



South Carolina State Housing Finance and Development Authority
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October 9, 2020

SENT VIA EMAIL TO: JENNIFERDOBSON@SCHOUSE.GOV

The Honorable Weston Newton
Committee Chair
Legislative Oversight Committee
South Carolina House of Representatives
Columbia, South Carolina 29201

Re: Follow-up from July 15, 2020 Letter

Dear Representative Newton:

SC Housing appreciates the opportunity to provide updates from our July 15, 2020, letter. You will find our original responses to your letter dated March 12, 2020, followed by a brief update where available.

RESPONSE TO COMMITTEE'S LETTER

1. *Do any SC Housing employees have access to emails sent to board members at the addresses posted on the agency's website? If so, has each board member given explicit permission to allow this access?*

The Executive Assistant has historically had access to board members' agency emails. Following the inquiry of this Committee, the Executive Director advised the Board at their March 18, 2020, meeting that they would be receiving a form that day to indicate how they wanted to receive their emails. All Board members had replied by March 30, 2020, and all but one elected to continue the same process.

UPDATE: *There are no updates to this response.*

2. *Do board members have unfiltered access to all emails received at their agency-issued email address?*

One Board member elected to check and receive their own emails via their SC Housing email address and therefore is the only Board member with unfiltered access to all emails received at their SC Housing email address. The remaining Board members elected to have the Executive Assistant continue to forward emails to them.

UPDATE: *There are no updates to this response.*

3. *Has the agency hired a chief financial officer (CFO)? If so, please provide a description of the individual's professional background as well as his or her expected date to start work at the agency.*

Ellen Eudy was appointed Chief Financial Officer, effective March 17, 2020. Ms. Eudy has over two decades in financial leadership, including twelve years as chief financial officer in the affordable housing arena. Prior to joining SC Housing, she served as the Chief Financial Officer for the City of Houston, Housing and Community Development Department, where she had oversight responsibility for more than \$100 million dollars in annual expenditures. In this role, she also worked with non-profits and various city departments to fund the construction, renovation and acquisition of affordable housing, public facilities and improvements for the City of Houston.

Ms. Eudy has a solid history of collaboration with local government officials in order to promote affordable housing and economic development goals. She knows how to forge effective financial partnerships to address mutual interests. She also understands housing finance from the perspective of non-profit organizations—having served as the Chief Financial Officer for The Women's Home and New Hope Housing, Inc., respectively. Ms. Eudy has a passion for affordable housing and a proven record of keeping affected individuals and communities at the forefront of financial decisions.

Ms. Eudy holds a Bachelor of Arts in Business Administration from the University of North Carolina, Charlotte. She is also certified as a Housing Development Finance Professional.

UPDATE: *There are no updates to this response.*

4. *Please provide the dates of all time periods since the beginning of calendar year 2018 during which the agency's CFO position has been vacant. Please also note time periods, if any, during which the position was filled on an interim basis.*

Richard Hutto was Deputy Director of Administration effective June 2, 2013. The Administration Division consisted of Finance, Human Resources, Information Technology and Procurement & Marketing departments. Effective January 2, 2017, the former Executive Director implemented a Deputy level restructure, which created the Financial Operations (FO) Division and Mr. Hutto continued as Deputy Director of Financial Operations (equivalent to the CFO). The FO Division consisted of Finance (Banking and Governmental Accounting) and Homeownership (Mortgage Servicing, Mortgage Production and Investor Services) departments. Mr. Hutto remained in the Deputy Director of Financial Operations position until March 23, 2018.

Anastasia Rodriguez, who was our Director of Internal Audit at the time, was appointed Interim CFO effective April 3, 2018, and served in the interim capacity until November 27, 2018. The CFO position remained vacant until Camiella Patterson was hired effective September 9, 2019. Ms. Patterson resigned the position effective October 18,

2019. Again, the CFO position remained vacant until Ellen Eudy was hired effective March 17, 2020, and currently serves as CFO.

