



July 25, 2012

Members of the Joint Legislative Commission on Governmental Operations

Ladies and Gentlemen:

This report is being filed on the production activities of the North Carolina Housing Finance Agency (NCHFA) for the 2012 fiscal year (July 1, 2011 to June 30, 2012), per G.S. 122A-16. The Agency uses federal, state, and private funds to create affordable housing opportunities for North Carolinians whose needs are not met by the market.

The NCHFA provided \$496.7 million in financing for fiscal year 2012 affordable housing activity. In addition, the Agency (and its partners) administered \$111.0 million in federal rental assistance. In FY 2012, these investments supported 11,020 jobs and generated \$43.2 million in state and local tax revenues.

A major initiative was the development of the N.C. Foreclosure Prevention Fund, which the Agency launched statewide December 1, 2010. These Fund's two loan programs use funds from the U.S. Department of the Treasury's Hardest Hit Fund to help unemployed North Carolina workers avoid foreclosure while they search or re-train for new employment. Preventing unnecessary foreclosures stabilizes neighborhoods and the local tax base and prevents losses to investors and neighboring homeowners. North Carolina was among eighteen states selected by Treasury to participate, based on a high percentage of the population living in counties with high unemployment rates. During FY 2012, the N.C. Foreclosure Prevention Fund provided loans to help 5,862 homeowners avoid foreclosure and prevented an estimated \$568.8 million in losses to investors and neighboring homeowners. Attached please find a report further detailing the Agency's housing activity, as well as the following:

- Exhibit 1 is the FY 2013 organizational chart of the Agency showing 127 positions.
- Exhibit 2 is a program overview. The Agency's programs have differing eligibility standards based on federal and state law. Most of the programs are helping households whose incomes are below 80% of the state median income, and several target households below 50%.

We are proud to be a self-supporting and dynamic part of North Carolina's affordable housing industry. We appreciate your support.

Sincerely,  
A. Robert Kucab  
Executive Director

Enclosures

# Report of the North Carolina Housing Finance Agency

## July 1, 2011 – June 30, 2012

The North Carolina Housing Finance Agency is self-supporting. It provides financing for affordable housing by selling tax-exempt bonds, issuing federal and state Housing Credits, operating the federal HOME Program and the state Housing Trust Fund, and administering federal Section 8 Rental Assistance contracts. In its history, the Agency has invested approximately \$10.7 billion for affordable homes and apartments, to assist 211,000 households of low and moderate income. Net interest margins and fees pay the Agency's expenses, including the cost of operating the state Housing Trust Fund.

The Agency also administers the N.C. Foreclosure Prevention Fund, financed by the U.S. Department of the Treasury in 2010, and since July 2011, manages the State Home Foreclosure Prevention Project, created by the General Assembly and funded with fees from mortgage loan servicers.

### **Economic Impact. In FY 2012, investments supported:**

**11,020 jobs**

**\$27.8 million in state tax revenues**

**\$15.4 million in local tax revenues**

#### **I. Investment: All Programs**

Activity	Total Funding
Foreclosure prevention counseling	\$ 4,804,509
Foreclosure prevention loans	101,812,466
Homeownership, construction, and purchase	138,670,656
Homeowner housing rehabilitation	3,713,407
Rental assistance	111,588,097
Rental housing development	240,576,417
Supportive housing development	3,056,817
Urgent repair	4,088,391

#### **Highlighted Programs<sup>1</sup>**

#### **II. North Carolina Housing Trust Fund**

Activity	Total Units	Total Funding
Homeownership, construction, and purchase	53	\$ 463,010
Rental housing development	364	4,241,000
Supportive housing development	32	1,700,000
Urgent repair	917	3,964,000

#### **III. State HOME Match**

Activity	Total Households	Total Funding
Rental assistance	360	\$ 1,178,760

#### **IV. Home Protection Program<sup>2</sup>**

Activity	Total Loans	Total Funding
Foreclosure prevention loans	6	\$ 85,626

#### **V. State Home Foreclosure Prevention Project**

Activity	Total Households	Total Funding
Foreclosure prevention counseling	10,623	\$ 4,510,640

