

AUSTIN **ANNUAL**
2018 **CONFERENCE**
& SHOWPLACE

HFAs AT THE
CENTER

Integrated Corporate Planning

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Kentucky Housing Corporation

Kentucky Housing Corporation

Mission:

We invest in quality housing solutions for families and communities across Kentucky.

**Housing
Finance
Agency**

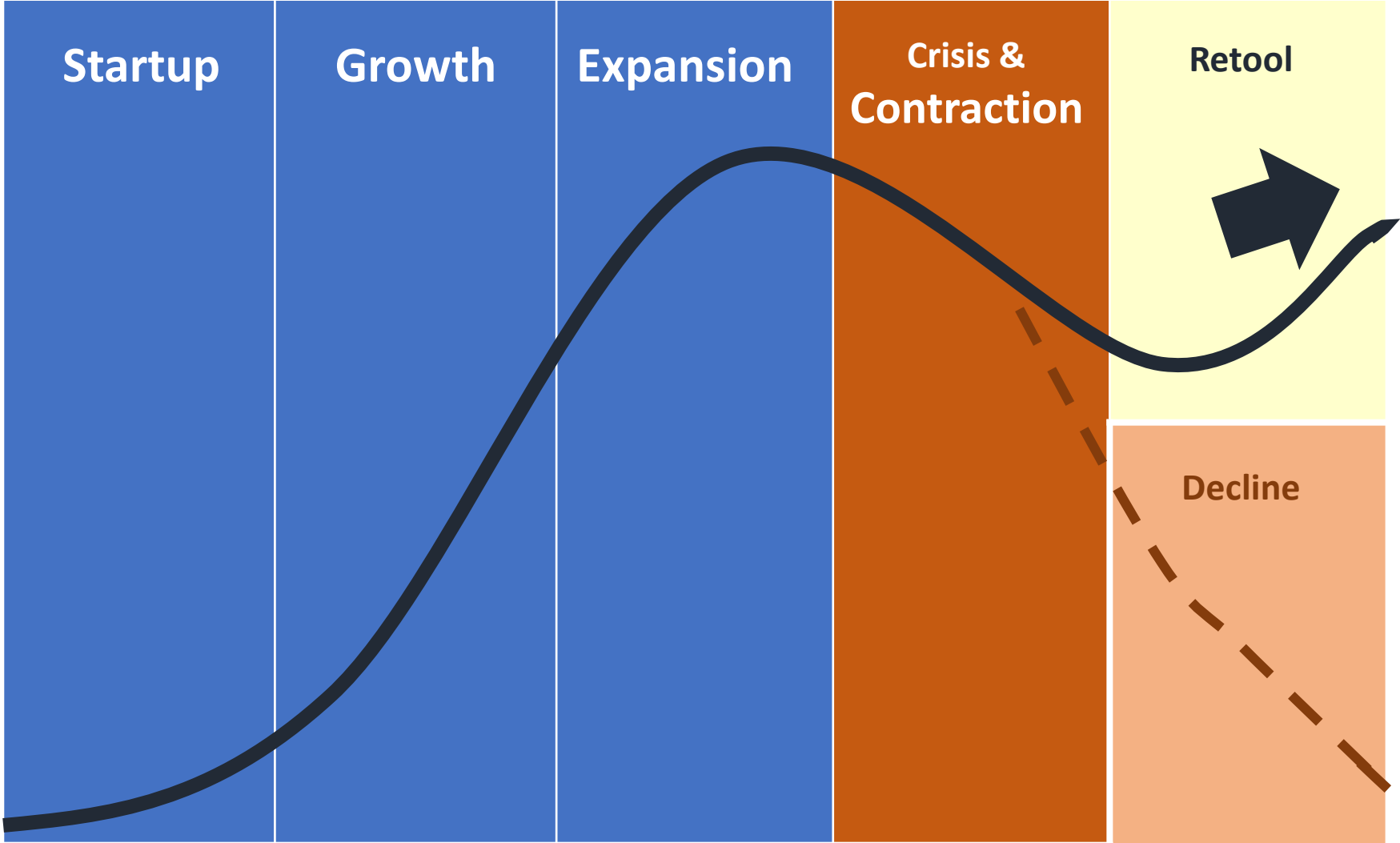
**Self-
Supporting**

**Quasi-
Governmental**

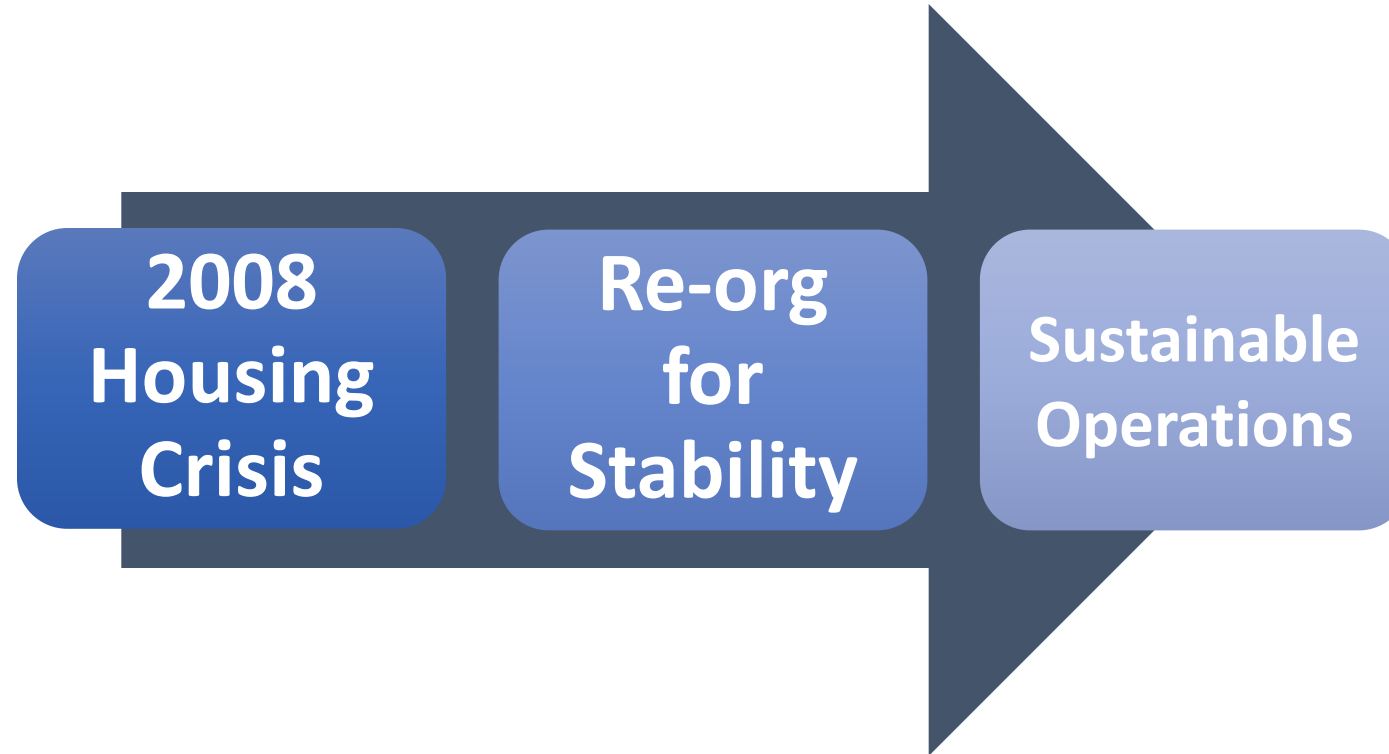
KHC does many HFA “Lines of Business”

