

ECONOMIC DEVELOPMENT, TRANSPORTATION, AND NATURAL RESOURCES SUBCOMMITTEE MEETING

Thursday, September 12, 2019

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AGENDA

South Carolina House of Representatives



Legislative Oversight Committee

Thursday, September 12, 2019

10:00 a.m.

110 - Blatt Building

Pursuant to Committee Rule 6.8, S.C. ETV shall be allowed access for internet streaming whenever technologically feasible.

AMENDED AGENDA

- I. Approval of Minutes**
- II. Discussion of the study of the Housing Finance and Development Authority**
- III. Tour of the Veranda at North Main Housing Development**
3700 N. Main St., Columbia, SC
- IV. Adjournment**

MINUTES FROM PREVIOUS MEETING

Chair Wm. Weston J. Newton

*First Vice-Chair:
Laurie Slade Funderburk*

Legislative Oversight Committee



*Micajah P. (Micah) Caskey, IV
Neal A. Collins
Patricia Moore (Pat) Henegan
William M. (Bill) Hixon
Jeffrey E. (Jeff) Johnson
Marvin R. Pendarvis
Tommy M. Stringer
Bill Taylor
Robert Q. Williams*

*Gary E. Clary
Chandra E. Dillard
Lee Hewitt
Joseph H. Jefferson, Jr.
Mandy Powers Norrell
Robert L. Ridgeway, III
Edward R. Tallon, Sr.
John Taliaferro (Jay) West, IV
Chris Wooten*

South Carolina House of Representatives

*Jennifer L. Dobson
Research Director*

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*Charles L. Appleby, IV
Legal Counsel*

*Cathy A. Greer
Administration Coordinator*

*Carmen J. McCutcheon Simon
Research Analyst/Auditor*

*Kendra H. Wilkerson
Fiscal/Research Analyst*

Economic Development, Transportation, and Natural Resources Subcommittee

Monday, September 9, 2019

10:00 a.m.

Blatt Room 110

Archived Video Available

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

Attendance

- I. The Economic Development, Transportation, and Natural Resources Subcommittee meeting was called to order by Chair William M. (Bill) Hixon on Monday, September 9, 2019, in Room 110 of the Blatt Building. The following other members of the Subcommittee were present for either all or a portion of the meeting: Representative Lee Hewitt and Representative Mandy Powers Norrell.

Minutes

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.

- II. Representative Hewitt moves to approve the minutes from the July 22, 2019, meeting. A roll call vote is held, and the motion passes.

Rep. Hewitt's motion to approve the minutes from the July 22, 2019, meeting:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis			✓ (absent)
Rep. Hixon	✓		

Discussion of the Rural Infrastructure Authority (RIA)

- I. RIA Director Bonnie Ammons presents the agency's recommendations for law changes and other clarifying information. Director Ammons and RIA Legal Counsel Karen Manning respond to questions from Subcommittee members.
- II. Chair Hixon swears in Keith McCook, General Counsel for the State Fiscal Accountability Authority. Mr. McCook responds to questions from Subcommittee members about the S.C. Resources Authority and the Water Resources Coordinating Council.
- III. Subcommittee members make two motions regarding study recommendations and findings. Both motions pass by roll call vote.

Rep. Hewitt's motion to adopt agency recommendations 2, 3, and 6 from the agency's Program Evaluation Report, as well as the two additional recommendations regarding project eligibility language in 11-50-40, as presented at this meeting:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis			✓ (absent)
Rep. Hixon	✓		

Rep. Norrell's motion that the Subcommittee find that it supports legislative action to provid resources to support statewide access to broadband services, including in rural communities:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis			✓ (absent)
Rep. Hixon	✓		

Discussion of the State Housing Finance and Development Authority (SC Housing)

- I. Chair Hixon swears in the following representatives of SC Housing:
 - a. Sara Martinez, Development Director
 - b. Clayton Ingram, Communications Director

- II. The following SC Housing representatives respond to Subcommittee member questions about the follow-up information provided by the agency on August 26, 2019:
 - a. Bonita Shropshire, Executive Director
 - b. Sara Martinez, Development Director
 - c. Carl Bowen, Director of Rental Assistance and Compliance
 - d. Bryan Grady, Ph.D., Chief Research Officer
 - e. Tracey Easton, General Counsel
 - f. Steve Clements, Director of Home Ownership

- III. Mr. Ingram presents the agency's performance measures.

