



January 31, 2010

Members of the Joint Legislative Commission on Governmental Operations

Ladies and Gentlemen:

This annual report is being filed on the production activities of the North Carolina Housing Finance Agency (NCHFA) for the 2009 calendar year (January 1, 2009 to December 31, 2009), per G.S. 112A-16. The NCHFA 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 \$298.1 million in financing for affordable housing awarded during calendar year 2009. In addition, the Agency (and its partners) administered \$136.1 million in federal rental assistance.

The U.S. Treasury awarded \$95 million to North Carolina to jump-start the stalled construction of 36 affordable apartment developments in 26 counties and put hundreds of people to work. The money – known as “exchange funds” – was authorized under the American Recovery and Reinvestment Act of 2009 (ARRA) to allow state housing finance agencies to receive cash grants replacing a portion of the federal tax credit allocation. All of the apartments being built will be affordable to persons whose incomes are at 60 percent or less of the median.

NCHFA received more than \$52 million in other federal stimulus funds through the federal Tax Credit Assistance Program (TCAP). This is expected to put 1,400 people to work building affordable apartments across North Carolina. Ten properties in 10 counties were approved by the N.C. Tax Reform Allocation Committee for funding under TCAP.

Attached please find a report further detailing the Agency’s housing activity, as well as the following:

- Exhibit 1 shows the Agency's budget for the fiscal year July 1, 2009 to June 30, 2010 showing an approved year to date budget of \$5,932,660 and actual year to date expenses of \$5,244,322 for staff and operations.
- Exhibit 2 is the Fiscal Year 2010 organizational chart of the Agency showing 116 authorized positions.
- Exhibit 3 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

# Report of the North Carolina Housing Finance Agency

## January 1, 2009 – December 31, 2009

The North Carolina Housing Finance Agency is self-supporting. It provides financing for affordable housing by selling tax-exempt bonds, issuing state and federal Housing Credits, operating the federal HOME Program and the state Housing Trust Fund, administering federal Section 8 Rental Assistance Funds, operating the Home Protection Program, and administering the Recovery Act's Tax Credit Assistance Program and Credit Exchange funds. In its history, the Agency has invested approximately \$9.7 billion for affordable homes and apartments, to assist 196,000 households of low and moderate income. Net interest margins or fees pay the Agency's expenses, including the cost of operating the state Housing Trust Fund and the Home Protection Program.

NCHFA works with the Department of Health and Human Services to administer the Housing 400 Initiative. This Initiative provides housing for people with disabilities and operating assistance to make that housing affordable to people at SSI income levels.

### Investment (in thousands) and units financed\* for activity awarded, January 1, 2009 – December 31, 2009

Activity	HOME and HOME Match		Housing Trust Fund		Home Protection Program		Single-family and Multi-family Bonds		Home Ownership Mortgage Credit Certificate		Federal Housing Tax Credit		State Housing Tax Credit		Section 8 Rental Assistance		DHHS Mental Health Trust Fund		ARRA Funds				NFMC		Other Funding	
																			TCAP		Exchange					
	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units
Home buyer housing	8,466	350	522	70	-	-	13,916	132	29,040	229	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,740	218
Rental housing	6,451	492	5,452	368	-	-			-	-	125,410	2,079	25,439	1,541	-	-	-	-	52,153	666	135,019	2,013	-	-	-	-
Supportive housing	-	-	7,326	102	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Homeowner rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	425	23
Urgent repair	-	-	3,540	922	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreclosure prevention loans	-	-	-	-	1,779	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	171	67
Foreclosure prevention counseling	-	-	-	-	575	399	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,207	9,240	-	-
Rental assistance	718	385	-	-	-	-	-	-	-	-	-	-	-	-	134,839	24,727	440	311	-	-	-	-	-	-	50	156
Totals	15,635	1,227	16,841	1,462	2,354	533	13,916	132	29,040	229	125,410	2,079	25,439	1,541	134,839	24,727	440	311	52,153	666	135,019	2,013	2,207	9,240	16,386	464

\*To reach citizens with lower incomes, developments frequently receive financing from more than one Agency funding source. The table indicates funds invested from each source, without regard to any overlap.

