The full report of the Economic Development, Transportation, and Natural Resources Subcommittee's study of the State Housing Finance and Development Authority (S.C. Housing), issued on February 4, 2020, is available on the House Legislative Oversight Committee's (Committee) webpage.

Recommendations

The **Subcommittee** has ten recommendations arising from its study of the agency. The Subcommittee makes eight recommendations to S.C. Housing, which fall into three categories: (1) effectiveness, (2) efficiency, and (3) transparency. Additionally, the Subcommittee makes two recommendations related to transparency to the Department of Administration's Division of State Human Resources.

Recommendations to S.C. Housing

EFFECTIVENESS

- 1. Revise its management structure to reduce the executive director's span of control and clarify division responsibilities, as recommended by the Office of the State Inspector General.
- 2. Adopt an appropriate reporting structure allowing direct interaction between the agency's internal auditor and its board, as recommended by the Office of the State Inspector General.
- 3. Utilize management training offered by the Department of Administration, such as the Certified Public Manager Program, for its executive leadership.
- 4. Allow the Office of the State Inspector General to conduct an independent, anonymous employee climate survey and report the results to the Committee by March 2020.
- ✓ 5. Consider the issues discussed during the Subcommittee study related to property management and crime at affordable housing properties and present recommendations for possible solutions by January 10, 2020.
 - 6. Obtain final approval of the agency strategic plan by a board vote.

EFFICIENCY

7. Develop, with the approval of the board, a policy regarding minimum cash reserves for bond debt service, operations, and emergency funds, as recommended by the Office of the State Inspector General.

TRANSPARENCY

✓ 8. Post email addresses for individual board members on the agency website.

Table Note: \checkmark indicates the recommendation has been implemented by agency action.

Recommendations to the Division of State Human Resources

TRANSPARENCY

- 9. Consider updating state human resources regulations related to personnel settlements to clarify the types of agreements that require review, as recommended by the Office of the State Inspector General. The division should report its conclusions to the Committee within six months after approval of the full Committee's report.
- 10. Consider providing guidance to state agencies on obtaining outside counsel.

Agency Snapshot

S.C. Housing

Agency Mission

History & Purpose

for extremely low to

moderate income families.

Since 1979, S.C. Housing has

issued mortgages for low-

to-moderate income South

Carolinians

Create quality affordable housing opportunities for the citizens of South Carolina

Major Programs

- Founded in 1971, S.C. • Single family mortgage Housing administers federal programs and state rental assistance and development programs programs, including the Low Income Housing
 - Tax Credit S.C. Housing Trust Fund
 - Rental assistance

Resources (FY 19-20)

Employees authorized

Funding

\$209,064,086

federal and other funds; agency receives no general fund appropriations

Successes

Identified by the agency (FY 17-18)

- Aaa bond rating
- \$447.8M investment resulting in an economic impact of \$793M and support of 5,336 jobs statewide
- •More than 25,000 families assisted in acquiring quality, sustainable. affordable homes

· Uncertainties surrounding private activity bonds due to potential changes in federal

- Changing financial market conditions
- · Potential changes to tax credits that would threaten incentives for multifamily development

Challenges
Identified by the agency
(FY 17-18)

Sources: FY 2017-18 Agency Accountability Report and presentations to Subcommittee on July 18 and July 22, 2019.

Oversight Purpose and Methods

PURPOSE

To determine if agency laws and programs:

- are being implemented and carried out in accordance with the intent of the General Assembly; and
- should be continued, curtailed, or eliminated.

METHODS

The Committee and Subcommittee evaluate:

- the application, administration, execution, and effectiveness of the agency's laws and programs;
- the organization and operation of the agency; and
- any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation pertaining to the agency.

S.C. Code Ann. § 2-2-20(B) and (C)

Study Process

Full Committee schedules agency for study and gathers initial information

Subcommittee investigates through meetings and information requests

Subcommittee publishes report

Full Committee considers Subcommittee report and may conduct further investigation

Full Committee publishes report

Public Input

- **90** Responses to an online public survey
- **14** Constituents testify
 - 9 Online comments received

Subcommittee Membership

ECONOMIC DEVELOPMENT, TRANSPORTATION, AND NATURAL RESOURCES SUBCOMMITTEE

The Honorable William M. (Bill) Hixon (chair)
The Honorable Lee Hewitt

The Honorable Mandy Powers Norrell
The Honorable Marvin R. Pendarvis

Study Milestones

MEETINGS

 Full Committee
 Subcommittee

 12/5/18
 7/18/19
 9/9/19

 8/13/19
 7/22/19
 9/12/19

 12/5/19
 9/12/19
 9/12/19

AGENCY REPORTS

March 2015 Seven-Year Plan Report

September 2018 FY 2017-18 Annual Accountability Report

September 2019 FY 2018-19 Annual Accountability Report



Legislative Oversight Committee