



NC DEPARTMENT
of COMMERCE
RURAL ECONOMIC
DEVELOPMENT



NCDHHS

NORTH CAROLINA

HOUSING
FINANCE
AGENCY

This is the DRAFT of the North Carolina 2023 Annual Action Plan. The document is available for public comment from May 5, 2023 through 5:00 PM on June 3, 2023.

Public comments should be emailed to Valerie.Fegans@commerce.nc.gov or faxed to (919) 715-0667. Please include "AAP Public Comment" on the subject line.

North Carolina 2023 Annual Action Plan

DRAFT 5-5-2023

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The North Carolina 2023 Annual Action Plan (AAP) is the third for the 2021-2025 NC Consolidated Plan. As part of the strategies and goals in the 2023 AAP, NC continues to focus on housing, community development, and related services such as emergency housing, transportation, and utility payments. To accomplish the state's goals, NC has prioritized state agency coordination to improve state housing policy and focusing federal and state funding sources.

The consolidated planning process is led by the NC Plan Partners which includes the following agencies: Rural Economic Development Division (REDD) of the North Carolina Department of Commerce, the Aging and Adult Services Division of the North Carolina Department of Health and Human Services (NC DHHS), the HIV Cares Program of NCDHHS, and the North Carolina Housing Finance Agency (NCHFA). In addition to these agencies, North Carolina's disaster relief and mitigation efforts are administered by the North Carolina Office of Recovery and Resiliency (NCORR) of the NC Department of Public Safety. The NC Department of Environmental Quality (NC DEQ) also contributes as a subrecipient of the Community Development Block Grant (CDBG) program.

In 2023, NC will receive the following amounts for the Community Planning and Development (CPD) formula programs: CDBG \$46,308,393; Emergency Solutions Grant (ESG) \$5,327,441; HOME Investment Program (HOME) \$18,956,655; Housing Opportunities for Persons with AIDS (HOPWA) \$4,061,957; and the Housing Trust Fund (HTF) \$9,349,939. In addition to the core CPD programs, in 2023, NC anticipates awarding up to \$65.6 million for the HOME American Rescue Plan (HOME-ARP) following the November 2022 approval of North Carolina's HOME-ARP plan and the Recovery Housing Program \$778,974 from FY2021, \$806,625 from FY2022, and \$1,054,616 from FY2023. NC will also continue to implement the CARES Act funds for CDBG-CV and ESG-CV during 2023 but does not anticipate receiving new funds. Please note that ESG-CV received additional funds during 2022 that will be distributed in 2023.

In 2022, North Carolina's programs were greatly impacted by the continued recovery from recent natural disasters and COVID19. These events led to labor shortages, supply change issues, high construction material costs, and an high cost housing market. These challenges have primarily impacted the completion of rental and homebuyer new construction and rehabilitation projects. A number of projects have required additional funds to address financing gaps. As a result, projects have had contractual delays leading to an increase in extensions to complete the projects. North Carolina anticipates continuing to respond to these challenges during 2023.

The NC AAP organization is determined by the federal online HUD IDIS system, through which all states and direct recipients of HUD Community Planning & Development funds create a Consolidated Plan, Annual Action Plans, and a yearly Consolidated Annual Performance and Evaluation Report (CAPER) each year. The NC AAP is generated through IDIS, then downloaded to make it available to the public, program participants, and other interested parties. This current 2023 Annual Plan consists of this Executive Summary as well as two other sections: the Process Section, which describes the public input process for the 2023 program year, and the Annual Action Plan, which contains each Program's method of distribution for the year, anticipated goals and funding availability, as well as narrative sections addressing housing, special needs and homelessness.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis, or the strategic plan.

The state has three basic goals:

- To provide decent and affordable housing;
- To provide a suitable living environment; and
- To expand economic opportunity.

Additionally, NC identified eight priorities in the five-year NC Consolidated Plan are: (1) provide housing for non-homeless persons with special needs, (2) Housing for household under 30% area median income (AMI), (3) housing for households 31-60% AMI, (4) housing for households 61-80% AMI (5) housing for persons experiencing homelessness, (6) assist with neighborhood stabilization, (7) respond to COVID-19, and (8) address non-housing community development needs. The priorities will be addressed through the identified activities for programs designed to address needs and meet priorities.

For information regarding specific programs, please visit the organization websites:

- NC Department of Commerce, Rural Economic Development Division – www.commerce.nc.gov
- North Carolina Housing Finance Agency – www.nchfa.com
- HIV Care Program – <http://epi.publichealth.nc.gov/cd/hiv/program.html>
- Division of Aging and Adult Services - <https://www.ncdhhs.gov/divisions/aging-and-adult-services/nc-emergency-solutions-grant>

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The state of North Carolina evaluates its performance annually on meeting the goals of the strategic plan and the action plan. The North Carolina Consolidated Annual Performance & Evaluation Report (CAPER) is submitted to HUD on March 31 of each year, 90 days after the close of the Consolidated Plan program year. The FY2022 CAPER, however, will be submitted in May/June 2023. The most recent past performance and evaluation reports can be downloaded from the Rural Economic Development Division (REDD) website at www.commerce.nc.gov.

The goals chosen by the grantees of the HUD CPD formula program are formed by the housing needs study and market analysis presented in the 2021-2025 NC Consolidated Plan. Additionally, COVID-19 has highlighted housing stability needs. Each program using its HUD mandated program parameters, historical grantee data, and grantee funding requests also guide the needs. Unlike the other programs, however, CDBG brings additional challenges that impact the program's performance.

In NC, the General Assembly determines the priorities and allocation percentages of the State CDBG Program. For the 2021-2022 biennium, the General Assembly set aside funds for economic development, neighborhood revitalization, rural community development, and infrastructure. In addition to this action, the CDBG program regulations require that no less than seventy percent of the aggregate of the fund expenditures shall be for activities that meet the national objective of benefiting low-and moderate-income persons. NC consistently exceeds this goal in the CDBG program. Presently, the CDBG-CV program funds have benefitted 92% LMI households/persons. The 2021 allocation was 100% awarded by November 2022. The 2022 allocation is anticipated to be 100% prior to the obligation deadline as well. The State CDBG has been expanding its capacity to provide more monitoring and technical assistance to grantees. The CDBG Director position was filled in November 2022 and two positions will be filled during 2023.

Of the total funding for housing activities to be undertaken in 2023, funds from ESG and HOPWA will address high (immediate) priority needs, funds from HOME and CDBG will address medium (transitional to long-term) priority needs. The anticipated distribution of funding by agency and by priority need category is determined annually based on the five-year goals stated in the NC Consolidated Plan.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The State of North Carolina has developed a North Carolina Consolidated Plan Citizen Participation Plan. This plan is a guidance document to ensure and encourage public participation throughout the

Consolidated Planning process. It sets forth the State's policies and procedures for citizen participation. The plan can be downloaded from the Commerce website at www.commerce.nc.gov.

The State of North Carolina encourages citizens to participate in the planning, implementation, and assessment of the Consolidated Plan, Annual Action Plans, and CAPER for HUD Community Planning and Development programs. This plan describes how this participation is encouraged.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

A virtual public hearing will be held on May 18, 2023 for the 2023 NC Annual Action Plan. The draft document will also be posted on the NC Commerce, NC Housing Finance Agency, and NC Department of Health and Human Services websites beginning May 5, 2023, and closing on June 3, 2023 for public review and comment. The State received xx public comments. The Citizen Participation Summary will be attached to this plan.

6. Summary of comments or views not accepted and the reasons for not accepting them

The State received XX public comments for the 2023 Annual Action Plan. A summary of the Citizen Participation Outreach and public comment response will be attached to the final 2023 AAP plan.

NOTE: This section will be completed after the public comment period ends on June 3, 2023.

7. Summary

NC has developed the 2023 Annual Action Plan to share the use of its HUD CPD funds. The plan will be submitted to HUD with certifications. The State will receive comments from citizens and units of general local government on the proposed action plan for a period of not less than 30 days from the date when the draft is available to the public. The comment period will be publicized in the notices published in the newspaper and mailed to interested parties. Any comments received in writing or orally at the public hearings will be considered in preparing the final submission. The final action plan will include a summary of these comments or views and the reasons for not accepting any comments received. The plan will be submitted after the FY2023 allocation from HUD and the end of the public comment period.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	North Carolina	NC Department of Commerce
HOPWA Administrator		NC Department of Health and Human Services
HOME Administrator	North Carolina	NC Housing Finance Agency
ESG Administrator		NC Department of Health and Human Services
	North Carolina	NC Housing Finance Agency

Table 1 – Responsible Agencies

Narrative

The North Carolina consolidated planning process is led by the NC Plan Partners which includes the following agencies: Rural Economic Development Division (REDD) of the North Carolina Department of Commerce, the Aging and Adult Services Division of the North Carolina Department of Health and Human Services (NC DHHS), the HIV Cares Program of NCDHHS, and the North Carolina Housing Finance Agency (NCHFA). In addition to these agencies, North Carolina’s disaster relief and mitigation efforts are administered by the North Carolina Office of Recovery and Resiliency (NCORR) of the NC Department of Public Safety. The NC Department of Environmental Quality (NC DEQ) also contributes as a subrecipient of the Community Development Block Grant (CDBG) program. The Lead Agency is the Rural Economic Development Division (REDD) of NC Commerce.

Consolidated Plan Public Contact Information

The North Carolina Consolidated Plan public contact is Valerie D. Moore Fegans, CDBG Director, Rural Economic Development Division, NC Commerce. Ms. Fegans can be reached at valerie.fegans@commerce.nc.gov or (919) 814-4673. The mailing address is 4346 Mail Service Center, Raleigh, NC 27699-4346.

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

The State of North Carolina has developed a North Carolina Consolidated Plan. This plan is a guide that describes our state process for participation, inclusion, and consulting with other public and private agencies that provide assisted housing, health services, social and fair housing services such as the NC Department of Health and Human Services Division of Aging and Division of Public Health, the NC Housing Finance Agency, the Department of Commerce's CDBG program and other entities. Input from these providers via consultation is incorporated into our consolidated planning process. Each agency will continue to reach out to its constituency to solicit feedback on their individual programs.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

CDBG: The Rural Economic Development Division of the North Carolina Department of Commerce coordinates HUD-funded activities with public and assisted housing providers and private and governmental entities, mental health, and service agencies by meeting with the NC Plan Partners in the Division of Public Health (HOPWA) and NC Housing Finance Agency (HOME and HTF) in collecting data and information of the HUD activities we will provide to meet the needs. Also, through the Public Hearing process as part of our adopted Citizen Participation Plan present proposed efforts to address the needs of the state and to receive comment from the community.

