

COVER PAGE

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“Housing South Carolina Is Our Business”

For 39 years, the South Carolina State Housing Finance and Development Authority (hereinafter 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 find 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 knowing that it has been able to serve the State of South Carolina for almost four decades and in knowing that its work also helps the state’s local economies – and not just with jobs in the construction, financial, or real estate industries.

SC State Housing’s programs offer opportunities from rental assistance to homeownership and have made the quality of life better for tens of thousands of South Carolinians. But it has not accomplished all this by working alone. 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 our mission and fulfill our vision, SC State Housing operates within four core values.

- **Customer Focus:** We strive to know and understand our customers and their needs. We respect all persons and value their diversity. We continually seek ways to improve our service. We encourage and appreciate our partnerships.
- **Public Trust:** We take responsibility for our actions and protect the public trust by upholding the constitution and laws of our nation and state. As guardians of public funds and resources, we will exercise competent and judicious management. We value integrity and ethical conduct above all else.
- **Employee Focus:** We value our employees and treat them with dignity and respect. We ensure that our employees have the tools and the training they need to be successful. We recognize and reward them for their outstanding contributions to our mission. We empower them to improve upon the systems and processes that they control.
- **Quality and Innovation:** We are dedicated, committed, and competent public servants. We are visionary, creative, and open to change. We constantly seek to improve our knowledge and ability to serve our customers. Professionalism, Quality, and Innovation are the hallmarks of SC State Housing.

MAJOR ACHIEVEMENTS OF FY09-10

Measuring achievement does not always mean measuring dollars. While economic impact is certainly an important outcome, achievement can also be measured by partnerships, participation, leadership and social impacts. It is this flexibility that has afforded SC State Housing the opportunity not only to achieve success in its Contract Administration, HOME Investment Partnerships, Housing Trust Fund, Mortgage Revenue Bond (MORTGAGE BOND PROGRAM), Multifamily Tax Exempt Bond, Low Income Housing Tax Credit, and Housing Choice Voucher Programs but also play a critical role in other equally far-reaching initiatives. The highlights of some of these initiatives follow.

- Received an Aaa bond rating level with Moody's.
- Implementation in all functional areas (HR/Payroll, Finance and Materials Management) of the South Carolina Enterprise Information System (SCEIS) to streamline and standardize business practices of virtually all state government agencies into a single system based on SAP software. Specific department applications that were replaced by the SCEIS system include financial accounting and reporting, accounts payable, procurement, budgeting and human resources/payroll. Converting to the new system has provided easy access to business information; established consistency, accuracy and timely retrieval of data; eliminated unnecessary processes, reduced paperwork and consolidated documents; utilized advanced technology and promoted agency accountability.
- The Homeownership Voucher Program continued to see an increase in participation during FY09-10. Currently there are 24 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 Voucher Program secured funding for the establishment and implementation of a Tenant-Based Rental Assistance (TBRA) Program, thus expanding the number of very low- income and extremely low- income families SC State Housing can assist. Currently there are 13 families utilizing this housing option.
- The Voucher Program, in close coordination with SC State Housing's IT staff, developed an on-line waiting list application. This new customer focus endeavor was implemented in April, 2010 and deemed highly successful as approximately 1,078 applicants utilized this mechanism for further ease in accessibility to the application process.
- The Mortgage Servicing department achieved a U.S. Department of Housing and Urban Development (HUD) Tier 1 ranking for seven 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 Neighborhood Stabilization Program (NSP) expended 56% of funds and allocated 78% of funds.
- In March the US Department of Treasury announced South Carolina's eligibility for funding allocated through the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HFA Hardest Hit Fund). In the next reporting period SC State Housing will administer \$196 million on behalf of SC Housing Corp., a non-profit agency. The program will be known as the SC Homeownership and Employment Lending Program (SC HELP).
- The 15th Annual Palmetto Affordable Housing Forum was the most successful ever with more than 500 attendees and speakers, and a dozen exhibitors. SC State Housing successfully integrated the HOME workshop in to the Forum agenda.
- \$40 million was dedicated to the Palmetto Heroes program to provide lower interest rates and additional down payment assistance (DPA) to teachers, firefighters, police and EMS workers. A kick off press conference and major televised phone bank announced the program. The program grew to include a cooperative effort with the SC REALTORS Association and an \$80,000 grant from the Ira Gribin foundation to support the DPA for Hero participants.
- The Marketing and Communications Division successfully launched our program into new media outlets including Flickr, Twitter and Facebook. The division also developed a social media usage policy prior to launch.

KEY STRATEGIC GOALS FOR PRESENT AND FUTURE YEARS

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

- Create and maintain a positive work culture that reinforces our 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 our ability to provide affordable housing while enhancing the value of 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 39-year existence because its mission has been broad enough and flexible enough to shift with adjustments in needs, opportunities, market conditions, organizational transitions and the ever-changing environment of the affordable housing industry and the priorities of legislative bodies. This breadth and flexibility ensures that SC State Housing will be able to react appropriately and effectively address situations that affect its business functions, to originate programs and initiatives that are timely and relevant and to participate in opportunities that extend beyond the core components of its major programs.

That is not to say that SC State Housing does not have 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 allocation. While SC State Housing has certainly been successful in achieving its mission, these two issues continue to exist as constraints sufficient for notation.

First, the issue of limitations associated with being a governmental agency and its 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; many other southeastern states have set allocations of the state's bond cap that are earmarked for single and multi-family housing revenue bond programs. This allows the housing finance agency 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 said bond cap. This method of allocation necessitates a more difficult process for controlling activity and production.

The highlights of SC State Housing's major achievements and business results for FY09-10 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.

USING THE ACCOUNTABILITY REPORT TO IMPROVE PERFORMANCE

The Accountability Report, in the form it has taken over the past several years, has afforded SC State Housing the ability to not only measure its performance over successive years and to evaluate the trends associated with such performance, but to also evaluate the performance measures themselves. Such evaluation led to a review of supplemental measures during FY09-10 that not only measured employee efficiency, but also program inputs, activities, outputs and most importantly, outcomes.

MAIN PRODUCTS AND SERVICES AND PRIMARY DELIVERY METHODS

SC State Housing has eight major ‘products and services’ that represent its core business functions and that 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 that are subsequently used to purchase said mortgages.
- The South Carolina Housing Trust Fund Program is delivered primarily through developers (private sector and non-profit) 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 non-profit) 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 non-profit) 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 non-profit) 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 non-profit) 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.

KEY CUSTOMER GROUPS AND KEY REQUIREMENTS AND EXPECTATIONS

SC State Housing’s end-point key customer groups are primarily dependent on the program under which the customer is classified. For the Contract Administration, Multifamily Tax Exempt Bond, 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 Programs, and NSP the primary customers are very low and low income tenants, home owners and special needs populations. For the Mortgage Bond program, the primary customers are low to moderate income home owners.

The key requirements and expectations of these customer segments are broad, but can be assimilated into the summary expectation of financing being available to produce appropriate affordable housing units for their respective needs.

KEY STAKEHOLDER LINKED TO KEY SERVICES

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 Program and the Neighborhood Stabilization Program, the stakeholders are the federal government, local governments, nonprofit entities, 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 non-profit entities and private sector entities. For the Low Income Housing Tax Credit Program, the stakeholders are the federal government, local governments, non-profit 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

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
Computer Hardware	Dell Computers, HP Direct, CDW Computer Supplies
Office Supplies	Lorick Office Supplies, Forms & Supply, J M Grace, Peachtree Business Products, United Product Distributors, Staples
Office Equipment	Xerox Corporation, Pitney Bowes
Office Furniture	SCDC Division of Industries, Lorick Office Supplies, J M Grace
Printing and Binding	SCDC Printing & Graphics, Professional Printers, University of South Carolina Press, Colonial Printers, Lexington Printers, FedEx Kinkos
Mail, Freight and Courier Services	U S 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

OPERATION LOCATIONS

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

EMPLOYEES SEGMENTED BY CATEGORY

SC State Housing staff consists of 121 filled classified positions, 1 unclassified position, 9 vacant classified positions and 17 SC State Housing temporaries.

REGULATORY ENVIRONMENT

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

KEY STRATEGIC CHALLENGES

The primary key strategic challenges for SC State Housing can be easily articulated by evaluating the action plan initiatives outlined 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.