- Single family home loans & down payment assistance
- Loan servicing
- Multifamily: LIHTC, subsidy & loans + asset management
- Small scale housing development (HOME/State Trust Fund/ARC)
- Homelessness programs: funding, planning & coordinated entry
- Weatherization
- Rent Assistance: HCV + specialized programs
- Performance-Based Contract Administration
- Compliance & inspections for all of the above

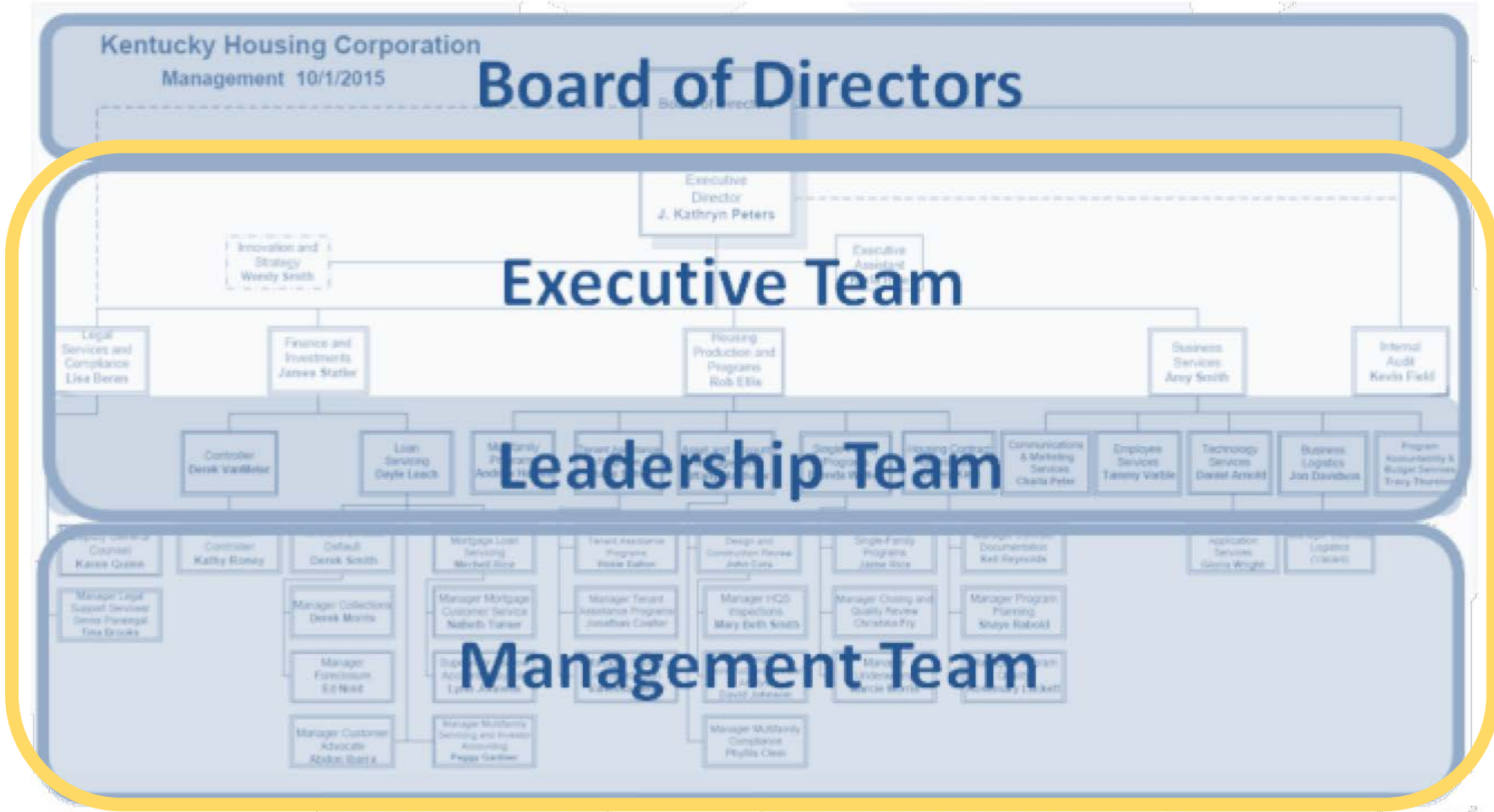
The Recession Shaped KHC's Corporate Lifecycle