HOPWA: The HOPWA program ensures the maintenance of and collaborative planning for housing in NC through the Regional Networks of Care which include funded and non-funded providers of health, prevention, housing, mental health and substance abuse services. We meet regularly with the other state agencies involved in the Consolidated Planning process (Consolidated Plan Partners) to discuss housing needs both met and unmet and how to ensure full access to affordable, decent and safe housing in areas of increased opportunity. This includes ensuring increased citizen participation, fair housing, Language Access Plans for those we serve with limited English proficiency, and Affirmatively Furthering Fair Housing. The HOPWA program funds 10 HOPWA Project Sponsors that include local health departments, non-profit organizations, and faith-based organizations. The HOPWA program is works closely with the NC HIV Prevention and Care Advisory Committee to ensure that all federally required reports (e.g., NC HOPWA CAPER, Annual Action Plans and Consolidated Plans) are disseminated and reviewed for comment and feedback by the committee members, community stakeholders and people living with HIV (PLWH).

ESG: NC ESG is a member of the Governor's Inter-Agency Council on Homelessness. The agency also works in collaboration of other state and private non-profit organizations including the North Carolina Coalition to End Homelessness, the North Carolina Housing Coalition, Continuum of Care Organizations,

the HMIS Governance Committee, providers and municipalities throughout the state. ESG is in continuous contact with the CoCs and works with these organizations throughout the year as a partner providing technical assistance and monitoring. CoCs play an important role in assuring that allocations are fairly distributed according to need and organizational capacity. CoCs assist NC ESG in helping to develop policy and procedure for the operation and administration of HMIS.

HOME and HTF: The NC Housing Finance Agency works closely with the NC Department of Health and Human Services (DHHS) and the state's network of behavioral health providers (LME/MCOs) to align affordable housing with health services. Through the Targeting Program, the NC Housing Finance Agency requires that at least 10% of the units financed each year with the federal Low Income Housing Tax Credit are set aside as integrated, permanent supportive housing units for people with disabilities. DHHS manages the referral process to these units in partnership with local service providers across the state (including LME/MCOs). Through the Transitions to Community Living Initiative, the NC Housing Finance Agency has identified as priority for occupancy in Agency-financed rental properties people with disabilities who are part of the 2012 *Olmstead* Settlement Agreement class. The Agency also administers a rental assistance program (the Transitions to Community Living Voucher, or TCLV) on behalf of DHHS for members of the Settlement population. Other priority populations include people experiencing homelessness and participants in the state's Money Follows the Person (Medicaid) program.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

CDBG. Partners with the CoCs as part of the coordinated efforts with ESG on ensuring that the needs of homeless individuals are met through ensuring affordable housing, infrastructure for public facilities that provide shelter and CDBG Economic Development services through job creation.

HOPWA. HOPWA alone does not meet all of the housing needs for persons living with HIV (PLWH). PLWH that are temporarily housed or that have unstable living arrangements have the worst health outcomes. The HOPWA program participates in the Continuum of Care (CoC) monthly calls, providing input on housing needs across the state and discussing collaborative housing opportunities. As part of the Consolidated Plan Partners, the HOPWA program works closely with ESG on addressing the needs of homeless/chronically homeless individuals living with HIV.

ESG. NC ESG is a member of the Governor's Inter-Agency Council on Coordinating Homelessness (ICCHP). The agency also works in collaboration of other state and private non-profit organizations including the North Carolina Coalition to End Homelessness, the North Carolina Housing Coalition, Continuum of Care Organizations, the HMIS Governance Committee, providers and municipalities throughout the state

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

North Carolina Emergency Solutions Grant (ESG) is in continuous contact with the CoCs and works with these organizations throughout the year as a partner providing technical assistance and monitoring. CoCs play an important role in assuring that allocations are fairly distributed according to need and organizational capacity. CoCs assist NC ESG in helping to develop policy and procedure for the operation and administration of HMIS.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	NORTH CAROLINA HOUSING FINANCE AGENCY
	Agency/Group/Organization Type	Housing Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The NC Housing Finance Agency administers the HOME Investment Program as well as the Housing Trust Fund. Additionally, NC Housing Finance Agency serves as a partner for consolidated planning.
2	Agency/Group/Organization	NC Department of Health and Human Services
	Agency/Group/Organization Type	Services - Housing Services-Persons with Disabilities Services-Persons with HIV/AIDS Other government - State
	What section of the Plan was addressed by Consultation?	Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The State of North Carolina Department of Health and Human Services administers the ESG and HOPWA programs. NC DHHS led the State's initiative to develop a five-year strategic housing plan. The draft is completed, the public comment and hearing were held, and the final document is under development. As a part of this initiative all the NC Plan Partners served as members of the planning committee. Additionally, the Governor of North Carolina has relaunched the Inter-Agency Council Coordinating Homeless Programs. DHHS serves as the lead and all NC Plan Partners are members of ICCHP. The North Carolina Coalition to End Homelessness (NCCEH) and the Balance of the State and the North Carolina Housing Coalition (NCHC) were key participants.

3	Agency/Group/Organization	NC Commerce
	Agency/Group/Organization Type	Other government - State
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	

Identify any Agency Types not consulted and provide rationale for not consulting

N/A

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care		

Table 3 - Other local / regional / federal planning efforts

Narrative

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

The State of North Carolina encourages citizens to participate in the planning, implementation, and assessment of the Consolidated Plan for HUD Community Planning and Development programs. This plan describes how this participation will be encouraged.

During the development of the plan, the development of any substantial amendments, and prior to submission of the annual performance report to HUD, the state solicits the views and proposals of citizens and interested groups and agencies at meetings and public hearings.

Notices for meetings and public hearing shall include:

- (1) The subject of the meeting;
- (2) Amount of funds anticipated to be available and range of eligible activities;
- (3) Estimated benefit to low-and-moderate income persons;
- (4) Information needed by citizens to make informed comments, or in cases where extensive information will be the subject of comment, where the information is available for inspection;
- (5) Time and location of the meeting and/or virtual access during the public health emergency;
- (6) The address and telephone number where special populations (persons with disabilities or non-English speaking persons) may request auxiliary aids or assistance;
- (7) The address where written comments may be submitted, and the time frame of the comment period for the subject of the meeting;
- (8) The telephone number where persons may request additional information; and

(9) A telephone number or web link for constituents to participate in public meeting if the meeting is in-person and they are unable to travel.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Internet Outreach	Non-targeted/broad community	<p>The public hearing was advertised, and the draft documents were posted for public comments on the NC Commerce and North Carolina Housing Finance agency websites www.nccommerce.com and www.nchfa.com respectively. Approximately 21 persons participated including NC Plan Partners and other interested parties. Documentation including the PowerPoint presentation is attached to the plan.</p>	<p>One comment was received during the public comment period. The response was provided by the NC DHHS. See the Citizens Participation attachment.</p>	<p>Not Applicable</p>	<p>www.nccommerce.com</p>

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
2	Newspaper Ad	Non-targeted/broad community	The public hearing announcement and links were published in multiple newspapers.		Not Applicable	
3	Email to Stakeholders and Consultants	Persons with disabilities Grantees, Consultants, State Agencies	The public hearing announcement and links to the draft NC 2023 Annual Action Plan was emailed to grantees, consultants, CoCs, state agencies, and other interested parties.		Not Applicable	
4	Public Meeting	Non-targeted/broad community	One virtual public hearing will be held on May 18, 2023. Approximately xx persons attended.		Not Applicable	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

All of the HUD funded partners in North Carolina work together to address the economic development, job creation, water/infrastructure and affordable housing needs in the state. Our partnerships are expanded to ensure the participation of community stakeholders, community members, low- to moderate-income individuals, People Living with HIV and AIDS (PLWHA) and their families, faith-based organizations,

universities and the health care system, all of whom dedicate resources to the greatest extent possible to maximize resource.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	46,308,393	0	3,600,000	49,908,393	94,803,471	REDD, NC Commerce expected a similar allocation in 2023 as in 2022. The funds, however, were reduced by nearly \$2 million. Approximately \$3.6 million is available in 2016 de-obligated funds. No program income is anticipated. The average allocation anticipated for the next 2 years is \$94.8 million (approx.\$46.00 million annually). The funds will be divided into Neighborhood Revitalization, Economic Development, Infrastructure, and Rural Community Development. De-obligated funds and possible program income will be used for Contingency grants and existing grants requiring additional funds.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	18,956,655	8,000,000	0	26,956,655	37,100,000	NCHFA anticipates receiving similar allocations to this and last year for the remaining Con Plan years. The expected amount available assumed an average allocation of \$18.5 M for the next 2 years.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	4,061,957	0	0	4,061,957	8,123,914	HOPWA received a slight increase in allocation in 2023 as a result of final implementation of HOPWA Modernization. The anticipated amount for the next 2 years is 8,123,914 per year.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	5,339,223	0	0	5,339,223	10,678,446	ESG anticipated a similar allocation in 2023 as in 2022. The anticipate amount for ESG for the next 2 years is 16,678,446 (approx. \$5.34 million annually).

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	9,349,939	0	0	9,349,939	18,700,000	NCHFA anticipates receiving a similar allocation in the remainder of the Consolidated Plan. The expected amount available assumed an average allocation of \$9.35 million for the next 2 years.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

CDBG. CDBG funding may be used to assist in the rehabilitation efforts needed to public facilities owned by local units of government and non-profit agencies with facilities opened to the general public such as Senior Centers, Housing for the homeless, housing and shelter for victims of domestic violence, transitional housing facilities, community/neighborhood/recreation facilities and parks.

HOPWA. The NC HOPWA Project Sponsors may use Resource Identification and/or other sources to identify landlords, facility-based housing and public housing organizations to establish relationships and increase landlord participation in the HOPWA Tenant-Based Rental Assistance Program to expand affordable housing options for persons living with HIV/AIDS.

