

North Carolina Housing Finance Agency

A self-supporting public agency


Good Housing
for North
Carolinians

Good Business
for North
Carolina

Scott Farmer
Executive Director

Joint Legislative Oversight Committee on General Government
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North Carolina Housing Finance Agency



Our Mission

*To create affordable housing for those
whose needs are not met by the market*










Our Vision

*To operate efficiently, to leverage private
capital, and to emphasize partnerships*

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Agency Structure

-  Self-supporting- Fee and Investment Driven
-  Flexibly structured to respond to the market
-  Governed by a Board of Directors
-  140 employees
-  Financials audited by an independent auditor
-  Bond issues evaluated by rating agencies
-  NCHFA Debts are not the debts of the State

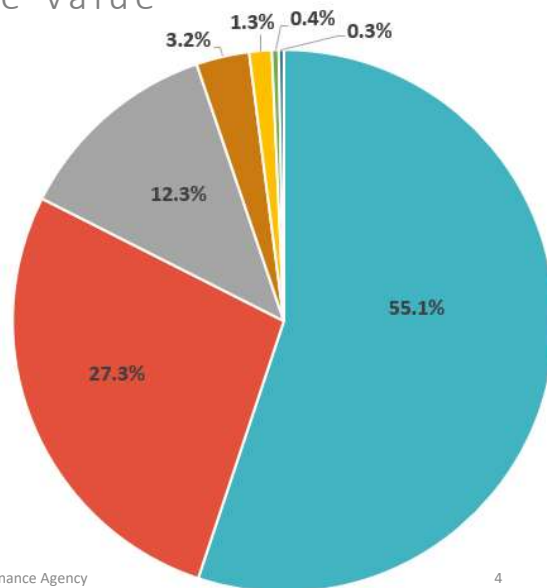


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In 2019, NCHFA Provided \$1.3B in Total Financing, Producing \$1.8B in Real Estate Value

	Home Ownership	\$741.7 M
	Rental Production	\$367.8 M
	Rental Assistance	\$165.9 M
	Foreclosure Prevention	\$42.6 M
	Housing Preservation	\$18.1 M
	Other Financing	\$5.5 M
	Supportive Housing	\$4.1 M



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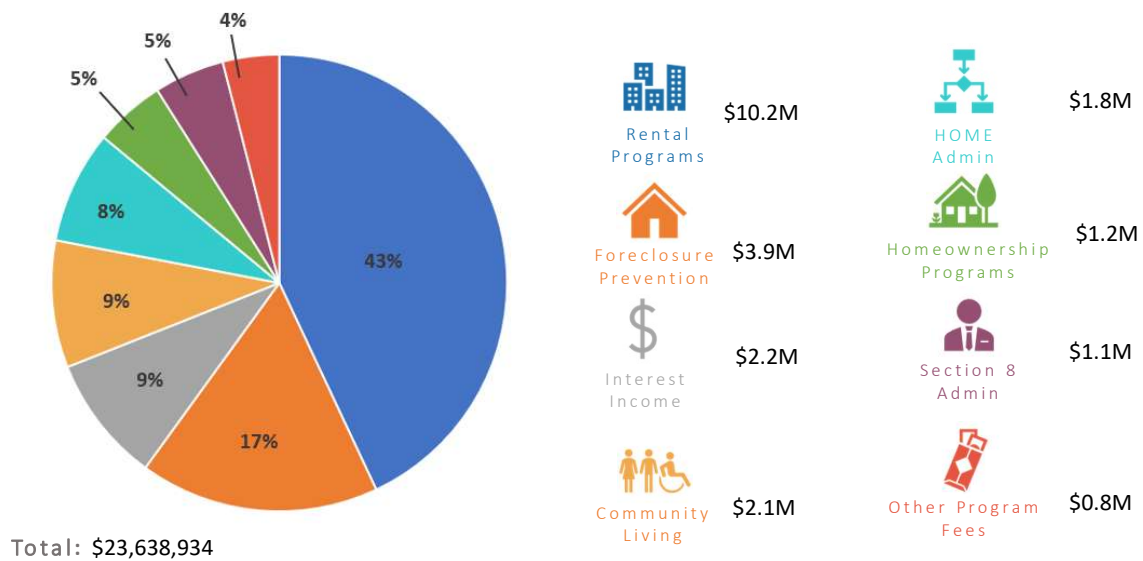
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2020 Rental Production



