



January 26, 2016

Members of the Joint Legislative Commission on Governmental Operations

Ladies and Gentlemen:

This report is being filed on the production activities of the North Carolina Housing Finance Agency (NCHFA) for CY2015, per N.C.G.S. § 122A-16. The Agency uses federal, state, and private funds to create affordable housing opportunities for North Carolinians whose needs are not met by the market.

The Agency provided \$997.5 million in financing for affordable housing activity during CY2015. In addition, the Agency (and its partners) administered \$155.2 million in rental assistance. These CY2015 investments will support an estimated 14,200 jobs and generate \$76 million in state and local tax revenues.

CY2015 was the first year that the Workforce Housing Loan Program (WHLP) was available for subordinate financing on federal housing credit rental developments, in place of the expired state housing credit. WHLP financed 1,293 homes in 22 developments located in low and moderate income counties.

Foreclosure prevention activities also continued to be a major focus. We continued the N.C. Foreclosure Prevention Fund and State Home Foreclosure Prevention Project.

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

- Exhibit 1 is the FY2016 organization chart of the Agency showing 107 positions.
- Exhibit 2 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 real estate industry. We appreciate your support.

Sincerely,  
A. Robert Kucab  
Executive Director

# Report of the North Carolina Housing Finance Agency

## January 1, 2015 – December 31, 2015

The North Carolina Housing Finance Agency is self-supporting. It provides financing for affordable housing by selling tax-exempt bonds, using the securitized mortgage market to provide lower interest rates and down payment assistance, issuing federal housing credits, operating the federal HOME Program and the state Housing Trust Fund, and administering federal Section 8 Rental Assistance funds. In its history, the Agency has invested approximately \$14 billion for affordable homes and apartments to assist 242,000 households. Net interest margins on bonds and fees earned by operating federal programs pay the Agency's expenses. The Agency pays the cost of operating the state Housing Trust Fund, so all Trust Fund appropriations are invested directly in housing.

*Three foreclosure prevention programs.* The Agency designed and administers the N.C. Foreclosure Prevention Fund, financed by the U.S. Department of the Treasury. From October 2010 through the end of CY2015, the Fund has provided loans to help 21,300 unemployed homeowners avoid foreclosure while they seek or retrain for new jobs.<sup>1</sup> Since July 2011, the Agency also has managed the State Home Foreclosure Prevention Project, created by the General Assembly and funded with fees from mortgage loan servicers. This effort pays for foreclosure prevention counseling for homeowners facing foreclosure.

### **Economic Impact. CY2015 investments will support:**

**14,200 jobs**  
**\$53.8 million in state tax revenues**  
**\$22.2 million in local tax revenues**

### **Activity During CY2015**

#### **I. Investment: All Programs**

Activity	Total Funding
Homeownership	\$ 692,151,649
Rental Housing	291,578,836
Supportive Housing	3,203,941
Homeowner Rehabilitation	10,542,598
Foreclosure Prevention Loans	58,999,404 <sup>1</sup>
Foreclosure Prevention Counseling	2,325,825
Rental Assistance	155,152,884

#### **Highlighted Programs<sup>2</sup>**

#### **II. North Carolina Housing Trust Fund**

Activity	Total Units	Total Funding
Homeownership	5	15,328
Rental Housing	96	1,363,000
Supportive Housing	86	3,203,941
Urgent Repair	768	4,359,620

#### **III. State HOME Match**

Activity	Total Households	Total Funding
Homeownership	131	\$ 2,461,215
Rental Housing	188	1,700,000
Rental Assistance	236	905,066

#### **IV. Workforce Housing Loan Program**

Activity	Total Units	Funding
Rental Housing	1,293	\$ 10,000,000

**V. N.C. Foreclosure Prevention Fund**

Activity	Total Loans	Funding <sup>1</sup>
Foreclosure Prevention Loans	2,865	\$ 58,999,404