During the time period that the CFO position was vacant, it is important for the Committee to know that the agency still had financial direction. Jay Wise was our Controller effective June 2, 2013, until he retired on June 30, 2018. The position remained vacant until Alan Leichtle was hired effective November 27, 2018, and resigned effective December 28, 2018. Jessica Lewis was appointed Interim Controller effective December 31, 2018, until she resigned effective August 9, 2019. She continued in an hourly temporary capacity from August 12, 2019, to September 3, 2019. Paul Linhardt provided oversight of the Finance department effective August 13, 2019, until December 1, 2019. John Morrison was hired effective December 2, 2019, and currently serves as Controller.

Therefore, the specific answers to the question are that the CFO position was vacant from March 23, 2018, until September 9, 2019, and again from October 2019 until March 17, 2020. During this period, there was an Interim CFO from April 3, 2018, until December 1, 2018.

UPDATE: *There are no updates to this response.*

5. *Please describe the agency's expected timeline for completing a strategic plan, as well as any steps that have already been taken.*

SC Housing's strategic plan is complete and approved by the Board of Commissioners. A copy may be found at the following URL, and a pdf copy is attached to the email providing this letter: <https://www.schousing.com/Home/ReportsAndPublications>

Beginning in January 2020, the agency inaugurated a comprehensive strategic planning effort to evaluate and prioritize its activities to ensure that actions are being taken to further SC Housing's mission to create quality affordable housing opportunities for the citizens of South Carolina. This effort engaged a wide swathe of employees throughout the agency, including senior directors, managers and line staff. Seven workgroups were convened, representing different functions across the agency, with over one fifth of the total workforce engaged in the effort in some capacity. Despite the agency's response to the COVID-19 pandemic and the seismic shifts in economic and regulatory environments that followed, this work continued throughout the spring. The strategic plan was presented and approved by the Board of Commissioners on June 17, 2020.

UPDATE: *In September, the agency launched its County First Program as part of the goal to expand homeownership opportunities in rural counties. Additionally, SC Housing has initiated the following strategies to improve outreach and engagement: (1) forged a relationship with an Immigrant Work Group convened by SC Appleseed Legal Justice Center to effectively communicate with the Latino community; (2) created a centralized Customer Care Register to track complaints, inquiries and resolutions from constituents; and (3) will soon launch a request for information feature on the agency's website to make it easier for citizens to inquire about program services.*

6. *In the recent survey of SC Housing employees conducted by the Office of the State Inspector General (SIG), a sizable but substantial minority indicated a lack of belief among agency employees that agency leadership “maintains high standards of honesty and integrity,” “set[s] a positive example,” or “treats people fairly.” What is your plan to address these issues?*

Whether I am responding to co-workers that do not believe the agency’s leaders “maintain high standards of honesty and integrity, set a positive example, or treat people fairly” or employees who indicate “poor morale” in the agency – I have to remind myself that I inherited leadership of an agency where culture change was inevitable. When I think of culture change, I find some comfort in the simple words of the CEO of Zappos, “If you get the culture right, most of the other stuff will just take care of itself.”

My focus from day one in my leadership was to identify internal and external people that could help me be a change agent. I have never professed to, nor do I believe I can, change the culture at SC Housing by myself. In identifying internal change agents, I am sure some employees have unavoidably felt left out. While I continue to stay the course, I also continue to communicate that the mission of our agency has not changed. To identify external change agents, I seize every opportunity to communicate with SC Housing’s many affordable housing partners to listen and learn about the things that we do right as an agency and things that we can improve upon. In listening to some of our external change agents, I discovered that SC Housing needed to have data driven policies and programs. This led me to create two positions – Director of Housing Initiatives and Innovation and a Chief Research Officer. As a team effort and with the project management of our Chief Research Officer, SC Housing published a Housing Needs Assessment in August of 2019 and has used this data to drive program changes that are meant to increase and rehabilitate our state’s affordable housing supply. I have asked our external partners to trust and support the agency’s changes and I have also committed that I will be the first to ask staff to revamp any program that does not give us the desired results of more affordable housing units.

Another way I have attempted to address the negative stigma of the agency’s leadership was to require that each of our supervisory managers take a 4-day Supervisory Practices course through the SC Department of Human Resources. I required this participation and attended myself to ensure that all managers were current on HR Best Practices and to make sure we were applying these practices consistently throughout the agency.

For many years, the leadership at SC Housing was led by three executives. Under the current leadership, every division has a voice and a seat at the leadership table. This ensures business continuity, leadership succession and increased knowledge sharing as we discuss cross-divisional issues. The leaders at this table are encouraged to offer new initiatives to further our mission and to collaborate with peers to promote each other’s ideas.

