee and Lexington. Qualified families pay approximately 30 percent of their income toward rent and utilities; the remainder is paid by the program. On an annual basis, the eligibility of the participant family and the conditions of the unit are examined in accordance with standards established by HUD.

Contract Administration is responsible for the administration of much of HUD's South Carolina portfolio – approximately 271 contracts serving as many as 17,932 very low- and low-income households. Contract Administrators work on behalf of HUD with owners and management agents who provide HUD-subsidized apartments in privately owned complexes. Administration includes: reviewing and approving monthly assistance payments; conducting annual management and occupancy reviews for each property within the portfolio; responding to tenant complaints and providing follow-up for inspections conducted by HUD's Real Estate Assessment Center; processing actions related to subsidy contracts; and reporting and tracking processes required under the contract between SC State Housing and HUD.

The Neighborhood Stabilization (NSP1) Program was created under Title III of the Housing and Economic Recovery Act (HERA) of 2008 to respond to rising foreclosures and declining property values. NSP funds are a special allocation of the Community Development Block Grant (CDBG) funds designed to provide emergency assistance in acquiring and redeveloping foreclosed properties that might otherwise become sources of abandonment and despair within their

community. HUD has allocated SC State Housing more than \$44.6 million to administer this program. The NSP3 Program was created under section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. This represents a third round of funding through an allocation of CDBG funds. HUD has allocated over \$5.6 million to SC State Housing to administer this program.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA) of 2009. The purpose of the ARRA is to help combat the current recession, stimulate economic recovery, begin reinvesting in the nation's physical and economic infrastructure, and create and save jobs that will provide long-term economic benefits. The legislation includes two funding sources specifically for LIHTC developments: the Tax Credit Assistance Program (TCAP) and Grants in Lieu of Tax Credits (Exchange Program).

Title XII of the Recovery Act appropriated \$2.25 billion under the HOME Program for a grant program to provide funds for capital investments to LIHTC developments. These one-time funds created a special opportunity to structure transactions to address the difficult economic conditions facing South Carolina. HUD awarded TCAP funds through a formula allocation to state housing credit agencies. SC State Housing was eligible to receive \$25,384,973 in TCAP funding. SC State Housing requested all available funding from HUD and as required by the statute awarded TCAP funds on a competitive basis. A total of \$12,110,126 was allocated to eight tax credit developments throughout the state. All eight developments have been completed and are operational.

ARRA also established a tax credit Exchange Program under the US Department of the Treasury's Section 1602 Program. The Exchange Program permits states to substitute a cash grant in place of tax credits in an amount up to 85 percent of the tax credit exchanged times 10 (eligible tax credit x 0.85×10 = exchange amount). The program is intended to replace the tax credit equity in affordable housing developments that have been unsuccessful in securing adequate equity commitments. The Exchange Program funds were awarded pursuant to existing tax credit allocation plans and based on additional guidance provided by the US Department of the Treasury. All funds allocated to developments from the Exchange Program were done competitively. SC State Housing allocated \$101,080,192 in Exchange Program funds to 20 tax credit developments throughout the state. All 20 developments have been completed and are operational.

SC Housing Corp. and South Carolina Homeownership Employment and Lending Program (SC HELP) were created and developed in late 2010/early 2011. These entities were created as a result of the Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets, which gave 19 states, including South Carolina (via SC State Housing), the opportunity to develop an innovative, statewide program to help homeowners avoid foreclosure. To administer these funds, SC State Housing was required to create a separate, eligible entity. This entity is called SC Housing Corp. and is governed by a Board of Directors. The entity administers the fund in cooperation with SC State Housing. These funds will go to assist struggling but responsible borrowers – homeowners who find themselves in default due to circumstances beyond their control, which may include job loss, underemployment (job loss followed by reemployment at a substantially lower income), divorce, death of a spouse or extensive medical expenses.

Through its nine core programs, SC State Housing is able to promote and provide housing opportunities for very low-, low- and low-to-moderate income South Carolinians. Noteworthy accomplishments for FY10-11 include:

- Helping maintain South Carolina's homeownership rate at a level above 70 percent to 74.4 percent, a rate that continues to surpass the national average of 67.4 percent.
- Purchasing over \$110 million in mortgage loans through the Mortgage Bond Program.
- Making awards of more than \$7 million through the Housing Trust Fund Program.
- Providing rental subsidies to nearly 20,000 eligible families and individuals amounting to more than \$123 million.
- Surpassing SC State Housing Standard (90 percent) on both the Participant and Property Owner/Landlord satisfaction rates for the eighth straight year with a Participant satisfaction rating of 99 percent and Owner satisfaction rating of 98 percent. In addition, the Voucher Program has received an overall agency rating as a High Performer (90-100 percent) for the eleventh straight year on the HUD Section 8 Management Assessment Program (SEMAP).
- Being recognized for the eleventh consecutive quarter as a HUD Tier 1 Loan Servicer.
- Continuing to see an increase in Homeownership Voucher Program participation during FY10-11. Currently there are 29 families utilizing this housing option.
- Earning 100 percent of Administrative Fees for the ninth straight year in the Contract Administration Program.

Table 7.0-1 presents the direct results of program activity by the performance measures outlined in Table 1.5-1. Category 7 provides details related to the activity that created these results.

TABLE 7.0-1 PERFORMANCE MEASURES BY PROGRAM WITH SUBSEQUENT RESULTS

Program or Support Area	Measure	Value		
		FY08-09	FY09-10	FY10-11
Rental Assistance	Percent of Voucher Program Participant Satisfaction	98%	99%	99%
	Percent of Voucher Program Owner Satisfaction	97%	99%	98%
	HUD SEMAP Score	100	100	100
	Percent of Administrative Fees Earned	100%	100%	100%
	Number of Annual Compliance Review Findings	0	1	0
	Number of Families Assisted	19,155	19,931	19,918
	Family Data Submission	98.46%	99.94%	99.39%
	Dollar Cost Per Contract Administration Unit	\$81.22	\$83.83	\$82.58
Homeownership	Number of Mortgage Loans Purchased	1,743	1,268	2,033
	Number of Mortgage Loans Managed	17,518	16,831	16,207
	Number of Mortgage Loans Serviced	16,789	15,813	15,740
	SC State Housing Foreclosure Rate	1.39%	1.81%	2.53%
	Number of Serviced Loans Per Servicing FTE	1,119	1,054	1,049
	Pull Through Rate	63.70%	78.40%	71.25%
HOME**	Number of Awards	31	28	39
	Dollar Value of Awards	\$12,824,645.00	\$13,941,621.00	\$15,769,829.00
	Number of Units Produced	603	884	496
	Percent of Budget Awarded	100%	94.20%	100%
Neighborhood Stabilization Program	Number of Awards	18	N/A	4
	Dollar Value of Awards	\$41,792,851.00	N/A	\$5,053,518.00
	Number of Units Produced	N/A	662	N/A
	Percent of Budget Awarded	100%	N/A	100%
Low Income Housing Tax Credit	Number of Awards	18	16	15
	Dollar Value of Awards	\$10,241,461.00*	\$10,790,096.00*	\$10,856,626.00
	Number of Units Produced	1,016	955	882
Housing Trust Fund**	Number of Awards	346	344	472
	Dollar Value of Awards	\$11,173,961.21	\$8,476,782.00	\$7,256,816.28
	Number of Units	738	670	570
Human Resources	State Percent Turnover	12.32%	10.90%	12.16%
	SC State Housing Percent Turnover	2.51%	7.60%	7.25%

* Misstated on the FY08-09 and FY09-10 Accountability Reports. Corrected figures shown above.

