

October 7, 2005

Members of the Joint Legislative Commission on Governmental Operations  
Raleigh, North Carolina

Ladies and Gentlemen:

This annual report is being filed on the production activities of the North Carolina Housing Finance Agency for the period of July 1, 2004 through June 30, 2005 per G.S. 112A-16.

In the twelve months ending June 30, 2005, the Agency provided \$344 million in financing to support real estate development valued at \$446 million. This produced housing for 5,901 North Carolina households. In addition, the Agency served as fiscal agent for \$104 million in federal rental assistance, providing housing for 24,320 households.

Attached to the report are the following:

- Exhibit 1 is a production and investment report for the year ending June 30, 2005.
- Exhibit 2 is the Agency's budget for the fiscal year ending June 30, 2005, showing an approved budget of \$9,056,658 and actual expenses of \$9,054,621 for staff and operations.
- Exhibit 3 is the fiscal year 2006 organizational chart of the Agency showing 107 authorized positions and, for comparison purposes, the fiscal year 2005 chart.
- Exhibit 4 is a program overview. The Agency's programs have differing eligibility standards based on federal and state law; however, 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 the state'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, 2004 – JUNE 30, 2005**

The North Carolina Housing Finance Agency is self-supporting. It provides financing for affordable housing by selling tax-exempt Mortgage Revenue Bonds, issuing state and federal Housing Credits, and operating the federal HOME Program and the state's Housing Trust Fund. In its history, the Agency has financed over \$8.4 billion of affordable homes and apartments, to assist almost 166,000 households of low and moderate income. Net interest margins or fees pay the Agency's expenses, including the cost of operating the state's Housing Trust Fund.

### **Fiscal Year Production**

In the year ending June 30, 2005, the Agency provided \$343.88 million in financing and tax credits to support real estate development valued at \$445.06 million (including land). This produced housing for 5,091 North Carolina households. In addition, the Agency served as fiscal agent for \$103.81 million in federal rental assistance, providing housing for 24,320 households.

Of the total 30,221 households assisted:

- 2,080 low-income buyers purchased homes
- 2,738 rental units were financed
- 24,320 renters received monthly rent assistance
- 57 transitional housing units were financed for low-income persons with special needs
- 101 permanent housing units were financed for low-income persons with special needs
- 28 housing units were repaired through the Construction Training Partnership with the N.C. Home Builders Association
- 897 housing units received rehabilitation funding

### **Economic Impact**

During the fiscal year ending June 30, 2005, the Agency financed \$445.06 million in total development. This development:

- generated 5,223 construction jobs
- increased state tax revenues by \$19.62 million
- increased local tax base by \$35.50 million

### **Housing Trust Fund**

The Housing Trust Fund invested \$10.08 million in 1,302 housing units, including:

- 449 rental units
- 41 transitional units for low-income persons with special needs
- 16 permanent units for low-income persons with special needs
- 30 units for first-time homebuyers
- 26 units through partnership with the N.C. Home Builders Association
- 740 units in need of urgent or substantial repair

### **HOME Program**

The federal HOME Program and state matching funds provided \$24.15 million of investment in 1,240 housing units:

- 514 low-income homebuyers received down payment assistance
- 561 rental units were financed
- 64 units in need of substantial repair
- 16 transitional units for low-income people with special needs
- 85 permanent units for low-income people with special needs

## **EXHIBIT 1**

## PRODUCTION and INVESTMENT REPORT

**FY 2005**  
**7/1/04-6/30/05**

### **HOME Programs**

Amount Awarded	\$24.15 million
Number of Units	1,240
Counties Reached	62

### **Housing Trust Fund Programs**

Amount Awarded	\$10.08 million
Number of Units	1,302
Counties Reached	67

### **Homeownership: Single Family Mortgage Loan Program**

Total Mortgage Amount	\$15.91 million
Number of Loans	1,610
Average Family Income	\$38,100
Counties Reached	81

### **Homeownership: Mortgage Credit Certificate Program**

Number of MCCs Issued	164
Average Family Income	\$34,400
Counties Reached	22

### **Rental Development: Low Income Housing Tax Credit - Federal**

Estimated Equity Provided	\$118.77 million
Number of Units	2,693
Maximum Income	60% local median
Counties Reached	33
Number of Properties Financed	49

### **Rental Development: Low Income Housing Credit Program – State**

Estimated Loans Provided	\$31.75 million
Number of Units	2,099
Maximum Income	60% local median
Counties Reached	31
Number of Properties Financed	42

