

Summary of North Carolina Housing Finance Agency (NCHFA) Review

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Report 2020-05 Findings & Recommendations

Finding 1: NCHFA's local partner funding model does not consider differences in local capacity, contributing to uneven local implementation of certain programs

Recommendation 1: Direct NCHFA to examine modifications to the four community partner programs to ensure program access and activity throughout the state, particularly in those counties with fewer local resources to operate programs



Report 2020-05 Findings & Recommendations

Finding 2: NCHFA's limited strategic planning and performance management efforts impede evaluation of Agency performance

Recommendation 2: Direct NCHFA to develop a strategic plan and implement a performance management system with measurable goals and objectives

Finding 3: NCHFA's required reporting to the General Assembly is incomplete and fails to provide sufficient information for legislative oversight

Recommendation 3: Eliminate reporting requirements that are no longer relevant and consolidate all other reports into a comprehensive annual report



Report 2020-05 Findings & Recommendations

Finding 4: NCHFA's allocation of funds across programs could be enhanced through cost-benefit analysis.

Recommendation 4: Direct NCHFA to transition to incorporating cost-benefit analyses into its allocations of programmatic resources and requests for funding from the General Assembly

Finding 5: The Construction Training Partnership program is outside of NCHFA's mission and is duplicative of other state training and workforce development efforts

Recommendation 5: Direct NCHFA to discontinue funding the Construction Training Partnership and either redirect funding to existing programs or transfer to another state entity



Report 2020-06 Findings & Recommendations

Finding 1: NCHFA's asserted independence from certain state government policies and controls over expenditures increases the risk of wasteful or unnecessary expenditures

Recommendation 1: Clarify that nothing in the NCHFA statute should be construed as exempting the Agency from the State Budget Act, and direct NCHFA to update its policies and procedures to comply with the State Budget Manual

Finding 2: Several NCHFA statutory funds totaling nearly \$18 million have limited oversight, which led to an improper use of funds in one instance.

Recommendation 2: Eliminate the statutory funds over which NCHFA currently has authority and direct NCHFA to transfer the full balance of these funds to the North Carolina Housing Trust Fund



Report 2020-06 Findings & Recommendations

Finding 3: NCHFA's largest fund, the North Carolina Housing Trust Fund, is overseen by the North Carolina Housing Partnership, but oversight activity is limited.

Recommendation 3: Improve oversight of the North Carolina Housing Trust Fund by directly appropriating funding from the North Carolina Housing Trust Fund to NCHFA programs and transitioning the Housing Partnership to an advisory board

Finding 4: In violation of its own procurement policy, NCHFA did not have a contract with the private attorney it pays to serve as general counsel to its board

Recommendation 4: Direct NCHFA to review the need for a separate general counsel for its board



Report 2020-07 Findings & Recommendations

Finding 1: The Low-Income Housing Tax Credit program has created thousands of affordable rental units throughout the state, but NCHFA needs to adjust its strategy to address a rising number of units exiting the affordability period

Recommendation 1: Direct NCHFA to study modifications to its strategy for preserving the affordability of LIHTC units and track housing units in the state that remain at affordable rents

Finding 2: The local amenity policy for Low-Income Housing Tax Credits awards lacks a clear rationale and may prevent projects from being developed in otherwise advantageous locations.

Recommendation 2: Direct NCHFA to study modifications to amenities policies in the Qualified Allocation Plan.



Report 2020-07 Findings & Recommendations

Finding 3: NCHFA does not always adhere to established policies and procedures in awarding Rental Production Program funding

Recommendation 3: Direct NCHFA to develop policies and procedures governing when Rental Production Program loans may be awarded outside of the process contained in the Qualified Allocation Plan

Finding 4: NCHFA does not follow its stated procedures in assigning income designations to counties for the Workforce Housing Loan Program

Recommendation 4: Direct NCHFA to update its stated criteria for Workforce Housing Loan Program income designations to ensure criteria are specific, measurable, and transparently and uniformly applied