Culture change has been welcomed by some and rejected by others. As the leaders of the agency, we must stay the course and lead by example. This is something that I hold

myself to and insist on from my direct reports, as is evident in the professional standard statements that I have included in each of their employee evaluations. I am committed to ongoing climate and organizational management surveys and hope to see a positive adjustment about the agency's leadership from our employees.

UPDATE: *There are no updates to this response.*

7. *In the SIG's recent survey of SC Housing employees, a sizable but substantial minority indicated poor morale at work. What is your plan to address this issue?*

Any survey results indicating poor morale or thoughts that morale is unimportant to SC Housing are results I would like to change. SC Housing has had many changes lately and now that things appear to be settling, I believe morale will improve. I personally plan to continue to address morale issues by being transparent in my communication and encouraging our senior leaders to disseminate information to all of our employees.

SC Housing has a long standing practice of planning employee functions that allow us to show our employees just how much we value them by celebrating their accomplishments. Needless to say, during our country's health crisis, our employee functions had to be cancelled or postponed. We eagerly look forward to the opportunity to bring back events, even if they have to be revamped to allow us to social distance from each other. I think it is critical to continue to recognize and promote our employees.

Through the agency's Faces of Home Campaign, our Communications division did a wonderful job spotlighting some of our program participants to our outward facing partners. I would like to do a similar campaign that spotlights each division so that all employees understand the significance and purpose of all divisions of the agency and how we all work together to implement programs that result in the Faces of Home Campaign. SC Housing's programs are more than just about bricks and mortar. We touch the lives of so many South Carolinians and I want every employee to have an opportunity to experience a grand opening to a new or renovated development or to welcome one of our first time homeowners into their new home – this is where I hope to regain and refresh our employees' commitment to our mission.

Finally, I have continued to have an open door policy where managers and employees are able to express their concerns through direct communication with me. One of the most prevailing requests has been around overbearing workloads. After further review, and budgetary analysis, we have been able to increase staff in various divisions in the agency and provide immediate workload relief. I constantly tell our employees one on one and at full staff gatherings just how valuable they are to me. While it is not my goal to please everyone, it is my goal to show our employees that if they are committed to the mission, vision and values of SC Housing, they are undeniably our greatest resource and SC Housing is committed to them.

UPDATE: *While COVID-19 has made it more challenging for employees to be together, we have found ways to boost morale and a sense of community within the agency. SC Housing recently launched a weekly internal newsletter where we celebrate employee milestones and happenings as we adjust to our various work schedules.*

8. *In its November 9, 2019, letter to this committee, the State Inspector General (SIG) indicated that it had determined current and former executive directors exercised strict control of the information flow to the SC Housing Board. The SIG recommended “[t]he SC Housing Board should determine the core functions and duties required of the internal audit role and review available models designed to ensure the internal auditor’s independence. It should then adopt an appropriate reporting structure.” The Economic Development, Transportation, and Natural Resources Subcommittee adopted a similar recommendation. What is the agency’s response to that recommendation and what, if any, plans does the agency have to implement such a response?*

SC Housing is procuring a third-party to perform an internal audit. SC Housing is working with procurement guidelines in retaining the third party. Additionally, SC Housing will repost for the position of Internal Audit Director, who will be responsible to implement certain recommendations made by the third-party audit. The Internal Audit Director will report directly to the Executive Director, but will have direct access to the Board of Commissioners. For reference, please see the attached updated Organizational Chart.

UPDATE: *SC Housing has posted the position of Internal Audit Director. This position will report directly to the Executive Director, with direct access to the Board of Commissioners. For reference, please see the attached updated organizational chart and position posting.*

9. *Will the SC Housing Board establish a policy regarding minimum reserves for bond debt service, operations, and emergency funds, as recommended by the SIG and the Economic Development, Transportation, and Natural Resources Subcommittee? When?*

In conjunction with every bond issuance, the Board of Commissioners adopts a Supplemental Resolution that establishes the Bond Reserve Requirement for that particular issuance. The 2020A Mortgage Revenue Bond issuance, for example, required as follows:

ARTICLE VI

DETERMINATIONS

Section 6.01 Determination of the Bond Reserve Requirement. The Bond Reserve Requirement following the issuance of the Series 2020A Bonds shall be \$17,366,250, which is the sum of the amounts set forth in each of the Supplemental Resolutions for Bonds Outstanding. The Authority will satisfy the Bond Reserve Requirement with respect to the Series 2020A Bonds through the deposit of \$3,450,000 to the Bond Reserve Fund.