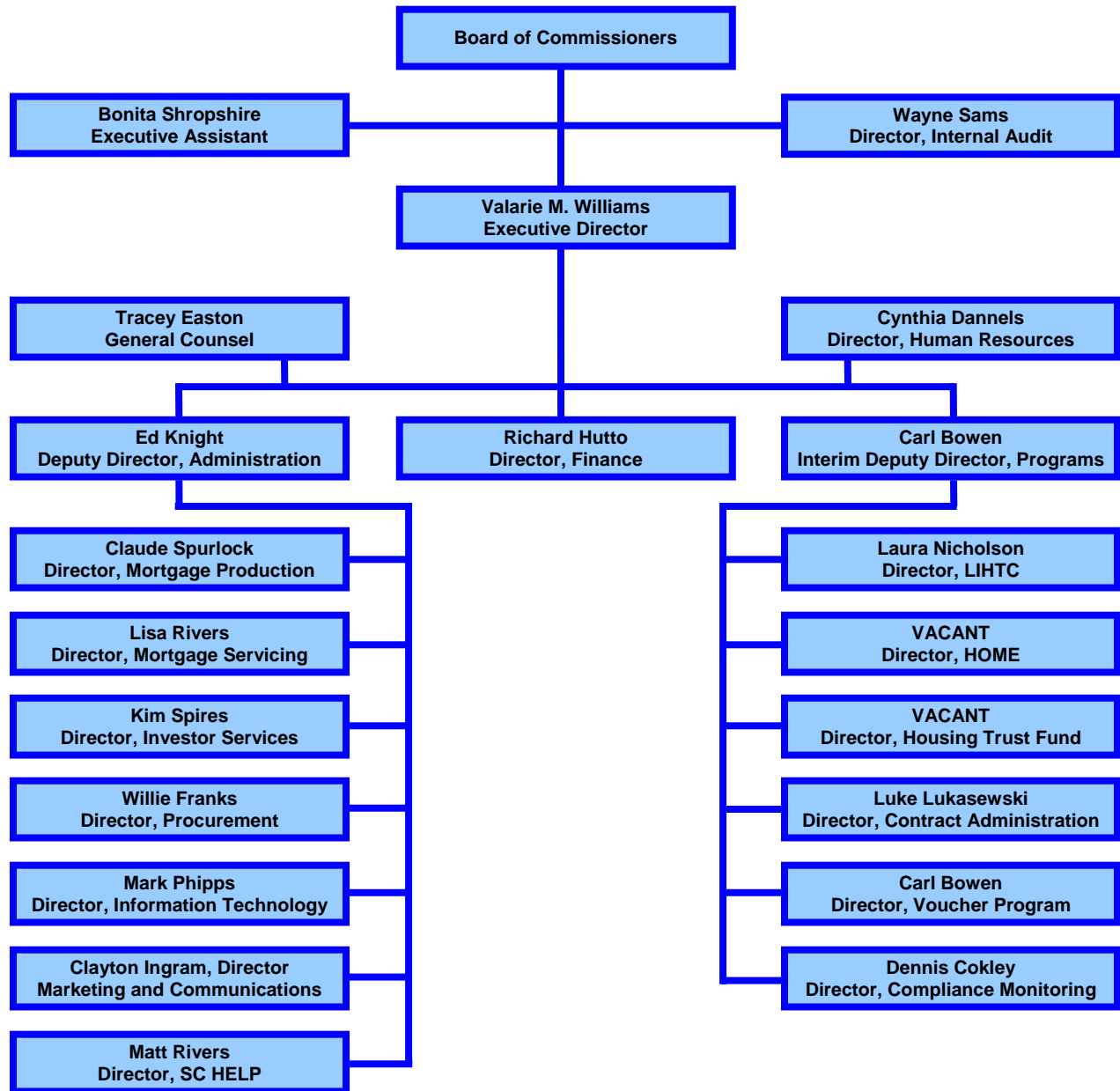
PERFORMANCE IMPROVEMENT SYSTEM

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

**SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY**



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 to SC State Housing 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

Major Budget Categories	08-09 Appropriations Act		09-10 Appropriations Act		10-11 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$6,018,299	\$0	\$7,002,412	\$0	\$6,991,562	\$0
Other Operating	\$2,667,123	\$0	\$3,271,149	\$0	\$4,771,237	\$0
Special Items	\$0	\$0	\$0	\$0	\$0	\$0
Permanent Improvements	\$0	\$0	\$0	\$0	\$0	\$0
Case Services	\$110,799,731	\$0	\$120,500,000	\$0	\$126,250,000	\$0
Distributions to Subdivisions	\$23,254,763	\$0	\$50,500,000	\$0	\$116,283,549	\$0
Fringe Benefits	\$1,745,584	\$0	\$2,134,852	\$0	\$2,134,852	\$0
Non-recurring	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$144,485,499	\$0	\$183,408,413	\$0	\$256,431,200	\$0

OTHER EXPENDITURES

Sources of Funds	08-09 Actual Expenditures	09-10 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 (Brief)	FY08-09 Budget Expenditures	FY09-10 Budget Expenditures	Key Cross References for Financial Results
II.A. Contract Administration and Compliance	Monitor and disburse rental assistance under HUD contract; monitor other government assisted affordable housing.	State: - Federal: 100,081,455 Other: 1,510,063 Total: 101,591,517 % of Total Budget: 70%	State: - Federal: 106,738,810 Other: 1,931,666 Total: 108,670,476.00 % of Total Budget: 55%	7.0-1, 7.1-6, 7.2-1, 7.2-2, 7.2-3, 7.2-4
II.C. Housing Initiatives	HOME and Housing Trust Fund promote partnerships to support development and maintenance of affordable housing.	State: - Federal: 11,706,554 Other: 4,303,880 Total: 16,010,435 % of Total Budget: 11%	State: - Federal: 67,918,235 Other: 1,107,139 Total: 69,025,374 % of Total Budget: 35%	7.0-1, 7.1-7
II.B. Rental Assistance	Voucher Program provides rental assistance to very low income families.	State: - Federal: 11,610,761 Other: - Total: 11,610,761 % of Total Budget: 8%	State: - Federal: 11,938,910 Other: - Total: 11,938,910 % of Total Budget: 6%	7.0-1, 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.1-5
III. Homeownership	Homeownership provides competitive home mortgages to low to moderate income families.	State: - Federal: - Other: 3,654,467 Total: 3,654,467 % of Total Budget: 3%	State: - Federal: - Other: 2,406,764 Total: 2,406,764 % of Total Budget: 1%	7.0-1, 7.1-2, 7.1-8

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

Low Income Housing Tax Credit Program and Administration

Remainder of Expenditures:	State:	-	State:	-
	Federal:	340,289	Federal:	-
	Other:	11,278,030	Other:	3,944,546
	Total:	11,618,319	Total:	3,944,546
	% of Total Budget:	8%	% of Total Budget:	2%

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. Although goals and plans are published and disseminated to all employees, it is the ultimate responsibility of all managers to communicate these goals and their importance. 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 the goals of SC State Housing and the responsibilities of the employee toward helping SC State Housing meet those goals.

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 our stakeholders, particularly HUD, which conducts annual audits of SC State Housing's performance in several departments.

Organizational values are the nucleus 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 EPMS process, employee functions, SC State Housing newsletters and other internal communiqués. As role models, senior leaders display these 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 our 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 has continued its emphasis on 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 our 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, SC State Housing established an Internal Audit department which 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
Homeownership	Dollar Cost Per Contract Administration Unit
	Number of Mortgage Loans Purchased
	Number of Mortgage Loans Managed
	Number of Mortgage Loans Serviced
	SCSHFDA Foreclosure Rate
	Number of Serviced Loans Per Servicing FTE
	Dollar Cost Per Service Loan
HOME	Pull Through Rate
	Dollar Cost Per Purchased Loan
	Number of Awards
	Dollar Value of Awards
	Number of Units Produced
	Percent of Budget Awarded
Neighborhood Stabilization Program	Dollar Awards Per FTEs
	Dollar Cost Per Dollar Award
	Number of Awards
	Dollar Value of Awards
	Number of Units Produced
Low Income Housing Tax Credit	Percent of Budget Awarded
	Dollar Awards Per FTEs
	Dollar Cost Per Dollar Award
	Dollar Value of Awards
Housing Trust Fund	Number of Developments Awarded
	Number of Units Produced
	Dollar Cost Per Dollar Award
	Dollar Value of Awards
Human Resources	Number of Awards
	Number of Units
	Dollar Awards Per FTEs
	State Percent Turnover
	SCSHFDA 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 our 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 APM participation and function specific training and certifications. Employees who demonstrate thought that is 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 skills 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 our most important stated organizational objectives. Senior leaders empower their employees with the information, education, resources, and flexibility employees 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 communicate with, 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. 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 does senior leadership actively support and strengthen the communities in which your organization operates? Include how senior leaders and employees contribute to improving these communities.