### **Rental Assistance Programs**

Amount of Rent Subsidies	\$ 103.80 million
Number of Units	24,320
Counties Reached	97

*Note: To lower the income targeting, some units receive funding from more than once source. For that reason, the units above should not be totaled.*

## **EXHIBIT 2**

**NCHFA Operating Budget  
SUMMARY  
Fiscal Year 2005 (7/1/2004 to 6/30/2005)**

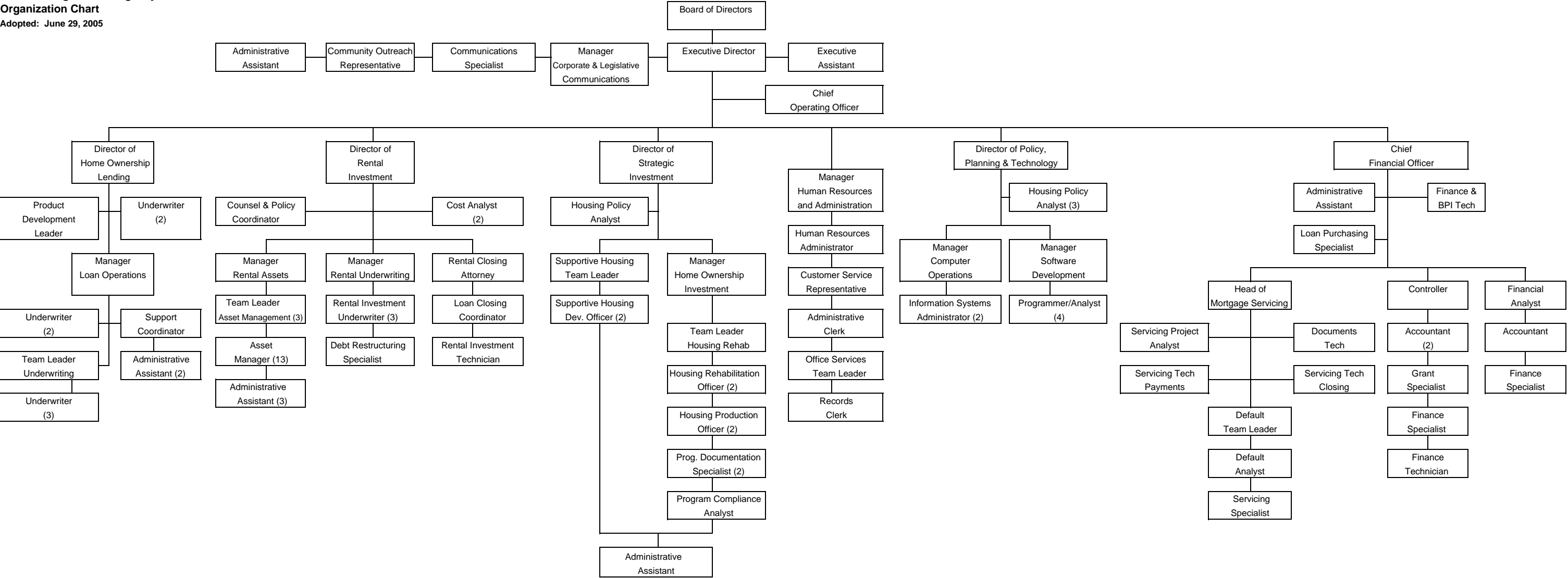
	Annual Budget	Expenses Year to Date	Annual Budget Variance
X1112 REGULAR SALARIES	4,774,482	4,774,303	179
X1114 TEMPORARY/CONTRACTED SERVICES	190,962	190,960	2
X1462 LONGEVITY PAYMTS	44,873	44,862	11
X1512 SOC SEC CONTRIB	347,655	347,630	25
X1522 RETMENT CONTRIB REC'D	291,464	291,455	9
X1562 HOSP INS CONTRIB	325,608	325,584	24
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SUBTOTAL SALARY/BENEFIT	5,975,044	5,974,793	251
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X2110 LEGAL SERVICES	182,289	182,272	17
X2120 FINANCIAL/AUDIT SERVICES	99,150	99,150	
X2140 SYSTEMS IMPLEMENTATION	538,587	538,587	
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SUBTOTAL PROFESSIONAL SVCS	820,026	820,009	17
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X1631 WORKMEN'S COMPENSATION	24,305	24,304	1
X1651 COMPENSATION TO BOARD MEMBERS	2,765	2,756	9
X2199 MISC. CONTRACTUAL SRVS	708,878	708,831	47
X2200 WORKSHOP SERVICES	78,662	78,603	59
X2332 REPAIR-COMPUTER EQUIPMT	586	566	20
X2333 REPAIR-OTHER EQUIPMT	5		5
X2430 MAINTENANCE AGREEMNT-EQUIPMENT	12,577	12,565	12
X2440 MAINT AGREEMT-DP EQUIP	61,410	61,406	4
X2512 RENTAL/LEASE-BUILDING	465,748	465,745	3
X2524 RENTAL/LEASE-GEN OFFICE EQUIPMT	20		20
X2711 TRANSPORTATION- AIR I/S	130	125	5
X2712 TRANSPORTATION- AIR O/S	18,371	18,271	100
X2714 TRANSPORTATN-GROUND I/S	76,929	76,893	36
X2715 TRANSPORTATN-GROUND O/S	5,543	5,429	114
X2717 OTHER- I/S	370	362	8
X2718 OTHER- O/S	50	47	3
X2721 LODGING- I/S	31,722	31,658	64
X2722 LODGING- O/S	58,468	58,433	35
X2724 MEALS- I/S	28,450	28,357	93
X2725 MEALS- O/S	12,607	12,512	95
X2727 MISC. - I/S	2,680	2,653	27
X2728 MISC. - O/S	1,025	942	83
X2731 BOARD TRANSPORTATION	14,570	14,540	30