- IV. SC Housing Accounting Manager Paul Linhardt presents details about the agency's expenditures. He answers questions from Subcommittee members during and after his presentation.

- V. The meeting is adjourned.

HOUSING FINANCE AND DEVELOPMENT AUTHORITY

Study Timeline

Legislative Oversight Committee Actions

- December 5, 2018 - Prioritizes the agency for study at **Meeting 1**
- January 9, 2019 - Provides the agency with notice about the oversight process
- February 27 – April 1, 2019 - Solicits input from the public about the agency in the form of an online survey
- August 13, 2019 - Holds **Meeting 4** with the agency to receive public input

Economic Development, Transportation, and Natural Resources Subcommittee Actions

- July 18, 2019 - Holds **Meeting 2** with the agency to discuss an overview of its **mission, history, resources, major programs, successes, challenges, and emerging issues**
- July 22, 2019 - Holds **Meeting 3** with the agency to continue the overview of its **major programs, successes, challenges, and emerging issues**
- September 9, 2019 - Holds **Meeting 5** with the agency to discuss **follow-up information** provided and agency **expenditures, personnel statistics, strategic plan, performance measures, and suggested law changes.**
- September 12, 2019 (TODAY) - Holds **Meeting 6** with the agency to discuss agency **personnel statistics, strategic plan, and suggested law changes**

Housing Finance and Development Authority Actions

- March 31, 2015- Submits its **Annual Restructuring and Seven-Year Plan Report**
- January 12, 2016- Submits its **2016 Annual Restructuring Report**
- September 2016- Submits its **FY 2015-16 Accountability Report/Annual Restructuring Report**
- September 2017- Submits its **FY 2016-17 Accountability Report/Annual Restructuring Report**
- September 2018- Submits its **FY 2017-18 Accountability Report/Annual Restructuring Report**
- July 2019-present- Meets with and **responds to Subcommittee inquiries**

Public's Actions

- February 27 – April 1, 2019 - Provides input about the agency via an **online public survey**
- Ongoing - **Submits written comments on the Oversight Committee's webpage** on the General Assembly's website (www.scstatehouse.gov)



SOUTH CAROLINA STATE HOUSING
FINANCE AND DEVELOPMENT AUTHORITY

SC Housing.com

Opening Comments

Bonita Shropshire, Executive Director

Agency Updates Since Last Hearing

- Housing Needs Assessment Released
- Drafting 2020 Qualified Allocation Plan & Developer Roundtable on Policy
- Senate Oversight Committee
- Chief Financial Officer



Topics Requested

- Email from 7/25/2019:
 - Strategic plan (Bonita Shropshire, Executive Director)
 - Performance measures (Clayton Ingram, Communications Manager)
 - Expenditures breakdown by division or major program (Paul Linhardt, Senior Accountant)
 - Personnel statistics & information (Tracey Easton, General Counsel)
 - Suggested law changes (Bonita Shropshire, Executive Director)