Discussion

NC Commerce has approximately \$14.2 million in the State Economic Development Revolving Loan Fund. A request has been submitted to HUD to dissolve the RLF and repurpose the funds for CDBG-eligible housing and community development activities. A final response has not been received at this time. Also, NC Commerce will continued to use available de-obligated funds to fund other housing, community development, and economic development projects, especially ones with urgent needs and extenuating circumstances. The maximum grant is anticipated to be \$1 million, but the amount can be higher based on the urgency of the need.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeowner Housing Rehabilitation	2021	2025	Non-Homeless Special Needs	Statewide	Housing for non-homeless persons w/ special needs Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI	HOME: \$4,600,000	Homeowner Housing Rehabilitated: 226 Household Housing Unit
2	Affordable Homeownership	2021	2025	Affordable Housing	Statewide	Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI	HOME: \$8,100,000	Homeowner Housing Added: 503 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Affordable Rental Housing	2021	2025	Affordable Housing		Housing for non-homeless persons w/ special needs Housing for households under 30% AMI Housing for households 31-60% AMI	HOME: \$11,600,000 HTF: \$8,414,945	Rental units constructed: 918 Household Housing Unit Rental units rehabilitated: 180 Household Housing Unit
4	CDBG Neighborhood Revitalization	2021	2025	Affordable Housing Non-Housing Community Development		Housing for non-homeless persons w/ special needs Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI Neighborhood Stabilization Non-housing community development needs	CDBG: \$24,696,656	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 200 Persons Assisted Rental units constructed: 15 Household Housing Unit Rental units rehabilitated: 15 Household Housing Unit Homeowner Housing Rehabilitated: 150 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	CDBG Economic Development	2021	2025	Non-Housing Community Development		Non-housing community development needs	CDBG: \$24,696,656	Jobs created/retained: 1000 Jobs
6	CDBG Infrastructure	2021	2025	Non-Housing Community Development		Non-housing community development needs	CDBG: \$5,000,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 200 Persons Assisted
8	HOPWA-Short-Term Rent and Utilities	2021	2025	Affordable Housing	Statewide	Housing for non-homeless persons w/ special needs Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI	HOPWA: \$614,593	Homelessness Prevention: 690 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
9	HOPWA Supportive Services	2021	2025	Affordable Housing	Statewide	Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI Housing for persons experiencing homelessness	HOPWA: \$214,505	HIV/AIDS Housing Operations: 231 Household Housing Unit
10	HOPWA Resource ID	2021	2025	Persons with HIV/AIDS	Statewide	Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI	HOPWA: \$95,207	HIV/AIDS Housing Operations: 174 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
11	HOPWA Permanent Housing Placement	2021	2025	Affordable Housing	Statewide	Housing for non-homeless persons w/ special needs Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI Housing for persons experiencing homelessness	HOME: \$213,074	Housing for People with HIV/AIDS added: 159 Household Housing Unit
12	HOPWA Tenant-Based Rental Assistance	2021	2025	Affordable Housing	Statewide	Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI	HOPWA: \$2,279,627	Housing for People with HIV/AIDS added: 228 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
13	ESG Housing Stability	2021	2025	Homeless	Statewide	Housing for households under 30% AMI Housing for persons experiencing homelessness	ESG: \$308,281	Homelessness Prevention: 211 Persons Assisted Housing for Homeless added: 5924 Household Housing Unit
14	ESG Crisis Response	2021	2025	Homeless	Statewide	Housing for persons experiencing homelessness	HOPWA: \$7,168,610	Tenant-based rental assistance / Rapid Rehousing: 200 Households Assisted Homeless Person Overnight Shelter: 14000 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Homeowner Housing Rehabilitation
	Goal Description	Provide financing for the rehabilitation, repair and accessibility modifications of substandard owner-occupied housing. Repair and rehabilitation programs serve owners who are low-income, elderly, or disabled.
2	Goal Name	Affordable Homeownership
	Goal Description	Provides financing to help low- to moderate-income buyers through local governments and nonprofit organizations that participate in our Community Partners Loan Pool (CPLP) and Self-Help Loan Pool (SHLP) programs. Partners use funding to make home ownership more affordable and sustainable with down payment assistance, shared mortgage financing and energy efficiency subsidies.

3	Goal Name	Affordable Rental Housing
	Goal Description	Finance the development and rehabilitation of affordable rental units through the North Carolina Housing Finance Agency's rental programs. If operating costs and/or reserves are indicated in underwriting or for continued financial viability of a development funded wholly or in part with HTF, then these funds may be provided for this use.
4	Goal Name	CDBG Neighborhood Revitalization
	Goal Description	The Neighborhood Revitalization Program is designed to provide affordable housing through the rehabilitation of existing homeowner occupied homes, adaptive reuse of buildings, and rehabilitation of multifamily units. CDBG-NR also supports the development of affordable multifamily units and address non-housing community development needs. The new set aside for rural community development created by recent General Assembly action will be included in this category. Please note that the NC FY2023 approved budget may alter the amount for this category.
5	Goal Name	CDBG Economic Development
	Goal Description	The CDBG Economic Development (CDBG-ED) will spur economic development activity through the retention and creation of jobs. As with all CDBG categories, deobligated and program funds, can be used for urgent needs and contingency activities. Please note the NC FY 2023 final budget may alter the amount for this category.
6	Goal Name	CDBG Infrastructure
	Goal Description	The CDBG Infrastructure Program will be administered by the North Carolina Department of Environmental Quality to address water and sewer needs. As with all CDBG funds, deobligated and program funds can be used for urgent needs and contingency activities. Please note the final NC FY2023 budget may alter the amount for this category.
8	Goal Name	HOPWA-Short-Term Rent and Utilities
	Goal Description	HOPWA will provide short-term rent and utilities for persons with HIV/AIDS, Short-Term Rent, Mortgage, and Utility Assistance (STRMU) provides a short-term, stabilizing intervention to currently housed HOPWA-eligible households that are not receiving ongoing rental assistance and are experiencing a health crisis or a change in their economic circumstances.

9	Goal Name	HOPWA Supportive Services
	Goal Description	Supportive Services (SS) are auxiliary services that help clients maintain stable housing. These services include mental health and substance use treatment, case management, food assistance and transportation.
10	Goal Name	HOPWA Resource ID
	Goal Description	Resource Identification (RI) assists agencies with establishing, coordinating, and developing housing assistance resources for eligible individuals and their families.
11	Goal Name	HOPWA Permanent Housing Placement
	Goal Description	Permanent Housing Placement (PHP) covers costs associated with locating housing, housing referral, tenant counseling, mediation of disputes, application fees and credit check expenses, first month's rent and security deposits.
12	Goal Name	HOPWA Tenant-Based Rental Assistance
	Goal Description	TBRA provides an ongoing subsidy to HOPWA eligible households in a unit of their choice at or below Fair Market Rent (FMR).
13	Goal Name	ESG Housing Stability
	Goal Description	Prevent households from becoming homeless through rental assistance, and housing relocation and stabilization services. Move homeless people individuals and families quickly into permanent housing through rental assistance and housing relocation and stabilization services.
14	Goal Name	ESG Crisis Response
	Goal Description	Engage those experiencing unsheltered homelessness and connect them to services and housing. Provide shelter and move households in shelters quickly into permanent housing through case management services.

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The Annual Action Plan funding allocation priorities are based on the needs and priorities identified in the NC 2021-2025 Consolidated Plan. The 2022 AAP allocation priorities are listed below.

Funding Allocation Priorities

	Homeowner Housing Rehabilitation (%)	Affordable Homeownership (%)	Affordable Rental Housing (%)	CDBG Neighborhood Revitalization (%)	CDBG Economic Development (%)	CDBG Infrastructure (%)	HOPWA-Short-Term Rent and Utilities (%)	HOPWA Supportive Services (%)	HOPWA Resource ID (%)	HOPWA Permanent Housing Placement (%)	HOPWA Tenant-Based Rental Assistance (%)
CDBG	0	0	0	42	45	10	0	0	0	0	0
HOME	16	29	45	0	0	0	0	0	0	0	0
HOPWA	0	0	0	0	0	0	13	7	3	2	75
ESG	0	0	0	0	0	0	0	0	0	0	0
HTF	0	0	90	0	0	0	0	0	0	0	0

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

The allocation priorities are established based on data and information collected from the community, stakeholders and organizations that are outline in the five-year plan. The percentages above also reflect the available amounts after the set aside of program administration funds.

CDBG and CDBG-CV: Allocation priorities are addressed by the needs established in the Consolidated Plan, program requirements, and program past performance. Additionally, the NC General Assembly establishes the program categories and funding levels through state budgeting process. NC uses three percent of the annual allocation for program administration for CDBG and five percent for CDBG-CV.

ESG and ESG-CV: Allocation priorities are addressed by the needs established in the Consolidated Plan, program requirements, and program past performance. For 2022, NC DHHS will allocate 46.5% for Housing Stability, 30% for Crisis Response, 16% for HMIS, and 7.5% for program administration.

HOME and HTF: Allocation priorities are determined by considering housing needs and past program performance while accounting for 10% of funds to be allocated for program administration.

HOPWA: Allocation priorities are addressed by the needs established in the Consolidated Plan, program requirements, and program past performance. HOPWA is eligible to use 3% for state administration. The State of North Carolina, however, does not always use the full amount. In these instances, the amount is added to the 97% available for program activities.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

CDBG Economic Development (CDBG-ED): The Community Development Block Grant for Economic Development (CDBG-ED) will continue to provide grants to local governments that partner with a for-profit business to bring public infrastructure improvements and building renovation services. The CDBG- ED program funds will continue to aid in the opportunities for job creation. All grants are awarded by a 15-member appointed Rural Infrastructure Authority.

CDBG Coronavirus (CDBG-CV): The CDBG-CD Coronavirus funds have been fully obligated. NC Commerce, however, will continue to award de-obligated funds to address the COVID19 pandemic.

CDBG- Neighborhood Revitalization (CDBG-NR): The State CDBG program currently has Neighborhood Revitalization funding opportunities available to local units of government. Notices of Funding Opportunities are being distributed widely throughout the state for eligible, non-entitlement counties and municipalities to submit applications (proposals). These funding opportunities are competitive and are designed to revitalize communities' area-wide that are at least 51% low and moderate-income (LMI) persons and direct activities benefit 100% low and moderate-income (LMI) persons. The Rural Community Development set-aside established by the General Assembly will focus on the most distressed counties in the state (i.e., Tier 1 and Tier 2). More information on county distressed tiers can be found on the NC Commerce website

at www.nccommerce.com.

CDBG Infrastructure (CDBG-I): These funds will construct public water and sewer infrastructure to mitigate public and environmental health problems in areas where the percentage of low to moderate income persons is at least 51 percent.

CDBG Contingency (CDBG-CT) Grants: The CDBG-CT program will focus on immediate needs that arise, but do not fit the program funding cycle or proposed categories. The grants will be funded with available de-obligated funds and program income.

ESG: The ESG program is designed as the first step in the continuum of assistance to prevent homelessness and to enable the homeless population to move steadily toward independent living. ESG funds may be used for five program components: street outreach, emergency shelter, homelessness prevention.