** FY10-11 figures for HOME and Housing Trust Fund program areas are based on amounts expended, whereas FY08-09 and FY09-10 figures are based on amounts awarded.

7.1 What are your performance levels and trends for the key measures of mission accomplishment/product and service performance that are important to your customers? How do those results compare to those of comparable organizations?

SC State Housing is the state's single largest public developer of affordable multifamily and single-family housing. SC State Housing resources were invested in a wide range of programs in order to address the growing demand for affordable housing across South Carolina. Activities included mortgage purchases, down payment assistance, multifamily and single-family housing development, preservation, rental and utility payment assistance, and special needs housing development for the homeless, disabled and elderly.

According to the most recent US Census Bureau data, in 2010, South Carolina had a homeownership rate of 74.8. This is significantly higher than the national average for the same time period of 66.9. In fact, for the past nine years, South Carolina has remained at least five percentage points above the national average. In 2010, South Carolina once again led the Southeast in homeownership rates, as evidenced in Table 7.1-1 below.

TABLE 7.1-1 HOMEOWNERSHIP RATES IN THE SOUTHEAST

	2004	2005	2006	2007	2008	2009	2010
South Carolina	76.2	73.9	74.2	74.1	73.9	74.4	74.8
Alabama	78.0	76.6	74.2	73.3	73.0	74.1	73.2
Florida	72.2	72.4	72.4	71.8	71.1	70.9	69.3
Georgia	70.9	67.9	68.5	67.6	68.2	67.4	67.1
North Carolina	69.8	70.9	70.2	70.3	69.4	70.1	69.5
Virginia	73.4	71.2	71.1	71.5	70.6	69.7	68.7
National Average	69.0	68.9	68.8	68.1	67.8	67.4	66.9

Source: US Census Bureau, Homeownership by State

Mortgage Bond Program

South Carolina's continued success in leading the national average in homeownership is due in part to the success of the Mortgage Bond Program. During FY10-11, SC State Housing purchased a total of 2,033 mortgages, amounting to nearly \$110 million. See Table 7.1-2.

TABLE 7.1-2 HOMEOWNERSHIP PROGRAMS: MORTGAGE LOANS PURCHASED

Program	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
Mortgage Bond Program	\$132,532,534	\$187,366,260	\$145,029,383	\$79,847,513	\$64,157,281	\$110,015,286
Special	\$3,093,000	\$0	\$0	\$0	\$0	\$0
Total	\$135,625,534	\$187,366,260	\$145,029,383	\$79,847,513	\$64,157,281	\$110,015,286

Mortgages	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
First	1,336	1,791	1,489	768	640	1,042
Second	1,465	1,877	1,882	975	628	991
Total	2,801	3,668	3,371	1,743	1,268	2,033

A contributing factor to the success of the program stems from SC State Housing's ability to adjust its mortgage interest rates on an as-needed basis. This allows SC State Housing to offer below market interest rates while maintaining the financial integrity of the program. These rates can be viewed daily by participating lenders and borrowers on SC State Housing's website and are updated on a weekly basis.

SC State Housing's portfolio contains a total of 15,740 first and second mortgages that are serviced by one private sector provider in addition to in-house servicing. The in-house department services the complete portfolio of second mortgages. See Tables 7.1-3 and 7.1-4 below.

TABLE 7.1-3 HOMEOWNERSHIP PROGRAMS: MORTGAGE LOANS MANAGED

	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
Principal Balances (Millions)	\$526	\$592	\$726	\$817	\$839	\$800	\$730
Number of Mortgages	12,314	13,504	15,815	17,734	17,518	16,831	16,207

TABLE 7.1-4 HOMEOWNERSHIP PROGRAMS: MORTGAGE LOANS SERVICED

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
First Mortgages	6,377	7,314	7,812	9,644	9,803	9,644	9,423	8,911
Second Mortgages	2,788	3,389	4,256	5,525	6,735	6,986	6,390	6,829
TOTAL	9,165	10,703	12,068	14,400	16,379	16,789	15,813	15,740
Number of Loans Per FTE	764	892	928	1,029	1,092	1,119	1,054	1,049

The Mortgage Servicing Department's goal is to keep SC State Housing foreclosure rates below that of the Mortgage Bankers Association of America (MBA). SC State Housing has maintained a ratio below that of the MBA for several years. See Table 7.1-5 and Graph 7.1-6.

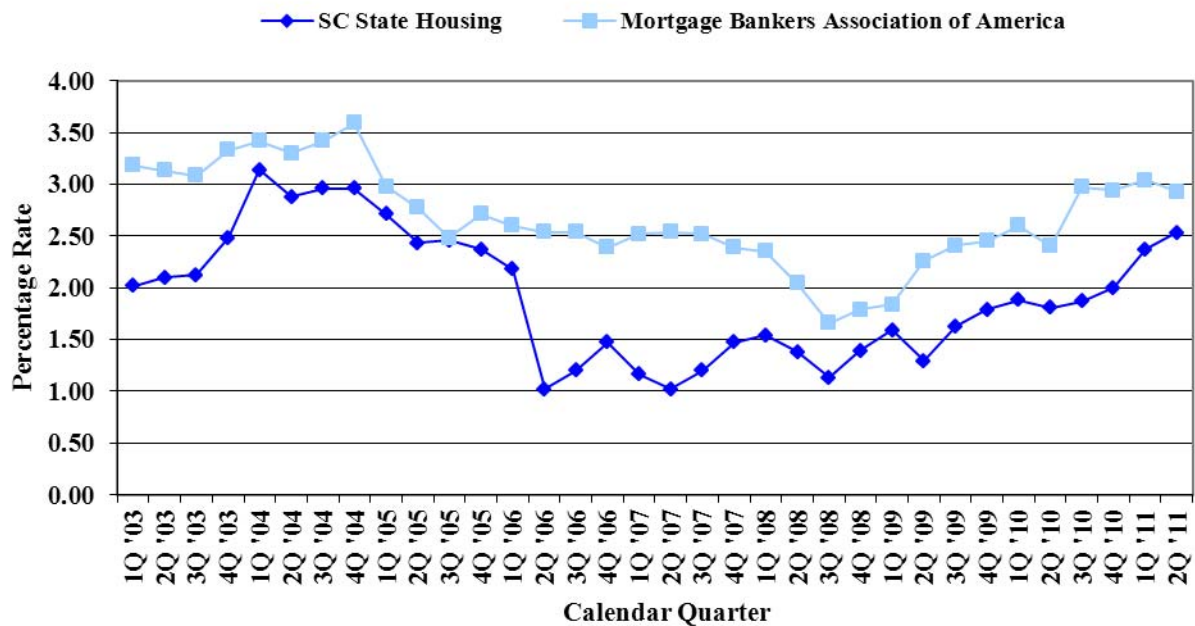
TABLE 7.1-5 FORECLOSURE RATES: SC STATE HOUSING VS. MBA

Quarter, Year	SC State Housing	MBA
1Q '03	2.02	3.18
2Q '03	2.10	3.13
3Q '03	2.12	3.08
4Q '03	2.48	3.33
Quarter, Year	SC State Housing	MBA
1Q '06	2.18	2.60
2Q '06	1.89	2.67
3Q '06	1.67	2.54
4Q '06	1.28	2.53
Quarter, Year	SC State Housing	MBA
1Q '09	1.59	1.84
2Q '09	1.29	2.26
3Q '09	1.63	2.41
4Q '09	1.79	2.45