We had to re-tool to operate sustainably.



Cultivated leadership cohorts.



KHC's 2 Chief Challenges

1. Skyrocketing Pension Costs.

Benefits costs have gone up 260% since 2010!

2. Possible Loss of Federal Programs & Contracts.

Prospective \$4+ million budget gap.

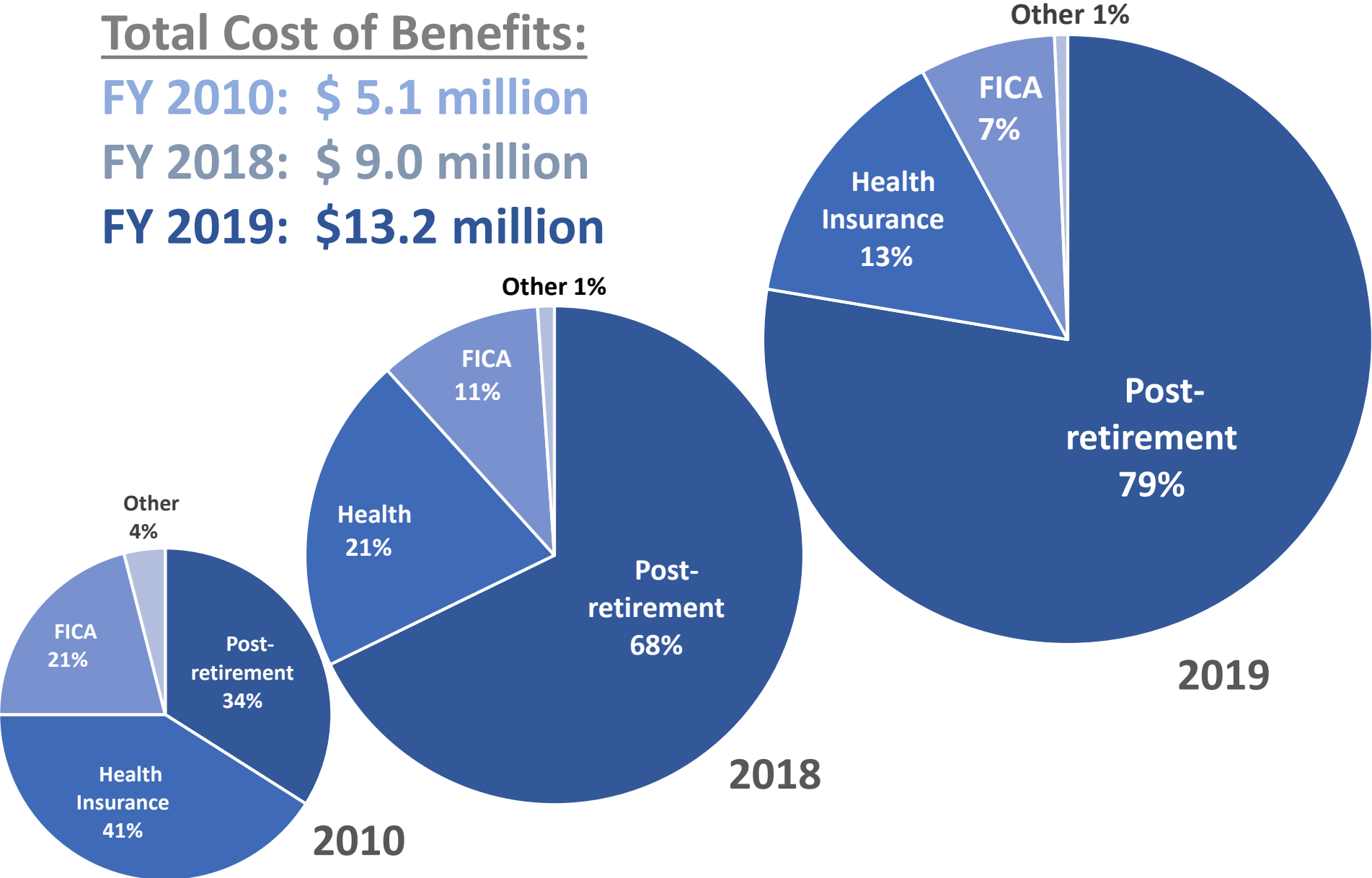
Escalation of Benefits Costs

Total Cost of Benefits:

FY 2010: \$ 5.1 million

FY 2018: \$ 9.0 million

FY 2019: \$13.2 million



Escalation of Benefits Rate

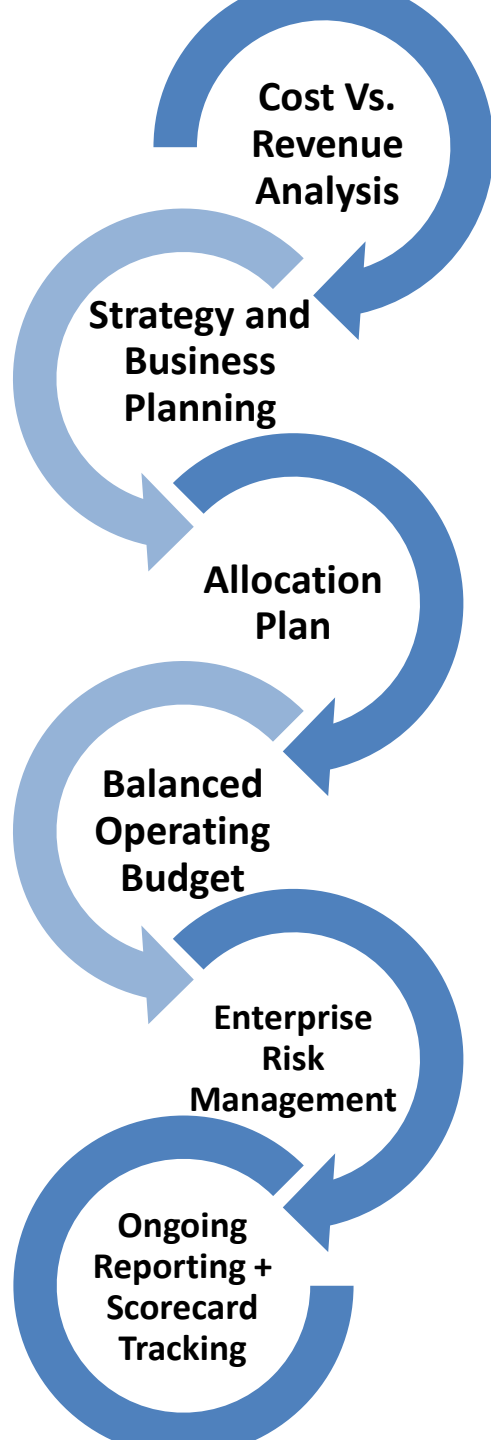
*For every \$1.00 in salary/wages,
KHC pays how much in benefits?*

