



MEMORANDUM

TO: Members of the General Assembly

FROM: A. Robert Kucab
Executive Director

DATE: March 28, 2012

SUBJECT: 2011 HOME Program Performance Report

This report is being filed in accordance with Session Law 1993-321, requiring the North Carolina Housing Finance Agency to report annually on the status of the federal HOME Program.

The Agency has utilized HOME and HOME match funds to help thousands of North Carolinians enjoy the security that comes with safe and stable housing. The Agency has assisted families to achieve their dreams of owning their own homes, and has assisted towns in providing safe and attractive rental communities for their residents.

Since 1993, the Agency has successfully invested \$417 million in federal HOME Program funds and state matching funds. These funds have:

- helped more than 8,860 low-income families buy their first home
- financed 10,760 affordable apartments through private/public partnerships
- rehabilitated over 3,860 substandard homes owned by low-income households
- provided operating assistance to produce affordable rents for 2,120 households

Cumulatively, these funds have also generated approximately 22,500 jobs and \$280 million in state and local tax revenues.

In 2011, the Agency made awards of \$14.5 million in federal HOME Program funds and state matching funds to develop, acquire, or rehabilitate 606 housing units. Additionally, the Agency provided operating subsidies of approximately \$772,600 to make 367 apartments affordable to persons living on disability income.

The state matching funds and HOME Program awards made in 2011 leveraged an additional \$54.8 million, resulting in the development of \$69 million in affordable housing. These 2011 awards will produce approximately 1,500 jobs and \$5.8 million in state and local tax revenues.

If there are questions, please call me at (919) 877-5600.

A handwritten signature in purple ink, reading "A. Robert Kucab", written over a horizontal line.

A. Robert Kucab
Executive Director

HOME Investments Partnerships Program (HOME)

The HOME Program is a federal block grant to states and local participating jurisdictions requiring a 25% match of funds. The state program is administered by the North Carolina Housing Finance Agency and is used to produce affordable housing in partnership with local governments, for-profit developers, and nonprofit housing producers. HOME funds can be used to build rental and home ownership units, to reconstruct and rehabilitate rental and owner-occupied housing, to assist homebuyers, or to provide rent subsidies.

I. Total Awards using Federal HOME funds in 2011

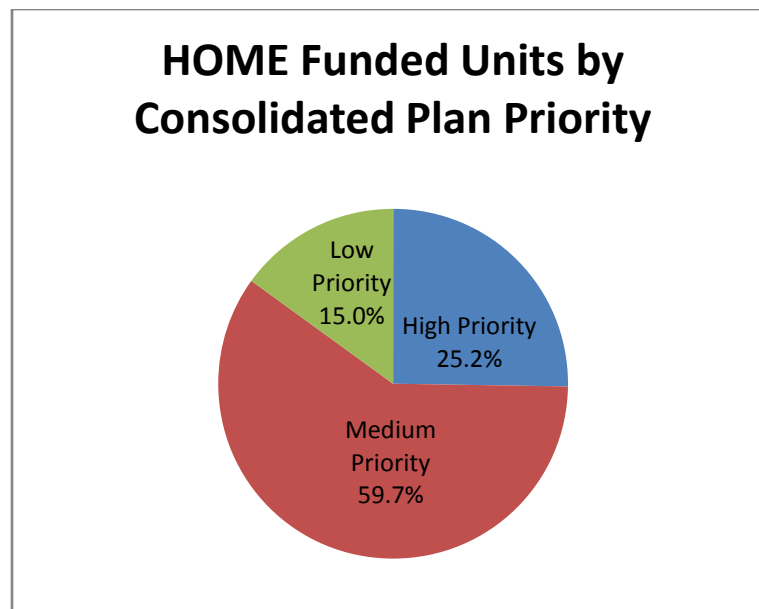
Housing units financed	606
Financing provided	\$14,481,041
Value of housing and rehabilitation	\$69,273,025

II. Priorities Met in 2011

Priorities for the 2011 HOME funds were set in the 2011-2015 North Carolina Consolidated Plan.

- | <u>High Priority Need</u> | <u>Medium Priority Need</u> | <u>Lower Priority Need</u> |
|--|--|--|
| ▪ Homeless families and individuals | ▪ Households between 31% and 60% of area median income | ▪ Households between 61% and 80% of area median income |
| ▪ Non-homeless persons with special needs | | |
| ▪ Households at or below 30% of area median income | | |

The figure below shows the percentage of households awarded HOME funds in each priority level in 2011. One of the major uses of HOME funds is homebuyer assistance; most households who buy homes with the Agency's HOME financing have incomes which put them in the medium-priority category. The Agency serves high priority populations with the Housing Trust Fund and other state-appropriated funds, which are less restrictive.



III. Activities in 2011

Activities supported with HOME funds in 2011 include: homebuyer assistance, rental housing production, housing rehabilitation, and housing for disabled populations.

State-Appropriated Matching Funds (HOME Match)

The federal HOME Program requires a 25% match of funds. In recent years, the General Assembly has appropriated a portion of the required 25% and the remainder has been supplied by the North Carolina Housing Finance Agency out of its proceeds and other activities.

I. Total Activity using State-Appropriated Match Funds in 2011

Housing units financed and households that received rent assistance	367
Financing provided	\$772,612

II. State Priorities Met in 2011

According to Session Law 1993-321, the Agency shall give priority for state-appropriated matching funds to finance housing: 1) in economically distressed counties as designated by County Tier (determined annually by the NC Department of Commerce) and 2) for households with incomes less than 50% of the local median family income.

First Priority

Historically, 74% of match funds have gone to counties in Tiers 1, 2, or 3 and only 26% of match funds went to counties in Tiers 4 and 5. To date, the most distressed counties (Tiers 1 and 2) have received 44% of all match funds. In 2008, the Department Commerce changed their tier definitions to include only three tiers. Using these new Tiers for 2008 -2011, 52% of match funds went to counties in Tiers 1 and 2.

Since 2004, the Agency, in partnership with the Department of Health and Human Services, has operated the Key Program, which is funded from state-appropriated HOME match and operating subsidy funds. Key operating assistance is limited to adults receiving disability-based income from Social Security (SSI and SSDI) or other state/federal programs (such as the Veterans' Administration) and whose total household income does not exceed thirty percent (30%) of the area median income. Since 2004, 1,249 households have been assisted through the Key program.

Second Priority

Affordability of Housing Funded with HOME Match	2011	
	Units	Percent
0% to 50% of local Median Family Income	367	100%
51% to 80% of local Median Family Income*	0	0%
TOTAL	367	100%

III. Activities in 2011

In 2011, match funds were only used for operating assistance to assist very-low income residents with disabilities.