Quarter, Year	SC State Housing	MBA
1Q '04	3.14	3.42
2Q '04	2.88	3.30
3Q '04	2.96	3.42
4Q '04	2.96	3.59
Quarter, Year	SC State Housing	MBA
1Q '07	1.16	5.52
2Q '07	1.02	2.54
3Q '07	1.20	2.54
4Q '07	1.47	2.39
Quarter, Year	SC State Housing	MBA
1Q '10	1.88	2.60
2Q '10	1.81	2.40
3Q '10	1.87	2.97
4Q '10	2.00	2.94

Quarter, Year	SC State Housing	MBA
1Q '05	2.71	2.98
2Q '05	2.43	2.77
3Q '05	2.46	2.48
4Q '05	2.37	2.71
Quarter, Year	SC State Housing	MBA
1Q '08	1.99	2.14
2Q '08	1.80	2.26
3Q '08	1.13	1.66
4Q '08	1.39	N/A
Quarter, Year	SC State Housing	MBA
1Q '11	2.37	3.04
2Q '11	2.53	2.93
3Q '11	N/A	N/A
4Q '11	N/A	N/A

GRAPH 7.1-6 HOMEOWNERSHIP FORECLOSURE RATES



Contract Administration and Housing Choice Voucher Programs

Approximately 20,000 families received housing assistance through SC State Housing's administration of the Contract Administration and Housing Choice Voucher Programs. Tenants pay approximately 30 percent of their income toward rent and utilities and the remainder is subsidized. During the FY10-11, this subsidy amounted to more than \$123 million. The level of rental assistance activity has remained at a fairly consistent level for the past several years. See Table 7.1-7.

TABLE 7.1- 7 RENTAL ASSISTANCE AND SUBSIDY PAYMENTS

	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11*
Families Assisted	20,872	20,129	20,100	19,955	19,931	19,918
Subsidy Payments	\$96,278,577	\$101,166,688	\$105,232,876	\$110,703,513	\$117,488,758	\$123,283,583

* Contract Administration assisted 17,932 families totaling \$112,185,764 in subsidy payments. Housing Choice Voucher Program assisted an average of 1,986 families totaling \$11,097,819.

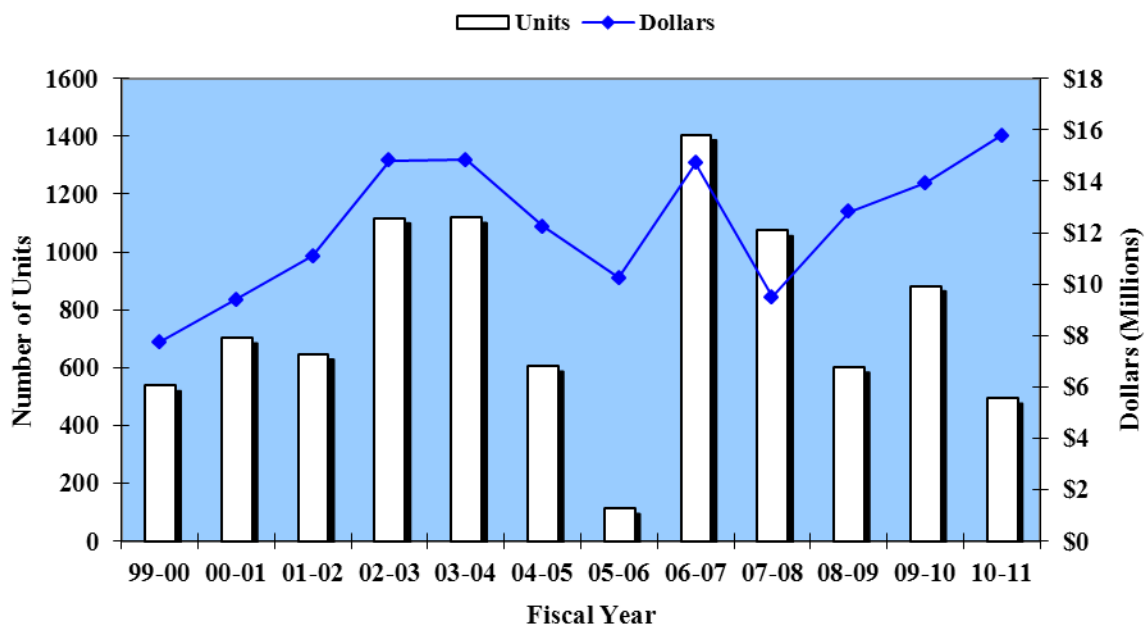
HOME Investment Partnerships Program

Table 7.1-8 and Graph 7.1-9 show the awards made by the HOME Investment Partnerships Program during FY99-00 to FY10-11. These awards are made to nonprofits, for-profits, local governments, Community Housing Development Organizations and Public Housing Authorities.

TABLE 7.1-8 HOME INVESTMENT PARTNERSHIPS PROGRAM AWARD ACTIVITY

FY	Awards	Dollars	Units	Dollars Per Award	Dollars Per Unit
99-00	27	\$7,751,051	539	\$287,076	\$14,380
00-01	31	\$9,387,612	704	\$302,826	\$13,335
01-02	36	\$11,099,889	648	\$308,330	\$17,129
02-03	56	\$14,806,448	1,119	\$264,401	\$13,232
03-04	57	\$14,826,448	1,120	\$260,114	\$13,238
04-05	42	\$12,226,686	606	\$291,112	\$20,176
05-06	112	\$10,236,433	114	\$91,396	\$89,793
06-07	58	\$14,697,734	1,406	\$253,409	\$10,454
07-08	26	\$9,503,590	1,075	\$365,522	\$8,840
08-09	31	\$12,824,645	603	\$413,698	\$21,268
09-10	28	\$13,941,621	884	\$497,915	\$15,771
10-11	39	\$15,769,829	496	\$404,355	\$31,794

GRAPH 7.1-9 HOME INVESTMENT PARTNERSHIPS PROGRAM AWARD ACTIVITY



NEIGHBORHOOD STABILIZATION PROGRAM

In 2008, the US Department of Housing and Urban Development allocated a total of \$3.92 billion to all states, particularly hard-hit areas trying to respond to the effects of high levels of foreclosures, of which \$44 million is administered by SC State Housing. The Neighborhood Stabilization Program is a one-year program that provides targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties. SC State Housing has until 2013 to expend the funds. In FY10-11, HUD allocated an additional \$5 million of NSP funds to SC State Housing through the third round of NSP funding (NSP3), of which 100% has been committed. See Table 7.1-10.