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Sources of FY 19-20 Operating Budget



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Agency's Financial Structure and Systems

- 🏠 Self-supporting based on multiple sources of revenues
 - Federal admin
 - Tax-exempt bond financing
 - Program Fees
- 🏠 Serenic Navigator Accounting System
 - Functionality for numerous funding sources and programs
 - Imports data from Agency's numerous line of business systems and external trustees
 - Flexible reporting options
- 🏠 Data provided to the State
 - State funding and budget items
 - Audited financial statements
 - CAFR
 - Fiscal Research and OSBM requests

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Recommendation: The General Assembly should direct NCHFA to examine modifications to community partner programs that will ensure program activity in counties throughout the state, particularly those with fewer local resources to operate programs.



NCHFA housing rehabilitation staff are conducting enhanced outreach to underserved counties in NCHFA housing rehabilitation programs.



NCHFA Policy staff are conducting an in-depth analysis of underserved counties in our community-based home ownership programs.

Recommendation: The General Assembly should direct NCHFA to develop a strategic plan every three to five years and implement a performance management system that includes measurable annual objectives for each NCHFA program and performance measures that include outcomes. NCHFA should contract with an independent expert with strategic planning experience to assist in the development of its next strategic plan.



NCHFA's Board of Directors formed a Strategic Planning Study Group which has been meeting since May and has started the process to select an independent entity to assist with its strategic planning.



NCHFA has included Performance Metrics and Reporting as part of the Agency's annual Internal Audit Plan and has been in contact with UNC's School of Government for assistance with both strategic planning and performance metrics.

Recommendation: The General Assembly should direct NCHFA to discontinue funding the Construction Training Partnership and either redirect funding to existing programs or transfer funding and oversight to a state entity with a mission of workforce development such as the Community College System or the Department of Commerce's Division of Workforce Solutions.



NCHFA is reviewing the continuation of the Construction Training Partnership (CTP) with its partner, the NC Home Builders Association, and should the Board of Directors decide to continue the CTP, a different source of funding will be utilized.

Recommendation: The General Assembly should eliminate reporting requirements that are no longer relevant and consolidate all other reports into a comprehensive annual report.



NCHFA is committed to transparency and responsiveness in our reporting. We are happy to report to the General Assembly in any format that legislators find meaningful. Currently reports are submitted to the Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on General Government, Fiscal Research Division, Office of State Budget and Management, and Local Government Commission. If consolidated, we would ask the submission date be adjusted to October 1 of each year to allow time for completion of fiscal year reporting.

Recommendation: The General Assembly should direct NCHFA to develop policies and procedures dictating when, if ever, Rental Production Program loans may be made outside of the Qualified Allocation Plan.



NCHFA amended the Rental Production Program Guidelines to address the concerns raised in the report.

Recommendation: The General Assembly should direct NCHFA to study modifications to the amenities policy in the Qualified Allocation Program.



NCHFA engaged developers, investors, and other stake holders to solicit feedback on the amenity score for the Qualified Allocation Plan. After multiple opportunities for the public to weigh in, NCHFA has made modifications to the distances in the amenity score in the 2021 draft of the Qualified Allocation Plan.

Recommendation: The General Assembly should direct NCHFA to update its stated criteria for income designations to ensure the criteria are specific, measurable, and transparently and uniformly applied.



NCHFA made changes to the first draft of the 2021 Qualified Allocation Plan to further clarify the process for determining the county income designations for the Workforce Housing Loan Program.

Recommendation: The General Assembly should direct NCHFA to review the need for a separate general counsel for its board. If NCHFA determines such a need exists, it should proceed with a full procurement process that results in a valid contract. If NCHFA determines that such a need does not exist, it should discontinue using a separate general counsel for its board.



When PED brought to our attention that we did not have a current letter of engagement in place for the board general counsel, NCHFA immediately took corrective action and now has an updated engagement letter in place. The Board of Directors will discuss PED's recommendation regarding the need for outside board counsel.

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