FY 2010: \$1 in pay = **\$0.34** in benefits

FY 2018: \$1 in pay = **\$0.73** in benefits

FY 2019: \$1 in pay = **\$1.08** in benefits

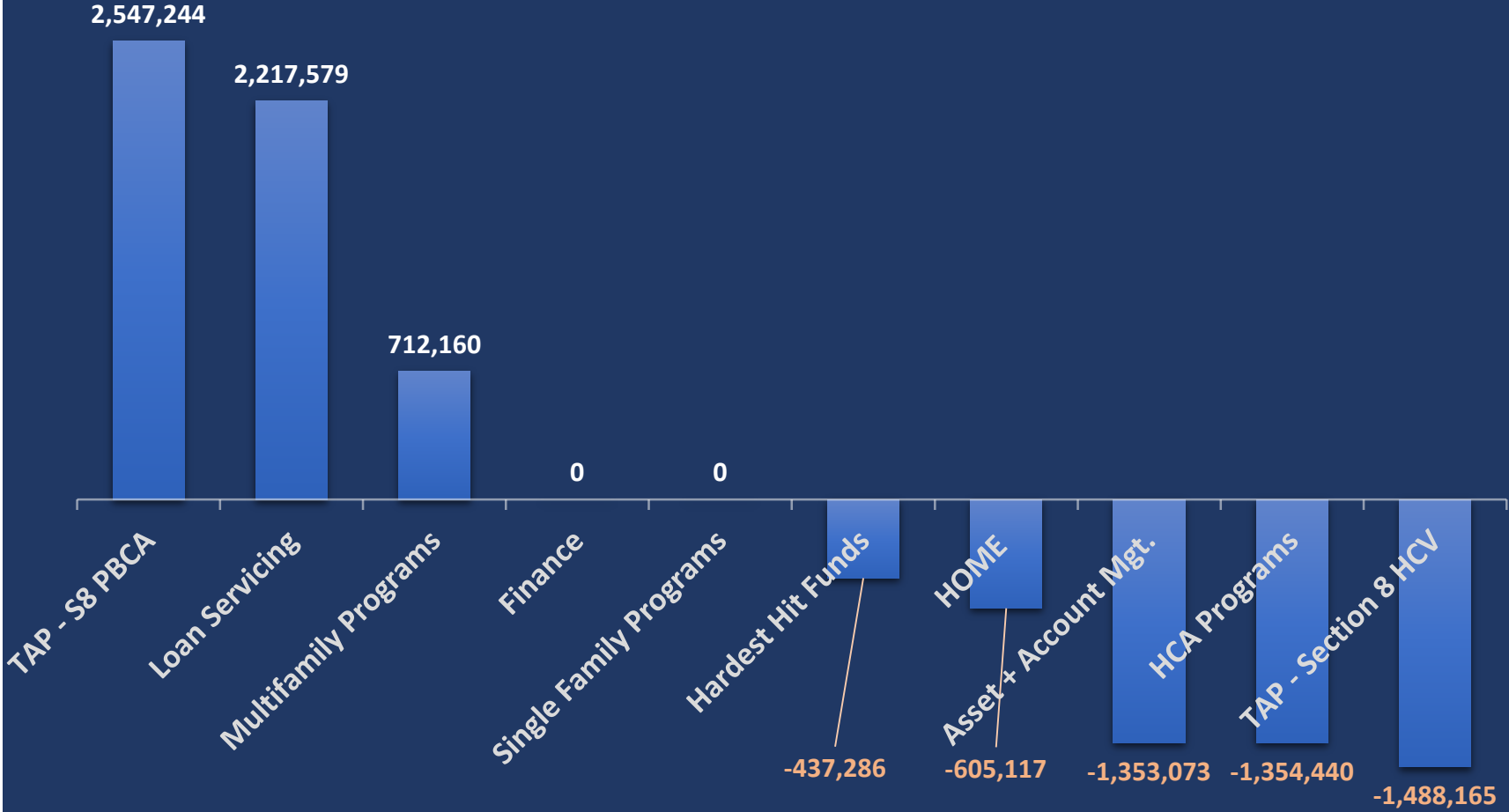
KHC Annual Planning Documents



1. Cost vs. Revenue Analysis
2. Overarching Corporate Strategies
3. Scorecards for Every Department
4. Allocation Planning
5. Operating Budget
6. Enterprise Risk Management