Providing affordable housing is, by its nature, a community strengthening public service. Every time our employees place a very low income family in an affordable home, each time we are 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 our customers. Some of these activities include an annual children’s coloring and essay contest that benefits many children whose families are served by our 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 FY09-10, this process included a daylong offsite planning session where the management group evaluated 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 addressed in Table 2.2-1 provide SC State Housing with a means to operate within the key strategic challenges that manifest themselves through the action required by the 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 FY09-10 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, 7.2-4, 7.2-5, 7.3-1
All	Continuously Improve Our Processes	<ul style="list-style-type: none"> • Actively involve employees at all levels in simplifying our processes both internally and for our 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, 7.2-4, 7.2-5, 7.3-1
All	Strengthen Our Internal Environment	<ul style="list-style-type: none"> • Maintain a clear understanding of our 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 measured. 	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, 7.2-4, 7.2-5, 7.3-1, 7.4-1
All	Improve Community Relations	<ul style="list-style-type: none"> • Actively seek partnerships within our 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 our 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, 7.2-1, 7.2-2, 7.2-3
All	Make Effective Use of Information Technology	<ul style="list-style-type: none"> • Define the role of the Information Technology division 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 	

2.3 *How do you develop and track action plans that address your key strategic objectives?*
Note: Include how 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 were 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", "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% of the area median income, or AMI) to low income households (less than 80% 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 current regarding changes in the business environment, staff 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 our office location at 300-C Outlet Pointe Blvd.; and we may also be accessed via the internet at www.schousing.com. If necessary, customers may file a complaint over the phone or in person at our physical location. We also have a drop-box located in the parking area where customers may drop off their mortgage payments after hours and on weekends.

In August 2008 SC State Housing established the division of Marketing and Communications to produce and oversee our communications strategy and innovate new solutions for communication and marketing our programs to our constituents. This has resulted, so far, in a reconsideration and redesign of our website, making it more user-friendly and giving greater and easier access to contact information; redesign or creation of major printed material; extending the availability of our outreach programs and greatly updating and expanding the use of electronic communications

with regular electronic newsletters and updates, both internally and externally. These 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 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 is 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 Complaint 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/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 our lending partners to step by step homeownership information for our current borrowers. Also, coordinated visits by Low Income Housing Tax Credit, HOME Investment Partnerships 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, when it is 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, that brings affordable housing stakeholders together to network, share best practices and develop business strategies in an effort to expand and improve affordable housing opportunities. SC State Housing staff participate in public hearings, NCSHA conferences and SAHMA events that also build positive relationships. Lender, developer and builder relationships are fostered through timely turn around 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 only means to achieve success in an environment with so many demands and so few 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 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 support services whose responsibility it is to provide such data collection and analysis is now integrated into the Marketing and Communications area. This area collects data from throughout SC State Housing. This is used to produce three major, annual reports: The Accountability Report; The Investment Report and the Economic Impact Report. 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 continues 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 has begun an evaluation that extends these measures to include those that will measure outcomes, including the quantification of economic impact and the articulation of 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 years as a measurement of performance and quality. With the institution of 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, generating summary reports reviewed by SC State Housing staff. Staff also manually reviews workloads and collaboratively evaluates 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.

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 either to the key strategic goals, the strategic planning objectives or the action plan initiatives set forth in SC State Housing's strategic plan. However, should an organizational performance review finding detect a strategic challenge for the organization, or expose a critical flaw, then the review finding is immediately evaluated for its short-term 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 it is appended to the strategic plan as a supplemental item.

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

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 efforts result in higher retention rates and transfer of critical knowledge.

5. WORKFORCE FOCUS

5.1 How does management organize and measure work: to enable your workforce to develop to their full potential, aligned with the organization's objectives, strategies, and action plans; and to 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 our 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?*

A hallmark of our 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. 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 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 online. NEOGOV increases productivity by reducing time and effort required to conduct recruitments allowing SC State Housing to hire more qualified applicants. The NEOGOV System is used by individuals seeking employment and employers seeing employees. 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 <http://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 referred to the hiring manager(s). SC State Housing interviews approximately six applicants. After scheduling the interviews, the first part of the interviewing process involves an interview panel. This panel consists 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 are both situational and behavioral questions. Candidates are generally asked to bring examples of 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 Director, Human Resources Director and Executive Director. The Human Resources Department has 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 had made significant changes to its EPMS process which incorporates individual employee qualitative and quantitative performance measures. These success criteria are based on department and organizational goals. Agency level goals are evaluated on a quarterly basis. 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 state office of Human Resources including the Certified Public Manager and Associate Public Manager Certification programs as well as various other leadership training opportunities. In addition to training, employees are given opportunities to take the lead in various projects at SC State Housing level and 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, SCEIS Implementation, 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 weekly 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. Training is outlined on each EPMS and evaluated after completion of the training on the document as it relates to 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 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 completion of the training on the document 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 has a circular relationship to the achievement of SC State Housing's action plans. Employee training is proactive in formulating the action plan through the benefit that an increase in knowledge and training brings to an organization. New best practices and procedures will create, augment or change the action plan and those are skills that are developed and discovered through 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 stimuli 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 purchase.
- Safe Driving awards for 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? How do you use this information?*

The Human Resources 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. Our flexible work schedule program allows employees to better balance their work and home lives. SC State Housing has a turnover rate of 7.60% percent, well below the state average of 10.90%, 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 teamwork 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 both 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, on-site CPR training, and regular advisories from Prevention Partners. SC State Housing has a written emergency response plan that gives detailed accounts of exiting the building and maintaining a safe workplace.

6. PROCESS MANAGEMENT

6.1 What are your key processes that produce, create or add value for your customers and your organization? How do you ensure that 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 now automated and accessible via SCEIS. SC State Housing uses the state's employment website (www.jobs.sc.gov). Career opportunities at SC State Housing are shared via email and are subsequently posted online at www.schousing.com; see "Public Information" and "Job Postings." In addition, "E-News for Today," our electronic newsletter, and other information are periodically distributed to the staff. These communiqués provide instrumental information regarding staff and program changes that result in the continuity of program effectiveness.

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.

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 culmination of the integration of organizational knowledge, new technology, changing customer and mission-related requirements, cost controls and other efficiency and effectiveness factors into process design and delivery in its functionality and availability. It provides access for customers to 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 our data systems and staff from any internet-ready computer. 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.

During this period SC State Housing extended its outreach in new, "social" media beginning with outlets including Flickr, Twitter and Facebook. YouTube postings are in the planning stages.

The effect is the provision of information in a real-time environment and the utilization of a process that provides for instantaneous mass communication. These work practices all originate from the innovative environment of SC State Housing and from its staff and are the products of attending workshops and conferences nationally and statewide, utilizing feedback from our 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 the primary day-to-day operational functions of SC State Housing, whether the recipient is external or internal to SC State Housing. 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 our processes, strengthen our 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?

The focus of SC State Housing is to leverage daily operational activities in a way that maximizes 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. Upstream and downstream open communication lines between executive staff and production staff affords the flexibility and fluidity to react to situations as they arise and to adjust workflows and business processes as appropriate. These daily activities also translate into operational procedures over time that are discussed and evaluated in periodic meetings of senior staff, 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 and Procurement. While many of the processes that dictate the performance of these functions are either mandated by the State, governed by laws on both the federal and state level, scrutinized through the establishment of generally accepted principles and practices, or enforced through common standards, these key support processes are afforded enough latitude to ensure that while certain elements of their functions are not subject to consideration, those that are subject to interpretation can be adjusted 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.

7. BUSINESS RESULTS

SC State Housing is comprised of eight core programs whose missions are to create quality affordable housing opportunities for the citizens of South Carolina through the unique means that were established at their inception.

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. Our loans offer qualified borrowers three tiered, fixed, competitive interest rate options. These options allow 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. In addition, they 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 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 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 HOME funds of about \$8.5 million 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 the HOME 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 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% 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.

The 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 Program (NSP) 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 blight within their community. HUD has allocated SC State Housing more than \$44.6 million 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 Low-Income Housing Tax Credit (LIHTC) developments: the Tax Credit Assistance Program (TCAP) and Grants in Lieu of Tax Credits (Exchange).

Title XII of the Recovery Act appropriated \$2.250 billion under the HOME Investment Partnerships (HOME) Program heading for a grant program to provide funds for capital investments to Low Income Housing Tax Credit 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. The Authority 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 various tax credit developments throughout the State.

ARRA also established a tax credit Exchange Program (the Exchange Program) under the United States Department of 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 (85%) of the tax credit exchanged times 10 (eligible tax credit x 0.85 x 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 Treasury Department. All funds allocated to developments from the Exchange Program were done competitively. SC State Housing allocated \$101,347,831 in Exchange funds to various tax credit developments throughout the State.