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Performance Measures

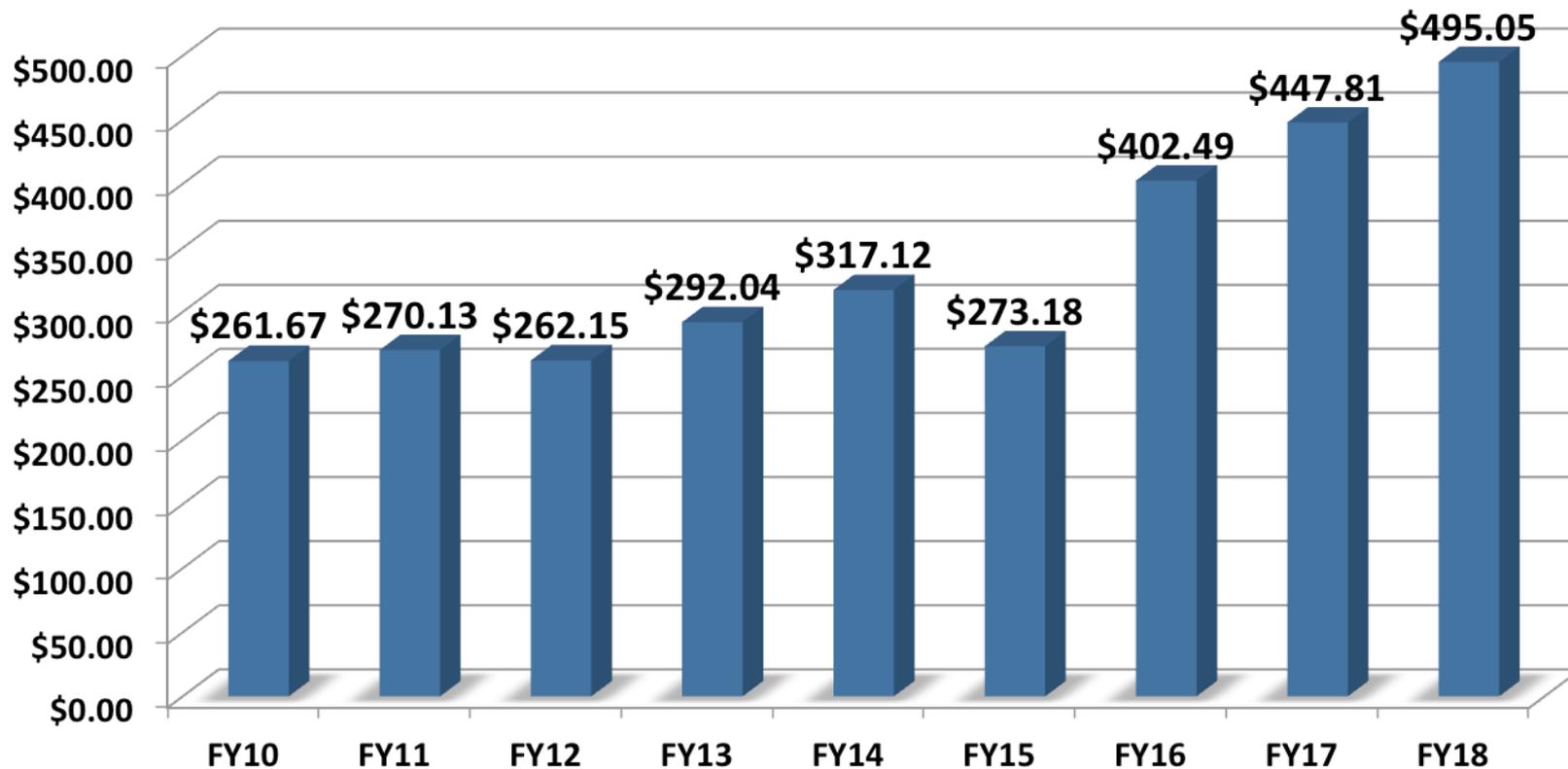
Clayton Ingram, Communications Manager

Economic Impact Analysis

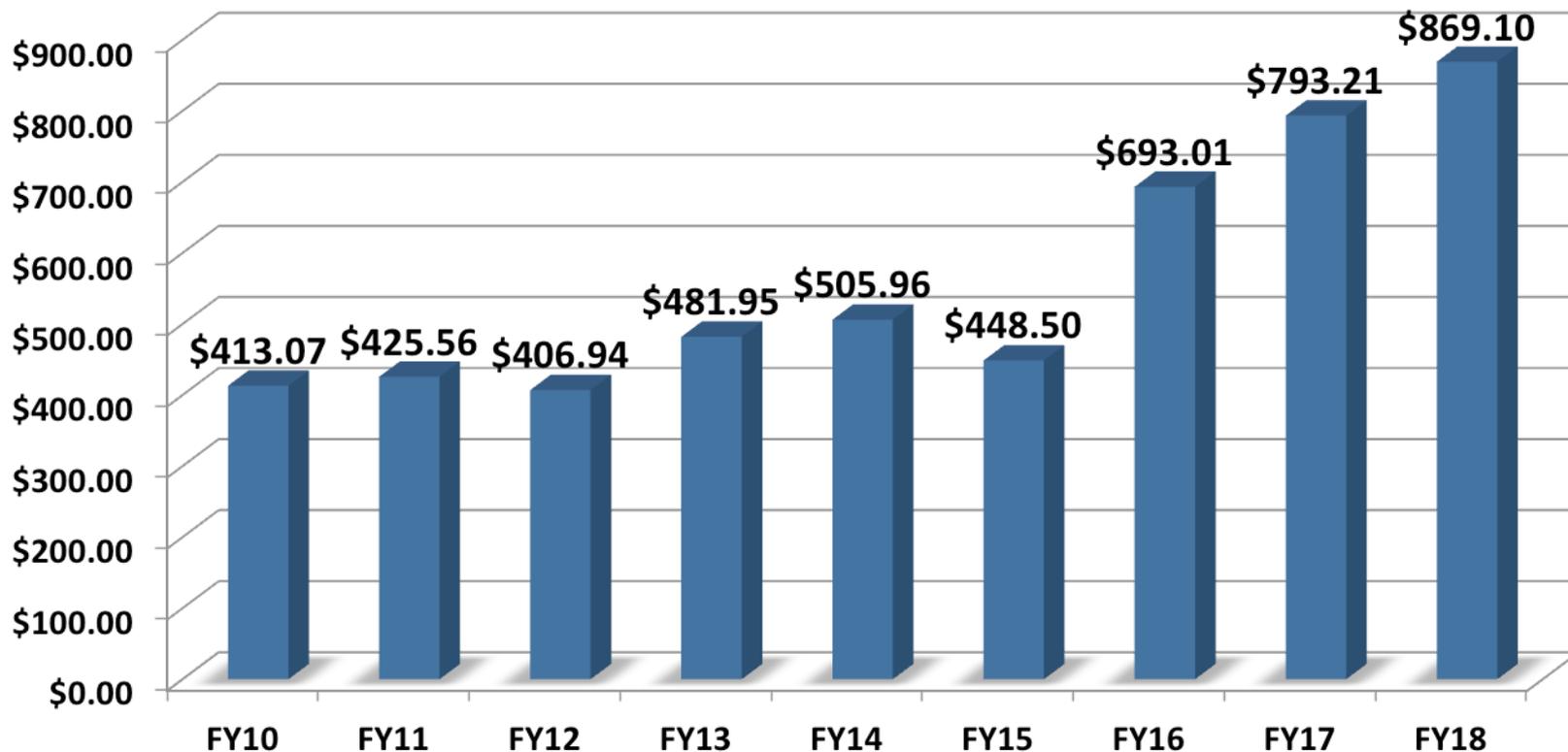
- SC Housing measures its performance annually in terms of Economic Impact Analysis, prepared by Research Economist Dr. Joey Von Nessen of the Darla Moore School of Business.
- An accurate way to measure and put perspective on how SC Housing affects South Carolina's housing markets and the overall economy
- Quantifies SC Housing's impact on both the overall economy and various local regions
- Additional information contained in the 2018 FY 2018 Economic Impact Report (previously provided)