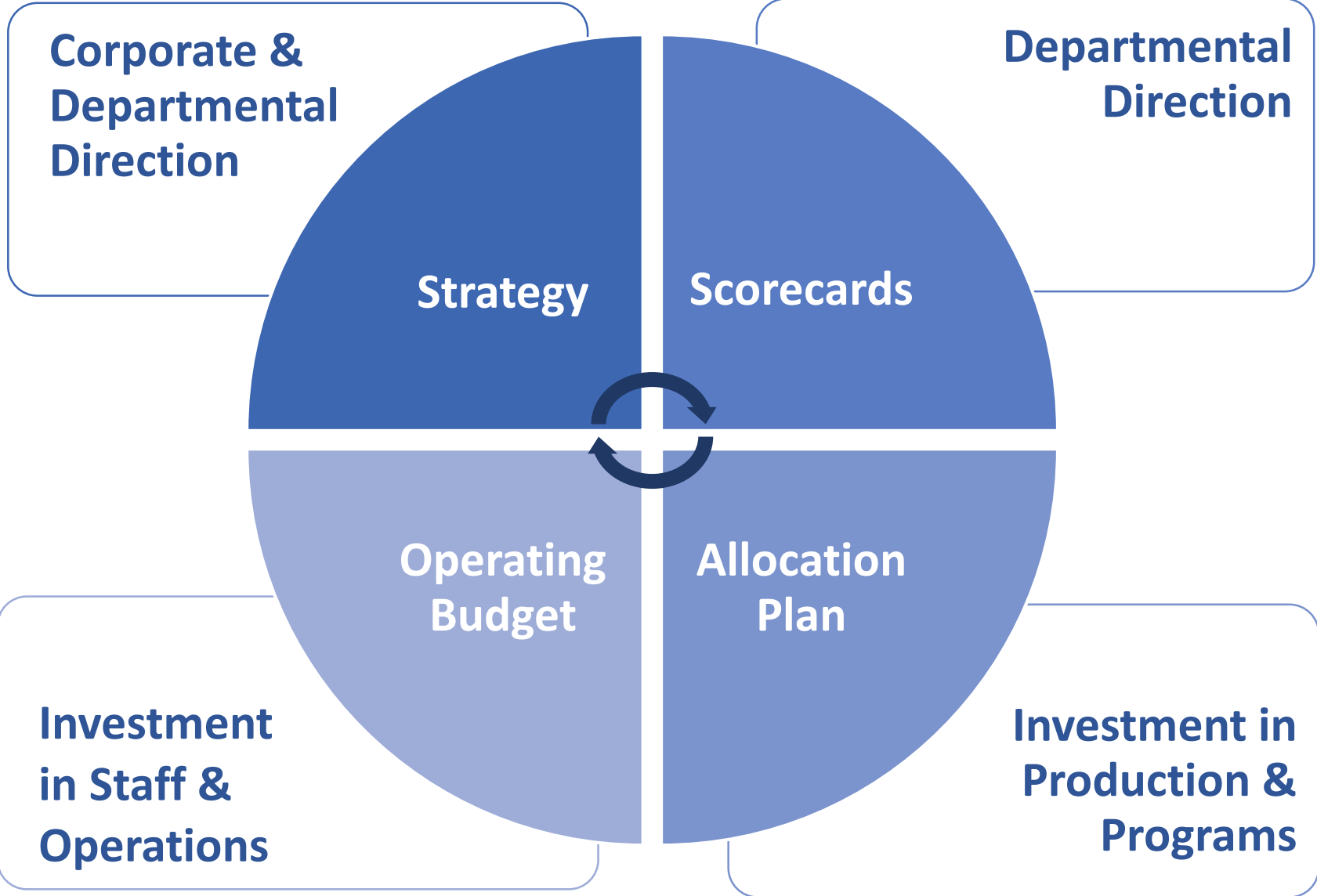
FY 2018 Net Revenue

Finance + Programs, with Overhead Applied



1. Cost vs. Revenue Analysis

Aligned Corporate Planning Processes



2. Overarching Strategies

We share and reinforce:

- At board meetings.
- In management mtgs.
- At all-staff mtgs.
- In NewsBrief article.
- ED messaging.
- In every scorecard.

KHC | Kentucky Housing Corporation
Investing in quality housing solutions.

FY 2019
Overarching Strategies
February 15, 2018

**KHC will be: Flexible + Holistic
Innovative + Competent**

- 1 Be FLEXIBLE in responding to financial risk.**
 - A. Evaluate options for managing post-retirement obligations.
 - B. Manage the impact of changes to PBCA administration.
 - C. Minimize the impact of other potential funding reductions.
- 2 Provide HOLISTIC housing solutions.**
 - A. Align our programs, resources, and partnerships for optimal impact (go deep vs. wide).
 - B. Develop housing and supportive services for:
 - Youth
 - Seniors
- 3 INNOVATE.**
 - A. Innovate to grow net revenue.
 - B. Build new public/private partnerships.
 - C. Continue to cut red tape and ease administrative burdens.
 - D. Enhance utilization of data and analytics to shape policy and decision making.
- 4 Sustain and advance core COMPETENCIES.**
 - A. Ensure all key work processes are documented.
 - B. Cross-train staff for business continuity.
 - C. Cultivate staff through training and leadership development.
 - D. Retain exceptional talent.

3. Department Scorecards

- A. Department Mission
- B. Key Metrics
- C. Key Outcomes
- D. Key Projects
- E. Sustaining + Advancing Core Competencies

FY 2019 Business Plan Scorecard
Single Family Programs

Mission	KHC invests in quality housing solutions for families & communities across Kentucky.			
Dept. Mission	To create sustainable homeownership solutions for Kentuckians.			
Fiscal Year Strategies	<ol style="list-style-type: none"> 1. Be FLEXIBLE in responding to financial risk. 2. Provide HOLISTIC housing solutions. 			

Key Metrics	FY Target	QUARTERLY CHECK-IN			
		October	January	April	July
Single Family Loan Volume					
DAP Volume (HAF)	\$500M				
DAP Volume (HHF)	\$18M				
Single Family Fee Income	\$9M				
MCC Production (amount of bond cap used)	\$1.33M				
Households Served	143M				
Home mortgage loans					
Loans to Hispanic Homebuyers	3,969				
Traditional DAP (HAF)	185				
Hardest Hit DAP (HHF)	2,541				
MCC	1,309				
Hardest Hit - UBP	1,235				
Housing Counseling	68				
Variance between budgeted and actual costs	2,608				
	≤ 5%				

Key Outcomes to Accomplish	Goal Date	October	January	April	July
1. Increase partnerships with Realtors, Lenders and Counselors by having staff on road more often to promote KHC products.	06/30/19				
2. Graduate 3 correspondent lenders to delegated lenders	06/30/19				
3. Wind down UBP intake and create plan for closeout.	06/30/19				
4. Use new Liaison committee to look at ways to improve our delivery and structure of products and services.	06/30/19				
5. Support the procurement of marketing consultant to analysis KHC's single family marketing activities.	06/30/19				

Key Projects	Goal Date	October	January	April	July
1. Select new loan origination system and prepare for transition in FY 2020.	06/30/19				
2. Analyze current fee structure to increase revenue.					

Each Dept. has a Scorecard—even support areas.

- Quarterly reporting/check-ins
- Sharing successes and challenges at management mtgs.
- #s roll up into an overall KHC scorecard.

FY 2019 Business Plan Scorecard
Employee Services

Mission KHC invests in quality housing solutions for families & communities across Kentucky.

Dept. Mission To lead and support KHC in recruiting, retaining, and developing its human resources.