TABLE 7.1-10 NEIGHBORHOOD STABILIZATION PROGRAM AWARD AND ACTIVITY

FY	Awards	Dollars	Units	Dollars Per Award	Dollars Per Unit
08-09	18	\$41,792,851	N/A	\$2,291,797	N/A
09-10	N/A	N/A	662	N/A	\$63,131
10-11	4	\$5,053,518.00	N/A	\$1,263,379.50	\$58,086.46

Low Income Housing Tax Credit Program

During FY08-09, investor demand in the Low Income Housing Tax Credit (LIHTC) Program sank to very low levels due to the financial crisis in the housing market. In reaction to this, Congress temporarily increased the per capita tax credit amount by 20 cents to \$2.20 and allowed states to apply a discretionary basis boost to help developments remain financially feasible. These actions helped offset the dramatic decrease in tax credit equity pricing resulting from the lack of investor demand. During FY09-10, the per capita tax credit amount was increased to \$2.30 and Congress created the Tax Credit Assistance Program (TCAP) and the Housing Credit

Exchange Program. These American Recovery and Reinvestment Act programs provided the equity necessary to keep developments viable and progressing until investor demand for tax credits recovered. In FY09-10, the LIHTC Program allocated \$10.8 million to 16 housing developments which produced 955 low-income rental units. During FY10-11, investor demand for tax credits returned to more historically normal levels. Congress reduced the per capita tax credit amount to \$2.10, but still allowed states to retain the discretionary basis boost. In FY10-11, the LIHTC Program allocated \$10.8 million to 15 housing developments which will produce 882 low-income rental units. See Graph 7.1-11 and Table 7.1-12

GRAPH 7.1-11 LOW INCOME HOUSING TAX CREDIT PROGRAM ALLOCATIONS

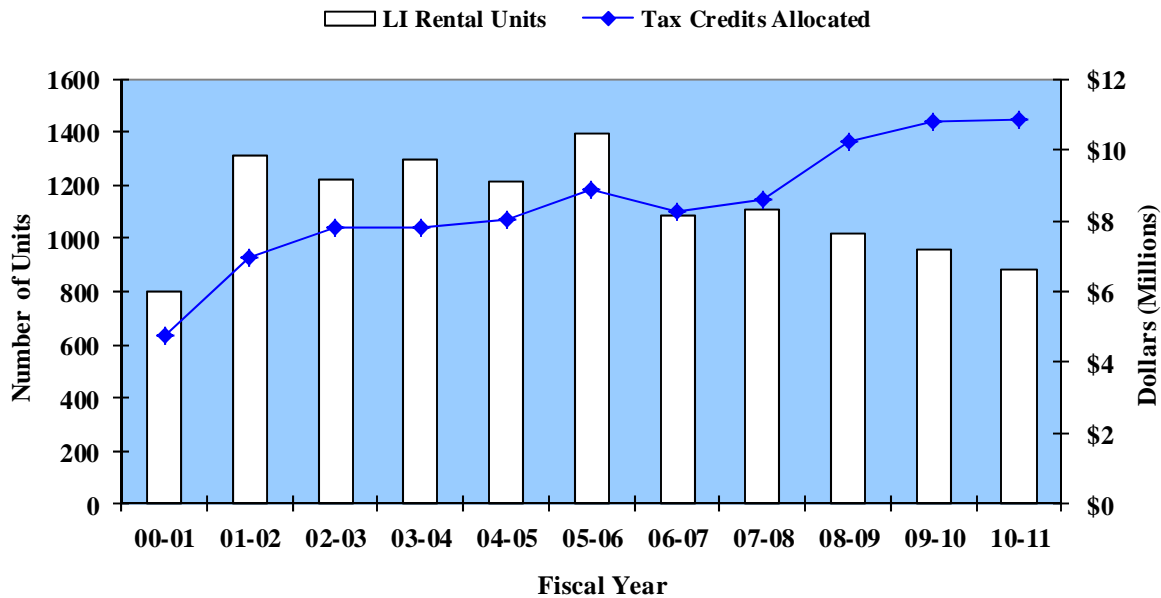


TABLE 7.1-12 LOW INCOME HOUSING TAX CREDIT PROGRAM AWARD ACTIVITY

FY	Number of Developments	Tax Credits Allocated	LI Rental Units	Average Credits Per Development	Average Credits Per Unit
00-01	17	\$4,782,482	798	\$281,322	\$5,993
01-02	28	\$6,954,101	1,312	\$248,360	\$5,300
02-03	29	\$7,812,886	1,220	\$269,410	\$6,404
03-04	25	\$7,803,567	1,297	\$312,143	\$6,017
04-05	21	\$8,045,471	1,212	\$383,118	\$6,638
05-06	26	\$8,889,219	1,392	\$341,893	\$6,386
06-07	22	\$8,257,701	1,085	\$375,350	\$7,611
07-08	19	\$8,618,570	1,112	\$453,609	\$7,751
08-09	18	\$10,241,461	1,016	\$568,970	\$10,080
09-10	16	\$10,790,096	955	\$674,381	\$11,298
10-11	15	\$10,856,626	882	\$723,775	\$12,309

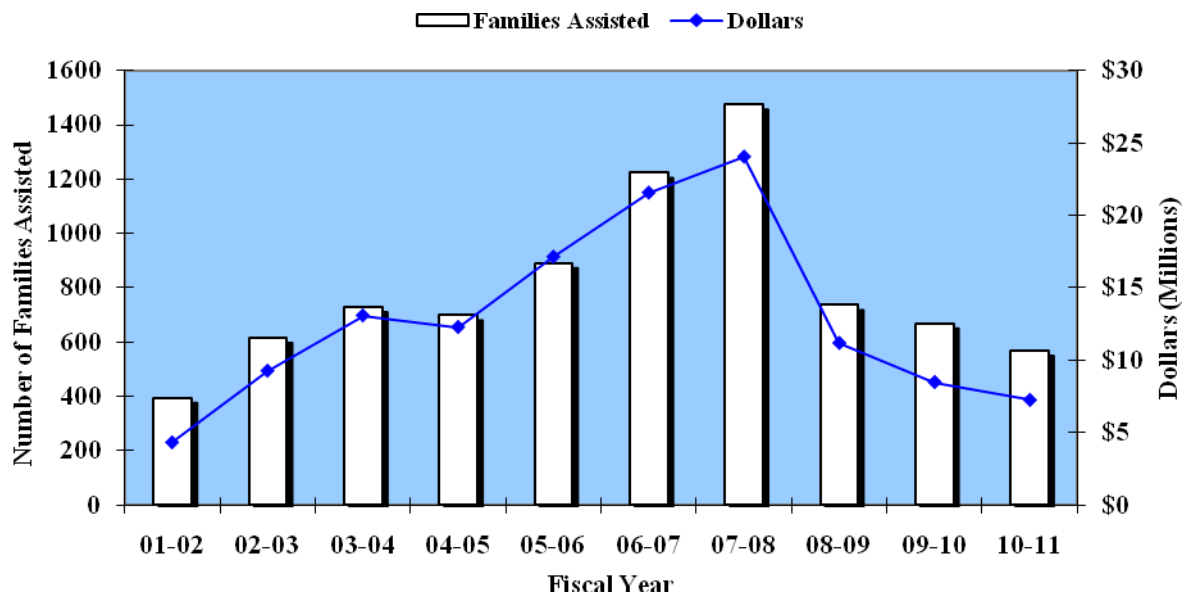
Housing Trust Fund

South Carolina Housing Trust Fund awards were made throughout the state with a total of 344 awards for \$8,476,782 in FY09-10 and 472 awards for \$7,256,816.28 in FY10-11. This represents a decrease in total award amounts of 15 percent. This decrease is directly attributable to the significant drop in real estate sales, and consequently deed transfer fees, experienced during the fiscal year. Reliance on economy-driven proceeds can be a significant complication. It creates an unpredictable fluctuation in award activity because the amount of underlying proceeds is variable. See Table 7.1-13 and Graph 7.1-14.