### Economic Impact

This investment generated approximately:

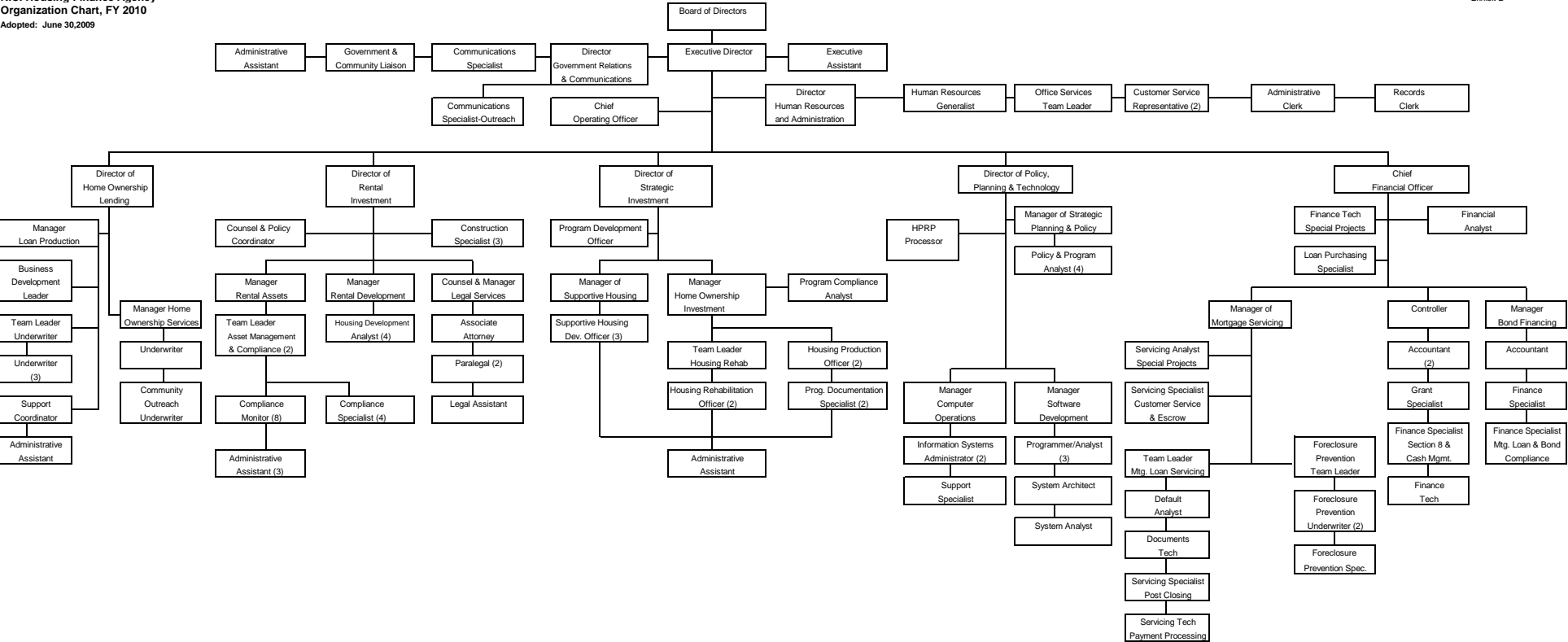
- 6,662 jobs,
- \$16.8 million in state tax revenues, and
- \$9.3 million in local tax revenues.