Through its eight 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 FY09-10 included:

- Helping maintain South Carolina's homeownership rate at a level above 70.0% to 74.4%, a rate that continues to surpass the national average of 67.4%
- Purchase of almost \$64 million in mortgage loans through the Mortgage Bond program
- Awards of more than \$8 million through the Housing Trust Fund
- Provision of rental subsidies to approximately 20,000 eligible families and individuals amounting to more than \$110 million
- Surpassing SC State Housing Standard (90%) on both the Participant and Property Owner/Landlord satisfaction rates for the seventh straight year with a Participant satisfaction rating of 99% and Owner satisfaction rating of 99%. In addition the Voucher Program has received an overall agency rating as a High Performer (90%-100%) for the ninth straight year on the HUD Section 8 Management Assessment Program (SEMAP).
- The Homeownership Voucher Program continued to see an increase in participation during FY 09-10. Currently there are 24 families utilizing this housing option.
- The Voucher Program secured funding for the establishment and implementation of a Tenant-Based Rental Assistance (TBRA) Program, thus expanding the number of very low- income and extremely low- income families SC State Housing can assist. Currently there are 13 families utilizing this housing option.
- The Voucher Program, in close coordination with SC State Housing's IT staff, developed an on-line waiting list application. This new customer focus endeavor was implemented in April, 2010 and deemed highly successful as approximately 1,078 applicants utilized this mechanism for further ease in accessibility to the application process.
- Earning 100% of Administrative Fees for the eighth straight year in the Contract Administration Program

Table 7.0-1 presents the direct results of program activity as measured by the performance measures outlined in Table 1.5-1. Subsequent details in Category 7. Business Results provides additional information 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		
		FY07-08	FY08-09	FY09-10
Rental Assistance	Percent of Voucher Program Participant Satisfaction	99.00%	98.00%	99.00%
	Percent of Voucher Program Owner Satisfaction	97.00%	97.00%	99.00%
	HUD SEMAP Score	100	100	100
	Percent of Administrative Fees Earned	100.00%	100.00%	100.00%
	Number of Annual Compliance Review Findings	0	0	1
	Number of Families Assisted	20,100	19,155	19,931
	Family Data Submission	97.06%	98.46%	99.94%
Homeownership	Dollar Cost Per Contract Administration Unit	\$100.46	\$81.22	\$83.83
	Number of Mortgage Loan Purchased	3,371	1,743	1,268
	Number of Mortgage Loans Managed	17,734	17,518	16,831
	Number of Mortgage Loans Serviced	16,379	16,789	15,813
	SCSHFDA Foreclosure Rate	1.47%	1.39%	1.81%
	Number of Serviced Loans Per Servicing FTE	1,092	1,119	1,054
	Dollar Cost Per Service Loan	\$88.45	\$98.65	\$85.87
HOME	Pull Through Rate	80.50%	63.70%	78.40%
	Dollar Cost Per Purchased Loan	\$160.07	\$317.70	\$436.71
	Number of Awards	26	31	28
	Dollar Value of Awards	\$9,503,590.00	\$12,824,645.00	\$13,941,621.00
	Number of Units Produced	1,075	603	884
	Percent of Budget Awarded	97.41%	100%	94.20%
Neighborhood Stabilization Program	Dollar Awards Per FTEs	\$1,357,655.00	\$2,331,753.00	\$2,065,425.30
	Dollar Cost Per Dollar Award	\$0.05	\$0.03	\$1.43
	Number of Awards	N/A	18	N/A
	Dollar Value of Awards	N/A	\$41,792,851.00	N/A
	Number of Units Produced	N/A	662	N/A
	Percent of Budget Awarded	N/A	100%	N/A
Low Income Housing Tax Credit	Dollar Awards Per FTEs	N/A	\$9,287,300.22	N/A
	Dollar Cost Per Dollar Award	N/A	\$0.007	N/A
	Dollar Value of Awards	\$8,618,570.00	\$10,241,461.00*	\$10,491,294.00
	Number of Developments Awarded	19	18	16
Housing Trust Fund	Number of Units Produced	1,112	1,016	955
	Dollar Cost Per Dollar Award	\$0.04	\$0.04	\$0.04
	Number of Awards	388	346	344
	Dollar Value of Awards	\$24,024,609.00	\$11,173,961.21	\$8,476,782.00
Human Resources	Number of Units	1,477	738	670
	Dollar Awards Per FTEs	\$4,368,110.00	\$3,192,560.35	\$2,421,938
	State Percent Turnover	14.06%	12.32%	10.90%
	SCSHFDA Percent Turnover	7.75%	2.51%	7.60%

* Misstated on the 08-09 Accountability Report.

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 2008, South Carolina had a homeownership rate of 74.4. This is significantly higher than the national average for the same time period of 67.4. In fact, for the past eight years, South Carolina has remained at least five percentage points above the national average; in 2002, it was 9.4 percentage points higher. Since 2008, South Carolina again led the Southeast in homeownership rates, as evidenced in Table 7.1-1 below.

TABLE 7.1-1 HOMEOWNERSHIP RATES IN THE SOUTHEAST

	2003	2004	2005	2006	2007	2008	2009
South Carolina	75.0	76.2	73.9	74.2	74.1	73.9	74.4
Alabama	76.2	78.0	76.6	74.2	73.3	73.0	74.1
Florida	69.5	72.2	72.4	72.4	71.8	71.1	70.9
Georgia	71.4	70.9	67.9	68.5	67.6	68.2	67.4
North Carolina	70.0	69.8	70.9	70.2	70.3	69.4	70.1
Virginia	75.0	73.4	71.2	71.1	71.5	70.6	69.7
National Average	68.3	69.0	68.9	68.8	68.1	67.8	67.4

Mortgage Bond program

The continued success of South Carolina in leading the national average in homeownership is due in part to the continued success of the Mortgage Bond program. During FY09-10, SC State Housing purchased a total of 1,286 mortgages, amounting to nearly \$64 million. See Table 7.1-2.

TABLE 7.1-2 HOMEOWNERSHIP PROGRAMS: MORTGAGE LOANS PURCHASED

Program	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10
MORTGAGE BOND PROGRAM						
	\$106,979,981	\$132,532,534	\$187,366,260	\$145,029,383	\$79,847,513	\$64,157,281
Special	\$6,056,294	\$3,093,000	\$0	\$0	\$0	\$0
Total	\$113,036,275	\$135,625,534	\$187,366,260	\$145,029,383	\$79,847,513	\$64,157,281

Mortgages	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10
First	1,157	1,336	1,791	1489	768	640
Second	1,132	1,465	1,877	1882	975	628
Total	2,289	2,801	3,668	3,371	1,743	1,268

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 16,831 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

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10
Principal Balances (Millions)	483	526	592	726	817	839	800
Number of Mortgages	11,649	12,314	13,504	15,815	17,734	17,518	16,831

TABLE 7.1-4 HOMEOWNERSHIP PROGRAMS: MORTGAGE LOANS SERVICED

	FY02-03	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10
First Mortgages	6,704	6,377	7,314	7,812	9,644	9,803	9,644	9,423
Second Mortgages	2,731	2,788	3,389	4,256	5,525	6,735	6,986	6,390
TOTAL	9,435	9,165	10,703	12,068	14,400	16,379	16,789	15,813
Number of Loans Per FTE	786	764	892	928	1,029	1,092	1,119	1,054

The Mortgage Servicing Department's goal is to keep SC State Housing foreclosure rates below that of the Mortgage Bankers Association of America. SC State Housing has maintained a ratio below that of the Mortgage Bankers Association (MBA) for several years. See Table 7.1-5 and Graph 7.1-1 below.

TABLE 7.1-5 FORECLOSURE RATES: SCSHFDA AND MBA

Quarter, Year	SCSHFDA	MBA
1Q '01	1.13	1.87
2Q '01	0.85	1.80
3Q '01	1.01	2.20
4Q '01	1.19	2.58

Quarter, Year	SCSHFDA	MBA
1Q '02	1.42	3.00
2Q '02	1.18	3.02
3Q '02	0.85	2.82
4Q '02	1.79	3.00

Quarter, Year	SCSHFDA	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	SCSHFDA	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	SCSHFDA	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

