



MEMORANDUM

TO: Members of the General Assembly

FROM: A. Robert Kucab
Executive Director

DATE: April 1, 2008

SUBJECT: 2007 HOME Program Performance Report

This report is being filed in accordance with Section 298 of the 1993 Budget Act, 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 piece of mind 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 \$345.8 million in federal HOME Program funds and state matching funds. These funds have:

- helped more than 7,000 low-income families buy their first home,
- financed more than 9,100 affordable apartments through private/public partnerships
- rehabilitated more than 3,900 substandard homes owned by low-income households
- provided rental subsidies for more than 1,600 units of affordable housing

In 2007, the Agency made awards of \$33.4 million in federal HOME Program funds and state matching funds to develop, acquire, or rehabilitate 1,226 housing units. Additionally, the Agency provided operating subsidies to 177 units affordable to persons living on disability income.

The state matching funds and HOME Program awards made in 2007 leveraged an additional \$92.9 million, resulting in \$126.3 million in affordable housing. The awards will produce approximately 2,100 jobs and \$21.2 million in state and local tax revenues.

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

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

A. Robert Kucab
Executive Director

North Carolinians Served with HOME and Match

The Agency has utilized HOME and HOME Match funds to help more than 21,000 North Carolina households enjoy the peace of mind that comes with safe and stable housing.

HOME and Home Match funds have proved invaluable to people facing a variety of circumstances. They have assisted families to achieve their dreams of owning their own homes and have assisted towns in providing safe and attractive rental communities for their residents.

- Rehab dollars for a new roof and electrical system allowed a retired Monroe couple to continue living in the home they had owned for 30 years.
- A Mocksville family of five is enjoying their new school and new home, made affordable by a \$20,000 second mortgage from HOME funds.
- After retiring from a career in public safety, a 65-year-old Mooresville woman became a homeowner with a garden. She helped build her own Habitat house, which was partly financed with HOME funds.
- When a disabling illness had used up all his savings, a Raleigh businessman was left with no choice but to sell his home. With no other place to live, he was referred by Resources for Seniors to Cedar Spring, a senior living community in Wendell, NC, where he was able to rent an affordable, handicap-accessible apartment. Cedar Spring was made possible by state and federal tax credits and by a loan from the Rental Production Program, which uses HOME funds and the state Housing Trust Fund.

With the money provided by vital resources like HOME, HOME match, and the state tax credit, these North Carolinians and hundreds like them have obtained stable, safe, and affordable housing.

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 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 2007

Housing units financed and households that received rent assistance	1,092
Funds provided to those units and households	\$32,432,873
Value of housing and rehabilitation	\$114,366,249

II. Priorities Met in 2007

Priorities for the 2007 HOME funds were set in the 2006-2010 North Carolina Consolidated Plan.

High Priority Need

- Homeless Families and Individuals
- Nonhomeless Persons with Special Needs
- Urban Renters Earning 0-30% of MFI
- Rural Renters Earning 0-50% of MFI
- Existing Urban Homeowners Earning 0-30% of MFI
- Existing Rural Homeowners Earning 0-50% of MFI*

Medium Priority Need

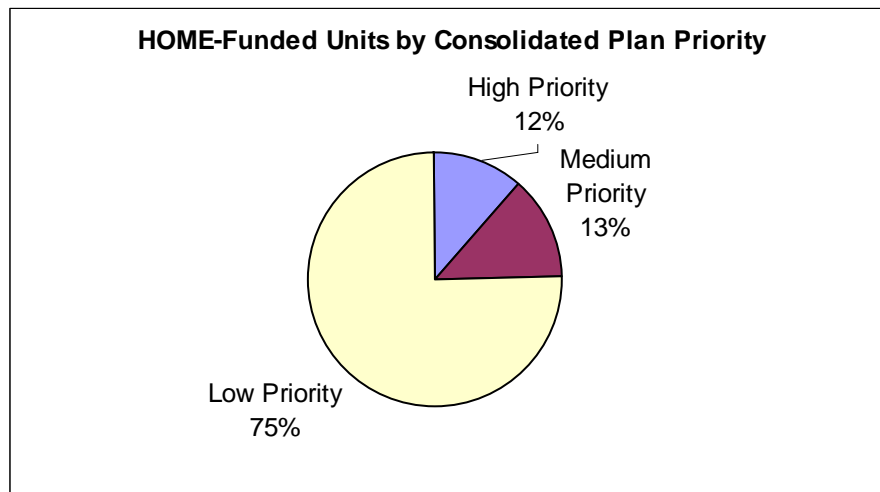
- Urban Renters Earning 31-50% of MFI
- Rural Renters Earning 51-60% of MFI
- Existing Urban Homeowners Earning 31-50% of MFI
- Existing Rural Homeowners Earning 0-50% of MFI*