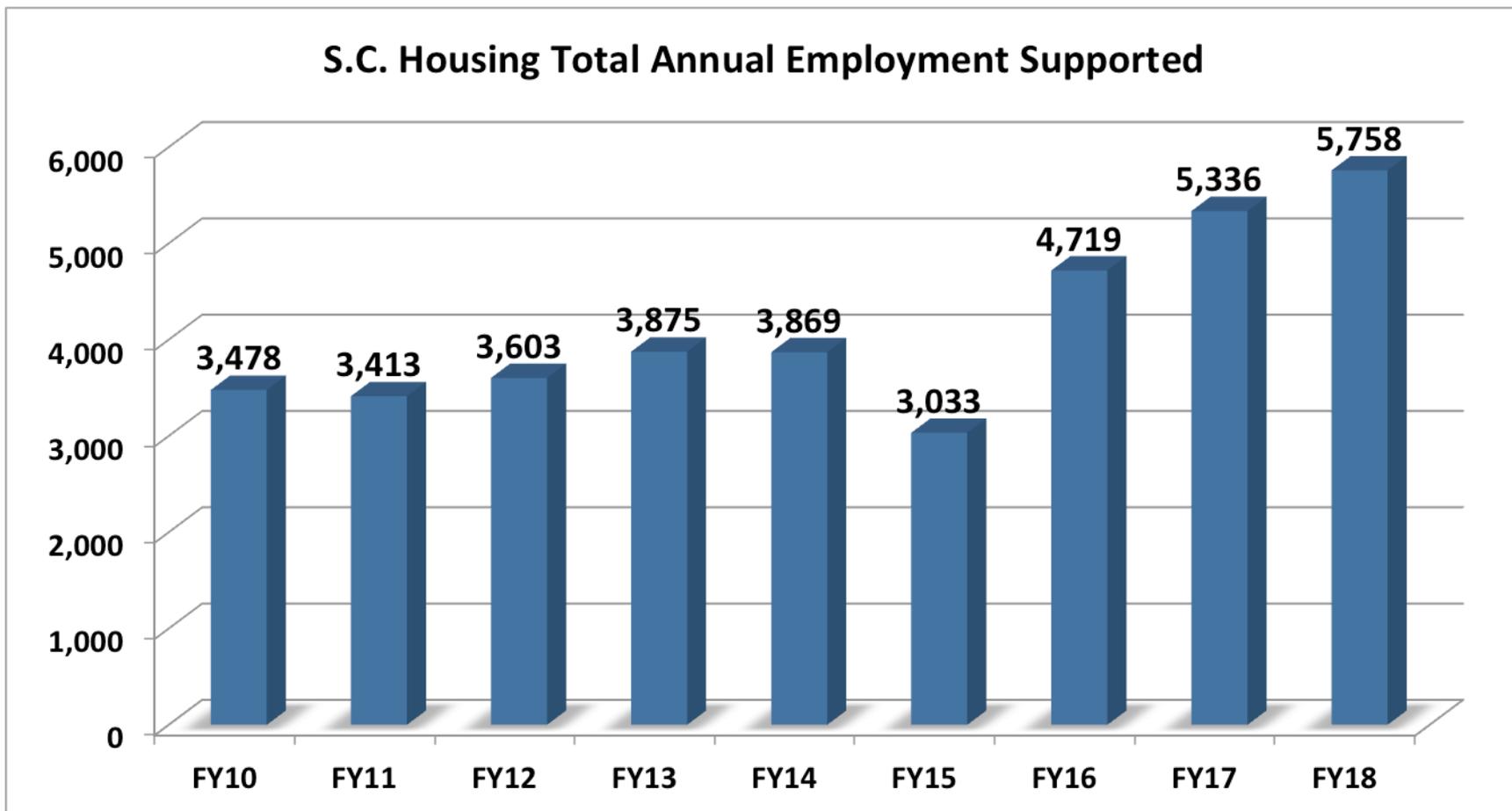


S.C. Housing Total Annual Investment (in millions)

