Contents

Agenda ........................................................................................................................................... 2
Minutes from Previous Meeting .................................................................................................... 3
Housing Finance and Development Authority ............................................................................. 6
   Study Timeline .......................................................................................................................... 6
   SC Housing Presentation ........................................................................................................... 7
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

Legislative Oversight Committee

South Carolina House of Representatives

Post Office Box 11867
Columbia, South Carolina 29211
Telephone: (803) 212-6810 • Fax: (803) 212-6811
Room 228 Blatt Building

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.

<table>
<thead>
<tr>
<th>Rep. Hewitt's motion to approve the minutes from the July 22, 2019, meeting:</th>
<th>Yea</th>
<th>Nay</th>
<th>Not Voting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rep. Hewitt</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rep. Norrell</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rep. Pendarvis</td>
<td></td>
<td>✓ (absent)</td>
<td></td>
</tr>
<tr>
<td>Rep. Hixon</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>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:</th>
<th>Yea</th>
<th>Nay</th>
<th>Not Voting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rep. Hewitt</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rep. Norrell</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rep. Pendarvis</td>
<td></td>
<td>✓ (absent)</td>
<td></td>
</tr>
<tr>
<td>Rep. Hixon</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rep. Norrell's motion that the Subcommittee find that it supports legislative action to provide resources to support statewide access to broadband services, including in rural communities:</th>
<th>Yea</th>
<th>Nay</th>
<th>Not Voting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rep. Hewitt</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rep. Norrell</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rep. Pendarvis</td>
<td></td>
<td>✓ (absent)</td>
<td></td>
</tr>
<tr>
<td>Rep. Hixon</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.
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
- 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)
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)
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)

- FY10: $261.67
- FY11: $270.13
- FY12: $262.15
- FY13: $292.04
- FY14: $317.12
- FY15: $273.18
- FY16: $402.49
- FY17: $447.81
- FY18: $495.05
S.C. Housing Total Annual Economic Output (in millions)

- FY10: $413.07
- FY11: $425.56
- FY12: $406.94
- FY13: $481.95
- FY14: $505.96
- FY15: $693.01
- FY16: $793.21
- FY17: $869.10
- FY18: $869.10
S.C. Housing Total Annual Tax Revenue Generated (in millions)

- FY10: $29.75
- FY11: $28.70
- FY12: $20.50
- FY13: $22.33
- FY14: $35.19
- FY15: $31.93
- FY16: $46.37
- FY17: $53.61
- FY18: $58.14
S.C. Housing Total Annual Units Assisted

<table>
<thead>
<tr>
<th>Year</th>
<th>Units Assisted</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>23,946</td>
</tr>
<tr>
<td>FY11</td>
<td>23,642</td>
</tr>
<tr>
<td>FY12</td>
<td>26,285</td>
</tr>
<tr>
<td>FY13</td>
<td>26,279</td>
</tr>
<tr>
<td>FY14</td>
<td>26,480</td>
</tr>
<tr>
<td>FY15</td>
<td>26,108</td>
</tr>
<tr>
<td>FY16</td>
<td>27,189</td>
</tr>
<tr>
<td>FY17</td>
<td>26,203</td>
</tr>
<tr>
<td>FY18</td>
<td>27,772</td>
</tr>
</tbody>
</table>
### Summary & Overall Impact

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.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>$317.1M</td>
<td>$273.2M</td>
<td>$402.5M</td>
<td>$447.8M</td>
<td>$495.1M</td>
</tr>
<tr>
<td>Economic Output</td>
<td>$506.0M</td>
<td>$448.5M</td>
<td>$693.0M</td>
<td>$793.2M</td>
<td>$869.1M</td>
</tr>
<tr>
<td>Employment</td>
<td>3,869</td>
<td>3,033</td>
<td>4,719</td>
<td>5,336</td>
<td>5,758</td>
</tr>
<tr>
<td>Tax Revenue</td>
<td>$35.2M</td>
<td>$31.9M</td>
<td>$46.6M</td>
<td>$53.6M</td>
<td>$58.1M</td>
</tr>
<tr>
<td># of Units Assisted</td>
<td>26,480</td>
<td>26,108</td>
<td>27,189</td>
<td>26,203</td>
<td>27,772</td>
</tr>
</tbody>
</table>
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
  - Administrative Expenditures: **382,000** (6.3% of Total)
  - 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
  - Administrative Expenditures: **127,000** (2.1% of Total)
  - 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
  - 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
  - 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

  - Administrative Expenditures: 531,000 (8.7% of Total Expenditures)
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
  
<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>As % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expenditures</td>
<td>933,000</td>
<td>15.3%</td>
</tr>
<tr>
<td>Rent and Utility Assistance</td>
<td>135,828,000</td>
<td>89.7%</td>
</tr>
</tbody>
</table>
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
  - 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
  - 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
  - Administrative Expenditures: $777,000 (12.7% of Total)
  - Mortgages Purchased: $141,867,000 (Paid by Bond Funds)
## Homeownership Programs

### Palmetto Advantage and Mortgage Tax Credit Programs

- **Number of 1st mortgages during FY2018-19**: 170
- **Source of Funds** – US IRS / Fannie Mae and User Fees
- **FY 2018-19 Expenditures**
  - Administrative Expenditures: 75,000 (1.2%)
  - Mortgage Interest Assistance: 27,094,000 (Tax Credit claimed by homeowner)
## 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**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
<th>As % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expenditures</td>
<td>15,934,000</td>
<td>9.5%</td>
</tr>
<tr>
<td>Housing Assistance</td>
<td>151,391,000</td>
<td>90.5%</td>
</tr>
</tbody>
</table>

### Non-Budgeted Funds

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

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
<th>As % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Revenue Bonds</td>
<td>141,867,000</td>
<td>46.6%</td>
</tr>
<tr>
<td>IRS Tax Credits</td>
<td>156,444,000</td>
<td>51.4%</td>
</tr>
<tr>
<td>Housing Trust Funds</td>
<td>6,018,000</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Reason for Departure</th>
<th>#</th>
<th>Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deceased</td>
<td>1</td>
<td>Development</td>
</tr>
<tr>
<td>Dismissal- Unsatisfactory</td>
<td>1</td>
<td>Compliance Monitoring</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed Outside State Gov</td>
<td>4</td>
<td>Development, Finance, Housing Choice Voucher, Legal</td>
</tr>
<tr>
<td>Personal</td>
<td>2</td>
<td>Compliance Monitoring, Housing Choice Voucher</td>
</tr>
<tr>
<td>Resignation</td>
<td>1</td>
<td>Development</td>
</tr>
<tr>
<td>Retirement</td>
<td>2</td>
<td>Development, Executive</td>
</tr>
<tr>
<td>Temporary Employment Ended</td>
<td>2</td>
<td>Development, Internal Audit</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13</strong></td>
<td></td>
</tr>
</tbody>
</table>

SCHousing.com
Closing Comments

Bonita Shropshire, Executive Director