



2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name Housing "KickStart"

HFA South Carolina State Housing Finance and Development Authority (SC Housing)

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013**.

Use this header on the upper right corner of each page.

HFA SC Housing

Entry Name Housing "KickStart"

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input checked="" type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

In a Slow Economy, South Carolina’s Housing Industry Needed a KickStart

DESCRIPTION OF THE PROGRAM

The 2013 Housing “KickStart” Initiative was undertaken based on the experience that most homebuyers who qualify for SC Housing mortgage programs are able to afford mortgage payments, but often experience difficulty saving enough money for the down payment and expenses that come with closing on a home. SC Housing sought to make the homeownership decision more feasible by increasing down payment assistance for existing homes, and even more so by substantially increasing assistance on newly constructed homes, concurrently stimulating the state’s construction and real estate industries while improving the portfolio of the agency.

RESPONDING TO AN IMPORTANT STATE HOUSING NEED

In an effort to help boost the housing market in South Carolina and the agency’s production in South Carolina as the new year began, SC Housing offered a major new incentive to make homeownership possible for those hoping to make 2013 the year they make a move to a home of their own.

This came at a time when South Carolina was continuing to struggle with an uncertain housing market. Throughout 2012, both home sales and housing starts had languished, impacting the state’s overall economic health. With housing and its related industries accounting for close to 20 percent of the Gross State Product and 4 percent of total employment coming from the construction industry, housing will play a huge role in economic recovery in 2013. Improving this sector of the economy could have much greater and more far reaching positive impacts.

This new initiative has given South Carolina homebuyers the money they need to “kick start” their move into homeownership. The program has been enthusiastically received by homebuilders and real estate professionals across the state who have seen increases in construction and home sales.

BENEFITS TO TARGETED CUSTOMERS

The “KickStart” Initiative increased down payment assistance for SC Housing’s Homebuyer Programs in two ways:

- Down payment assistance in the standard homeownership programs increased from \$4,000 to \$5,000, and
- Created a new category of DPA for the “Newly Constructed Initiative” that is, a home that was to be constructed, under construction, in a builder’s inventory or simply had never been occupied, would now qualify for \$8,000 in down payment assistance.

This down payment assistance is offered in addition to a low, fixed interest rate of 3.5 percent and may be used with down payment assistance funding from other sources. Additionally, SC Housing allows the “KickStart” Initiative’s incentives to be used in conjunction with its Palmetto Heroes Program that offers even lower interest rates. In 2013 the rate was 3 percent to qualified teachers, nurses, law enforcement, correctional officers, firefighters, EMS workers and veterans. All borrowers must meet SC Housing’s homebuyer income, home price and credit requirements.

PROVEN TRACK RECORD OF SUCCESS IN THE MARKETPLACE/ACHIEVE STRATEGIC OBJECTIVES

Tracking home loan production before and after the inception of the “KickStart” Initiative offers clear and measureable evidence of the positive results of the program (see chart below):

		Newly constructed home reservations	Total loan value	Avg. loan amount	Existing home reservations	Total loan value	Avg. loan amount	Total	Total loan value
Prior to program inception	Between July 1, 2012 and December 31, 2012	20	\$2.75M	\$138,775	94	\$9.29M	\$98,842	114	\$12M
After program inception	Between January 1, 2013 and June 26, 2012*	62	\$9.00M	\$145,221	176	\$18.07M	\$102,650	238	\$27M

*all reservations noted between July 1, 2012 and December 31, 2012 have closed. Some loans included in the statistics between January 1, 2013 and June 26, 2012 are still pending closing.

- Of the total portfolio of 238 loans made during the time that the “KickStart” Initiative has been in effect, “KickStart” Initiatives resulted in a 125 percent increase in total production.
- New construction increased 210 percent, from 20 loans to 62 loans.
- Average loan amounts for all programs increased significantly.

INNOVATIVE

Though providing additional down payment assistance to potential homebuyers is not, in and of itself, an innovative solution, the “KickStart” Initiative proved to be an innovative program when taken in its macro context. The timing of the increase in funding, sourcing of funds and targeting of a segment of the housing market for which surplus inventory, affordable prices and a need for additional buyer incentive came together to create an appealing mortgage product. These factors, along with the ability to couple aspects of the initiative with other programs and funding sources, resulted in both a timely and innovative solution to an entrenched economic and industry problem of available and affordable surplus housing inventory. It also affords the agency an opportunity for “doing well while doing good”—creating positive benefits for homebuyers, jobs creation, revenue generation and portfolio improvement.

An innovative communication strategy was deployed in the use of state human resources (HR) networks (see also **Effectively Employing Partnerships** below). SC Housing’s HR Director sent information about the program throughout the state HR network, asking them to distribute it to the almost 59,000 employees in the state system and others within their network. Similar communications and requests were made to county HR Directors and through the Municipal Association of South Carolina for distribution to local government networks. This was a cost free and highly effective strategy.

PROVIDING BENEFITS THAT OUTWEIGH COSTS/DEMONSTRATING EFFECTIVE USE OF RESOURCES

Funds for down payment assistance were provided in two ways:

- For forgivable down payment assistance (households making less than 80 percent of area median income; households with disabilities, single-parent households and veterans) SC Housing used federal HOME funds.
- All other down payment assistance was provided through the agency’s regular bond funded reserves.

No additional funding was needed for any aspect of this program.

The program also allows the agency to improve its portfolio by increasing its stock of new housing. The purchase of newer housing typically corresponds to longer term ownership, and also means a more secure asset, helping to improve and diversify SC Housing’s portfolio of loans.

EFFECTIVELY EMPLOYING PARTNERSHIPS

One of the most effective methods of spreading the word of the program came from the agency’s HR department. SC Housing’s HR director, having access to a network and database of other HR directors in the state, sent word of the program throughout the state, asking that they distribute to their employees. The information was sent to employees of the other state agencies contacted. Similar requests for dissemination went out to county HR professionals and through the Association of Counties and the Municipal Association of South Carolina. Presentations and exhibits were done in partnership with all of these groups as well as the Society for Human Resource Management. Inquiries into the program showed that recipients, in turn, passed it on to their family and friends and posted to their social networks. Inquiries about the program were immediate and extensive. Call volume increased dramatically and continues to be active.

News of the program availability was also spread through cooperative efforts with the Homebuilders Association of South Carolina and South Carolina Association of Realtors, who used their newsletters, blogs, social media, electronic updates and association meetings to spread the word to their members.

Lenders and brokers were kept abreast of the program through SC Housing’s regular electronic communications and weekly rate updates, as well as through social media. News releases generated additional publicity.

REPRODUCING RESULTS

The program’s component parts are relatively simple and easy to transfer, but this requires a financial commitment and adequate resources to offer a program of a similar nature and scale. Results of this program offer reliable evidence that targeting market segments with additional down payment assistance funding can have a profound effect on buyer preference and buying decisions.