HOME and HTF: HOME and HTF will be used to increase and preserve the affordable rental housing stock and supply of permanent supportive housing, provide homeownership opportunities for low- to moderate- income buyers and rehabilitate substandard housing for homeowners who are low-income, disabled or elderly. These activities will be targeted towards populations identified in the Consolidated Plan as having a “high priority” need for housing including: non-homeless with special needs, housing for households under 30% AMI, housing for household between 30% and 60% AMI, and housing for persons experiencing homelessness.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

Each HUD-funded agency establishes its own Method of Distribution based on priority needs from the Housing Needs Survey and Market Analysis data.

Distribution Methods

Table 8 - Distribution Methods by State Program

1	State Program Name:	CDBG Economic Development (CDBG-ED)
	Funding Sources:	CDBG

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The CDBG Economic Development (CDBG-ED) Program has the goal to spur economic development through job creation in the rural jurisdictions of our state. The CDBG-ED program focus on three core categories:</p> <p>(1) CDBG-ED provides funding for the construction of public infrastructure to a site, in order to enable a company to locate or expand. Eligible uses include:</p> <ul style="list-style-type: none"> • Upgrade or repair of public drinking water or wastewater treatment plants • Upgrade, extension or repair of public water or sewer lines • Extension of publicly owned natural gas lines (with an executed pipeline construction, operating and resale agreement) • Installation or extension of public broadband infrastructure • Construction of publicly owned access roads not owned or funded by the North Carolina Department of Transportation • Construction of public rail spur improvements <p>(2) The Community Development Block Grant Building Reuse (CDBG-EDBR) program provides funds to renovate and upfit vacant industrial and commercial buildings for economic development purposes. CDBG Building Reuse grants are available to local government applicants that work in conjunction with a company intending to operate in a vacant building. The company’s new or expanding operations must result in the creation of permanent, full-time jobs. A CDBG Building Reuse award is limited to \$750,000 per local government. The grant amount cannot exceed \$20,000 per job for priority projects (primarily manufacturing) and \$12,000 per job for all other projects.</p> <p>(3) The Community Development Block Grant Demolition Program (CDBG Demolition) is designed to fund the demolition of vacant and dilapidated industrial buildings and properties.</p> <p>CDBG Demolition Program is designed to assist local governments in demolition projects that result in viable industrial or commercial sites. The demolition activity is expected to create a site at which it can reasonably be expected that new jobs will be created and private sector capital will be invested.</p>
---	--

	<p>Although specific job creation is not required, the following conditions apply:</p> <ul style="list-style-type: none"> • When the demolition project involves a company’s plan to construct a new building on a to-be-raized site, the CDBG Demolition Program will require an estimate of the number of employees it anticipates hiring. • When the project involves demolition of a building only for future economic development—and when a business has not yet been identified to construct a new building and hire employees—the CDBG Demolition Program requires that the building targeted for demolition be located in a low and moderate income (LMI) census tract.
<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>The CDBG-ED program has a two-part process. Interested applicants initiate the search through the Economic Development Partnership North Carolina (EDPNC) or by contact the CDBG-ED Grants Manager at NC Commerce. The N.C. Department of Commerce annually ranks the state’s 100 counties based on economic well-being and assigns each a tier designation. The 40 most distressed counties are designated as Tier 1, the next 40 as Tier 2 and the 20 least distressed as Tier 3. This tier system is incorporated into CDBG ED to encourage economic activity in the less prosperous areas of the state. For all CDBG programs, preference is given to applicants creating and retaining jobs in Tier 1 and Tier 2 distressed counties.</p> <p>Unless located in a Tier 1 county, the local government must provide at least one dollar for every dollar provided by CDBG Building Reuse. Matching funds may come from the building owner or from the project company.</p>

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Interested applicants may contact the CDBG-ED Grants Manager, Jayne Langston for access to application manuals and other materials. Applicants can also find information with the Economic Development Partnership NC at www.edpnc.com.</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>

<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>
<p>Describe how resources will be allocated among funding categories.</p>	<p>The CDBG-ED funds are available for public infrastructure improvements, building reuse, and demolition as described above.</p>

	Describe threshold factors and grant size limits.	All applications must be complete before funding. Projects are sent to the Rural Infrastructure Authority to be reviewed and approved for award. After the RIA approval, grantees must submit a complete application.
	What are the outcome measures expected as a result of the method of distribution?	The CDBG ED programs focus on job creation and retention, especially for low-to-moderate income persons and areas.
2	State Program Name:	CDBG Infrastructure (CDBG-I)
	Funding Sources:	CDBG

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The CDBG Infrastructure (CDBG-I) Program addresses the water and sewer needs in the rural jurisdictions of our state. The purpose of the funds is to construct public water and sewer infrastructure to mitigate public and environmental health problems in areas where the percentage of low to moderate income persons is at least 51 percent.</p>
<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>This program is administered by the NC Department of Environmental Quality (NC DEQ).</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Information for the program can be found on the NC DEQ website at https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/community-development-block-grant-infrastructure.</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>

Describe how resources will be allocated among funding categories.	Not Applicable
Describe threshold factors and grant size limits.	The program guidelines are available at the NC DEQ website.

	What are the outcome measures expected as a result of the method of distribution?	The outcome measures to show the benefit to low-and-moderate income persons, households, and areas in the state.
3	State Program Name:	CDBG Neighborhood Revitalization (CDBG-NR_
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The CDBG Neighborhood Revitalization (CDBG-NR) Program which includes the Rural Community Development set-aside is an annual competitive program. The program is announced via a Notice of Funding Opportunity. If funds are available after award, a second round may be held. For each year of the biennium, a minimum of \$15 million is available for CDBG-NR activities and \$5 million for Rural Community Development activities. Specifically, for 2022, an anticipated total of \$20.8 million is available for the CDBG-NR Program including the Rural Community Development set-aside. While all non-entitlements are eligible to apply, preference is given to Tiers 1 and 2 most distressed counties in the state.

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Program purpose, program feasibility and sustainability, organizational capacity,</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Program guidelines and applications are generally available on the NC Commerce website. In late 2022/early 2023, documents will be available through the new Rural Connect Portal, an online grants administration system developed by NC Commerce.</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Not applicable</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Not applicable</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>This category is allocated approximately \$20.8 million for eligible projects.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>The key thresholds include complete applications and location in a nonentitlement area of NC. Grant size limits are anticipated not to exceed \$950,000 per project.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The anticipated outcomes for the CDBG-NR program is to create and preserve affordable housing and meet non-housing community development needs such as community centers, parks, greenways, and sidewalks.</p>
4	<p>State Program Name:</p>	<p>Emergency Solutions Program (ESG)</p>
	<p>Funding Sources:</p>	<p>ESG</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The U.S. Department of Housing and Urban Development allocated \$5,339,223. to the NC State ESG Program. A portion, 7.5% or \$400,442. is for admin costs incurred by the State or subrecipients that are units of local government. The remaining funds, \$4,938,781 will be distributed to subrecipients for program costs. The amount that each Local Planning Area is eligible to apply for is the “NC ESG Fair Share”.</p> <p>No more than 60% of funds can be used for Emergency Response Services (Street Outreach and Emergency Shelter). While there is a maximum percent for Emergency Services, there is no maximum for Housing Stability (Rapid Re-Housing, HMIS, and Targeted Prevention). This means a Local Planning Area may choose to apply for the full 60% of Emergency Response funding or use some of that funding for Housing Stability Activities.</p> <p>To establish a fair distribution of program funds, the NC ESG Program uses the Department of Housing and Urban Development’s (HUD) Continuum of Care (CoC) Pro Rata Formula as the basis for determining the amount of eligible funding for each Local Planning Area. Six entitlement communities receive ESG funding directly from HUD. The allocation that these entitlements receive from HUD are considered when determining each Local Planning Area’s eligible amount. The CoC Pro Rata percentage is multiplied by the total amount of ESG funds allocated to North Carolina (NC State ESG + entitlements). This is the total amount that each Local Planning Area should have as its fair share of ESG funding.</p> <p>For communities that do not receive entitlement funding from HUD, the full amount will come from the NC ESG Program. For entitlement communities, the amount received directly from HUD will be subtracted from their fair share, so only a portion of the fair share is awarded through the NC ESG Program. The chart below shows the total fair share for each entitlement community with the amount of program funding administered by the local government and the NC ESG Program.</p>
---	---

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>NC ESG staff review and score Regional and Project Applications for minimum threshold criteria.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>The NC Emergency Solutions Grants Programs uses the formula of the HUD Pro Rata Share to determine available funding to Continuums of Care / Local Planning Areas (CoCs / LPAs). Local units of government, and non-profit organizations including community and faith-based organizations can submit a Project Application to CoCs/LPAs. Upon doing so, CoCs/LPAs recommend projects for funding in the NC Emergency Solutions Grants Request for Application. NC ESG staff then review and score Regional and Project Applications for minimum threshold criteria.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>Resources are allocated based upon needs assessed in the community and by analyzing the utilization of services, and gaps in services to ensure to the greatest extent possible the needs of the community are met</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Grant size limits are based on the formula calculation using the fair share calculator and decisions and recommendations made and approved at the CoC level and passed to the NCESG office through an RFA process.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The outcome measures are increased economic opportunity, improved quality of life, and pathway to housing opportunities provided.</p>
5	<p>State Program Name:</p>	<p>HOME & HTF: Rental Development</p>
	<p>Funding Sources:</p>	<p>HOME HTF</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>HOME and HTF funds are used to finance construction and preservation of rental units for low-income households and persons with disabilities.</p> <p>The Rental Production Program (RPP) provides long-term financing, in the form of an amortizing or deferred loan, to projects awarded Low Income Housing Tax Credits. The goal is to provide additional housing for households earning up to 60% of area median income. NCHFA may also use up to 33% of HTF funds for operating reserves for LIHTC projects.</p> <p>The Rental Preservation Loan Program (RPLP) provides financing in the form of an amortizing or deferred loan, to eligible projects for the rehabilitation of rental units for low-income households. Awards through RPLP may include funds for rehabilitation, acquisition, refinancing, and operating reserves and/or assistance. For HTF eligible units, NCHFA may also use up to 33% of HTF funds for operating reserves and/or assistance.</p> <p>The Supportive Housing Development Program (SHDP) will use HOME Investment Partnerships Program (HOME) and national Housing Trust Fund (HTF) funds, along with available state funds, to finance the acquisition, rehabilitation, and/or new construction of developments serving populations of homeless or non-homeless households with special needs earning up to 50% of area median income.</p>
---	---