**EXHIBIT 1: Fiscal Year 2010 Budget**

**NCHFA Operating Budget  
SUMMARY  
Fiscal Year 2010 (July 1, 2009 - June 30, 2010)  
As of December 31, 2009**

		Annual Budget	Year to Date Budget	Year to Date Expenditures (through 12/31/2009)	Year to Date Budget Variance
73601	REGULAR SALARIES	7,230,080.00	3,615,040.01	3,358,767.34	256,272.67
73602	LONGEVITY PAYMENTS	70,000.00	34,999.99	38,615.18	(3,615.19)
73603	TEMPORARY CONTRACTED EMPLOYEE	-	-	-	-
	<b>Salary Subtotal</b>	7,300,080.00	3,650,040.00	3,397,382.52	252,657.48
73605	SOCIAL SECURITY CONTRIBUTION	562,106.00	281,053.01	246,156.20	34,896.81
73606	RETIREMENT CONTRIBUTION	594,226.00	297,112.99	303,954.13	(6,841.14)
73607	HOSPITAL INSURANCE CONTR	534,186.00	267,093.00	224,476.74	42,616.26
	<b>Benefits Subtotal</b>	1,690,518.00	845,259.00	774,587.07	70,671.93
73610	LEGISLATIVE EXPENSES	36,844.00	18,421.99	1,440.00	16,981.99
73611	LEGAL SERVICES	66,640.00	33,320.02	5,681.59	27,638.43
73612	FINANCIAL/AUDIT SERVICES	124,700.00	62,350.01	75,000.00	(12,649.99)
73613	SYSTEMS IMPLEMENTATION	491,282.00	245,641.01	193,808.96	51,832.05
	<b>Professional Services Subtotal</b>	719,466.00	359,733.03	275,930.55	83,802.48
73615	WORKMEN'S COMPENSATION	6,000.00	3,000.00	14,712.82	(11,712.82)
73616	COMPENSATION TO BOARD MEMBERS	3,560.00	1,780.01	1,065.00	715.01
73617	MISC. CONTRACTUAL SERVICES	354,192.00	177,096.03	77,802.47	99,293.56
73618	WORKSHOP SERVICES	50,428.00	25,214.02	21,845.19	3,368.83
73619	REPAIR-COMPUTER EQUIPMT	3,000.00	1,500.00	2,458.90	(958.90)
73620	REPAIR-OTHER EQUIPMT	200.00	100.01	378.09	(278.08)
73621	MAINTENANCE AGREEMNT-EQUIPMENT	21,810.00	10,905.00	6,742.57	4,162.43
73622	MAINT AGREEMT-DP EQUIP	108,290.00	54,145.01	52,660.26	1,484.75
73623	RENTAL/LEASE-BUILDING	511,440.00	255,720.00	255,718.02	1.98
73624	RENTAL/LEASE-GEN OFFICE EQUIP	-	-	-	-
73625	TRANSPORTATION- AIR I/S	-	-	71.16	(71.16)
73626	TRANSPORTATION- AIR O/S	26,126.00	13,062.98	3,216.26	9,846.72
73627	TRANSPORTATION - GROUND I/S	133,277.00	66,638.48	40,861.26	25,777.22
73628	TRANSPORTATION - GROUND O/S	8,882.00	4,441.01	514.45	3,926.56
73629	LODGING- I/S	51,252.00	25,625.97	14,957.14	10,668.83
73630	LODGING- O/S	55,225.00	27,612.46	6,068.33	21,544.13
73631	MEALS- I/S	51,201.00	25,600.50	13,709.83	11,890.67
73632	MEALS- O/S	14,701.00	7,350.55	2,292.40	5,058.15
73633	MISC. -I/S	6,189.00	3,094.50	1,187.75	1,906.75
73634	MISC. O/S	1,612.00	805.96	38.00	767.96
73635	BOARD TRANSPORATION	15,250.00	7,624.99	4,767.91	2,857.08
73636	BOARD SUBSISTENCE	33,010.00	16,504.99	5,492.44	11,012.55
73637	TELEPHONE SERVICE	43,000.00	21,499.99	17,393.86	4,106.13
73638	CELLULAR PHONE SVCS	13,000.00	6,499.99	14,740.33	(8,240.34)
73639	SIPS - COMPUTER/DP MAINFRAME	2,400.00	1,200.00	5,809.79	(4,609.79)
73640	POSTAGE, FREIGHT AND DELIVERY	50,385.00	25,192.56	14,492.07	10,700.49
73641	PRINTING & BINDING	71,124.00	35,562.00	12,645.48	22,916.52
73642	ADVERTISING	22,855.00	11,427.49	198.65	11,228.84
73643	INSURANCE - PROPERTY	12,700.00	6,349.99	-	6,349.99
73644	INSURANCE LIABILITLY	290.00	145.01	7,270.60	(7,125.59)
73645	INSURANCE-OTHER	6,650.00	3,325.01	1,158.89	2,166.12
73646	EDUCATIONAL ASSIST PROG	1,100.00	550.01	193.45	356.56
73647	EMPLOYEE EDUCATION EXP'S	127,313.00	63,656.48	27,369.21	36,287.27
73648	OFFICE SUPPLIES & MATERIAL	55,910.00	27,954.98	10,502.19	17,452.79
73649	DP SUPPLIES	21,000.00	10,500.00	8,720.94	1,779.06
73650	PHOTOGRAPHIC SUPPLIES	3,800.00	1,900.01	330.00	1,570.01
73651	OTHER MAT & SUPPLIES	7,875.00	3,937.50	5,313.62	(1,376.12)
73652	OFFICE FURNITURE	2,000.00	1,000.01	903.72	96.29
73653	OFFICE EQUIPMENT	1,500.00	750.00	17,708.08	(16,958.08)
73654	COMPUTERS	46,375.00	23,187.49	56,661.23	(33,473.74)
73655	COMPUTER SOFTWARE	22,500.00	11,250.00	16,440.87	(5,190.87)
73656	DUES & SUBSCRIPTIONS	76,984.00	38,491.96	27,679.58	10,812.38
73657	SERV. & OTHER AWARDS	21,520.00	10,760.05	2,339.25	8,420.80
73658	OTHER EXPENSES	39,330.00	19,664.97	12,979.10	6,685.87
73659	TRANSFER TO STATE TREASURER	50,000.00	25,000.01	-	25,000.01
73660	TRANSFER-I/D (DEP.CHILD CARE)	-	-	9,021.00	(9,021.00)
	<b>General Operating Subtotal</b>	2,155,256.00	1,077,627.98	796,432.16	281,195.82
	<b>Total Expenses</b>	11,865,320.00	5,932,660.01	5,244,332.30	688,327.71