#### **VI. N.C. Foreclosure Prevention Fund**

Activity	Total Loans	Funding <sup>3</sup>
Foreclosure prevention loans	5,894	\$ 102,689,672

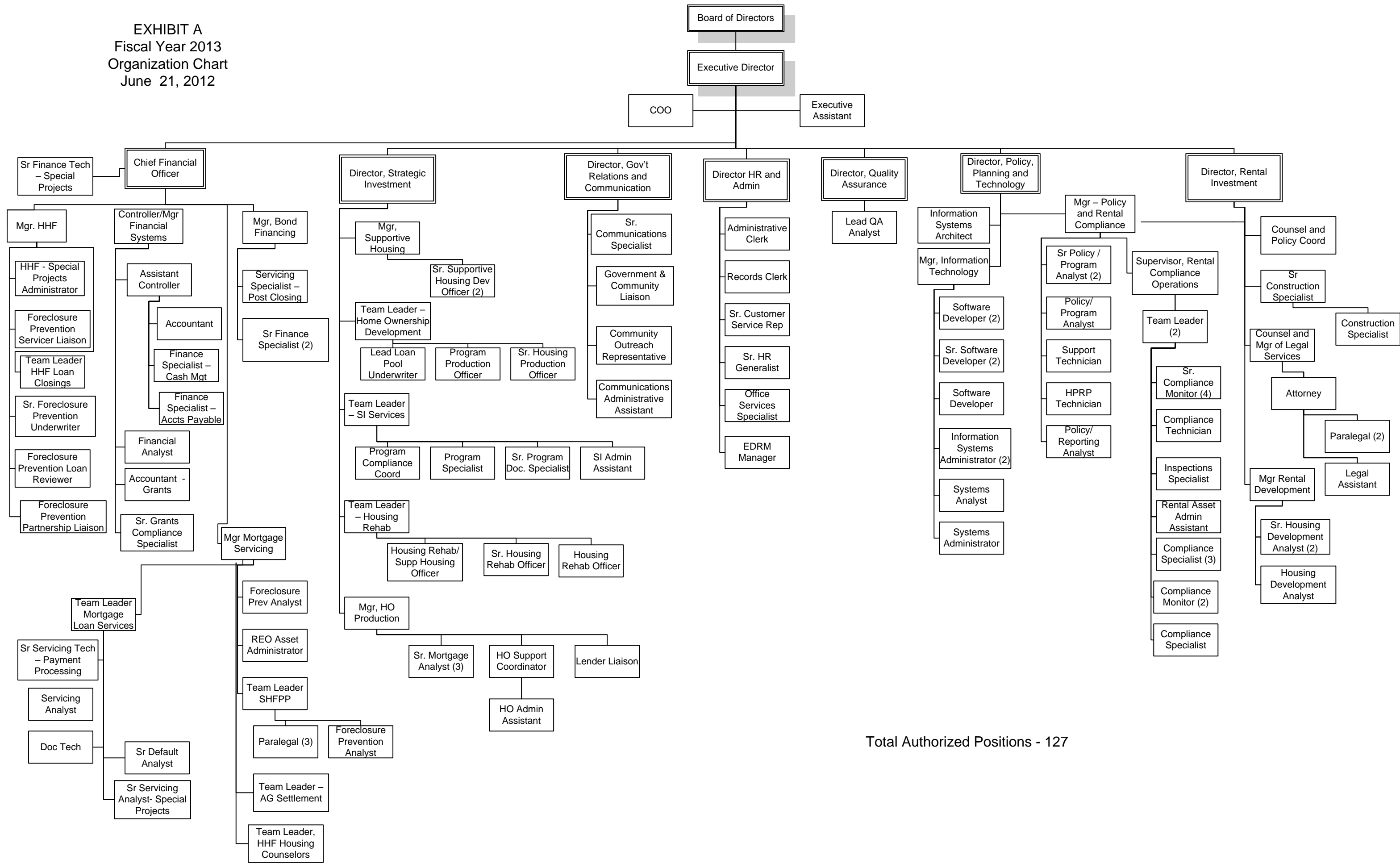
<sup>1</sup>The Housing Trust Fund, HOME Match, Home Protection Program, State Home Foreclosure Prevention Project, and NC Foreclosure Prevention Fund data are all also included in Table I.