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>RPP loans are awarded through an annual competitive cycle that ensures equitable distribution among the three geographic regions of the state and between metropolitan and urban areas. Awards are determined during tax credit allocation process using criteria set forth in the state's Qualified Allocation Plan. Selection criteria include:</p> <ul style="list-style-type: none"> • Project location and site suitability. • Market demand and local housing needs. • Ability to serve the lowest-income tenants. • Ability to serve qualified tenants for the longest periods. • Design and quality of construction. • Financial structure and long-term viability. • Experience of development team and management agent(s). • Ability to serve persons with disabilities and the homeless. • Projects that are part of a Community Revitalization Plan <p>For more information, visit: https://www.nchfa.com/rental-housing-partners/rental-developers/qualified-allocation-plan</p> <p>RPLP loans are to be awarded using selection criteria including, but not limited to the following:</p> <ul style="list-style-type: none"> • Need, scope, quality and design of rehabilitation • Risk for loss of affordable units • Local housing needs • Ability to serve the lowest-income tenants, specifically those at or below 30% of AMI • Financial structure and long-term viability • Experience, including performance history, of development team and management agent(s)
--	--

	<p>SHDP loans are to be awarded using selection criteria that will include but not be limited to:</p> <ul style="list-style-type: none"> • Project location and site suitability • Housing development and organizational capacity • Financial structure and project readiness • Ability to serve the lowest-income tenants and/or special needs populations <p>For more information, visit https://www.nchfa.com/rental-housing-partners/supportive-housing-developers/supportive-housing-program</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>An estimated 16% of HOME funds will go toward home rehabilitation, 29% for homeownership activities, and 45% toward rental development which will be split approximately 20% towards rehabilitation and 25% towards new construction. An estimated 90% of HTF will go towards rental development, including new construction, rehabilitation and no more than 33% of HTF funds will be used for operating reserves and/or assistance. The remaining 10% of funds for both HOME and HTF may be used towards administrative expenses.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>For RPP, developers can receive up to \$1,600,000 per development but this may be exceeded in some cases. Awards are made as loans with a fixed rate for approximately 15 to 30 years.</p> <p>For RPLP, developers can receive no more than \$4,000,000 per development for rehabilitation. Awards are made as loans and shall require the project to maintain the period of affordability for the full term of the loan, and in no event shall be less than the required minimum period of affordability under the applicable funding source (HOME or HTF) regulations.</p> <p>For SHDP, developers can receive no more than \$1,500,000 per development towards development costs. Awards are made as loans and shall require the project to maintain the period of affordability for the full term of the loan, and in no event shall be less than the required minimum period of affordability under the applicable funding source (HOME or HTF) regulations.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The objectives of RPP are to increase the amount of affordable rental units available to low income households earning up to 60% area median income.</p> <p>The objective of RPLP is to preserve existing affordable housing for households earning up to 80% AMI, with a priority on the preservation and creation of units for households earning less than 30% AMI.</p> <p>The SHDP program objectives for HTF- and HOME-funded projects are to provide affordable, quality, safe and accessible housing for persons with low incomes (below 50% AMI with a preference for those at or below 30% AMI) and special needs with links to appropriate services; to increase the supply of permanent supportive housing in the most integrated setting appropriate to meet the needs of the proposed population; and to provide funds to leverage other public and private resources.</p>
6	<p>State Program Name:</p>	HOME: Affordable Homeownership
	<p>Funding Sources:</p>	HOME
	<p>Describe the state program addressed by the Method of Distribution.</p>	HOME funds are used to increase access to homeownership opportunities by providing down payment assistance and affordable mortgages to eligible households earning up to 80% of area median income. The Community Partners Loan Pool (CPLP) and the Self-Help Loan Pool (SHLP) work with participating nonprofits and local governments to identify potential homebuyers and provide either down payment assistance or an interest-free amortizing loan.

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>For SHLP, eligible homebuyers are those participating in a self-help housing program (i.e. borrower contributes sweat equity to help build/rehab the house they are purchasing) whose gross annual incomes are less than 80% of area median income. Eligible properties are newly constructed homes and existing homes that meet program quality standards (i.e. Certificate of Occupancy or Home Inspections). To become a loan pool member, the organization must develop affordable housing using sweat equity, provide first or second mortgage financing to eligible home buyers at 0% or below market interest rates, and provide loan servicing (internally or through a third party). They also ensure eligible borrowers complete HUD-approved home buyer education and pre-purchase counseling. For more details, visit: https://www.nchfa.com/sites/default/files/page_attachments/SHLP-ParticipationGuidelines.pdf</p> <p>For CPLP, eligible home buyers with annual household incomes less than 80% of area median income. Eligible properties are newly constructed homes or existing homes that meet program quality standards (i.e. Certificate of Occupancy or Home Inspections). Eligible applicants for CPLP membership include non-profit developers of affordable for-sale homes, non-profit agencies that are HUD approved housing counseling agencies, or public agencies that administer a homeownership program. Members must have the capacity to prepare low-wealth families for successful homeownership as well as identify or develop program eligible properties. They also ensure eligible borrowers complete HUD-approved home buyer education and pre-purchase counseling. For more information, visit: https://www.nchfa.com/sites/default/files/page_attachments/CPLP-ParticipationGuidelines.pdf</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>An estimated 16% of HOME funds will go toward home rehabilitation, 29% for homeownership activities, and 45% toward rental development.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>For Self-Help Loan Pool, eligible home buyers can receive up to \$35,000 in SHLP funds. However, borrowers purchasing a home in an Underserved County (i.e. counties with no or few existing SHLP home buyers) can receive up to \$50,000 in SHLP funds.</p> <p>For the Community Partners Loan Pool, the maximum loan amount is 25% of the sales price or \$50,000, whichever is less, when combined with a NC Home Advantage™ Mortgage. If CPLP is combined with a USDA 502 Direct Loan, the maximum loan is 10% of the sales price or \$50,000, whichever is less.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>For both homeownership programs, the objectives are to assist qualified households to become home owners, increase homeownership opportunities in underserved counties, to increase the capacity of housing for nonprofits and local governments to produce more affordable homes, and to encourage the production of healthy, energy efficient homes.</p>
7	<p>State Program Name:</p>	<p>HOME: Owner-Occupied Housing Rehabilitation</p>
	<p>Funding Sources:</p>	<p>HOME</p>
	<p>Describe the state program addressed by the Method of Distribution.</p>	<p>HOME funds are used for the rehabilitation or reconstruction of existing housing units. Rehabilitation investments help low-income veterans, seniors, children threatened by lead hazards and people living with disabilities remain in their homes. The Essential Single-Family Rehabilitation Loan Pool (ESFRLP) provides forgivable loans (grants for soft costs and admin) to home owners through regional agencies, units of local government, and nonprofit organizations. Funds are disbursed on a unit-by-unit basis with a first-come, first-approved “limited pool” to reimburse soft cost expenses for assisted units that do not meet the SFRLP (Essential) rehabilitation standard due to no fault of the Member (i.e., homeowner dies before rehabilitation has started). SFRLP (Essential) funds are targeting homeowners below 80% of area median income with elderly, disabled and/or Veteran, fulltime household members or a child under 6 years old frequently present in a home with lead hazards. Also, these households are targeted to specific geographic areas including all entitlements except 5 CDBG large entitlements (Durham, Charlotte, Greensboro, Raleigh, and Winston-Salem).</p>

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>For more information on program guidelines, visit: https://www.nchfa.com/homeownership-partners/community-partners/community-programs/single-family-rehabilitation-loan-pool/forms-and-resources.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>An estimated 16% of HOME funds will go toward home rehabilitation, 29% for homeownership activities, and 45% toward rental development.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Partners receive at least \$162,000 and may use up to \$50,000 per unit; if hazards such as lead, asbestos, radon or other environmental hazards are found on the property, the homeowner is eligible to receive additional funds to correct these issues. The Partner can receive up to 10% of total costs in admin.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The objectives of the ESFRLP are: to assist low-income elderly, disabled and veteran households and households with a child under the age of six who health is threatened by lead hazards, across the state; to facilitate aging in place amongst elderly and disabled household members; to remove environmental toxins from low-income housing stock; and to serve and to promote the long-term health, safety, affordability and energy efficiency of assisted units.</p>
8	<p>State Program Name:</p>	<p>Housing for Persons with AIDS</p>
	<p>Funding Sources:</p>	<p>HOPWA</p>
	<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The Housing Opportunities for Persons with AIDS (HOPWA) Program is administered by the North Carolina Department of Health and Human Services (NC DHHS), HIV Care Program in the Division of Public Health. The overall goal of the HOPWA program is to provide housing and housing-related services to persons/families living with HIV Infection in the State of North Carolina. This has historically been done through 10 Regional Networks of Care covering 82 of the 100 North Carolina counties.</p>

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>The North Carolina Department of Health and Human Services, Division of Public Health, Communicable Disease Branch invites submission of applications, through an RFA process to fund and support HOPWA services within 10 geographically defined Regional Networks of Care.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>The North Carolina Department of Health and Human Services, Division of Public Health, Communicable Disease Branch invites submission of applications, through an RFA process to fund and support HOPWA services within 10 geographically defined Regional Networks of Care. Through this RFA response Networks determine their regional partners and include those collaborators in the RFA response. DHHS' RFA process procures Regional Networks of Care in accordance with the regulations at 2 CFR 200.318 through 2CFR 200.320. Once the Network provider is determined, those partner agencies receive pass-through funding via a financial assistance (grant) arrangement, executed in contract form.</p> <p>Applications are open to other state agencies, local government agencies, colleges, and universities (private and public), community-based organizations (501(c)(3) designated), and for-profit entities when there is not a not-for-profit organization available to do the proposed work.</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>Grantee Administration: 3%</p> <p>Project Sponsor Administration: 5%</p> <p>STRMU: 15%</p> <p>TBRA: 55%</p> <p>Resource ID: 2%</p> <p>Permanent Housing Placement: 5%</p> <p>Leasing (Hotel/Motel): 4%</p> <p>Minor Rehabilitation: 3%</p> <p>Supportive Services: 5%</p> <p>Housing Information: 3%</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Each regional Network of Care receives a funding allocation based on the number of individuals living with HIV in the region and the Network's historical expenditures of TBRA and STRMU funds. In addition to regional Network allocations, additional one-time funding is made available to the Network regions when available.</p>

What are the outcome measures expected as a result of the method of distribution?	The primary goal of the HOPWA Program is to increase access to and ensure the provision of safe, decent, and affordable housing and housing-related services to persons living with HIV infection and their families in North Carolina and to ensure that all HOPWA recipients living with HIV Infection are receiving medical care.
--	--

Discussion:

AP-35 Projects – (Optional)

Introduction:

The State of North Carolina will not include the list of projects in this section. This information is available from the agencies administering the programs.