**EXHIBIT 2: Fiscal Year 2010 Organizational Chart**



118 Budgeted Positions  
125 Board Approved & Legislatively Reported Positions

### **EXHIBIT 3: Program Overview**

# NORTH CAROLINA HOUSING FINANCE AGENCY

## Summary of Programs



### Homeownership Programs for Individuals

The FirstHome Mortgage offers low-rate mortgages for first-time home buyers. It is targeted to moderate- and low-income individuals who haven't owned a home in the last three years. Also available are interest-free, deferred second mortgages up to \$8,000 to pay a substantial part of the downpayment and closing costs for home buyers below 80% of area median income.

The Mortgage Credit Certificate (MCC) is a valuable tax credit program for eligible borrowers. 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 20% of the interest paid—up to \$2,000—every year that the buyer occupies the home.

To learn more about all the Agency's mortgage programs, visit [www.nchfa.com](http://www.nchfa.com) or call the Agency at 919-877-5700 or 800-393-0988 and ask for an underwriter.

### Home Protection Program

The Home Protection Program (HPP) helps workers who have lost their jobs because of changing economic conditions (i.e. through no fault of their own) and need assistance to avoid losing their home to foreclosure. The Program was created and funded by the General Assembly. Displaced workers apply through a participating local housing counseling agency who determines the homeowner's eligibility to apply for assistance and helps them submit an application to the Agency.

Successful applicants can receive a loan for up to \$ 24,000 at 0% to pay the mortgage while they look for a job or train for a new one. Loan funds can be used to pay the homeowner's mortgage and related expenses, such as property insurance, homeowner dues, and property taxes, for up to 24 months. No repayment is needed for 15 years, unless the home is sold, refinanced or is no longer the homeowners principal place of residence. For more information on HPP, visit [www.nchfa.com](http://www.nchfa.com) (click on "Homeowners" and then on "Home Protection Program") or contact Rich Lee at (919) 877-5688.

### Homeownership Programs for Local Governments & Nonprofit Groups

The New Homes Loan Pool provides interest-free, deferred-payment second mortgage loans of up to \$25,000 per unit for the purchase of newly constructed, substantially rehabilitated homes or foreclosed homes. Assistance is targeted to home buyers below 80% of area median income. Housing sponsors qualify for an additional grant of \$5,000 per home when homes meet certain standards of energy efficiency "green" building. Contact Bill Bunting at 919-877-5629.