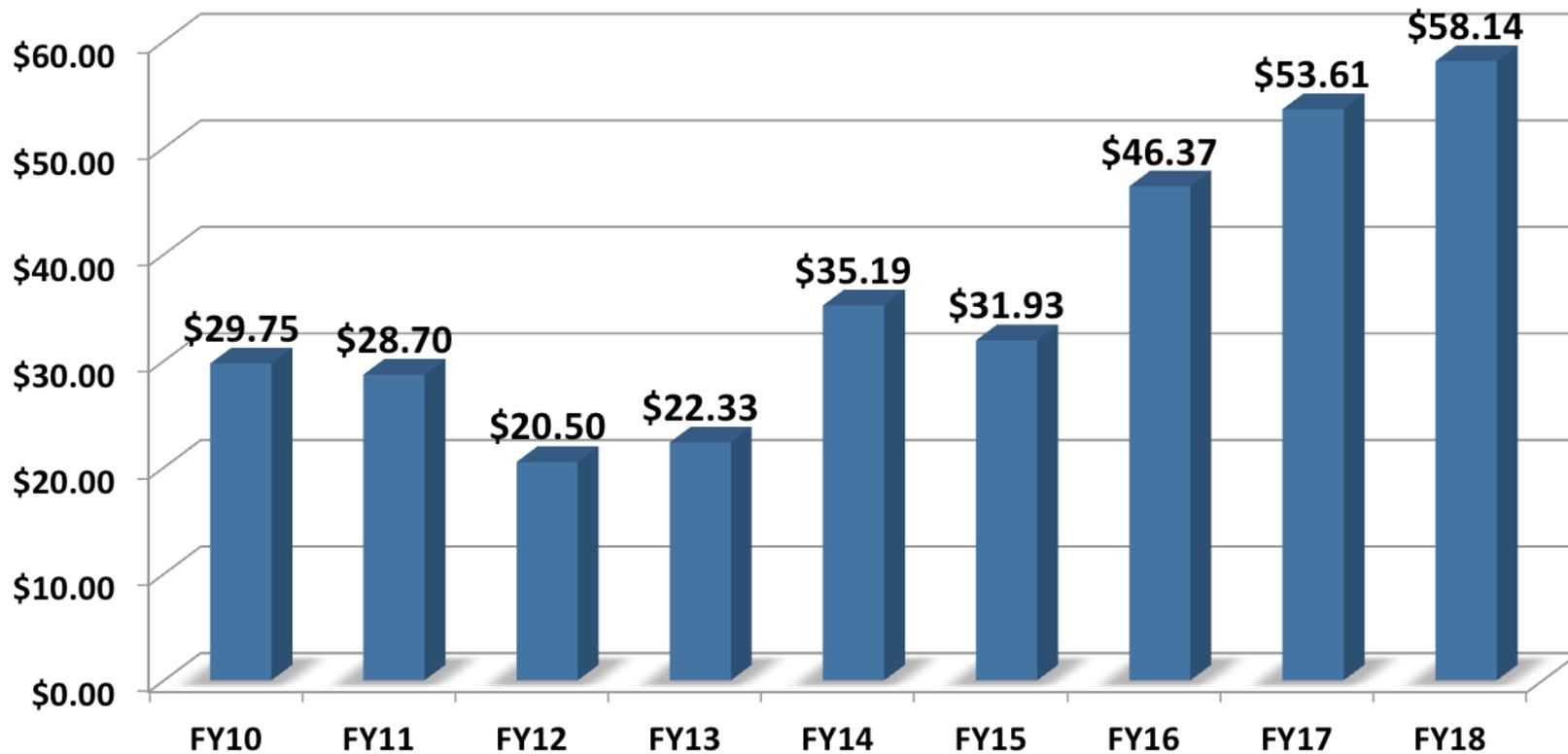


S.C. Housing Total Annual Economic Output (in millions)