**VI. State Home Foreclosure Prevention Project**

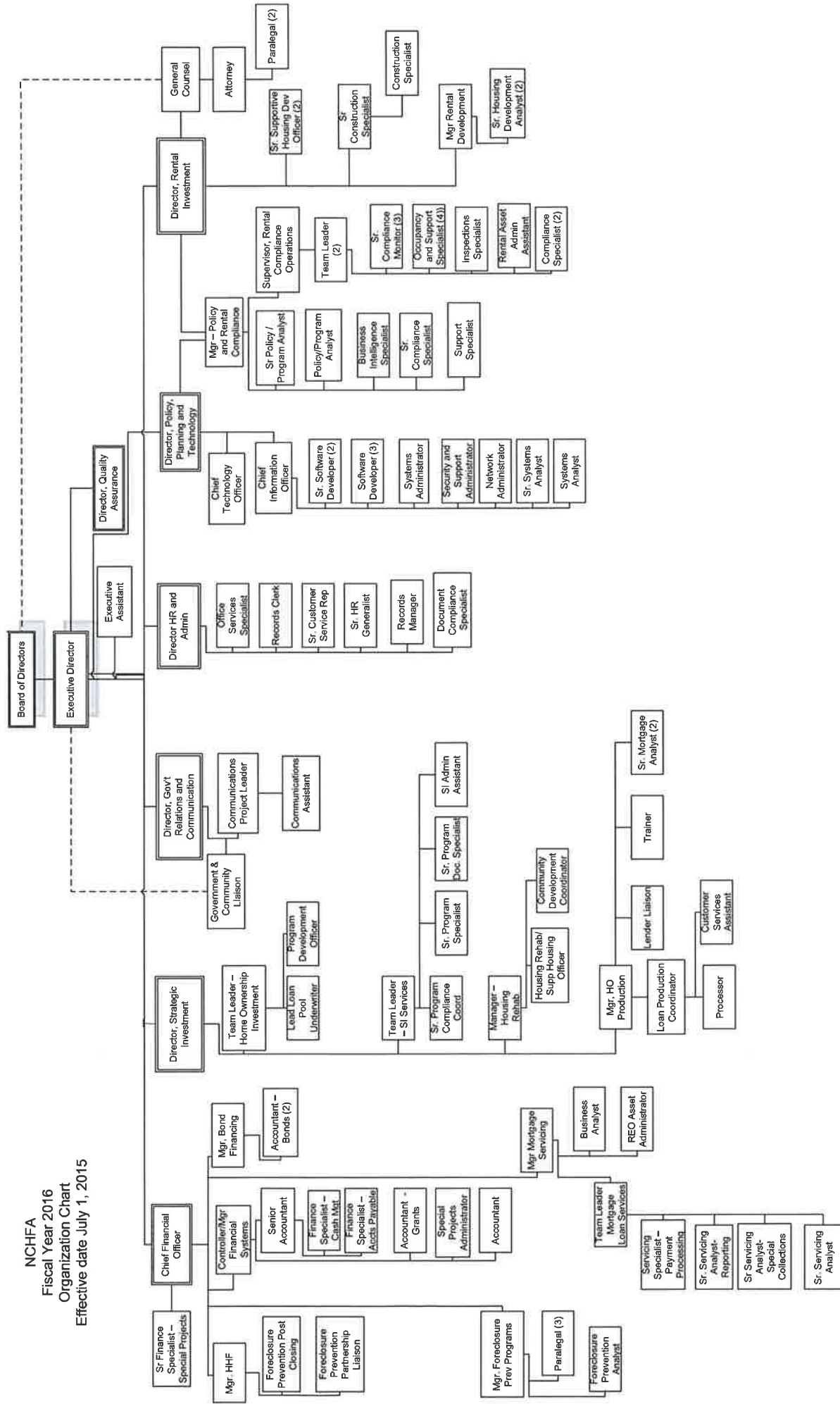
Activity	Total Households	Total Funding
Foreclosure Prevention Counseling	5,686	\$ 1,760,625

<sup>1</sup> The N.C. Foreclosure Prevention Fund operates under the umbrella of the state Home Protection Program. State funding was suspended after federal funds became available.

<sup>2</sup> The Housing Trust Fund, HOME Match, State Home Foreclosure Prevention Project, Workforce Housing Loan Program, and N.C. Foreclosure Prevention Fund data are all also included in Table I.

**EXHIBIT 1: FY2015 Organizational Chart**

NCHFA  
Fiscal Year 2016  
Organization Chart  
Effective date July 1, 2015



## **EXHIBIT 2: Program Overview**

# 2016 Summary of Programs

## NORTH CAROLINA HOUSING FINANCE AGENCY

### *HOMEOWNERSHIP PROGRAMS FOR CONSUMERS*

**The N.C. Home Advantage Mortgage™** offers down payment help for both first-time and move-up home buyers up to 5% of the loan amount. This interest-free, 15-year deferred second mortgage is forgiven at a rate of 20% a year in years 11 through 15. The loans may be conventional, FHA, USDA or VA eligible mortgages. The mortgage loans are funded with financing through the sale of Ginnie Mae and Fannie Mae mortgage-backed securities.