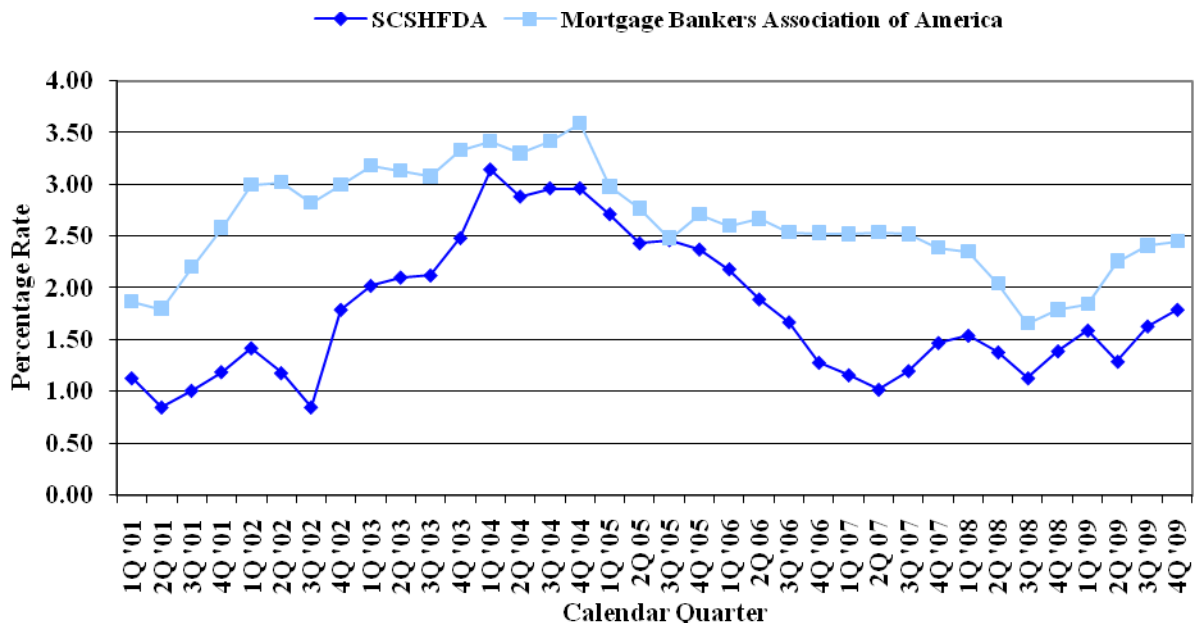
Quarter, Year	SCSHFDA	MBA
1Q '06	2.18	2.60
2Q '06	1.89	2.67
3Q '06	1.67	2.54
4Q '06	1.28	2.53

Quarter, Year	SCSHFDA	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	SCSHFDA	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	SCSHFDA	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

GRAPH 7.1-1 HOMEOWNERSHIP FORECLOSURE RATES



Contract Administration and Housing Choice Voucher Program

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% of their income toward rent and utilities and the remainder is subsidized. During the FY09-10, this subsidy amounted to more than \$117 million. The level of rental assistance activity has remained at a fairly consistent level for the past several years. See Table 7.1-6.

TABLE 7.1-6 RENTAL ASSISTANCE AND SUBSIDY PAYMENTS

	FY04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Families Assisted	20,478	20,872	20,129	20,100	19,955	19,931
Subsidy Payments	\$93,767,001	\$96,278,577	\$101,166,688	\$105,232,876	\$110,703,513	\$117,488,758

*Contract Administration assisted 17,932 families totaling \$106,800,202 in subsidy payments. Housing Choice Voucher Program assisted an average of 1,999 families totaling \$10,688,557.

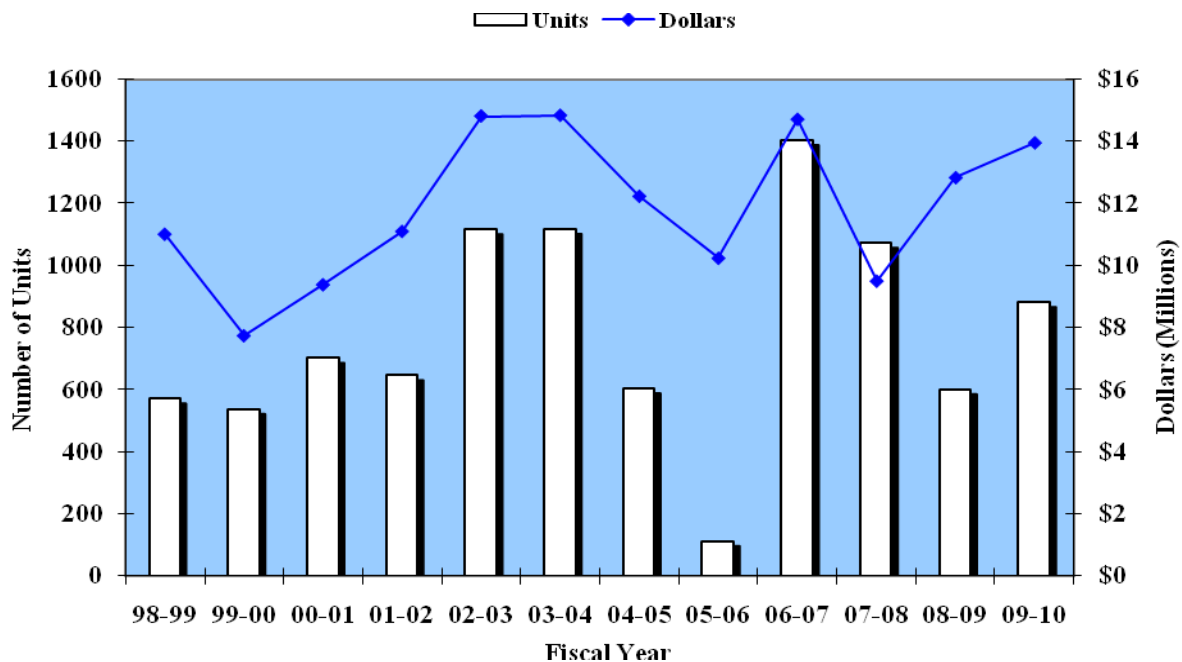
HOME Investment Partnerships Program

Table 7.1-7 and Graph 7.1-2 show the awards made by the HOME Investment Partnerships Program during FY98-99 to FY09-10. These awards are made to non-profits, for-profits, local governments, Community Housing Development Organizations, and Public Housing Authorities.

TABLE 7.1-7 HOME INVESTMENT PARTNERSHIPS PROGRAM AWARD ACTIVITY

FY	Awards	Dollars	Units	Dollars Per Award	Dollars Per Unit
98-99	37	\$11,008,013	573	\$297,514	\$19,211
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	1406	\$253,409	\$10,454
07-08	26	\$9,503,590	1075	\$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

GRAPH 7.1-2 HOME INVESTMENT PARTNERSHIPS PROGRAM AWARD ACTIVITY



NEIGHBORHOOD STABILIZATION PROGRAM

In 2008 the U.S. Department of Housing and Urban Development allocated a total of \$3.92 billion to all states and particularly hard-hit areas trying to respond to the effects of high foreclosures. \$44 million is administered by SC State Housing. The Neighborhood Stabilization Program is a one year program to provide targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. SC State Housing has until September 16, 2010 to obligate the funds and until 2013 for funds to be expended.

AWARD AND ACTIVITY

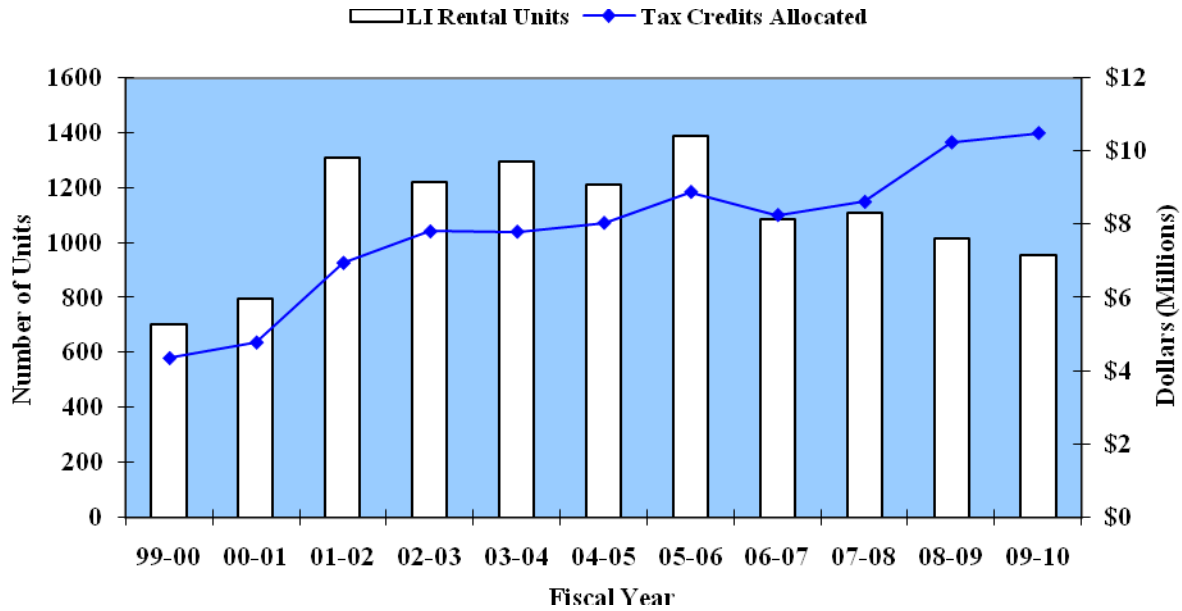
FY	Awards	Dollars	Units	Dollars Per Award	Dollars Per Unit
08-09	18	\$41,792,851	TBD	\$2,291,797	TBD
09-10	N/A	N/A	662	N/A	\$63,131

Low Income Housing Tax Credit Program

During FY08-09, due to the financial crisis, investor demand for low income housing tax credits sank to very low levels, if there was any demand at all. In reaction to this, Congress temporarily increased the per capita tax credit amount by 20 cents to \$2.20, and permitted states to apply a basis boost to allow developments to remain financially feasible. These actions helped to offset the drastic decreases in tax credit equity pricing resulting from lack of demand. In addition, 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. Without

these programs providing the necessary equity to keep the developments progressing, the Low Income Housing Tax Credit Program would have generated very little production until a recovery in investor demand for tax credits. In FY09-10, the program funded allocations of \$10.5 million. The 16 housing developments awarded in 2009 will produce 955 low income rental units. See Graph 7.1-3 and Table 7.1-8 on the following page.