<sup>2</sup>New activity of the state Home Protection Program was suspended and funding reduced to a de minimis amount when federal funds became available for foreclosure prevention through the N.C. Foreclosure Prevention Fund.

<sup>3</sup>Funds disbursed in FY2012. Loan funds are committed for up to 36 months.

**EXHIBIT 1: Fiscal Year 2011 Organizational Chart**

EXHIBIT A  
Fiscal Year 2013  
Organization Chart  
June 21, 2012



Total Authorized Positions - 127

## **EXHIBIT 2: Program Overview**

# NORTH CAROLINA HOUSING FINANCE AGENCY

## Summary of Programs

### *Homeownership Programs for Individuals*

**The FirstHome Mortgage** offers low-interest-rate mortgages for first-time home buyers and veterans. The loans are targeted to moderate- and low-income individuals who have not owned a home in the last three years. Also available are interest-free, deferred second mortgages up to \$8,000 to help home buyers with downpayment and closing costs. The maximum sales price for FirstHome Mortgage and downpayment assistance is \$225,000, and income limits range from \$89,900 down to \$57,500, depending on county and family size.

**The Mortgage Credit Certificate (MCC)**, also available to first-time buyers and veterans, is a tax credit that reduces a homeowner's federal tax liability, dollar-for-dollar, by 30% of the mortgage interest they pay. The maximum MCC tax credit is up to \$2,000 for every year that the buyer occupies the home. Sales price and income limits are the same as for the FirstHome Mortgage.

*Both FirstHome Mortgage and the MCC are offered through 700 participating lenders and their branches statewide. To learn more, go to [www.nchfa.com](http://www.nchfa.com) or call 1-800-393-0988 and ask to speak with an underwriter.*

**The N.C. Housing Finance Agency's REO Special Financing** is now offering 3.25% FHA financing for qualified buyers of Agency-owned REO properties. Buyers and properties must meet FHA credit and property standards. To be eligible for the special financing, buyers must pay full price and occupy the home as their primary residence. The buyers do not have to be first-time home buyers or meet income or sales price limits. *For a list of REO properties, go to [www.nchfa.com/Homebuyers/HBreo.aspx](http://www.nchfa.com/Homebuyers/HBreo.aspx).*

### *N.C. Foreclosure Prevention Resources*

**The N.C. Foreclosure Prevention Fund™** helps North Carolina homeowners who are struggling to pay their mortgage due to job loss or other temporary financial hardship while they seek or retrain for new employment. The Fund also helps re-employed workers who have missed payments or are earning less and have a second mortgage that is making the monthly payment unaffordable. The Fund is offered by the N.C. Housing Finance Agency using funds from the U.S. Treasury. Services are provided by participating HUD-approved housing counselors statewide.

Mortgage payment assistance is offered as a zero-interest, deferred loan up to \$36,000 to cover mortgage and related expenses for up to 36 months. The loan can also be used to bring the mortgage current. The loan is forgiven at a rate of 20% per year after five years, with it fully forgivable at 10 years as long as the homeowner continues to occupy the home.

Second mortgage assistance is provided as a zero-interest deferred payment loan of up to \$30,000 plus all related fees to pay off an existing second mortgage. No payment is due until the owner refinances or sells the home.