**The Mortgage Credit Certificate (MCC)**, available to first-time buyers and veterans, is a federal tax credit that reduces a homeowner's federal tax liability, dollar-for-dollar, by 30% of the mortgage interest they pay. Homeowners purchasing new homes are eligible for a tax credit of up to 50% of the mortgage interest. The maximum MCC tax credit is \$2,000 for every year that the buyer occupies the home as their primary residence. The MCC has its own sales price and income limits. The MCC can also be combined with the N.C. Home Advantage Mortgage™.

Both N.C. Home Advantage Mortgage™ and the MCC are offered through participating lenders, which operate nearly 700 branch offices statewide.

### *N.C. FORECLOSURE PREVENTION FUND AND HOUSING COUNSELING RESOURCES*

**The N.C. Foreclosure Prevention Fund** helps North Carolina homeowners who are struggling to pay their mortgage due to job loss or other temporary financial hardship, while they seek or retrain for new employment. The Fund also helps re-employed workers who have missed payments or are earning less. The Fund also assists returning veterans who are transitioning to civilian jobs. The Fund is offered by the N.C. Housing Finance Agency using funds from the U.S. Treasury. Services are provided by participating HUD-approved housing counseling agencies statewide.

Mortgage payment assistance is offered as a zero-interest, deferred loan up to \$36,000 to cover mortgage and related expenses for up to 36 months. The loan can also be used to bring the mortgage current. It is forgiven at a rate of 20% per year after five years, as long as the homeowner continues to occupy the home.

Assistance is provided as a zero-interest, deferred loan of up to \$30,000, plus all related fees to pay off an existing second mortgage. No repayment is due until the owner refinances or sells the home.

Consumers should go to [www.NCForeclosurePrevention.gov](http://www.NCForeclosurePrevention.gov) or call 1-888-623-8631.

The State Home Foreclosure Prevention Project offers free help, including counseling, access to legal services and assistance working with servicers. The program was created by the General Assembly in 2008 and is available to homeowners who have received a 45-day, pre-foreclosure notice. Consumers should call 1-888-442-8188.





## HOMEOWNERSHIP PROGRAMS FOR LOCAL GOVERNMENTS & NONPROFITS

**The Community Partners Loan Pool (CPLP)** offers an interest-free, deferred second mortgage that is generally used in conjunction with either the N.C. Housing Finance Agency's N.C. Home Advantage Mortgage™ or a USDA Section 502 Loan. The maximum amount of assistance depends on the first mortgage financing:

- Up to 15% of the purchase price when combined the Agency's N.C. Home Advantage Mortgage™,
- Up to 10% of the purchase price when combined with USDA's Section 502 Loan program, or
- Up to 10% of the purchase price when combined with other first mortgage financing

Individual Development Account saving participants are also eligible for a grant of up to \$2,000 to match their savings.

The financing is available for homes developed by the CPLP member; existing homes rehabilitated to certain standards by the member; available newly constructed homes meeting certain site and neighborhood criteria.



The Self-Help Loan Pool (SHLP) provides interest-free amortizing mortgage loans of up to \$30,000 per home for newly constructed and rehabilitated homes produced in partnership with local Habitat for Humanity affiliates. All homes are made affordable to borrowers through a model of sweat equity, volunteers, and donations.

Buyers in the Community Partners and the Self-Help loan pools must have a household income at or below 80% of their county's median, complete an eight-hour home buyer course and, if needed, receive homeownership counseling. Funding of \$1,000 to \$6,000 is available to CPLP and SHLP members that build or rehabilitate homes that meet certain energy efficiency and Green Building standards.



## RENTAL PROGRAMS

**The Housing Credit Program** makes possible the new construction and substantial rehabilitation of rental housing for low-income households by providing a 10-year federal tax credit for for-profit and nonprofit housing sponsors. Each state receives an annual allotment of tax credits based on population, and the Agency awards credits in a competitive process through an agreement with the N.C. Federal Tax Reform Allocation Committee. The program has a two-part annual application cycle, requiring submission of a preliminary site and market application in January and a full application in May.