Fiscal Year Strategies

1. Be FLEXIBLE in responding to financial risk.
2. Provide HOLISTIC housing solutions.

Key Metrics	FY Target	QUARTERLY CHECK-IN			
		October	January	April	July
Voluntary turnover rate	8%				
High Potential turnover rate	1%				
Total KHC training budget spent	90%				
Average Sick Leave Used	5.5 days/Yr				
Average Vacation Leave Used	17.2 days/Yr				
Average weeks to hire from position posting date	9 Weeks				
KHC Minority Representation	12.20%				
Number of worker's compensation claims filed	<i>For monitoring purposes only</i>				
Cost of Overtime	<i>For monitoring purposes only</i>				
Variance between budgeted and actual costs	≤ 5%				

Key Outcomes to Accomplish	Goal Date	QUARTERLY CHECK-IN			
		October	January	April	July
1. High Potential Staff Identified for Succession are in a training program, or on a department development plan	09/30/18				
2. A comprehensive series of training offerings for staff and management	12/31/18				
3. Meet with department directors to coordinate development/cross-training plans for high-potential staff.	12/31/18				
4. A new Human Resource Management System (Dayforce) fully implemented with training provided to all staff.	06/30/19				
5. One new health/wellness activity in place	03/31/19				

Key Projects	Goal Date	QUARTERLY CHECK-IN			
		October	January	April	July
1. Expand onboarding practices to include: meeting KHC's leadership, inclusion of program areas, and a mandatory Brainstorm training program					

4. Allocation Plan

DRAFT FY2019 ALLOCATION PLAN

KHC's Impact On & Investment In Kentucky Families & Communities	FY 2019			FY 2018			FY 2017					
	Units/ Households Assisted	Allocated Investment	Investment Per Unit/ Household	Units/ Households Assisted	Allocated Investment	Investment Per Unit/ Household	Units/ Households Assisted	Actual Units/HH's Assisted	Allocated Investment	Actual Investment	Investment Per Unit/ Household	Actual Investment Per Unit/ HH
Single Family Lending Programs												
Families Buying Homes via KHC Mortgages	3,175	\$400,000,000	\$125,984	2,869	\$350,000,000	\$121,994	2,540	3,519	\$300,000,000	\$428,224,799	\$118,110	\$121,689
Buyers Receiving Mortgage Tax Credits*	1,235	\$143,522,850	\$29,063	391	\$47,702,000	\$30,500	508	509	\$60,000,000	\$58,743,289	\$29,528	\$28,852
Buyers Receiving Down Payment Assistance	4,123	\$27,000,000	\$6,549	3,324	\$23,000,000	\$6,919	1,727	3,082	\$9,500,000	\$20,142,425	\$5,501	\$6,536
Homeowners Assisted to Prevent Foreclosure	68	\$1,425,000	\$20,865	600	\$9,000,000	\$15,000	1,500	765	\$21,500,000	\$11,475,000	\$14,333	\$15,000
Households Receiving Homeowner Counseling	2,608	\$350,000	\$134	2,600	\$350,000	\$135	2,400	3,096	\$320,000	\$357,802	\$133	\$116
Homeownership Production												
Homes Rehabbed or Constructed	229	\$7,058,975	\$30,782	263	\$8,007,235	\$30,446	301	210	\$9,078,309	\$6,636,712	\$30,160	\$31,603
Multifamily Production Programs												
Affordable Rental Units Produced/Preserved	1,883	\$232,911,171	\$123,692	1,770	\$269,140,441	\$152,057	2,462	2,188	\$315,507,635	\$204,273,718	\$128,151	\$93,361
Section 8 Tenant Assistance Programs												
Families Benefitting from Rent-Subsidized Units	28,890	\$161,322,129	\$5,584	27,568	\$167,553,954	\$6,078	27,764	27,524	\$154,123,511	\$157,330,201	\$5,551	\$5,716
Homeless & Special Needs Programs												
Homeless Persons Provided Shelter/Housing Solutions	8,451	\$8,269,764	\$979	7,550	\$8,148,271	\$1,079	10,248	10,708	\$7,991,508	\$9,252,746	\$780	\$864
Persons with AIDS Assisted with a Housing Solution	714	\$736,802	\$1,032	580	\$668,660	\$1,153	345	1,262	\$618,829	\$977,027	\$1,794	\$774
Children Exiting Foster Care Placed in Independent Housing	179	\$569,072	\$3,176	84	\$569,072	\$6,775	110	109	\$477,759	\$406,162	\$4,343	\$3,726
Energy Efficiency & Weatherization												
Homes Weatherized for Energy Efficiency	863	\$9,920,984	\$11,492	1,366	\$10,252,847	\$7,506	2,712	1,096	\$11,835,043	\$13,416,597	\$4,364	\$12,241
TOTAL	52,418	\$993,086,747		48,965	\$894,392,480		52,747	54,121	\$892,147,594	\$911,294,360		

*Tax credit to the Household is taken over 30 years. Average tax credit per year is \$969

5. Operating Budget

- A. Cost vs. Revenue Analysis has led departments to focus on maintaining costs.
- B. Variances must align with overarching strategy and/or departmental scorecard.
- C. Investments such as software must show up on other departments' scorecards.

6. Enterprise Risk Management

- A. Annual Assessment with our Leadership + Executive Team
- B. Embedded in department scorecards.
- C. Reflected in overarching strategies.