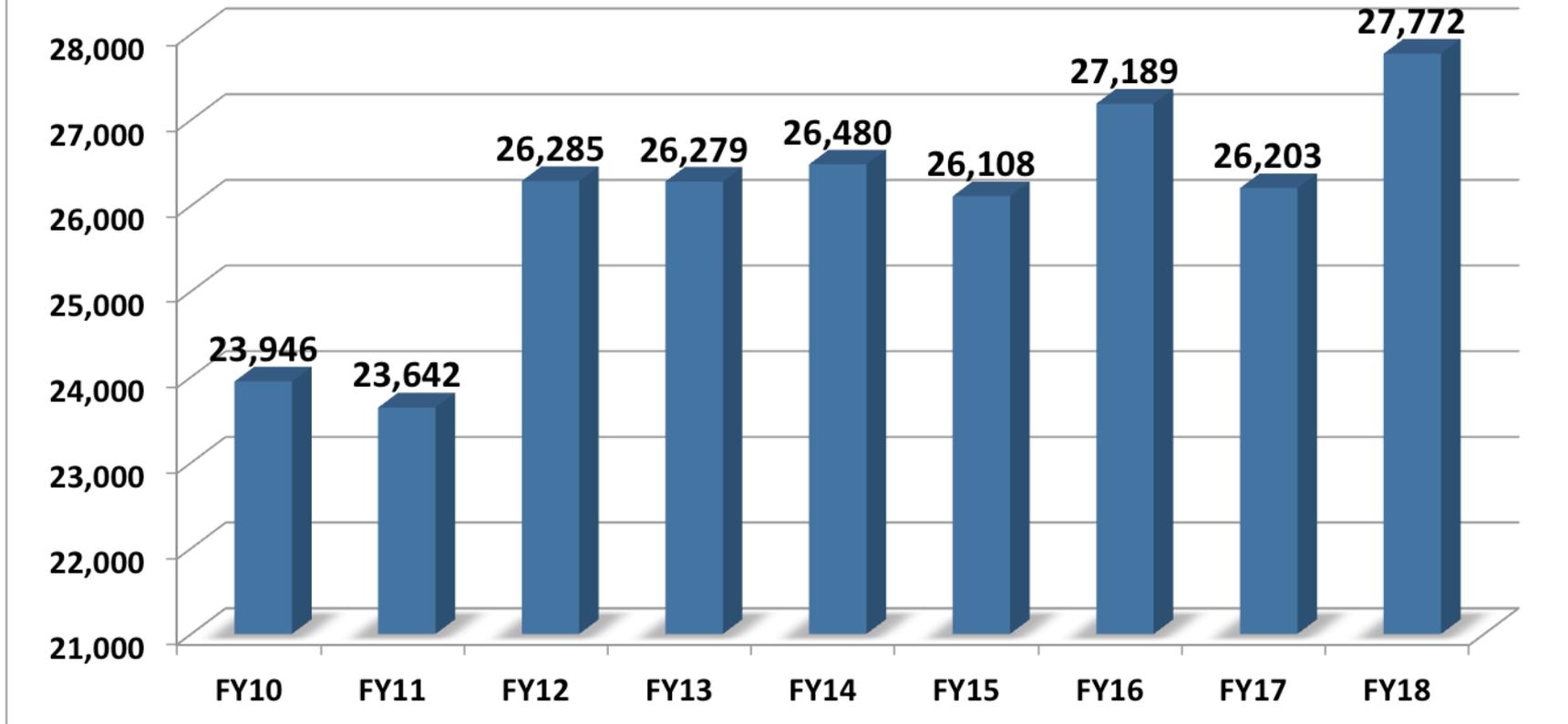




S.C. Housing Total Annual Tax Revenue Generated (in millions)



S.C. Housing Total Annual Units Assisted



Summary & Overall Impact

	2014	2015	2016	2017	2018
Investment	\$317.1M	\$273.2M	\$402.5M	\$447.8M	\$495.1M
Economic Output	\$506.0M	\$448.5M	\$693.0M	\$793.2M	\$869.1M
Employment	3,869	3,033	4,719	5,336	5,758
Tax Revenue	\$35.2M	\$31.9M	\$46.6M	\$53.6M	\$58.1M
# of Units Assisted	26,480	26,108	27,189	26,203	27,772

- In FY18, every \$100 in direct spending from SC Housing’s affordable housing initiatives resulted in an overall total economic impact of \$176 on South Carolina’s economy. This has grown from \$158 per \$100 in FY 2010.

SC Housing.com

Expenditure Breakdown

Paul Linhardt, Senior Accountant

Multi Family Housing Development – Tax Credit

9% Tax Credits number of units during FY2018-19 **738**

- Source of Funds – US Internal Revenue Service and User Fees
- FY 2018-19 Developments Completed

	» Amount	As % of Total
– Administrative Expenditures	382,000	6.3%
– Development Assistance	96,722,000	Fed. Tax Credits claimed over 10-year period

4% Tax Credits number of units during FY2018-19 **1,909**

- Source of Funds – US Internal Revenue Service and User Fees
- FY 2018-19 Developments Completed

	Amount	As % of Total
– Administrative Expenditures	127,000	2.1%
– Development Assistance	32,628,000	Fed. Tax Credits claimed over 10-year period

Multi Family Housing Development – Other

SC Housing Trust Fund

- Number of units during FY2018-19 24
- Source of Funds – Deed Recording Fee
- FY 2018-19 Expenditures

	» Amount	As % of Total
– Administrative Expenditures	66,000	1.1%
– Development Assistance	750,000	0.2%

HOME

- Number of units during FY2018-19 56
- Source of Funds – US Dept. of Housing and Urban Development
- FY 2018-19 Expenditures

– Administrative Expenditures	1,642,000	26.9%
– Development Assistance	3,591,000	2.4%

Single Family Housing Rehabilitation

SC Housing Trust Fund

- Number of families during FY2018-19 418
- Source of Funds – Deed Recording Fee
- FY 2018-19 Expenditures
 - » Amount As % of Total
 - Administrative Expenditures 359,000 5.9%
 - Rehabilitation Assistance 4,102,000 1.3%

Special Needs Housing

SC Housing Trust Fund

- Number of units during FY2018-19 53
- Source of Funds – Deed Recording Fee
- FY 2018-19 Expenditures
 - » Amount As % of Total
 - Administrative Expenditures 101,000 1.7%
 - Development Assistance 1,166,000 0.4%