These funds are required to be segregated per the Indenture.

Finance staff has recommended an overarching cash management policy for all reserve funding that is currently under review by the CFO and will be approved by me as part of my responsibility for day-to-day operations of the Authority. The policy will be distributed to the Board of Commissioners at its August 19, 2020, meeting.

UPDATE: *The Cash Management Policy was presented to the Board of Commissioners on September 16, 2020.*

10. *In its 2018-19 Agency Accountability Report, the agency reported that it had “3,335 followers on Facebook and more than 1,975 followers on Twitter”. The year prior, in its 2017-18 Agency Accountability Report, the agency reported that it had “3,000 ‘Followers’ on Facebook and more than 1,975 followers on Twitter.” Please explain how the agency’s social media efforts meaningfully improve its mission accomplishment; to the extent that these efforts do meaningfully improve its mission accomplishment, please explain why there has been a relative lack of progress in this area.*

As a state housing finance agency, our customer base consists of lenders, realtors, local housing authorities, developers, non-profits, other financial institutions, and community organizations. Most of our communication with these entities is via email, telephone and in-person meetings. Many of these “follow” us in social media and many “like” our posts. Many also “share” and repost them. However, they make up a small universe of potential “followers.”

Few people or groups, outside of those previously mentioned, desire our information on an ongoing basis. Take for instance, a potential homebuyer; they may only use our services once in a lifetime. A home buying decision and the need for information about it is not an ongoing need. In fact, once accomplished, additional information is superfluous, so that person either does not “follow” or may follow for a time and then unfollow.

In the cases of a new program, social media can be effective in getting the word out. Recent examples include our annual Palmetto Heroes program (offering additional down payment assistance and lower interest rates to certain fields of essential workers) and our most recent \$5M in rental assistance for those impacted by COVID-19 hardship. Social media affords us a fast, efficient, economical and widely available

platform for numerous citizens to find, like, share and access additional information. It is worth noting that SC Housing does not purchase views or use the services of a media buyer.

UPDATE: *Social media has become a valuable tool to connect with nonprofits, developers, lenders and agents. We are identifying new ways to use social media to engage with constituents and promote career opportunities within the agency. In addition, we have added recent staff to our communications division who have extensive background in journalism and media to engage a wide range of audiences.*

RESPONSE TO COVID-19

As a result of the COVID-19 emergency, there are individuals and families in South Carolina who have had a difficult time making housing payments, whether rental or mortgage. This has the potential of causing foreclosure and eviction rates to climb, which could leave many South Carolinians without affordable housing. Additionally, like many other State Agencies and businesses in South Carolina, the COVID-19 emergency has challenged the way business is conducted. The following is a list of the bigger measures SC Housing has taken in response to COVID-19.

1. **Mortgage Relief.** SC Housing has implemented a Short Term Forbearance plan for any South Carolinian with an SC Housing mortgage who has suffered financial difficulty as a result of COVID-19. The COVID-19 assistance being offered is available to a homeowner who has lost their job, had their hours significantly reduced, or is ill or unable to work due to caring for a family member affected by COVID-19. The initial period of any offered forbearance is three months. Once that timeframe expires, SC Housing will reevaluate the customer's situation and determine the next step, which could include a continuance of the forbearance.

Additionally, late payment charges and pay by phone processing fees have been waived.

UPDATE: *Credit protection is also provided in accordance with CARES Act guidelines.*

Additional information regarding mortgage relief can be accessed on SC Housing's website: <https://www.schousing.com/home/COVID-19-Forbearance>

Approximately 6% (510) of SC Housing's loans have entered into forbearance. The national average for FHA/VA loans is 11.6% in forbearance.