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



The Neighborhood Stabilization Loan Pool provides interest-free deferred-payment forgivable second mortgage loans of up to \$14,900 for the purchase of foreclosed properties. Assistance is targeted to homebuyers below 80% of area median income in 23 specific counties. Contact Rob Ruscak at 919-875-3777.

The Self-Help Loan Pool provides interest-free mortgage loans of up to \$25,000 per home for permanent financing of newly built homes using home buyer sweat equity. Assistance is targeted to home buyers below 50% of area median income. Grant funding is also available at \$5,000 per home when homes are built to certain standards of energy efficiency and “green” building. Contact Sonia Joyner at 919-877-5630.

The IDA Loan Pool provides interest-free, deferred-payment second mortgage loans of up to \$25,000 to home buyers participating in local Individual Development Account (IDA) programs. Assistance is targeted to households below 80% of area median income. Grants of up to \$1,000 are also provided to participants to match their IDA savings. Contact Keir Morton at 919-877-5634.

## 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 May. Contact Chris Austin at 919-877-5662.

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. Chris Austin at 919-877-5662.

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 to existing affordable housing developments that are participating in NCHFA programs such as the Supportive Housing Development Program and the Housing Credit Program. Contact Mark Shelburne at 919-877-5645.



The Preservation Loan Program (PLP) provides loans of up to \$1 million for the rehabilitation and preservation of existing affordable housing developments that are not able to utilize other funding sources. This program is funded in conjunction with the Key Program in that owners of developments funded through PLP must agree to target units to persons with disabilities. Chris Austin at 919-877-5662.

## Supportive Housing Programs

The Supportive Housing Development Program provides interest-free loans of up to \$500,000 per development for the production of emergency, transitional and permanent housing for homeless families and individuals, and persons with special housing needs. This program serves households below 50% of area median income, and gives priority to households below 30% of area median income. Contact Mike Mittenzwei at 919-877-5654, Mary Rea Todd at 919-877-5672, Margrit Bergholz at 919-877-5633, or Gwen Belcredi at 919-877-5648.

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 Rea Todd at 919-877-5672.

## Housing Rehabilitation Programs

The Single Family Rehabilitation Program provides up to \$400,000 to local governments, regional agencies, and nonprofit organizations for forgivable, deferred-payment loans to rehabilitate single-family, owner-occupied homes. Assistance is targeted to elderly and disabled homeowners, in eligible counties, who are below 80% of area median income; 25 different counties become eligible annually. 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 Displacement Prevention Partnership works with state and regional offices of Independent Living to provide accessibility modifications enabling very-low-income homeowners with severe mobility impairments to live at home. Contact Dorothy Cross at 919-877-5661.

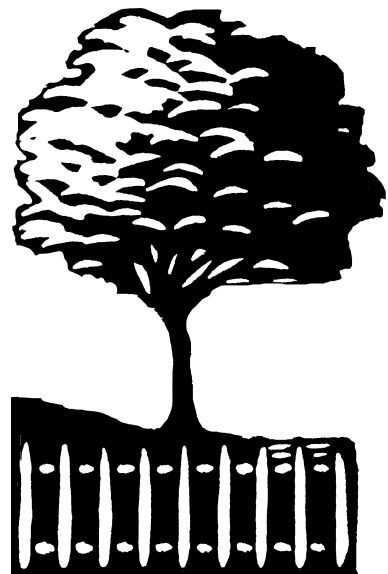
The Duke Home Energy Loan Program (HELP) is available to homeowners below 80% of area median income through local governments, regional agencies and nonprofits within the Duke Power service area. Loan Pool funds are provided as deferred-payment loans to make homes more energy-efficient. Contact Cal Jordan 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 eliminate lead paint hazards in owner-occupied homes of children with elevated blood lead levels. 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 Rebekah King 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 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 [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. The Agency sponsors counselor training and also reimburses organizations for counseling homeowners through a grant from the N.C. Banking Commission. Contact Keir Morton at 919-877-5634.

Training for Predatory Lending Counselors is required by North Carolina's anti-predatory lending law, which mandates that persons considering high-cost loans counseling from a North Carolina Housing Finance Agency approved counselor before completing the loan process. 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. Contact Keir Morton at 919-877-5634.

## General

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. Contact Patricia Amend at 919-877-5717.

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 Paul Kimball at 919-877-5652.

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



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