Quality Control and Compliance Monitoring

- Unit inspections during FY2018-19 1,657
- Source of Funds – Inspection Fees paid by Developers
- FY 2018-19 Expenditures
 - » Amount As % of Total
 - Administrative Expenditures 531,000 8.7%

Rental Assistance – Project Based

- Contract Administration
- Number of families during FY2018-19 17,900
- Source of Funds – US Department of Housing and Urban Development
- FY 2018-19 Expenditures

	» Amount	As % of Total
– Administrative Expenditures	933,000	15.3%
– Rent and Utility Assistance	135,828,000	89.7%

Rental Assistance – Tenant Based

Housing Choice Voucher Program

- Number of families during FY2018-19 2,238
- Source of Funds – US Department of Housing and Urban Development
- FY 2018-19 Expenditures

	» Amount	As % of Total
– Administrative Expenditures	1,102,000	18.1%
– Rent and Utility Assistance	11,929,000	7.9%

HOME

- Number of families during FY2018-19 65
- Source of Funds – US Department of Housing and Urban Development
- FY 2018-19 Expenditures

	» Amount	As % of Total
– Administrative Expenditures	4,000	0.1%
– Security Deposit Assistance –	43,000	0.03%

Homeownership Programs

1st Time Homebuyer Mortgage Program

- Number of 1st mortgages during FY2018-19 1,111
- Source of Funds – Revenue Bonds and User Fees
- FY 2018-19 Expenditures
 - » Amount As % of Total
 - Administrative Expenditures 777,000 12.7%
 - Mortgages Purchased 141,867,000 Paid by Bond Funds

All SC Housing Programs

Budgeted Funds

- Number of Families/Units assisted during FY2018-19 app. 1100
- Source of Funds – Federal Funds and User Fees
- FY 2018-19 Expenditures

	» Amount	As % of Total
– Administrative Expenditures	15,934,000	9.5%
– Housing Assistance	151,391,000	90.5%

Non-Budgeted Funds

- Source of Funds – Revenue Bonds, IRS Tax Credits and HTF
- FY 2018-19 Expenditures

	» Amount	As % of Total
– Mortgage Revenue Bonds	141,867,000	46.6%
– IRS Tax Credits	156,444,000	51.4%
– Housing Trust Funds	6,018,000	2.0%

Personnel Statistics & Information

Tracey Easton, General Counsel

Personnel Strategies - Onboarding

- Prior to their first day all new employees receive an electronic onboarding package.
- On the first day of employment, new employees go through orientation with HR staff.
- Supervisor for the new employee completes a New Hire Checklist.

Personnel Strategies - Training

- SC Housing is committed to making training available for its employees.
- SC Housing historically sends two employees annually to CPM training.
- In recent years, SC Housing offered a leadership training program. The program was put on hold for a few years to allow the next pool of eligible employees to grow.
- Employees attend training offered by local and national trade groups.
- HR does not track data related to training

Personnel Strategies – Retention

- SC Housing strives to hire and retain qualified employees.
- SC Housing offers competitive salaries and the State benefits package.
 - SC Housing is currently participating in a salary study that compares salaries of state housing agency employees nationwide.
 - SC Housing has conducted internal inequity reviews and has re-classed or adjusted salaries of impacted employees.
- SC Housing also offers flexible schedule options and tuition assistance.
- If an employee receives a job offer, SC Housing is able to offer a bonus or raise to retain the employee.

Personnel Information – By the Numbers

- 125 Full time employees
 - 68 % Female, 32% Male
 - 29% Black/African American - 4% Hispanic - 67% White
- 13 Employees Departed SC Housing in past Fiscal Year under the following circumstances

Reason for Departure	#	Division
Deceased	1	Development
Dismissal- Unsatisfactory Performance	1	Compliance Monitoring
Employed Outside State Gov	4	Development, Finance, Housing Choice Voucher, Legal
Personal	2	Compliance Monitoring, Housing Choice Voucher
Resignation	1	Development
Retirement	2	Development, Executive
Temporary Employment Ended	2	Development, Internal Audit
TOTAL	13	

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Closing Comments

Bonita Shropshire, Executive Director