**The Workforce Housing Loan Program (WHLP)** is a non-recurring appropriation created by the North Carolina General Assembly in 2014. WHLP is administered by the Agency in combination with federal Housing Credits. Developers who are awarded WHLP funds will receive the funds as a 30-year deferred payment loan at zero percent interest for a percentage of the rental property's development cost. The maximum loan amounts set by statute are based on the county income designations.

**The Rental Production Program** provides low-interest loans for the construction of rental housing at or below 50% of area median income. The Agency provides the loans to sponsors who receive federal Housing Credits. The sponsor applies for the program when submitting a federal Housing Credit application.

**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 N.C. Department of Health and Human Services and is available only to affordable housing developments that are participating in Agency programs such as the Supportive Housing Development Program and the Housing Credit Program.



## *SUPPORTIVE HOUSING PROGRAM*

**The Supportive Housing Development Program** provides interest-free loans of up to \$700,000 per development for the production of emergency, transitional and permanent housing for homeless families and individuals, and persons with special housing needs. This program generally serves households up to 50% of area median income.



## *HOUSING REHABILITATION PROGRAMS*

**The Single-Family Rehabilitation Loan Pool** provides loans to homeowners through local governments, regional agencies and nonprofit organizations to rehabilitate owner-occupied homes.

Assistance is available to households up to 80% of area median income with elderly or disabled fulltime household members, or to households with a child under the age of six whose health is threatened by the presence of lead hazards.

**The Urgent Repair Program** provides funding to local governments, regional agencies and nonprofit organizations to correct housing conditions that pose an imminent threat to life or safety or that may cause the displacement of the homeowner.

Assistance is available to households up to 50% of area median income with a fulltime household member(s) who is either: elderly, disabled, a single parent, or a large family or household with a child under the age of six with an elevated blood-lead level.

**The Displacement Prevention Partnership** works with the state's Independent Living Rehabilitation Program to provide accessibility modifications that enable homeowners with severe mobility impairments to remain in their home.

Assistance is available to households up to 50% of area median income.



## *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.



## EDUCATION AND TRAINING

**The Housing Tax Credit Compliance Training Program** includes two one-day sessions: Compliance 101 and Advanced Compliance. Compliance 101 is a one-day training session on how to determine tenant eligibility, maintain tenant file compliance with all of the Agency's rental housing programs and maintain the condition of the property in accordance with the Uniform Physical Conditions Standards. Advanced Compliance is a one-day session for owners and management to learn about more complex compliance topics with the Housing Tax Credit Program and the Rental Production Program. Six joint sessions are held at locations throughout the state. Visit [www.nchfa.com/rental/mtrainingschedule.aspx](http://www.nchfa.com/rental/mtrainingschedule.aspx) for a schedule.



**The Supportive Housing Compliance Training Program** is a one-day training session on how to determine tenant eligibility, maintain compliance specifically with the Agency's Supportive Housing Development loan program and maintain the condition of the property in accordance with Uniform Physical Conditions Standards. Four sessions are held at locations throughout the state. Visit [www.nchfa.com/rental/mtrainingschedule.aspx](http://www.nchfa.com/rental/mtrainingschedule.aspx) for a schedule.

**The Reverse Mortgage Counseling Program** provides training for individuals working with HUD-approved agencies that provide counseling to elderly homeowners who are applying for reverse mortgages as required by N.C. Statute.

**The N.C. Affordable Housing Conference** is sponsored by the N.C. Housing Finance Agency, the Community Investment Corporation of the Carolinas and the N.C. Housing Coalition each fall. Learn more at [www.NCHousingConference.com](http://www.NCHousingConference.com)

## ADVISORY GROUPS

**The N.C. Housing Finance Agency Board of Directors** consists of 13 members who oversee the Agency's operations. The Governor, the Speaker of the N.C. House of Representatives, and the President of the N.C. Senate each appoint four members, who in turn elect the 13th. The Governor appoints the chairperson.

**The N.C. Housing Partnership** was established by the General Assembly to set policy for the use of the N. C. 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.

For more information, contact Will Parry-Hill, Government & Industry Liaison, at 919-877-5605.



[www.nchfa.com](http://www.nchfa.com)  
1-800-393-0988 or 919-877-5500

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A. Stancil Barnes, Chairman  
A. Robert Kucab, Executive Director