#	Project Name

Table 9 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

AP-38 Project Summary

Project Summary Information

Project Name	Target Area	Goals Supported	Needs Addressed	Funding	Description	Target Date	Esti and tha fro acti
<TYPE=[pivot_table] REPORT_GUID=[54A4ED67473EDAEE248792836A1D83B0]>							

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

Acceptance process of applications

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

No

State’s Process and Criteria for approving local government revitalization strategies

Not Applicable

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

Collectively, the North Carolina CPD Programs serve all 100 counties in the state. Individually, the programs target counties based on program regulations. As an example, CDBG and CDBG-CV: 98 of 100 counties (Although, there are four urban counties, state CDBG serves some small communities within two of the counties.) CDBG-CV primarily served non-entitlement areas, but expanded into urban areas also. Another example is HOPWA. The North Carolina HOPWA program serves 82 of the 100 counties in the State of North Carolina. The remaining 18 counties are served through other HOPWA Grantees.

ESG: The North Carolina Emergency Solutions Grant (ESG) serves all 100 counties in North Carolina. Within the ESG network there 12 CoCs. One of those 12 is administered by the Balance of State. (BoS) The BoS has 13 regions serving 79 counties are within their CoC.

HOME: HOME funds are distributed statewide, with an emphasis on geographic coverage in each our programs. Rental Development permits HOME funds in developments in all 100 counties. All geographies in North Carolina are eligible for the Single Family Rehab Loan Pool program with the exception of the five CDBG large entitlements(Durham, Charlotte, Greensboro, Raleigh, and Winston-Salem). Counties are funded in a three year rotation, so each year provides new multi-year funding for a third of the state. For HOME funded affordable homeownership, all counties in the state are eligible geographies, provided that there is a partner able to serve the county.

HTF: Rental Developments may use HTF in all counties, consistent with the state's Qualified Allocation Plan. Currently, HTF funded developments are limited to high income counties, as designated by the NCHFA.

Geographic Distribution

Target Area	Percentage of Funds
Statewide	100

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

CDBG: The primary statutory objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities. These grants primarily serve persons of low- and moderate-income, as the State must ensure that at

least 70 percent of its CDBG grant funds are used for activities that benefit these persons.

HOPWA: The North Carolina HOPWA program serves 82 of the 100 counties in the State of North Carolina. The remaining 18 counties are served through other HOPWA Grantees.

HOME: The preference is for HOME dollars to serve the entire state. Homeowner rehabilitation makes an exception for the larger entitlement jurisdictions in the state that receive a large HOME Allocation directly from HUD.

HTF: HTF can be used in all areas of the state. Programs may make priorities for certain county conditions. For example, the 2022 Qualified Allocation Plan limits HTF assisted units to high income counties to allow for greater financial feasibility for ELI units, based on the income limits in these counties.

Discussion

None

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

Affordable housing remains a priority in the State of North Carolina. Across all programs, North Carolina anticipates assisting 3400 households in 2023.

One Year Goals for the Number of Households to be Supported	
Homeless	1,000
Non-Homeless	2,500
Special-Needs	983
Total	4,483

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	228
The Production of New Units	1,700
Rehab of Existing Units	400
Acquisition of Existing Units	500
Total	2,828

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

CDBG allows nonentitlement units of local governments to tailor applications for funding based on local needs. This creates a challenge to anticipate the number of households to be assisted by type. The programs however preserve and create housing, allows for emergency and transitional housing, creation and preservation of public facilities and improvements, and the creation and retention of jobs.

For HOME and HTF, an estimated 900 new units will be produced, 400 units will be rehabilitated, and 500 units will be acquired for homeownership.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

Actions planned during the next year to address the needs to public housing

Actions to encourage public housing residents to become more involved in management and participate in homeownership

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Discussion:

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

One of the State of North Carolina's highest priorities is creating and preserving affordable housing, especially for persons experiencing homelessness and other special needs. This most evident in the State's effort to coordinate state agencies to address the affordable housing and homeless needs. Additionally, Governor Roy Cooper has relaunched the North Carolina Interagency Council for Coordinating Homeless Programs. The State under the leadership of the North Carolina Department of Health and Human Services has also developed a strategic housing plan which includes a focus on interagency coordination.

NCDHHS has released a draft of its Strategic Housing Goals, Objectives and Strategies, which will culminate in the development of a Strategic Housing Plan designed to address the housing needs of individuals with disabilities, currently receiving or eligible for DHHS-funded services at the state and local levels, who are either homeless, currently residing in congregate settings or at-risk of entry into these settings. Developed with stakeholders from across the state, the plan will provide a strategic guide to focus policy efforts and resource decision making in creating and maximizing community-based housing opportunities for identified populations over a five-year horizon. The draft workgroup goals, objectives and strategies document was open for public comment through June 10, 2022. The final version is under development.

Lastly, the State has two focused resources to assist with funding. The Emergency Solutions Grant (ESG) Program is targeted at homeless activities, as described below. The HOME American Rescue Plan (ARP) Program will also be targeted at homeless and homeless prevention activities. The State was also selected for the Recovery Housing Program, a demonstration program through the SUPPORT Act to provide stable housing for persons recovering from substance abuse disorder. Other resources such as CDBG and HOME are used to provide long-term stable affordable housing.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

In 2022, Governor Roy Cooper is reestablishing the North Carolina Interagency Council for Coordinating Homeless Programs (ICCHP). This council will develop, implement, and oversee the strategic plan to direct funding sources to address the critical needs. Each NC Plan Partner agency is represented on the

council. Specifically, the DHHS, NCHFA, and NC Commerce.

The Emergency Solutions Grant is administered by the North Carolina Department of Health and Human Services, Division of Aging and Adult Services. The program helps meet the needs of those experiencing homelessness or those at risk of homelessness by encouraging local grantees to develop innovative projects which better address the causes, conditions, and problems of homelessness / housing and to serve as an advocate for low-income persons and families that are homeless or at-risk of homelessness.

Addressing the emergency shelter and transitional housing needs of homeless persons

Through the CDBG Neighborhood Revitalization program, non-entitlement communities are able to apply for funding to construct and rehabilitate facilities to provide emergency shelter and transitional housing for homeless persons.

The Emergency Solutions Grants Program is state administered program. The ESG program's goals are to assist people in preventing or ending their homelessness by supporting two primary functions: Emergency Response Activities, including emergency shelter operations and services as well as street outreach, and Housing Stability Activities including homelessness prevention and rapid re-housing. Emergency Response Activities focus on the needs of the homeless:

Street Outreach: Providing essential services to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility.

Shelter Operations: Providing costs to operate an emergency shelter.

Shelter Services: Providing essential services are services to homeless families and individuals in emergency shelters, including case management, childcare, education, employment, and life skills, legal services, mental health, substance abuse services, transportation, and services for special populations.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The Homelessness Prevention and Rapid Re-Housing Program provide financial assistance and services to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized. The funds under this program are intended to

target individuals and families who would be homeless but for this assistance. The funds will provide for a variety of assistance, including short-term or medium-term rental assistance and housing relocation and stabilization services, including such activities as mediation, credit counseling, security or utility deposits, utility payments, moving cost assistance, and case management.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The Homelessness Prevention and Rapid Re-Housing Program provide financial assistance and services to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized. The funds under this program are intended to target individuals and families who would be homeless but for this assistance. The funds will provide for a variety of assistance, including short-term or medium-term rental assistance and housing relocation and stabilization services, including such activities as mediation, credit counseling, security or utility deposits, utility payments, moving cost assistance, and case management. Individuals are served through a coordinated entry process at the local level.

Discussion

Through services provided by emergency shelter and services programs individuals and families work with staff to both prevent homelessness and to use strategies that will prevent a lapse back into homelessness.

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	690
Tenant-based rental assistance	228
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	65
Total	983

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

Public policies related to the cost of housing and incentives to develop, preserve, or rehabilitate affordable housing vary throughout the state. In North Carolina, counties and cities develop their own land use, zoning, and development guidelines in accordance with state law. Various counties and municipalities across the state have implemented policies to promote more affordable housing from more permissive zoning to more streamlined permitting processes. In addition to policies impacting housing supply, ensuring and increasing access to existing opportunities such as Housing Choice Vouchers and rental assistance can also lower barriers to affordable housing.

In addition, the State of North Carolina recently updated its Analysis to Impediments to Fair Housing (AI). This process involves a thorough examination of the laws and regulations that impact the construction of affordable housing as well as a review of industry practices and conditions that limit fair housing choice. Previous analysis from 2015 highlighted patterns in mortgage lending, discrimination in the housing market, and policies and practices of individuals and businesses in the housing market. In the latest version, the AI evaluated residential segregation patterns, how private and public sectors policies expand or restrict housing choice for the protected classes and identified barriers to fair housing choice.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The state is exploring ways to incentivize development and other strategies to expand housing affordability. Most recently, the state passed a new law that consolidated, reorganized and modernized the state's planning and development regulation statutes. Most notably, it reinstated a requirement for counties and municipalities to create a comprehensive plan as a condition for enforcement and application of zoning ordinances.

In PY 2023, North Carolina will continue to address its strategies identified in the Strategic Plan of the 2021-2025 Consolidated Plan and continue implementing the goals identified in the Analysis of Impediments. Funding, especially CDBG, will be provided as grants to local governments to help reduce the increasing labor and material costs for housing construction. In addition, NC Commerce and NCHFA will provide technical assistance to program participants on rehabilitation statutes and building regulations, continue to support collaboration among housing partners, and support public and private funding for housing developments.

Additionally, the Analysis of Impediments provides the list of actions below along with measurable

objectives for the state to pursue.

- The NC Department of Commerce will collaborate with its AI partner agencies to expand fair housing education and enforcement.
- NCHFA will continue expanding new rental housing production through the LIHTC and HTF programs and state programs and prioritizing the preservation of rental housing with expiring subsidies.
- NCHFA will continue to fund and offer fair housing trainings as well as update both its internal language access plans as well as its guidance for agency partners.
- NCHFA and NCDHHS will continue its planning initiative to meet the state's obligation under Olmstead to provide appropriate housing for persons with disabilities.
- The Department of Commerce and its AI partner agencies will provide funding for homeownership counseling and economic development initiatives aimed at improving the financial stability of households and communities.
- Department of Commerce and its AI partner agencies will each maintain complete Language Access Plans and review them annually to identify changes in population trends, which might require updating the Plans.