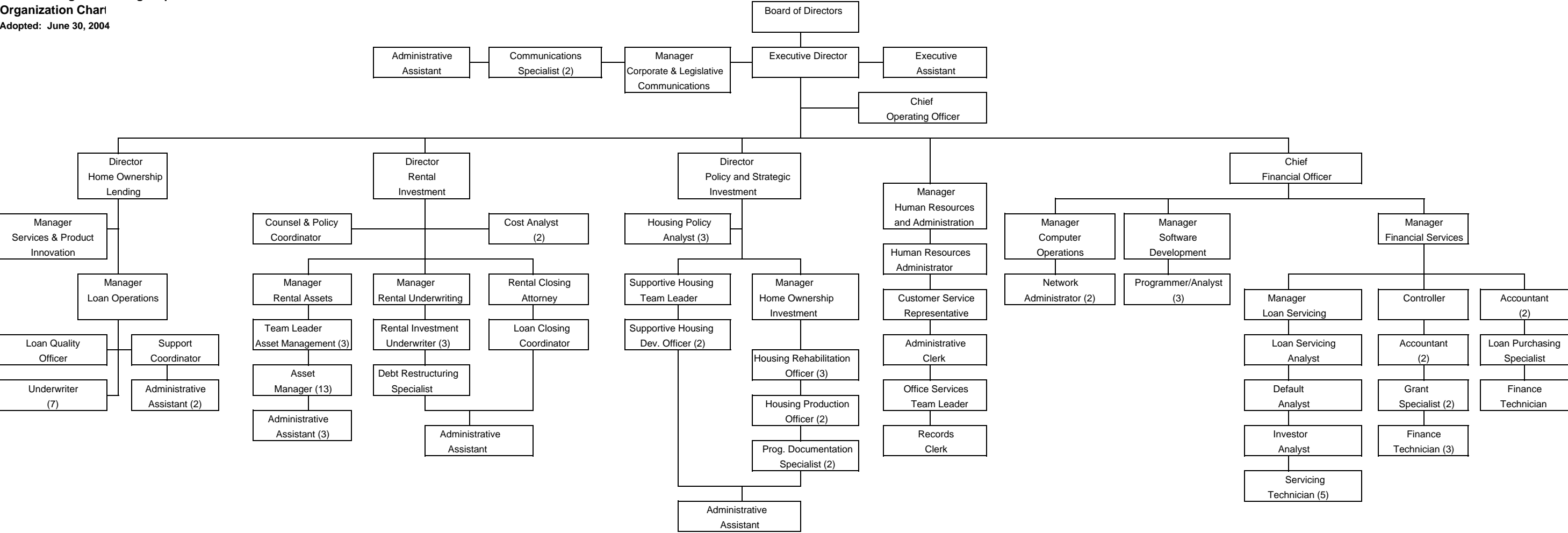
**NCHFA Operating Budget  
SUMMARY  
Fiscal Year 2005 (7/1/2004 to 6/30/2005)**