UPDATE: *Approximately 7.5% (633) of SC Housing's loans have entered into forbearance. The national average for FHA/VA loans is 10.28% in forbearance.*

Despite uncertain financial times, SC Housing continues to support liquidity in the mortgage market and investment in South Carolina. SC Housing has purchased over \$102 million first mortgage loans through June 30, 2020 and has provided over \$5 million in Down Payment Assistance. Through these mortgages, 721 households became homeowners.

UPDATE: *SC Housing has purchased over \$138.8 million first mortgage loans through September 30, 2020 and has provided over \$7 million in Down Payment Assistance. Through these mortgages, 953 households became homeowners.*

2. **Rental Assistance.** SC Housing partnered with non-profit SC Thrive to create the COVID-19 Rental Assistance Program. SC Housing provided \$5 million in funding and SC Thrive administers the program. The money comes from the SC Housing Disaster Relief Fund as established by SC Housing’s Board of Commissioners. The program provides emergency assistance to renters affected by shutdowns, closures, layoffs, reduced work hours or unpaid leave due to the COVID-19 health crisis.

UPDATE: *As we expected, thousands of South Carolinians reached out to our partners at SC Thrive for rental assistance. We know that nearly 1,500 of those applications were approved and payments were made to landlords — and there are still hundreds of applications being reviewed and processed at this moment. As the program has ended, we look forward to learning the total impact of our efforts and the overall number of South Carolina families served. During the interim, SC Housing has compiled a listing of agencies, on our website, that continue to provide CARES rental assistance statewide.*

- Rental Assistance and Compliance

- Compliance Monitoring

- SC Housing conducts asset management oriented desk audits to ensure properties funded through programs administered by SC Housing continue to comply with all federal, state and local regulatory and programmatic requirements.

- **UPDATE:** *There are no updates to this information.*

- Housing Choice Voucher Program

- SC Housing maintains an alternating “in office” staff presence to process “interim reexaminations” to increase participant rental subsidy due to losses of income related to the COVID-19 pandemic.

- **UPDATE:** *There are no updates to this information.*

3. **Multi-Family Programs:**

- Multi-Family Loans Forbearance Policy – In accordance with the CARES Act we implemented a forbearance policy allowing all of our multi-family borrowers (property owners) to request up to 3 months of forbearance for loan payments. This is available to multi-family property owners with loans financed with HOME, National Housing Trust Fund and SC Housing Trust Fund.

- **UPDATE:** *While this was initially offered for 3 months, we are allowing this through December 31, 2020.*

- SC Housing Trust Fund :

- Altered the Emergency Repair Program to accept applications for the repair of exterior items that could be inspected without entering the interior of the home. Previously the program limited each application to two major repairs, this limitation was lifted.

- **UPDATE:** *There are no updates to this information.*

- Inspectors began utilizing technology-based solutions such as Google Duo video chat and photos to view completed work on open projects that is only accessible from the interior of the home.
 - **UPDATE:** *There are no updates to this information.*
 - HOME Investment Partnerships Program – Requested multiple COVID-19 Waivers from HUD available until December 31, 2020.
 - **UPDATE:** *SC Housing received HUD approval for multiple COVID-19 Waivers from HUD available until December 31, 2020.*
4. **Business Continuity.** SC Housing has implemented a plan that continues to run the business of the agency while seeking to protect SC Housing’s employees from the virus. On March 12, 2020, SC Housing implemented telecommuting policies for all employees except critical employees. SC Housing’s IT division worked diligently to provide necessary equipment and remote access necessary for employees to perform their duties remotely. As of today, SC Housing continues to operate with 47% of our employees in the building and we have begun working on a multi-phased reentry plan to implement as follows:
- Phase 1 (May 12 – 19): Essential Managers return to SC Housing office.
 - Phase 2 (June 29): Essential employees return to SC Housing office.
 - Phase 3 (TBD): Alternating schedules for all employees at SC Housing office.
 - **UPDATE:** Phase 3 (July 20, 2020): Alternating scheduled employees (according to Business Continuity Plans) at SC Housing office.
 - Phase 4 (TBD): All employees return to SC Housing office full-time.

SC Housing’s senior leaders and HR staff continues to monitor instructions from the Office of the Governor, SC DHEC, the Department of Administration, and other sources.

Thank you for allowing us to respond in this manner. Please let us know if you require further information.

Sincerely,



Bonita H. Shropshire
Executive Director

Enclosures