Internal Corporate Calendar

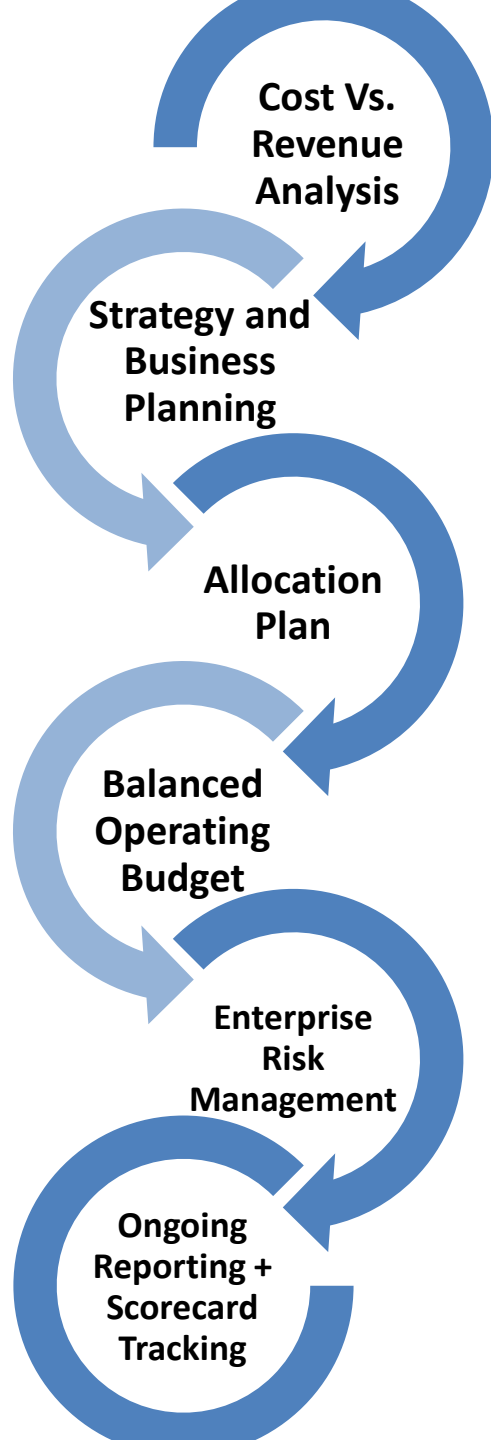
KHC Corporate Calendar

Corporate Calendar	FY 2018											
	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018
Corporate wide Planning				Enterprise Risk Management			Integrated Corporate Planning Over-Arching Strategy Cost v. Revenue Department Scorecards + Operating Budgets Allocation Plan Corporate wide Operating Budget					
Finance		Annual Audit										Budget Finalized
Performance Accountability	Business Plan Scorecard Update 4th Qtr FY2017			Corporate Calendar /Business Plan Scorecard Update 1st Qtr FY2018			Corporate Calendar /Business Plan Scorecard Update 2nd Qtr FY2018			Corporate Calendar /Business Plan Scorecard Update 3rd Qtr FY2018		
	Performance Meetings w/Individual Staff			Performance Meetings w/Individual Staff				Performance Meetings w/Individual Staff				
All-Staff Meetings + Conferences			CCI Summits / NCSHA Conference			Holiday Reception			All-Staff Meeting			
BOARD		Board Mtg Strategy Check-In		Board Mtg Audit		Board Mtg		Board Mtg Strategy Check-In		Board Mtg RFPs	Board Mtg: FY18 Plans & Budget	
Leadership/Mgt Team Mtgs <i>6 joint meetings</i>	Joint Meeting	Joint Meeting	Leadership Only	Joint Meeting	Leadership Only	Leadership Only	Joint Meeting	Leadership Only	Joint Meeting	Leadership Only	Leadership Only	Joint Meeting
	FY18 Business Plan Top 3 strategies (1 slide/dept.)	FY17 Final Financials		ERM			Check In Corp. Calendar	FY18 Overarching Strategies	FY17+FY18 Overarching Strategies	FY18 Business Plan Corporate Project Calendar Exercise		FY18 Cost vs. Revenue Overview
	FY18 Corp. Calendar	FY17 Allocation Plan Actuals					Kick Off FY18 Business Planning	All Staff Mtg Agenda		Long Range Plng Committee		
<i>Consider brief trainings for managers on off months?</i>	FY 2018 Budget	Succession Management		Succession Management			Succession Management	Succession Management		Succession Management		
Trainings	MS Surface Trainings			Office 365 Trainings / MS Surface Trainings			Succession and Management Trainings			Management Trainings (Harrasment Prevention)		

Outcomes

- 1. Many departments reduced their operating gaps.**
 - Revised fee structures to increase revenue.
 - Improved charging of program administration costs.
 - Re-thinking vacant positions.
- 2. KHC's operating costs have remained steady for 3+ years despite escalating pension costs.**
 - Consolidation to 1 campus.
 - Transitioning a major net-loss program to an outside vendor.
- 3. KHC has operated sustainably for 5+ years and is positioned to meet its pension obligations and weather another recession.**

Recap: KHC Annual Planning



1. Cost vs. Revenue Analysis
2. Overarching Corporate Strategies
3. Scorecards for Every Department
4. Allocation Planning
5. Operating Budget
6. Enterprise Risk Management

Thank You.

Wendy K. Smith

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