	Annual Budget	Expenses Year to Date	Annual Budget Variance
X2732 BOARD SUBSISTENCE	34,865	34,855	10
X2799 TRAVEL ADVANCE	12	11	1
X2811 TELEPHONE SERVICE	50,775	50,764	12
X2814 CELLULAR PHONE SVCS	1,672	1,633	39
X2821 SIPS - COMPUTER/DP MAINFRAME	12,100	12,088	12
X2840 POSTAGE, FREIGHT AND DELIVERY	43,082	43,037	45
X2850 PRINTING & BINDING	50,605	50,488	117
X2860 ADVERTISING	21,055	21,037	18
X2911 INSURANCE - PROPERTY	1,820	1,800	20
X2913 INSURANCE LIABILITLY	2,375	2,357	19
X2919 INSURANCE-OTHER	27,950	27,947	3
X2941 EDUCATIONAL ASSIST PROG	2,485	2,457	28
X2942 EMPLOYEE EDUCATION EXP'S	110,181	110,046	135
X3110 OFFICE SUPPLIES & MATERIALS	70,765	70,706	59
X3120 DP SUPPLIES	14,020	14,017	3
X3130 PHOTOGRAPHIC SUPPLIES	1,920	1,912	8
X3900 OTHER MAT & SUPPLIES	9,066	9,039	27
X4511 OFFICE FURNITURE	10,100	10,024	76
X4521 OFFICE EQUIPMENT	9,925	9,895	30
X4522 COMPUTERS	68,150	68,137	13
X4710 COMPUTER SOFTWARE	5,855	5,819	36
X5830 DUES & SUBSCRIPTIONS	54,341	54,246	95
X5840 SERV. & OTHER AWARDS	10,240	10,176	64
X5900 OTHER EXPENSES	33,023	33,000	23
X8110 TRANSFER-I/D (DEP.CHILD CARE)	9,335	9,332	3
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SUBTOTAL GENERAL OPERATING	2,261,588	2,259,818	1,770
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<b>TOTAL EXPENSES</b>	<b>9,056,658</b>	<b>9,054,621</b>	<b>2,037</b>
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### **EXHIBIT 3**







105 Approved Full Time Positions

## **EXHIBIT 4**

# NORTH CAROLINA HOUSING FINANCE AGENCY

## Summary of Programs



### Homeownership Programs

- **For Individuals**

The First-Time Home Buyer Mortgage offers an interest rate below the market rate. It is targeted to moderate- and low-income individuals who haven't owned a home in three years. Also available are interest-free, deferred second mortgages up to \$7,000 to pay a substantial part of the downpayment and closing costs for homebuyers below 80% of area median income.

A HomeSaver feature helps borrowers who use the Agency's mortgage to keep their home, even if they lose their job. The Agency will advance principal and interest payments for up to four months for borrowers who lose their jobs through no fault of their own. The funds are repaid at 0% interest when the home is sold or refinanced.

The Mortgage Credit Certificate (MCC) is an option for some buyers who do not qualify for the Agency's mortgages because of their debt ratios, credit issues or other reasons. An MCC reduces a homeowner's tax liability, dollar-for-dollar, by 20% of the mortgage interest they pay. The maximum MCC tax credit is \$2,000 a year.

To learn more, visit [www.nchfa.com](http://www.nchfa.com) or call the Agency at 919-877-5700 and ask to speak to an underwriter.

- **For Local Governments & Nonprofit Organizations**

The New Homes Loan Pool provides interest-free, deferred-payment second mortgage loans of up to \$20,000 per unit for the purchase of newly constructed or like-new, substantially rehabilitated homes. Assistance is targeted to homebuyers below 80% of area median income. Grant funding is also available to organizations when for-sale homes meet certain standards of comfort, safety and energy efficiency. Contact Bill Bunting at 919-877-5629.

The Self-Help Housing Program provides interest-free second mortgage loans of up to \$20,000 per home for permanent financing of newly-built homes using homebuyer sweat equity. Assistance is targeted to homebuyers below 50% of area median income. Grant funding is also available to organizations when homes are built to certain standards of comfort, safety and energy efficiency. Contact Sonia Joyner at 919-877-5630.

## Rental Programs

The Housing Credit Program encourages the production of rental housing for low-income households by allowing a 10-year federal tax credit. The program has a two-part annual application cycle, requiring a preliminary site and market application to be submitted in January and a full application in April. Contact Scott Farmer at 919-877-5641. For Asset Management, contact Paul Kimball at 919-877-5652.

State Tax Credits are available for projects that receive an allocation of federal tax credits and meet certain income targeting requirements. The state tax credit cannot be used with projects financed using tax exempt bonds. It is not necessary to submit a separate application for the state tax credit. Contact Mark Shelburne at 919-877-5645.