A copy of the NC Analysis of Impediments is located at <https://www.nccommerce.com/grants-incentives/community-housing-grants/analysis-impediments-fair-housing-choice-ai#documents-|-ai-report-development>.

Discussion:

AP-85 Other Actions – 91.320(j)

Introduction:

HOME: HOME is a federal block grant specifically designed exclusively to create affordable housing for low-income households.

HTF: The HTF is targeted to assist extremely low-income households. HTF will reduce the housing costs of extremely low-income families and increase the resources available to meet other consumer needs.

Actions planned to address obstacles to meeting underserved needs

North Carolina's 2021-2025 Consolidated Plan outlined the needs and identified the priorities. In 2022, NC will continue to target funds to increase affordable housing, address public infrastructure needs, and serve homeless and near homeless persons. Through the disaster recovery programs, NC continues to focus on recovery and mitigation from recent hurricanes, floods, and tornadoes.

Actions planned to foster and maintain affordable housing

The State of North Carolina will continue to invest HOME, Housing Trust Fund and CDBG funds to promote the acquisition, production, preservation, and rehabilitation of affordable housing for individuals and families earning below 80% area median income. These funds are often leveraged in conjunction with other federal, state, and private resources including the Low-Income Housing Tax Credit, multifamily tax-exempt bond authority and the North Carolina Housing Trust Fund. Due to the ongoing Coronavirus pandemic, the state has received additional federal funding in relief packages like the CARES Act and the American Rescue Plan that has been put toward emergency rental and mortgage assistance, temporary and permanent housing for people experiencing homelessness, and other housing-related activities.

Actions planned to reduce lead-based paint hazards

Lead-based paint policies are in effect for each of the five formula programs in the state.

Actions planned to reduce the number of poverty-level families

The NC Plan Partners work to address the housing and community development needs of individuals and households earning below 80% area median income. The programs and services detailed in this plan increase the financial stability and economic opportunity of these individuals and households through the provision of safe and affordable housing and support services. Low-income households who live in affordable housing are able to spend more each month on food, health care, and other non-housing essentials. Affordable housing situated in areas of opportunity can increase access to quality jobs and

schooling, which can help households break out of the cycle of poverty.

Actions planned to develop institutional structure

All three of the Consolidated Planning partners develop partnerships locally, regionally and across the state to meet the housing and community needs of North Carolinians. Through partnerships with CHDOs, regional governments and social services, the State has invested in the existing structure to deliver programs and services while requiring partners to meet certain standards of quality and safety. NCHFA provides training opportunities and technical assistance for partners that participate in rental development, home-buying or rehabilitation programs. NCHFA works with thousands of partners across the state to invest financing for apartments and homes, affordable mortgage products, rental and owner-occupied housing rehabilitation, foreclosure prevention, supportive housing and rental assistance. Our extensive partner network ensures that every county in the state benefits from affordable housing investments.

Additionally, the Governor of North Carolina appointed and convened members of the North Carolina Interagency Council for Coordinating Homeless Programs. ICCHP continues in 2023 and brings together agency leaders, state representatives, and community members. The primary charge of ICCHP is to develop a plan with actionable strategies to prevent and end homelessness across North Carolina while increasing opportunities for housing stability and improving health and wellbeing. The plan also dovetails with existing plans, builds on effective programs and strategies underway, and drives statewide coordination and action to prevent and end homelessness.

In addition to ICCHP, the NC DHHS is finalizing its five-year plan to:

Develop a comprehensive 5-year strategic housing plan to create affordable, accessible, and inclusive housing that supports the whole individual by improving services, funding, communication, and statewide coordination to eliminate barriers to quality, affordable, and accessible housing for the identified population.

Further the plan includes five goals with one focusing on increasing coordination among state agencies. The plan is scheduled to complete development and begin implementation in 2023.

Actions planned to enhance coordination between public and private housing and social service agencies

The NC Plan Partners foster relationships above and beyond the above-referenced programs. By partnering with developers, local and regional governments, social service agencies and non-profit organizations, the State has invested in the systems and structures required to implement programs

while upholding standards of quality and affordability through monitoring and compliance.

Discussion:

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction:

This section addresses program specific requirements for CDBG, HOME, NHTF, and ESG.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

To conduct housing-related activities, NCHFA uses nonfederal funds, federal funds and the private market. The nonfederal sources offer the NCFHA even more opportunities and flexibility to serve all

Annual Action Plan 90
2023

priority categories. The available funding sources include the North Carolina Housing Trust Fund; state-appropriated HOME Match, the Low-Income Housing Tax Credit Program, bond financing, and Mortgage Credit Certificates.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Homebuyer loan subsidies (except for the Self-Help Loan Pool) will be provided as subordinate deferred-payment loans that are not forgiven. Homebuyer loans under the Self-Help Loan Pool will be provided as principal-only amortizing loans. Loans under all home buyer programs can be called (1) when the property is sold, (2) when the property is no longer the home buyer's principal residence, (3) at the end of the loan term, or (4) when the first mortgage is refinanced. If the net proceeds of the sale of the property are insufficient to repay the home buyer loans in full, the Agency will accept its pro rata share of the net proceeds in full satisfaction of the loan. However, exceptions may be granted and assumptions may be allowed for an income-qualified heir or lineal descendant that will reside in the home as a principal residence.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Homebuyer programs funded with HOME follow recapture requirements. and ensure that the State recoups all or a portion of the HOME assistance to the homebuyers. As stated in number 2 above, home buyer loan subsidies except for the Self-Help Loan pool will be provided as subordinate deferred-payment loans that are not forgiven. Homebuyer loans under the Self-Help Loan Pool will be provided as principal-only amortizing loans. Loans under all home buyer programs can be called (1) when the property is sold, (2) when the property is no longer the home buyer's principal residence, (3) at the end of the loan term, or (4) when the first mortgage is refinanced. If the net proceeds of the sale of the property are insufficient to repay the home buyer loans in full, the Agency will accept its pro rata share of the net proceeds in full satisfaction of the loan. However, exceptions may be granted and assumptions may be allowed for an income-qualified heir or lineal descendant that will reside in the home as a principal residence

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

Except for the RPLP program HOME funds are not used for refinancing of existing debt, even in developments rehabilitated with HOME funds.

For RPLP, NCHFA may determine that refinancing of senior debt is necessary for the fiscal fitness of

the property. In no event will the pro-rated portion of the refinance proceeds (refinance funds/total debt on the property at the time of application) exceed the pro-rated portion of the rehabilitation costs (rehabilitation costs/total value of the property at the time of application). Additionally, deeper targeting may necessitate using HTF funds for operating reserves and/or assistance to ensure the financial viability of the project.

**Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

The U.S. Department of Housing and Urban Development requires (24 CFR 576.400) subrecipients to adhere to the Written Standards, developed and approved by their CoC for programs provided through the Emergency Solutions Grant Program. These guidelines must be followed when developing these Standards. Each program activity will have different standards. For example, standards for emergency shelter programs will be different than Standards for rapid rehousing and homeless prevention. Subrecipients must ensure that the Standards are appropriate for the programs offered. CoC's assure upon approval of the sub-recipients RFA for submission that they will adhere to the written standards. The ESG office further assures compliance through its monitoring process. Each subrecipient written standards are reviewed annually by the state using a HUD checklist.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

HUD requires (24 CFR 576.400) that all CoC's establish and operate a fully functional Centralized Coordinated Entry system that all ESG funded activities and subrecipients must utilize. This system must serve all homeless and at risk of homeless populations and subpopulations. All ESG funded organizations are required to follow the Coordinated Entry process adopted by their CoC. Upon request, ESG funded subrecipients must be able to provide the ESG Office with a report of the referrals received through the Coordinated Entry system adopted by their CoC.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

The NC Emergency Solutions Grant Program uses the formula of the HUD Pro Rata Share to determine available funding to CoCs/Regions. Local units of government and non-profit organizations, including community and faith-based organizations, can submit Project Applications to CoCs/Regions. Upon doing so, CoCs/Regions recommend projects for funding in the NC Emergency Solutions Grants Request for Application. NC ESG staff then review and score Regional and Project Applications for minimum threshold criteria. The NC ESG Office will accept one regional

application per CoC. Project applications that are not recommended for funding in the regional application will not be reviewed. CoCs will recommend nonprofit and/or local government organizations to be subrecipients of ESG funds. Once approved, these recommended organizations will contract directly with the State or subcontract with the region's Fiscal Sponsor.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

The NC ESG Program requires each sub-recipient to identify a homeless or formerly homeless person that is a member of the agency Board of Directors. Subrecipients involve homeless or formerly homeless persons on the board of directors or other policy/decision making body regarding NC ESG assistance. Subrecipients unable to meet this requirement must develop and implement a plan to consult with homeless or formerly homeless persons in considering and making policies regarding NC ESG assistance and to be eligible to submit and RFA. The NC ESG office further assures this through monitoring sub-recipients.

5. Describe performance standards for evaluating ESG.

The NC ESG Program uses performance measures rubrics as a tool to determine the success of a project and how well services and products are being delivered. Together they enable the NC ESG Program gauge efficiency, determine progress toward desired results and accesses if sub recipients are meeting goals. Sub recipients must adhere to:

- Entering all appropriate client data completely and accurately into the statewide HMIS.
- Assure that 32% of statewide exists from shelters are to permanent housing
- Assure 81% of rapid re-housing persons are placed in permanent housing.

Evaluation Measure Data Entry – 100% of the ESG CAPER, by the designated deadline.

Explanatory note Subrecipients must collect and ensure data entry into a HMIS/compatible data system.

Compliance Measure It is a requirement of HUD that all NC ESG subrecipients provide accurate data to the NC ESG Office by the designated deadline.

Evaluation Measure Program Compliance - On-site or desk monitoring by the NC ESG Office yields 20% or less findings / concerns in cumulative records reviewed during the contract period. (Examples: requisitions, client files, written standard adherence, coordinated entry participation etc.)

Explanatory note Program compliance must be followed as a condition of funding.

Compliance Measure Subrecipient must meet or exceed 80% of program compliance.

Evaluation Measure Spend Down Rate - Subrecipient submitted 1 requisition per month within the 45-day submission period, with at least 1 requisition leading to a disbursement of NC ESG funds per quarter.

Explanatory note Requests for allocated fund reimbursement must be made monthly and all funds used by the close of the contract period.