*Consumers should contact the N.C. Foreclosure Prevention Fund™ at 1-888-623-8631 or [www.NCForeclosurePrevention.gov](http://www.NCForeclosurePrevention.gov).*

**The State Home Foreclosure Prevention Project** offers free help, including counseling, access to legal services and assistance working with servicers. The program was created by the General Assembly in 2008 and is available to homeowners who have received a 45-day, pre-foreclosure notice. *Consumers should call 1-888-442-8188.*

**More information about the N.C. Housing Finance Agency's programs and activities is available at [www.nchfa.com](http://www.nchfa.com).**

## ***Homeownership Programs for Local Governments & Nonprofit Groups***

**The New Homes Loan Pool** provides interest-free, deferred-payment gap financing loans up to \$25,000 per unit for the purchase of newly constructed, rehabilitate, or foreclosed homes. Assistance is available to households earning up to 80% of area median income and who are also utilizing the Agency's FirstHome Mortgage for their first mortgage financing. Eligible households work with local, Agency-approved housing sponsors. Additional grants are available when homes meet certain energy efficiency or "green" building standards.

**The Self-Help Loan Pool** provides interest-free amortizing mortgage loans of up to \$25,000 per home for newly constructed and rehabilitated homes built by local Habitat for Humanity affiliates. Assistance is available to households earning up to 80% of area median income. Additional grants are available when homes meet certain energy efficiency or "green" building standards.

**The IDA Loan Pool** provides interest-free, deferred-payment gap financing loans of up to \$25,000 to home buyers participating in local, Agency-approved, Individual Development Account (IDA) programs. Assistance is available to households earning up to 80% of area median income. Grants up to \$1,000 are also provided to participants to match their IDA savings. IDA Loan Pool financing is only available to home buyers who are also utilizing the Agency's FirstHome Mortgage Program for their first mortgage financing.

## ***Rental Programs***

**The Housing Credit Program** encourages the new construction and substantial rehabilitation of rental housing for low-income households by providing a 10-year federal tax credit for for-profit and nonprofit housing sponsors. Each state receives an annual allotment of tax credits (volume cap) based on population, and the Agency awards credits in a competitive process through an agreement with the N.C. Tax Reform Allocation Committee. The program has a two-part annual application cycle, requiring submission of a preliminary site and market application in January and a full application in May.

**The State Tax Credit** is available for projects that receive an allocation of federal housing credits and meet certain income targeting requirements. The State Tax Credit is a refundable credit that operates much like a loan to the sponsor. It reduces private borrowing costs and makes rental developments more affordable to lower-income households. It cannot be used with projects financed using tax-exempt bonds. A separate application is not needed for the State Tax Credit.

**The Rental Production Program** provides low-interest loans of up to \$1.2 million per development for the construction of rental housing for households below 50% of area median income. The Agency provides the loans to sponsors who receive federal Housing Credits. The sponsor applies for the program when submitting a federal Housing Credit application.

**The Key Program** provides operating assistance for persons with disabilities, making the rents affordable to individuals on SSI incomes. This program is funded in partnership with the North Carolina Department of Health and Human Services and is available only to affordable housing developments that are participating in Agency programs such as the Supportive Housing Development Program and the Housing Credit Program.

## ***Supportive Housing Programs***

**The Supportive Housing Development Program** provides interest-free deferred loans of up to \$600,000 per development for the production of emergency, transitional and permanent housing for homeless families and individuals, and persons with special housing needs. This program generally serves households up to 50% of area median income.

## ***Housing Rehabilitation Programs***

**The Single-Family Rehabilitation Program** provides funding to local governments, regional agencies, and nonprofit organizations to rehabilitate owner-occupied homes. Assistance is available to elderly and disabled homeowners in eligible counties. Assistance is available to households up to 80% of area median income.

**The Urgent Repair Program** provides funding to local governments, regional agencies and nonprofit organizations to correct housing conditions that pose an imminent threat to life or safety or that may cause the displacement of the homeowner. Assistance is available to households up to 50% of area median income.