The Rental Production Program provides loans of up to \$1 million per development for the construction of rental housing for households below 50% of area median income. Contact Scott Farmer at 919-877-5641. For Asset Management, contact Paul Kimball at 919-877-5652.

The Housing LINC Loan Fund, operated under agreement with the N.C. Division of Aging and funded by the Kate B. Reynolds Foundation, is a revolving loan fund to pay pre-development costs for assisted-living apartments for the elderly. Applications are received as long as funding is available. Contact Kelly Irving at 919-877-5712.



## Supportive Housing Programs

The Supportive Housing Development Program provides interest-free and deferred-payment loans of up to \$500,000 per development for the production of transitional and permanent housing for homeless families, homeless individuals, and persons with special needs. This program serves households below 50% of area median income, and is targeted to households below 30% of area median income. Contact Candace Stowell at 919-877-5633 or Mike Mittenzwei at 919-877-5654.

The Supportive Housing Pre-Development Loan Program assists nonprofit organizations developing supportive housing by providing financing for pre-development costs such as architectural and engineering work, environmental reviews, appraisals, and consulting fees. Contact Mary Recca Todd at 919-877-5672.

## Housing Rehabilitation Programs

The Single Family Rehabilitation Program provides up to \$500,000 to local governments, regional agencies, and non-profit organizations for forgivable, deferred-payment loans to rehabilitate single-family, owner-occupied homes. Assistance is targeted primarily to homeowners below 50% of area median income. Contact Dick Smith-Overman at 919-877-5628.

The Urgent Repair Program provides up to \$75,000 to local governments, regional agencies and nonprofit organizations for grants to correct housing conditions that pose an imminent threat to life or safety or that cause the displacement of households below 50% of area median income. Contact Dick Smith-Overman at 919-877-5628.

The Duke Home Energy Loan Program (HELP) makes available up to \$150,000 to local governments, regional agencies and nonprofit organizations within the Duke Power service area that, when matched with local leveraged funds, provides loans to reduce energy costs of homeowners below 80% of area median income. Contact Cal Jordan at 919-877-5632.

The Lead Abatement Partnership works with the Department of Health and Human Services and the Department of Environment and Natural Resources to identify and eliminate lead paint hazards in the homes of children with elevated blood lead levels in owner-occupied housing. It also provides technical assistance through local rehab organizations, and deferred loans to fund lead abatement and comprehensive rehabilitation. Contact Mike Handley at 919-877-5627.

## 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. Contact Erin Crossfield at 919-501-4264 or Keir Morton at 919-877-5634.

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). Contact Erin Crossfield at 919-501-4264 or Keir Morton at 919-877-5634.



## Consumer Education and Training Activities

The Housing Tax Credit Compliance Training Program. One-day Tax Credit and half-day Rental Production Program training sessions assist owners and managing agents of rental properties in maintaining compliance with Housing Tax Credit regulations and/or Rental Production Program requirements. Sessions are held every other month at locations throughout the state. Visit the Agency website, [www.nchfa.com](http://www.nchfa.com), for a schedule. Contact Betty Ballentine at 919-877-5646.

The N.C. Elderly Housing Rights and Consumer Protection Program provides information and training for advocates, service protectors and consumers, on housing rights and related consumer protection issues. Contact Mary Reca Todd at 919-877-5672.

The Reverse Mortgage Counseling Program. North Carolina statute requires the North Carolina Housing Finance Agency to approve the training standards and certify individuals providing counseling to elderly homeowners who are applying for reverse mortgages. Contact Mary Reca Todd at 919-877-5672.

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. Contact Mary Reca Todd at 919-877-5672.

The Training for Predatory Lending Counselors Program is required by North Carolina's predatory lending law. The law mandates that persons considering high-cost home loans must receive counseling from a North Carolina Housing Finance Agency-approved counselor before completing the loan process. The purpose of the counseling is to ensure that the borrower fully understands the material terms of the loan and the amount of fees and costs the borrower will be required to pay. Contact Mary Reca Todd at 919-877-5672.

## General

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. Contact Patricia Amend at 919-877-5717.

The Housing North Carolina Awards recognize homeownership, rental, and supportive housing developments built in North Carolina that are judged by an expert panel to be outstanding examples of affordable housing. Contact Margaret Matrone at 919-877-5606.

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 Partnership comprises 13 members. Contact Bill Dowse at 919-877-5622.



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