TABLE 7.1-13 HOUSING TRUST FUND PROGRAM AWARD ACTIVITY

FY	Dollars Awarded	Families Assisted	Dollars Per Unit
01-02	\$4,318,595	396	\$10,906
02-03	\$9,258,977	617	\$15,006
03-04	\$13,076,447	730	\$17,913
04-05	\$12,275,119	700	\$17,536
05-06	\$17,125,183	893	\$19,177
06-07	\$21,543,958	1225	\$17,587
07-08	\$24,024,609	1477	\$16,266
08-09	\$11,173,961	738	\$15,140
09-10	\$8,476,782	670	\$12,651
10-11	\$7,256,816	570	\$12,733

GRAPH 7.1-14 HOUSING TRUST FUND PROGRAM AWARD ACTIVITY



Multifamily Tax Exempt Bond Program

In FY07-08, \$35,577,000 in bond cap was allocated to two bond issues representing 24 multifamily developments in the state. No carry forward bond cap allocation was made to the Multifamily Tax Exempt Bond Program from the State of South Carolina 2007 bond cap pool. SC State Housing received an award from the National Council of State Housing Authorities in the category of Preservation and Rehabilitation of Rental Housing for a first-of-its-kind pooled bond transaction.

For FY09-10, \$40,700,000 in bond cap was allocated to three bond issues. SC State Housing was allocated the entire Housing and Economic Recovery Act bond cap at the end of 2008 (\$138,015,397) and \$17,750,000 from the State of South Carolina 2007 bond cap pool. The Housing and Economic Recovery Act bond cap may be utilized for both multifamily and single-family bond issues.

For FY10-11, no bond cap was allocated to a multifamily development. During the year, two nonprofit-owned developments closed 501(c)(3) bonds in a pooled transaction, adding 177 family units to the state's affordable housing stock.

7.2 What are your performance levels and trends for the key measures of customer satisfaction and dissatisfaction? How do your results compare to those of other organizations?

SC State Housing program areas measure customer and stakeholder satisfaction in different ways. Some program areas have more formalized methods and some rely on informal communication lines. Those with formal processes for evaluating customer satisfaction are detailed below.

Housing Choice Voucher Program

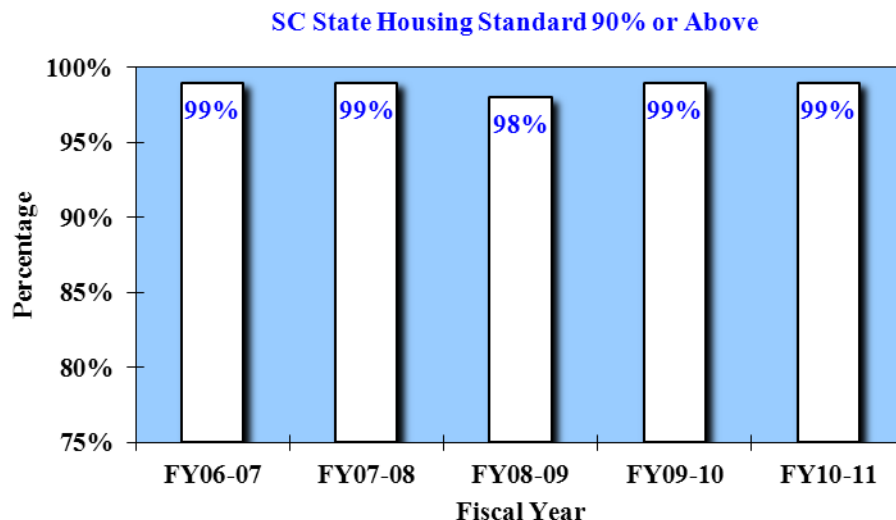
SC State Housing is unable to predict exactly when it will offer rental assistance to those applicants who have applied to the waiting list. This is primarily due to large numbers of applicants and are on the waiting list, the number of families being assisted, and the funding level provided by HUD. Basically, HUD only allows SC State Housing to assist a specific number of families and expend a specific amount of funding to assist those families.

Customers

The Housing Choice Voucher Program has a formalized process for evaluating customer satisfaction. Participants and rental property owners/landlords are the two primary customers of the Housing Choice Voucher Program. HUD is an intermediate customer or stakeholder. SC State Housing's performance for each of these groups is outlined in Graphs 7.2-1 – 7.2-5.

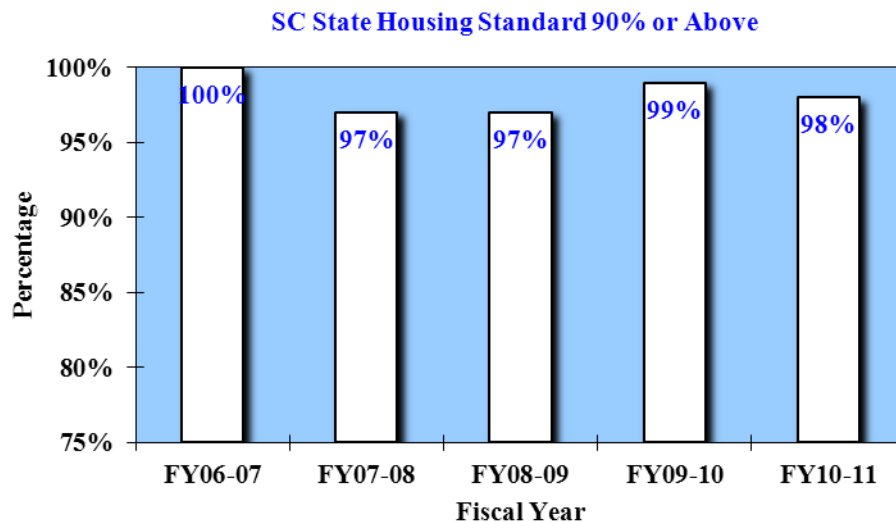
The Housing Choice Voucher Program provided assistance to an average of 1,986 participants within SC State Housing's seven-county jurisdiction. Participation in the program is limited due to the number of vouchers and budget available from HUD.

GRAPH 7.2-1 HOUSING CHOICE VOUCHER PROGRAM PARTICIPANT SATISFACTION



Approximately 800 property owners or apartment complexes rent units to Housing Choice Voucher Program participants. The units under contract are inspected, at least annually, to ensure that they continue to meet Housing Quality Standards. SC State Housing continues to survey owners in an effort to track performance and customer satisfaction. See Graph 7.2-2.

GRAPH 7.2-2 HOUSING CHOICE VOUCHER PROGRAM OWNER SATISFACTION



Stakeholders

A rating system was established by HUD for Public Housing Authorities (PHAs) that administer the Housing Choice Voucher Program. The Section 8 Management Assessment Program (SEMAP) enables HUD to better manage the Section 8 tenant-based program by identifying PHA capabilities and deficiencies related to the administration of the program. As a result, HUD is able to provide more effective program assistance to PHAs. SEMAP measures 14 indicators