Lower Priority Need

- Urban Renters Earning 51-80% of MFI
- Rural Renters Earning 61-80% of MFI
- Existing Homeowners Earning 51-80% Median Family Income
- Potential Homebuyers Earning 30-80% of MFI whose needs are not met by the market

**Existing Rural Homeowners are differentiated in priority by type of activity and/or type of household (elderly are considered high priority, non-elderly medium priority)*

The figure below shows the percentage of households awarded HOME funds in each priority level in 2007. According to the Strategic Consolidated Plan, all homebuyer assistance is a low-priority activity. However, federal regulations make it difficult to use HOME funds for activities other than homebuyer assistance. The Agency serves high- and medium-priority populations with the Housing Trust Fund and other state-appropriated funds, which are less restrictive. The chart below shows the priority distribution for HOME-funded activity only (not for all Agency activity).



III. Activities in 2007

Activities supported with HOME funds in 2007 included: 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 2007

Housing units financed and households that received rent assistance	311
Funds provided to those units or households	\$1,224,543
Value of housing and rehabilitation	\$11,919,191

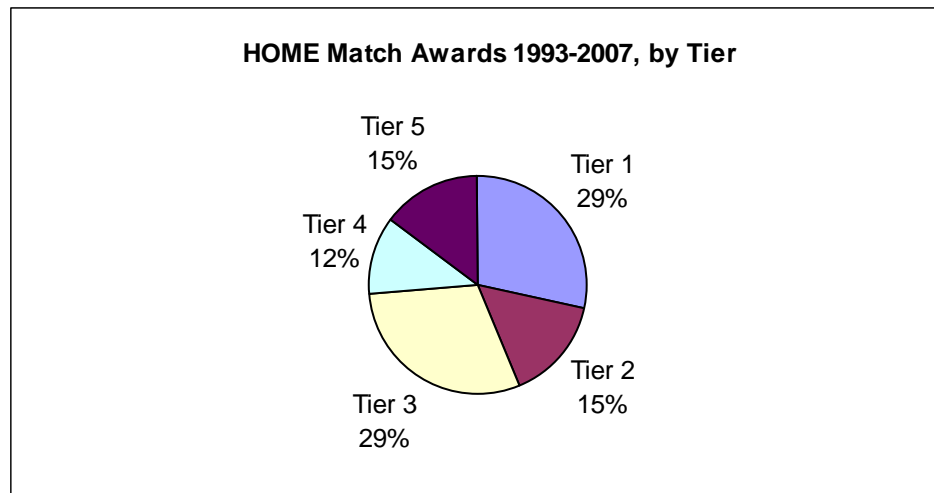
II. State Priorities Met in 2007

According to Section 298 of the 1993 Budget Act, 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. Below are charts showing how the Agency used its State-Appropriated HOME match funds.

First Priority

Historically, 74% of match funds have gone to counties in Tiers 1, 2, or 3. To date most distressed counties (Tiers 1 and 2) have received 44% of all match funds.

In 2004, the Agency began a new program in partnership with the Department of Health and Human Services called the Key Program. In 2007, the Agency committed \$1.25 million in HOME Match funds to Key operating assistance, which will be disbursed over the next 10 years. The Agency's contribution to the Key Program is solely funded from State-appropriated funds. Key operating assistance is limited to adults receiving income based upon their disability from Social Security (SSI and SSDI) or other state/federal program (such as the Veterans' Administration) and whose total household income does not exceed thirty percent (30%) of the area median income.



Second Priority

Affordability of Units Funded with HOME Match	2007	
	Units	Percent
0% to 50% of local Median Family Income	244	78%
51% to 80% of local Median Family Income*	67	22%
TOTAL	311	100%

*The actual income targeting of the households in this category is between 50-60% of Median Family Income.

III. Activities in 2007

In 2007, Match funds were used for rental housing production and operating assistance for very-low income residents with disabilities.