GRAPH 7.1-3 LOW INCOME HOUSING TAX CREDIT PROGRAM ALLOCATIONS



GRAPH 7.1-8 LIHTC PROGRAM AWARD ACTIVITY

FY	Number of Developments	Tax Credits Allocated	LI Rental Units	Average Credits Per Development	Average Credits Per Unit
99-00	17	\$4,356,487	706	\$256,264	\$6,171
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	\$10,491,294	955	\$655,706	\$10,986

Housing Trust Fund

South Carolina Housing Trust Fund awards were made throughout the state with a total of 346 awards for \$11.17 million in FY08-09 and 344 awards for \$8.47 million in FY09-10. This represents a decrease in total award amounts of 24%. This decrease is directly attributable to the

significant drop in real estate sales, therefore 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 Graph 7.1-4 and Table 7.1-9.

GRAPH 7.1-4 HOUSING TRUST FUND PROGRAM AWARD ACTIVITY

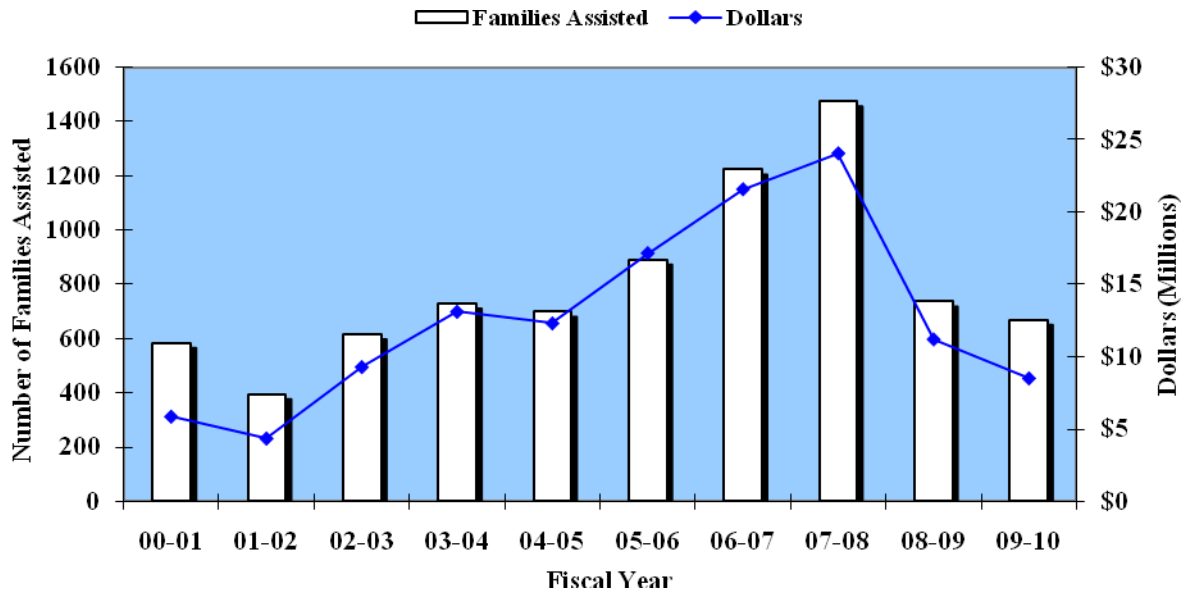


TABLE 7.1-9 HOUSING TRUST FUND PROGRAM AWARD ACTIVITY

Multifamily Tax Exempt Bond Program

Beginning in FY05-06, the Multifamily Tax Exempt Bond Program has been reported as a separate program. For FY05-06, \$47.5 million of 2004 bond cap was allocated to six developments. An additional bond cap carry-forward allocation of \$47.7 million was made from the State of South Carolina 2005 bond cap pool.

For FY06-07, no bond cap was allocated to a multifamily development; however, as of June 30, 2007, there were deals in process representing a potential allocation of \$40 million for 21 developments. An additional bond cap carry-forward allocation of \$6.7 million from the State of South Carolina 2006 bond cap pool was made.

For 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 all of the 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.

7.2 What are your performance levels and trends for the key measures of customer satisfaction?

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

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 measured.

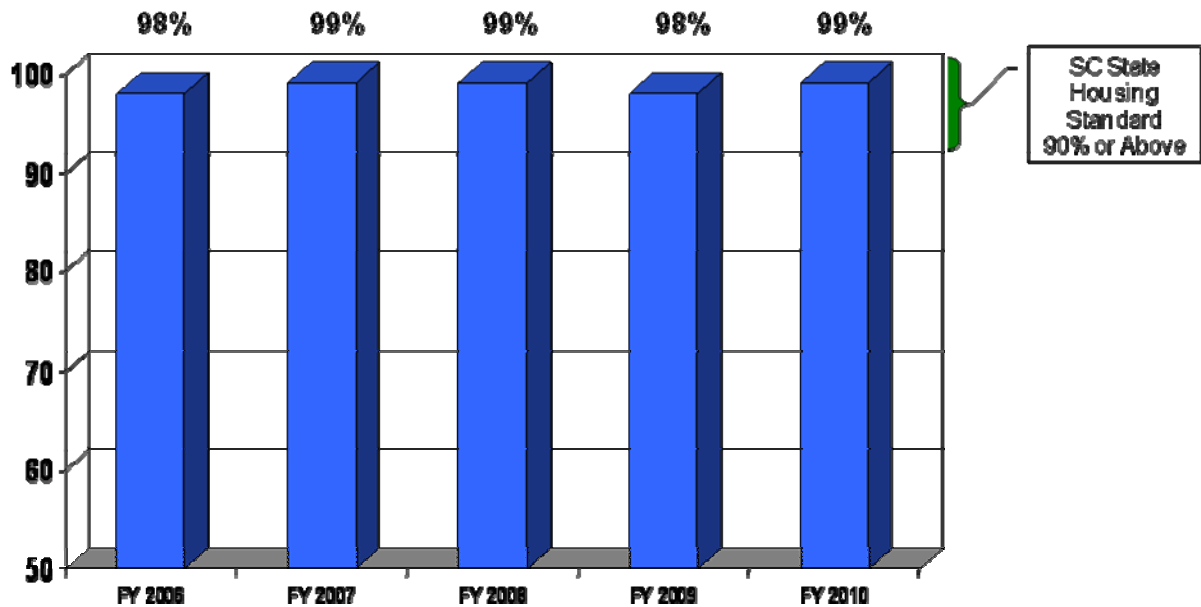
Customers

The Housing Choice Voucher Program provided assistance to an average of 1,999 participants within SC State Housing’s seven county jurisdictions. Participation in the program is limited due to the number of vouchers and budget available from HUD.