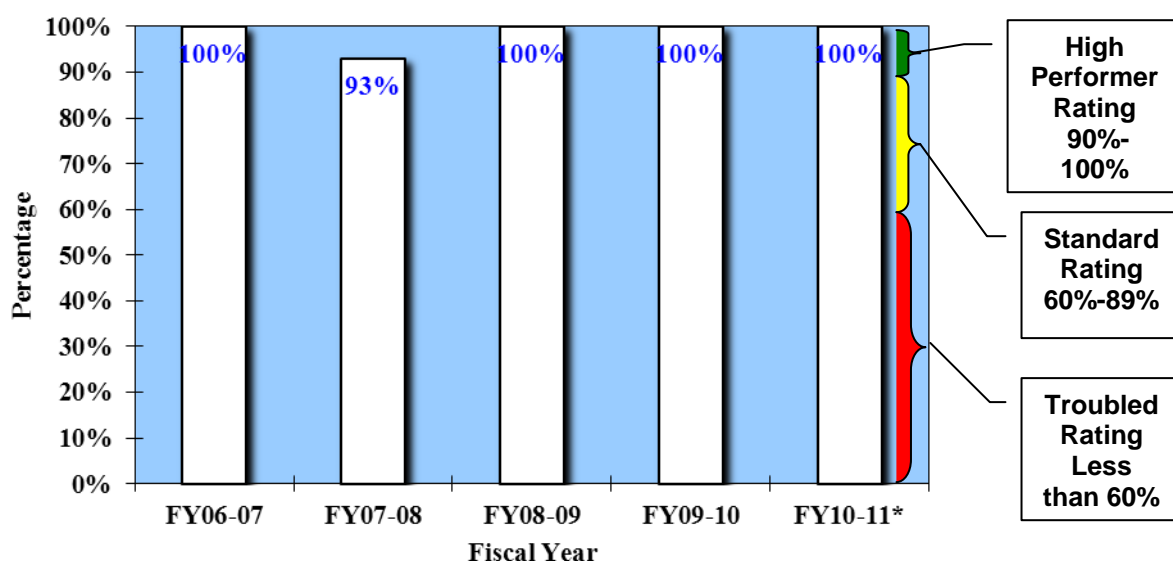
of program success covering compliance, timeliness, unit inspections and occupancy. See Table 7.2-3 and Graph 7.2-4.

TABLE 7.2-3 SEMAP INDICATORS

Indicator 1	Selection from Waiting List
Indicator 2	Reasonable Rent
Indicator 3	Determination of Adjusted Income
Indicator 4	Utility Allowance Schedule
Indicator 5	Housing Quality Standards Quality Control
Indicator 6	Housing Quality Standards Enforcement
Indicator 7	Expanding Housing Opportunities
Indicator 8	Payment Standards
Indicator 9	Timely Annual Reexaminations
Indicator 10	Correct Tenant Rent Calculations
Indicator 11	Pre-Contract Housing Quality Standards Inspections
Indicator 12	Annual Housing Quality Inspections
Indicator 13	Lease-Up
Indicator 14	Family Self-Sufficiency

HUD issued SEMAP ratings for the first time during FY99-00. The assessment percentage on each Indicator outlined above is used to determine the overall performance rating for each PHA. The performance rating is on a scale of 1 to 100. See Graph 7.2-4.

GRAPH 7.2-4 HOUSING CHOICE VOUCHER PROGRAM SEMAP SCORE



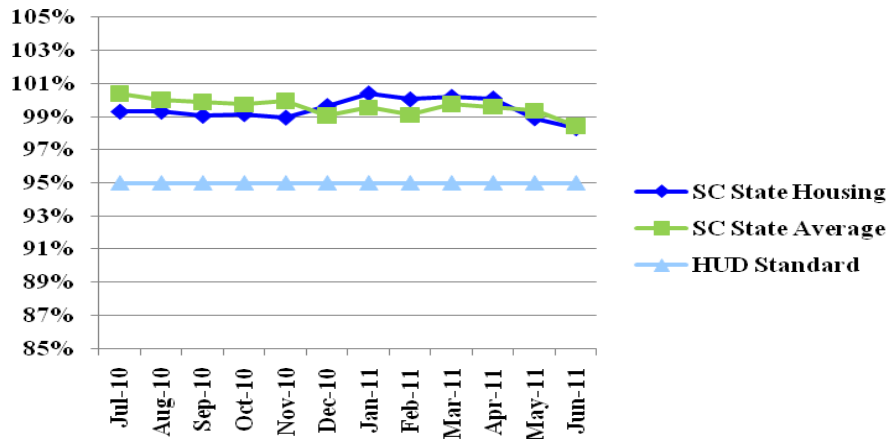
* Projected

Troubled PHAs may be sanctioned or have their operations assumed by HUD.

PHAs that administer the Housing Choice Voucher Program must submit 100 percent of family records to the Department's Public and Indian Housing Computer System (PIC) Form HUD 50058 module. Form HUD 50058 records must be transmitted electronically to PIC, and the module is HUD's official system to track and account for Housing Choice Voucher Program family characteristics, income, rent portions and other occupancy factors. PHAs must have a

minimum 95 percent reporting rate or be subject to sanctions for each month the PHA is non-compliant. See Graph 7.2-5.

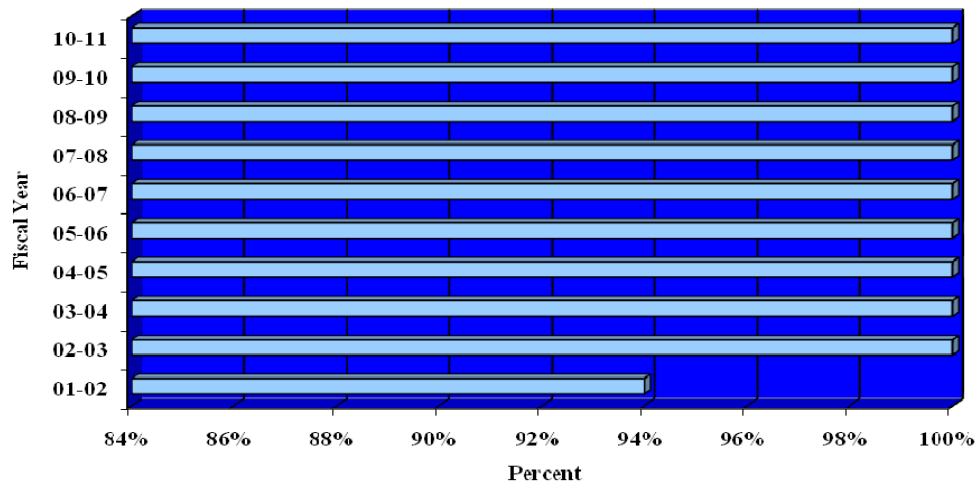
GRAPH 7.2-5 HOUSING CHOICE VOUCHER PROGRAM FAMILY DATA SUBMISSION



Contract Administration

Customer satisfaction for Contract Administration is measured primarily by the determination of actual fees earned as a ratio of potential fees available. SC State Housing is a subcontractor for HUD, which creates very specific accountability measures for its subcontractors, including performance timeframe requirements. Maximization of fees is the truest indicator of HUD's satisfaction with SC State Housing's level of performance. If HUD is not satisfied with the performance of SC State Housing, that dissatisfaction would be reflected in a percent of fees earned of less than 100 percent. SC State Housing would be charged with a "disincentive" or reduction in fees. Graph 7.2-6 represents the actual fees earned as a ratio of the potential fees available.