**The Displacement Prevention Partnership** works with the state's Independent Living services to provide accessibility modifications that enable homeowners with severe mobility impairments to remain in their home. Assistance is available to households below 50% of area median income.

**The Duke Home Energy Loan Program (HELP)** is available to homeowners below 80% of area median income through local governments, regional agencies and nonprofits within the Duke Power service area. Loan Pool funds are provided as deferred-payment loans to make homes more energy-efficient.

## ***Policy and Research Activities***

**The Consolidated Plan** is a housing and community development plan that provides details about the State's housing needs and conditions, sets out a strategy to meet needs, identifies resources available, and establishes one- and five-year investment plans to meet priority needs.

**The Housing Resource Guide** lists and describes organizations in North Carolina that provide housing services. *An online, searchable version is available at [www.nchfa.com](http://www.nchfa.com) in "Forms and Resources."*

## ***Education and Training***

**The Housing Tax Credit Compliance Training Program** includes two one-day sessions: Compliance 101 and Advanced Compliance. Compliance 101 is a one-day training session on how to determine tenant eligibility, maintain tenant file compliance with all of the Agency's rental housing programs and maintain the condition of the property in accordance with the Uniform Physical Conditions Standards. Advanced Compliance is a one-day session for owners and management to learn about more complex compliance topics with the Housing Tax Credit Program and the Rental Production Program. Six joint sessions are held at locations throughout the state. *Visit [www.nchfa.com/rental/mtrainingschedule.aspx](http://www.nchfa.com/rental/mtrainingschedule.aspx) for a schedule.*

**The Supportive Housing Compliance Training Program** is a one-day training session on how to determine tenant eligibility, maintain compliance specifically with the Agency's Supportive Housing Development loan program and maintain the condition of the property in accordance with Uniform Physical Conditions Standards. Three sessions are held at locations throughout the state. *Visit [www.nchfa.com/rental/mtrainingschedule.aspx](http://www.nchfa.com/rental/mtrainingschedule.aspx) for a schedule.*



**The N.C. Elderly Housing Rights and Consumer Protection Program** provides information and training for advocates, service providers and consumers, on housing rights and related consumer protection issues.

**The Reverse Mortgage Counseling Program** certifies individuals providing counseling to elderly homeowners who are applying for reverse mortgages as required by N.C. Statute.

**The Supportive Services Program** provides training and consultation services for service coordinators, managers and developer/owners to promote service-enriched, affordable housing for families, elderly persons and other residents with special needs.

**Training for Predatory Lending Counselors** is required by North Carolina's anti-predatory lending law, which mandates that persons considering high-cost loans receive counseling from an N.C. Housing Finance Agency approved counselor. The purpose is to ensure that borrowers fully understand the material terms of the loan and the amount of fees and costs the borrower will be required to pay.

**The N.C. Affordable Housing Conference** is sponsored by the N.C. Housing Finance Agency, the Community Investment Corporation of the Carolinas and the N.C. Housing Coalition each Fall.

### ***Advisory Groups***

**The N.C. Housing Finance Agency Board of Directors** consists of 13 members who oversee the Agency's operations. The Governor, the Speaker of the N.C. House of Representatives, and the President of the N.C. Senate each appoint four members, who in turn elect the 13<sup>th</sup>. The Governor appoints the chairperson.

**The North Carolina Housing Partnership** was established by the General Assembly to set policy for the use of the North Carolina Housing Trust Fund. The Housing Trust Fund was created by the General Assembly in 1987 and is the state's most flexible housing resource. The Agency administers the Housing Trust Fund and pays all its operating costs. The Housing Partnership comprises 13 members.

**The Housing Coordination and Policy Council** is a 15-member advisory group representing state agencies and departments with responsibility for housing programs. It was established by the General Assembly to advise the Governor and the General Assembly concerning state housing policy and ways to improve the coordination of the state's housing efforts.

Sam Ewell, Jr., Chairman  
A. Robert Kucab, Executive Director

[www.nchfa.com](http://www.nchfa.com)  
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