FY	Dollars Awarded	Families Assisted	Dollars Per Unit	Dollars Per FTE
00-01	\$5,834,487	585	\$9,973	\$486,207
01-02	\$4,318,595	396	\$10,906	\$359,883
02-03	\$9,258,977	617	\$15,006	\$771,581
03-04	\$13,076,447	730	\$17,913	\$1,089,704
04-05	\$12,275,119	700	\$17,536	\$1,022,927
05-06	\$17,125,183	893	\$19,177	\$2,140,648
06-07	\$21,543,958	1225	\$17,587	\$4,308,792
07-08	\$24,024,609	1477	\$16,266	\$4,369,110
08-09	\$11,173,961	738	\$15,140.00	\$3,192,560
09-10	\$8,476,782	670	\$12,651.00	\$2,421,938

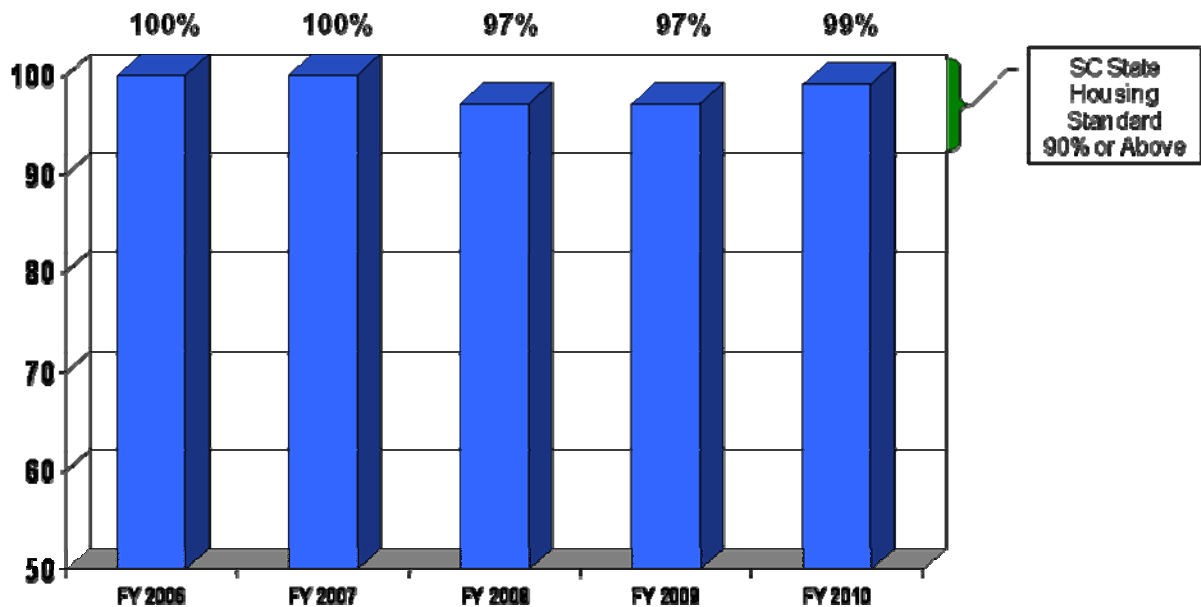
SC State Housing is unable to predict exactly when it will offer rental assistance to those applicants who have applied to the waiting list. This is primarily due to the large numbers of applicants on the waiting list, the number of families being assisted, and the funding level provided by HUD. Basically, HUD only allows SC State Housing to assist a specific number of families and expend a specific amount of funding to assist those families See Graph 7.2-1.

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

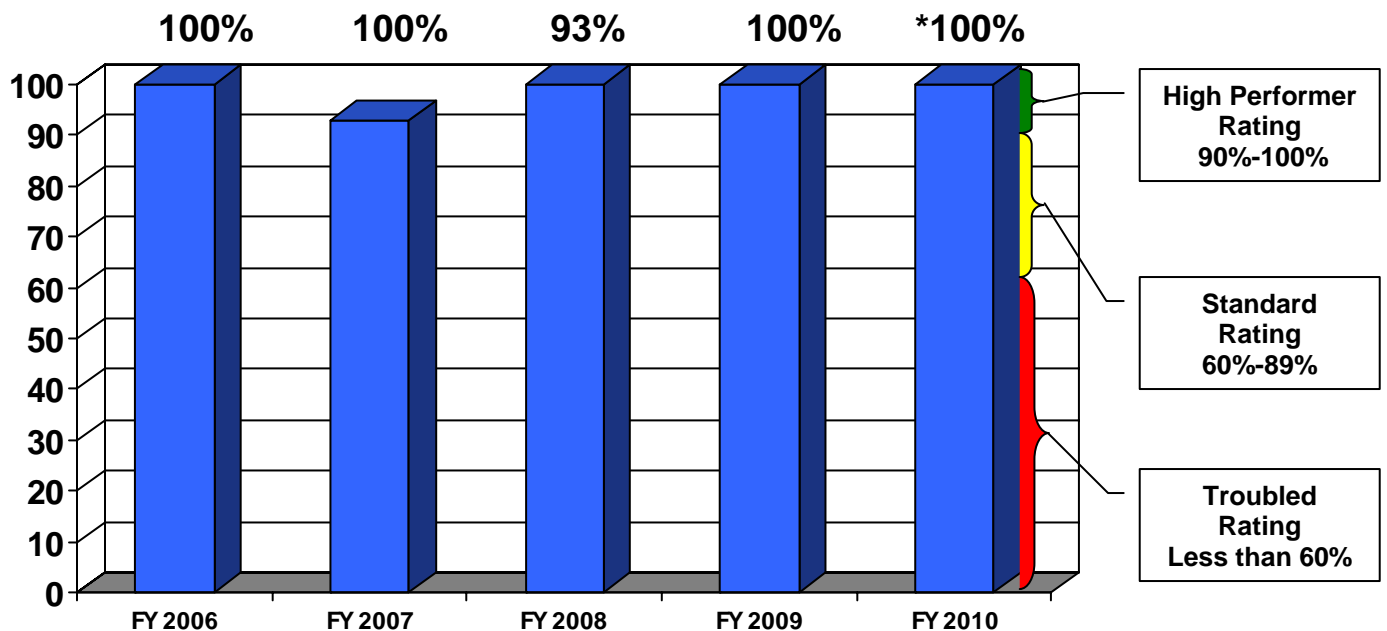
A rating system was established by HUD for Public Housing Authorities (PHAs) that administer the Housing Choice Voucher Program. The Section 8 Management Assessment Program (SEMAP) enables HUD to better manage the Section 8 tenant-based program by identifying PHA capabilities and deficiencies related 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.

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 FY 99-00. 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 7.2-3

GRAPH 7.2-3 HOUSING CHOICE VOUCHER PROGRAM SEMAP SCORE

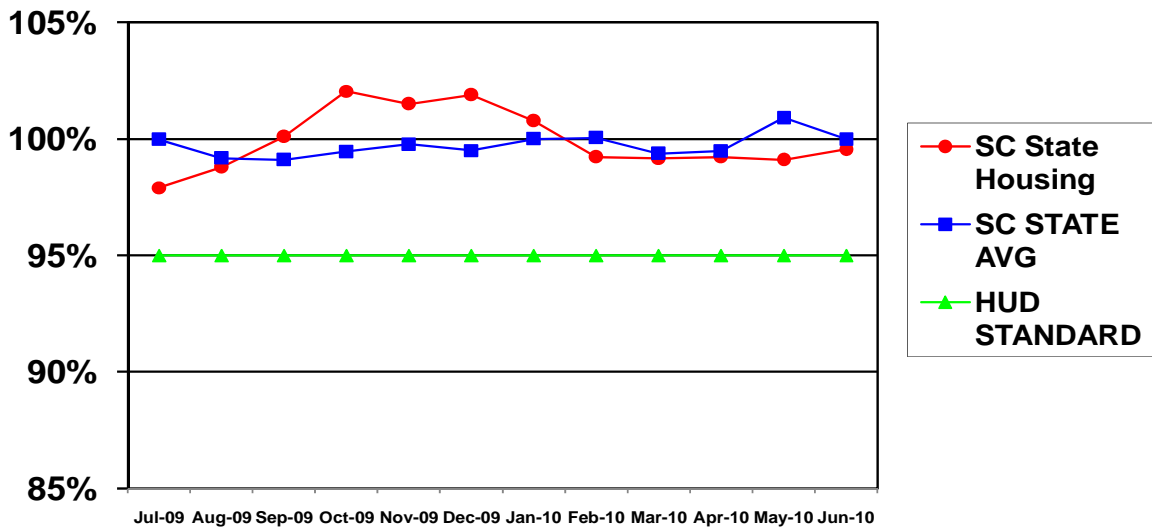


* Projected

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

PHAs that administer the Housing Choice Voucher Program must submit 100% 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 Voucher Program family characteristics, income, rent portions and other occupancy factors. PHAs must have a minimum 95% reporting rate or be subject to sanctions for each month the PHA is non-compliant. (See Family Data Submission – FY 2010 chart below)