GRAPH 7.2-6 PERCENT OF ADMINISTRATIVE FEES EARNED



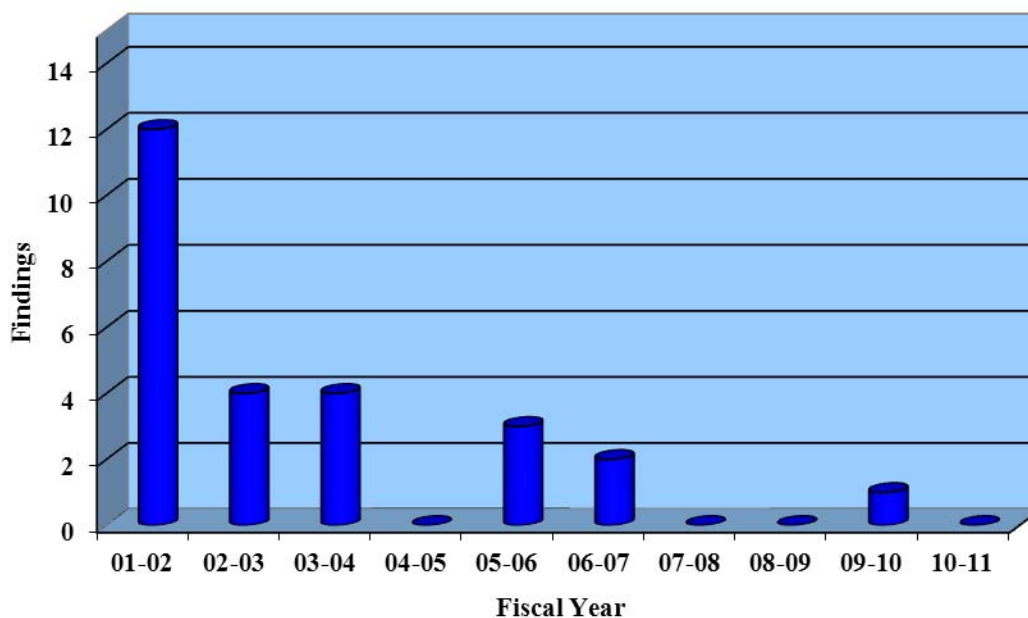
The contract allowed an initial grace period in which 100 percent of fees were paid to SC State Housing regardless of performance. The performance-based contract currently in place requires the timely completion of 16 core tasks. These tasks are:

1. Management & Occupancy Review
2. Documenting Owner Civil Rights Compliance
3. Processing Rental Adjustments
4. Owner Opt-Out Notices and Contract Terminations
5. Owner Opt-Out and HAP Contract Termination: Submit Resident Data to HUD
6. Review, Verify and Authorize Monthly Housing Choice Vouchers
7. Notice of Corrective Actions
8. Monitoring & Reporting Owner's Follow-up Efforts on Discrepancies Identified as a Result of Tenant Income Matching Initiatives
9. Life-Threatening Health & Safety Issues
10. Non-Life-Threatening Health & Safety Issues
11. Budgets, Requisitions, Revisions
12. Year-End Statement
13. Public Housing SC State Housing Audit
14. Renewals of Expiring HAP Contracts
15. General Reporting Requirements
16. Monitoring Physical Inspection Results

Completion of core tasks involving electronic payments to owners and renewals of subsidy contracts require that owners make system preparations and provide information to SC State Housing staff. Many owners did not make necessary system changes in a timely manner or were slow to provide information to staff. This, combined with the lack of a system to provide for task prioritization and issues with private contractors hired to obtain data, resulted in early fee losses. Property owners have updated or established systems that allow timely electronic funds transfers that have eliminated fee losses in this area. Contract Administration staff have implemented the use of tracking and prioritization spreadsheets to efficiently process subsidy contract renewals. These changes have resulted in fee maximization over the last nine years.

Another indication of staff effectiveness or customer satisfaction is the Annual Compliance Review. This review is an audit performed annually by HUD in relation to the Contract Administration performance-based contract. Graph 7.2-7 indicates the results of the five years of this contract. Audit findings have significantly decreased over this period. The FY09-10 audit report indicated that "the Performance Based Contract Administrator (PBCA) staff had developed some excellent computer checklists, reports and tracking charts to assist them in meeting the requirements of the Annual Contributions Contract." Through the implementation of these enhancements, the FY10-11 audit report revealed no findings.

GRAPH 7.2-7 ANNUAL COMPLIANCE REVIEW AUDIT FINDINGS



SC State Housing also continues to enhance customer satisfaction as it builds positive working relationships with HUD by responding quickly and courteously to requests for information. We continually demonstrate a willingness to meet to discuss implementation of regulatory changes. Positive working relationships are developed with HUD and owners as SC State Housing demonstrates its administrative competency. All Contract Administration staff are required to successfully complete third-party sponsored training. Staff meetings are held monthly to discuss issues and best practices. In addition, the Contract Administration staff is always represented at user group meetings sponsored by the agency's primary software provider. Strong relationships are developed with tenants by responding to their complaints within the timeframes established in the agency's performance-based contract.

Mortgage Bond Program

In the Mortgage Purchasing Department, turnaround time is used as an indicator of customer satisfaction. Lenders and realtors are generally satisfied when turnaround time is three days or less.

Customer satisfaction in the Mortgage Servicing Department is measured by the reduction in the number of valid complaints received from homeowners concerning errors with property taxes, insurance and payoffs from one year to the next.

7.3 What are your performance levels for the key measures of financial performance, including measures of cost containment, as appropriate?

SC State Housing continues to be highly regarded by rating agencies during these recent turbulent times. Moody's Investor Services rates SC State Housing's Single-Family Bond Indenture and Homeownership Revenue Bond Indenture as Aaa, its highest rating meaning these

indentures have the smallest degree of risk. Moody's also rates SC State Housing's Mortgage Revenue Bond Indenture as Aa1, also one of the highest ratings.

This vote of confidence was renewed in July 2009 even after Moody's had downgraded one of SC State Housing's Bond Insurers (AMBAC) and a number of Mortgage Insurers used by the agency. To date, the Bond Insurance has not been needed, and all of the Mortgage Insurers have continued to pay claims.

Published in August 2009, Moody's "US Public Finance" report demonstrates the strength of SC State Housing's Finances and Bonds. See Table 7.3-1.

TABLES 7.3-1 MOODY'S US PUBLIC FINANCE REPORT FOR SC STATE HOUSING

	2006	2007	2008	2009*	National Median
Combined Fund Balance as a % of Bonds Outstanding	41.30%	40.50%	37.41%	39.79%	19.40%
General Fund Balance as a % of Bonds Outstanding	9.90%	11.60%	10.60%	11.20%	9.40%
Asset to Debt Ratio	1.44	1.40	1.45	1.40	1.09

* Most recent data.

7.4 *What are your performance levels and trends for the key measures of workforce engagement, workforce satisfaction, the development of your workforce, including leaders, workforce retention, and workforce climate including workplace health, safety and security?*

Human Affairs Goal Attainment

The Human Affairs Commission has issued exempt status to SC State Housing for having exhibited an equal opportunity environment in the workplace and meeting 100 percent of its Affirmative Action Goals.

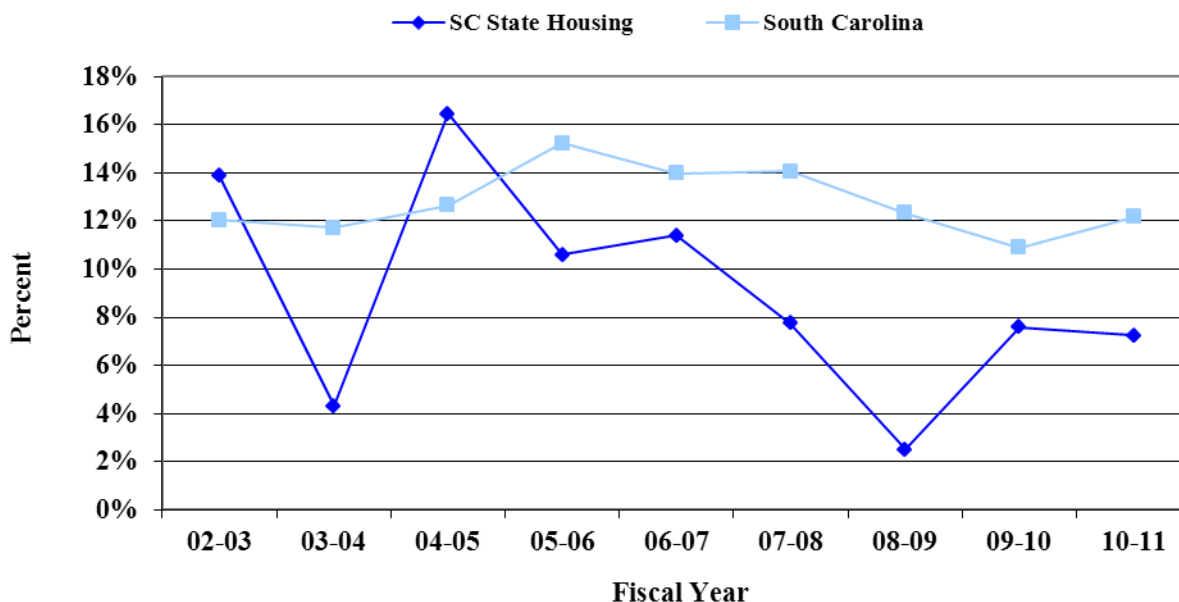
Turnover Data

Turnover data reflects all separations from SC State Housing. As shown in Table 7.4-1, SC State Housing continues to experience considerably lower levels of turnover when compared to the state average. See also Graph 7.4-2.

TABLE 7.4-1 TURNOVER RATE: COMPARISON OF SC STATE HOUSING TO STATE

FY	SC State Housing	South Carolina
02-03	13.91%	12.05%
03-04	4.32%	11.73%
04-05	16.45%	12.64%
05-06	10.61%	15.23%
06-07	11.40%	13.99%
07-08	7.75%	14.06%
08-09	2.51%	12.32%
09-10	7.60%	10.90%
10-11	7.25%	12.16%

GRAPH 7.4-2 TURNOVER RATE: COMPARISON OF TRENDS FOR SC STATE HOUSING AND STATE OF SOUTH CAROLINA



Also, SC State Housing follows OSHA guidelines to maintain a safe working environment. In addition, employees are offered: annual health screenings, onsite CPR training and regular health bulletins. SC State Housing also has a written emergency response plan that gives detailed accounts of exiting the building and maintaining a safe workplace.

7.5 What are your performance levels and trends for the key measures of organizational effectiveness/operational efficiency, and work system performance?

Senior leaders compare SC State Housing's performance with industry standards (i.e. NCSHA standards) and with historical data to determine progress, efficiency and effectiveness. SC State

Housing receives information and feedback from customers and stakeholders that is reflected in the action plans, applications and criteria of its programs. Use of the Annual Accountability Report is also very helpful when tracking the results of key performance measures and values for individual program areas.

7.6 What are your performance levels and trends for the key measures of regulatory/legal compliance and community support?

The management of SC State Housing is responsible for establishing and maintaining effective internal control over all its transactions and over compliance with laws, regulations, contracts and grants. In fulfilling this responsibility, estimates and judgments by management are necessary to assess the expected benefits and related cost of control procedures.

The Internal Audits Department assists management in strengthening internal control and provides an independent appraisal function of reviews and audits of SC State Housing programs or departments as directed by the Executive Director/Board of Commissioners. Internal Audits activities include: facilitating management with assessing risks and controls; reviewing existing controls; ensuring compliance with internal controls and required regulations; recommending cost-saving and efficiency improvements; maintaining copies of all internal and external audit reports; informing management and the Board of Commissioners of the results of internal work performed; and performing follow-up to ensure appropriate corrective actions are taken regarding the issues noted in internal and external audits.

An Investor Services Department now operates under the Administration Division of SC State Housing. This department conducts monthly and quarterly Quality Control reviews for SC State Housing's Mortgage Servicing Department. These reviews are required by HUD for all Federal Housing Administration (FHA) approved mortgages. Spreadsheets are maintained for both the loan selection criteria and the specific loans reviewed.

The annual financial audit of SC State Housing for FY10-11 was conducted by Webster Rogers, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor. This audit resulted in an unqualified (clean) audit opinion with no material weaknesses.

In addition, SC State Housing is subject to a number of reviews and audits performed by external parties to ensure regulatory and legal compliance.

South Carolina Homeownership and Employment Lending Program Overview

In March 2010, SC State Housing was notified that South Carolina was selected to receive \$138 million in foreclosure mitigation funding through the US Treasury's Housing Finance Agency Innovation Fund's Hardest Hit Housing Markets ("HFA Hardest Hit Fund" or "HHF"). Through the remainder of 2010, SC State Housing worked closely with Treasury to prepare and submit a proposal for the use of the funds. During this negotiation period, additional funds were awarded, with South Carolina now receiving approximately \$295 million under the program.

Under the final, Treasury-approved program, the South Carolina version of the HHF program is known as the SC Homeownership and Employment Lending Program (SC HELP). Key components of the plan include:

Monthly Payment Assistance Program

- Assists homeowners with monthly payments for a defined period of time while they seek employment and return to self-sustainability.
- Designed for homeowners who are unemployed and are receiving unemployment insurance benefits and underemployed homeowners.
- Assistance is in the form of a non-interest bearing, forgivable subordinate lien.

Direct Loan Assistance

- For homeowners who have fallen behind on payments during periods of hardship, but have regained the ability to make their payments.
- Brings loans current and ends fees and penalties.
- Assistance is in the form of a non-interest bearing, forgivable subordinate lien.

Transition Assistance

- In cases where the mortgage cannot be salvaged, funds may be provided to help families transition from homeownership to rental housing in cases of qualified short sales or deeds-in-lieu of foreclosure.
- Assistance is in the form of a direct payment to the beneficiary.

HAMP Assistance

- Funds are provided as a direct payment to investors/servicers in order to assist in making borrowers HAMP-eligible. (Not yet available.)

SC State Housing wants to make clear that these funds will go to assist "**responsible borrowers.**" These are homeowners who find themselves in default or foreclosure due to circumstances beyond their control. This includes job loss, underemployment (job loss followed by reemployment at substantially lower income), death of a spouse, divorce or extensive medical expenses – circumstances that could confront and overwhelm anyone, despite their efforts to be frugal and to budget responsibly.

SC State Housing originally conceived a much broader program, focusing on returning unemployed and underemployed citizens to gainful employment. This is reflected in the name of

the program, SC HELP, in which employment is seen as a key component of recovery efforts. As Treasury issued new guidance and directives, it became apparent that these programs would not meet Treasury's interpretations of the Emergency Economic Stabilization Act (EESA) guidelines. SC State Housing has outlined these plans in its proposal and asked that Treasury consider any and all alternatives that may allow these initiatives to be included now or at a later date.

As part of SC HELP, SC State Housing has contracted with technology providers to provide an online application and processing system, local counseling agencies to assist homeowners in applying for assistance, a call center to handle calls from homeowners seeking assistance, and closing agents to assist in processing transactions under the program. Customers are able to begin the application either via the program website: www.SCMortgageHelp.com or via phone (toll free) by calling 1 (855) 435-7472.

SC State Housing launched a pilot of SC HELP in late January 2011. As of June 30, 2011, SC HELP has committed approximately \$4 million to assist over 300 South Carolina homeowners, and over 6,000 households have begun the process of requesting assistance. Full program statistics will be available in the coming months as program volume grows.