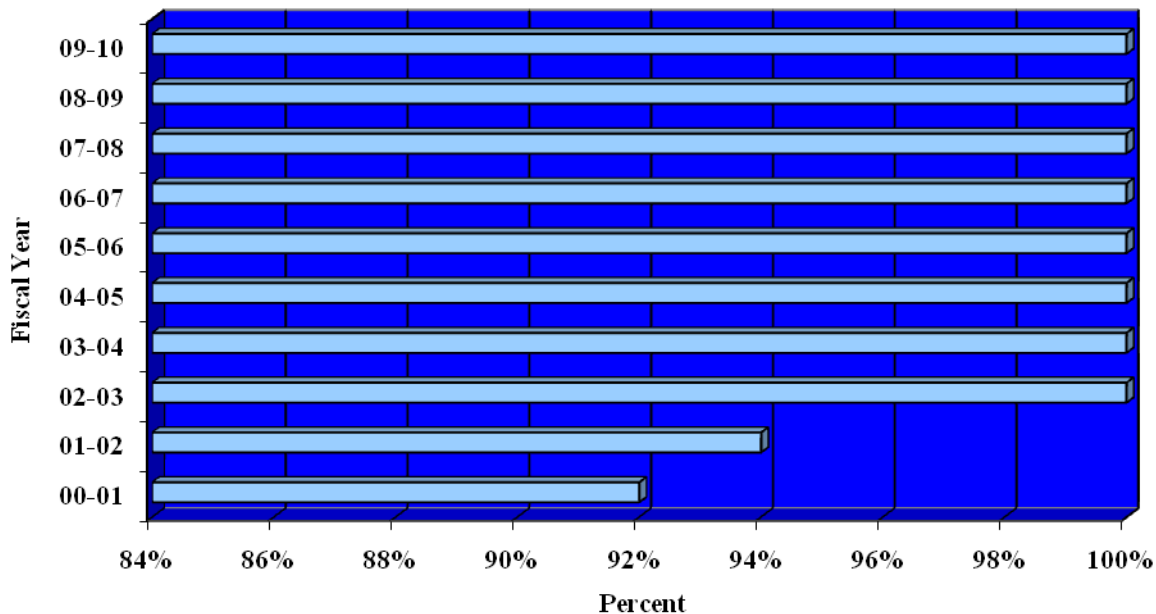
Housing Choice Voucher Program Family Data Submission



Contract Administration

Customer satisfaction for the 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 created 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 was not satisfied with the performance of SC State Housing, that dissatisfaction would be reflected in a percent of fees earned of less than 100%. SC State Housing would be charged with a "disincentive" or reduction in fees. Graph 7.2-4 represents the actual fees earned as a ratio of the potential fees available.

GRAPH 7.2-4 PERCENT OF ADMINISTRATIVE FEES EARNED



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

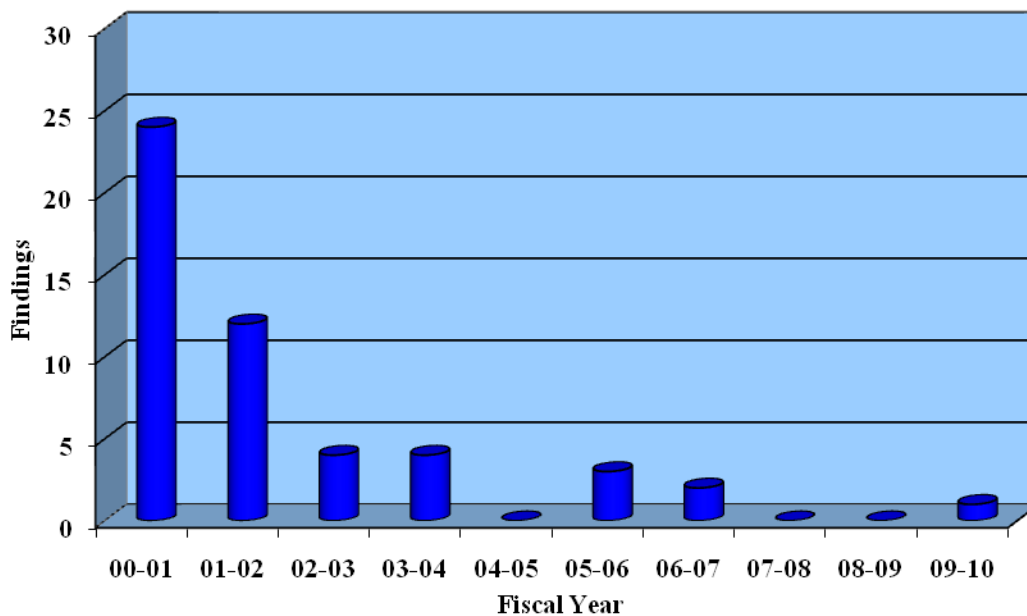
1. Management & Occupancy Review
2. Documenting Owner Civil Rights Compliance
3. Processing Rental Adjustments
4. Owner Opt-Out Notices and Contract Terminations
5. Owner Opt-Out and HAP Contract Termination: Submit resident data to HUD
6. Review, Verify, and Authorize Monthly Housing Choice Vouchers
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 eight 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 7.2-5 indicates the results of the five years of this contract. Audit findings have significantly decreased over this period. The most recent audit report indicated that “the PBCA (Performance Based Contract Administrator) staff has developed some excellent computer checklists, reports and tracking charts to assist them in meeting the requirements of the Annual Contributions Contract.”

GRAPH 7.2-5 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, Contract Administration staff is always represented at user group meetings sponsored by our primary software provider. Strong relationships are developed with tenants by responding to their complaints within the timeframes established in our 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?

SC State Housing continues to be highly regarded by rating agencies during these recent turbulent times. Moody's Investor Services rates the Authority's three Bond Indentures as Aaa or Aa1. 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 SC State Housing. 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

	2005	2006	2007	2008	National Average
Combined Fund Balance as a % of Bonds Outstanding	37.80%	41.30%	40.50%	37.40%	20.40%
General Fund Balance as a % of Bonds Outstanding	6.70%	9.90%	11.60%	10.60%	6.10%
Asset to Debt Ratio	1.41	1.44	1.45	1.38	1.23

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, 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% of its Affirmative Action Goals.

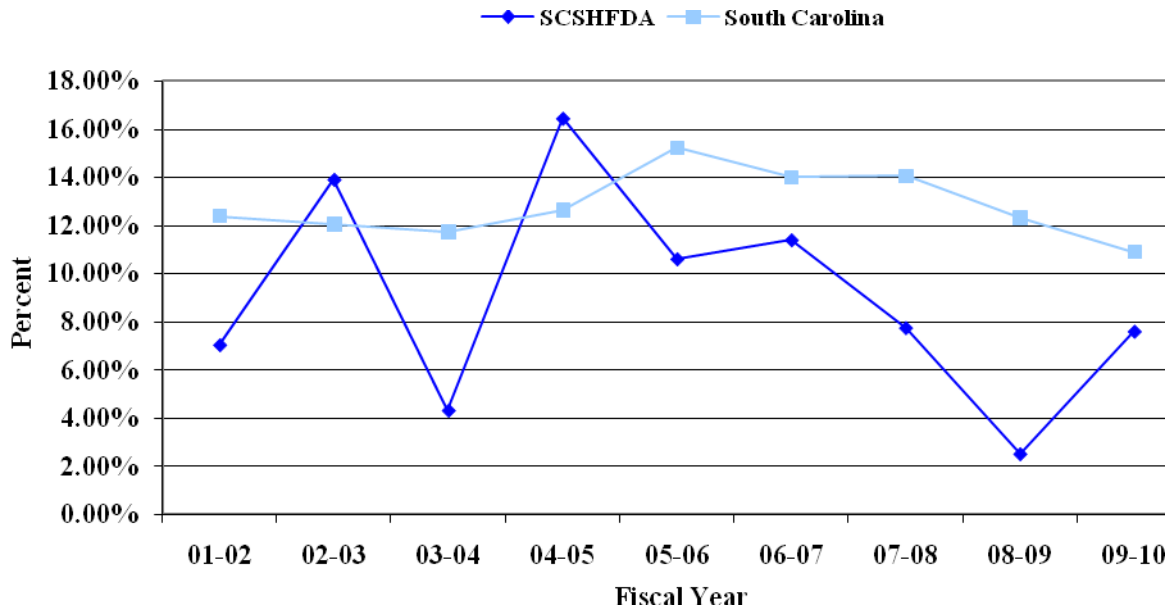
Turnover Data

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 OF SOUTH CAROLINA

FY	SCSHFDA	South Carolina
01-02	7.04%	12.39%
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%

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, on-site 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) 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 each individual program area.

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.

In FY09-10 SC State Housing established an internal audit function. This will serve to assist management in strengthening the control environment and provide 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 Audit activities include: facilitating management with assessing risks; 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 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 Division now operates in the Administration Division of SC State Housing. This Division conducts monthly/quarterly Quality Control reviews for SC State Housing's Mortgage Servicing Division. These reviews are required by HUD for all Federal Housing Administration (FHA) approved mortgages. Spreadsheets are maintained of both the loan selection criteria and the specific loans reviewed.

The annual financial audit of SC State Housing for the fiscal year ending June 30, 2009 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/legal compliance.