Compliance Measure Subrecipient will assure that all funds allocated are requisitioned monthly and spent within the terms of the contract.

Evaluation Measure Requisition Submission - 10 or more requisition submissions by the subrecipients were not discarded.

Explanatory note Reimbursement accuracy is key to assuring programs receive funding in a timely and accurate manner. Incorrect submissions delay reimbursement and effect overall spending.

Compliance Measure Subrecipient will assure the accuracy of reimbursement submissions 80% of the time

Evaluation Measure Training Attendance - Attendance at trainings held via webinar, conference calls, face-to-face etc.

Explanatory note The trainings provided by the NC ESG Office enhance compliance, coordinated and effectiveness of program execution.

Compliance Measure Subrecipient will attend 80% of the NC ESG Office facilitated trainings between January 1 and December 31.

**Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)**

1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

N/A

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The State will primarily distribute its HTF funds to eligible applicants through the Rental Production Program (RPP) and Rental Preservation Loan Program (RPLP), which provide long-term financing for the construction of new, affordable rental housing projects (RPP) and for the rehabilitation of affordable rental housing (RPLP). The State will not distribute any HTF funds through subgrantees. The State will require that all recipient applications contain a description of the eligible activities to be conducted with HTF funds and that each eligible recipient certify that housing assisted with HTF funds will comply with HTF requirements. The state may also distribute HTF funds through the Supportive Housing Development Program (SHDP) which seeks to increase and maintain permanent supportive housing in the most integrated setting appropriate for adults and children with special needs below 50% AMI. SHDP funded housing would be limited to serving households at or below 30% AMI.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

For RPP, NCHFA will use the application process and eligibility requirements described in North Carolina's Qualified Allocation Plan (QAP) in awarding HTF funds (available online). The QAP details applicant eligibility, eligible activities, what applications must include, when and where applications are to be submitted, the criteria by which applications will be evaluated, who will review applications, and when awards are to be made.

For RPLP, NCHFA will use an application plan and selection criteria as detailed below. Awards through RPLP may include funds for rehabilitation, acquisition, refinancing, and operating reserves and/or

assistance.

For SHDP, NCHFA will use an application plan and selection criteria as detailed below. Awards through SHDP may include funds for rehabilitation, acquisition, new construction, and/or operating reserves/assistance of eligible developments serving individuals with special needs.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

RPP selection criteria are designed to identify the best applications based on site, market, rent affordability, development costs, project team, design and construction, energy efficiency, efficient use of tax credits, units for mobility-impaired individuals and ability to achieve community integration under to North Carolina's 2012 Olmstead settlement agreement with the U.S. Department of Justice. Appendix J of the QAP outlines the additional criteria for those tax credit applications requesting HTF funds https://www.nchfa.com/sites/default/files/page_attachments/QAP22-Final%20Appendix%20J.pdf

RPLP loans are to be awarded using selection criteria that will include but not be limited to the following:

- Need, scope, quality and design of rehabilitation
- Risk for loss of affordable units
- Local housing needs
- Ability to serve the lowest-income tenants, specifically those at or below 30% of AMI
- Financial structure and long-term viability
- Experience, including performance history, of development team and management agent(s)

SHDP loans are to be awarded according to the criteria and methods described in the SHDP Program Cycle Applications Guidelines and Instructions.

https://www.nchfa.com/sites/default/files/page_attachments/SHDP-Guidelines.pdf. These include that a site meet minimum site standards, and scoring based on the following categories:

- Project location and site suitability
- Housing development and organizational capacity
- Financial structure and project readiness
- Ability to serve the lowest-income tenants and persons with disabilities

d. Describe the grantee’s required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

For RPP, HTF will be made available to eligible applicants in either high-income counties or LME/MCO catchment areas in North Carolina. Doing so will allow the units to be made affordable to people earning 30 percent or less of AMI. Many of North Carolina’s high-income counties are also counties that have the highest demand for people transitioning out of adult care homes to achieve community integration pursuant to North Carolina’s 2012 *Olmstead* settlement agreement with the U.S. Department of Justice.

e. Describe the grantee’s required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Grantees (i.e., the State) must “commit” their HTF within two years, and expend within five years. All tax credit projects have a strict window for completion and must be placed in service by December 31 two years after the award of credits. For example, applications awarded tax credits in 2022 must be placed in service no later than December 31, 2024. There is also a requirement for projects to expend ten percent of the costs within 12 months of allocation. Using HTF with tax credits ensures that all projects will adhere to the requirement to obligate the funds and undertake eligible activities within 12 months. Appendix J of the QAP further states the ability to obligate funds and undertake activities in a timely manner will be a threshold requirement for HTF approval. NCHFA will request a timeline as part of the application for projects requesting HTF funds to verify the applicant’s ability to meet all deadlines

f. Describe the grantee’s required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Housing affordable to extremely low-income families is defined as families not paying more than 30 percent of their household income for housing costs, including utilities. Project-based rental assistance includes, but is not limited to, unit-based rental assistance, operating subsidies and cross-subsidization of rents within the project. All tax credit applicants must set-aside a minimum of ten percent of the total units for persons with disabilities and all of these units (referred to as “Targeted Units”) are eligible for state-funded project-based rental assistance known as Key Rental Assistance. Therefore, all projects eligible for HTF will be eligible for project-based rental assistance. Applicants who have other types of project-based rental assistance must also provide the source and number of units receiving project-

based rental assistance as part of their applications. Project-based rental assistance is stated as a priority in QAP Appendix J.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The minimum affordability period is 30 years. A statement is included in QAP Appendix J to indicate that it is a threshold requirement for projects requesting HTF to have a minimum 30-year affordability period.

For HTF-funded RPLP awards, awards are made as loans and shall require the project to maintain the period of affordability for the full term of the loan, and in no event shall be less than the required minimum period of affordability.

For SHDP awards, awards are made as loans and shall require the project to maintain the period of affordability for the full term of the loan, and in no event shall be less than the required minimum period of affordability under the applicable funding source (HOME or HTF) regulations.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The QAP indicates what the State has determined to be the priority housing need(s) it intends to address based on the outcome of its HTF citizen participation process and priority needs indicated in its current Con Plan. The State's Con Plan as well as NC Housing Finance Agency's Strategic Plan, defines households earning 30 percent or less of the AMI to be a high-priority population. The QAP requires that at least 25 percent of the qualified low-income units in a proposed tax credit project be affordable to and occupied by households with incomes at or below 30 percent of AMI to be eligible to receive HTF funds.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

All tax credit projects require leveraging of sources, public and private, to fully fund the cost of each housing development. Although the QAP does not provide points for leveraging, NCHFA provides additional opportunities to receive state funding through the state Housing Trust Fund and the Workforce Housing Loan Program to encourage leveraging. Appendix J further states priority will be given to projects based on leveraging of non-federal funds. In the event there is a tie in QAP scoring among projects seeking HTF funding, the project with the lowest percentage of federal funding to total sources will be used as the second tie breaker.

The SHDP program requires a minimum ratio of firmly committed matching funds. This ratio is 30% for CDBG entitlement areas and 40% for non-entitlement areas. Additionally, as incentive for increased firmly committed matching funds SHDP offers points in its application competition.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.

Enter or attach the grantee’s maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME’s maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

The State will use HOME maximum per unit development subsidy limits.

The HOME maximum per-unit subsidy limits were chosen for consistency as we also use HOME funds with tax credits. Given that NHTF rules closely follow other established rules in the HOME program, it is appropriate to rely upon this limit. Currently, there is only one published limit for the entire state. Based on our experience with rental housing development, there are no significant differences in costs that would require any geographic adjustment from the statewide limit. Current subsidy limits are available on the following site: <https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/>

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee’s description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; Capital Needs Assessments (if applicable); and broadband infrastructure (if applicable).

All NCHFA HTF funded rehabilitation program activities are held to the attached rehabilitation standards.

North Carolina Housing Finance Agency
National Housing Trust Fund (NHTF) Rehabilitation Standards

States must establish rehabilitation standards that all HTF-assisted housing undergoing rehabilitation must meet at the time of project completion, pursuant to the HTF implementing regulations at [24 CFR 93.301\(b\)](#). If a State intends to use its HTF funds for housing being rehabilitated, it must submit its standards to HUD as part of its HTF allocation plan. The standards submitted to HUD must contain sufficient detail to determine the rehabilitation work required in a project and the methods and materials to be used.

The National Housing Trust Fund Rehabilitation Standards are designed to outline the requirements for building rehabilitation for all NCHFA funded NHTF multi-family housing projects. The standards are written to provide guidance to all relevant members of a project development team. All sponsors of multifamily rental projects receiving NHTF assistance must ensure their projects conform to all standards outline in this memorandum and in Appendix B of the Qualified Allocation Plan.

1. Health and Safety

- a. If housing is occupied at the time of rehabilitation, any life-threatening deficiencies must be identified and addressed immediately. Life-threatening conditions could include but are not limited to:
 - i. Air quality
 - ii. Blocked Egress/Ladders
 - iii. Electrical Hazards
 - iv. Blocked/unusable emergency fire exits
 - v. Missing/damaged/expired extinguishers
 - vi. Ventilation systems including chimney
 - vii. Missing/broken outlets, switches or cover plates
- b. Each sponsor must provide a narrative describing the existing condition of the property and must identify any life-threatening deficiencies and a plan for addressing such deficiencies prior to the commencement of renovation activities. The sponsor must describe how residents who will remain in structures under renovation will be assured of safe egress, protection from fire hazards, noxious fumes, exposure to hazardous materials, and loss of security for themselves and their possessions.
- c. All federal, state and local rules, regulations, and guidelines are applicable to all grantees, developers, and contractors. This includes health and safety rules and regulations as mandated by the federal Occupational Safety and Health Administration (OSHA) as well as by the North Carolina Department of Labor (NCDOL).

2. Major systems

- a. Major systems as identified in these standards are: structural support; roofing; cladding and weatherproofing (e.g. windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation and air conditioning.
- b. For any project receiving NHTF funds, each sponsor's architect must complete a systems checklist identifying each major system, its current condition, the proposed scope of rehabilitation and the expected useful life of the system following rehabilitation.
- c. For multifamily projects of 26 or more units, the developer or grantee must determine all work that will be performed in the rehabilitation of the housing and long-term physical needs of the project through a Capital Needs Assessment of the project.
- d. The term of affordability for all NCHFA-funded NHTF projects will be at least 30 years. If NCHFA and its reviewing architects conclude that the useful life of one or more major systems in the proposed project does not meet the minimum period of affordability, NCHFA will require the sponsor to establish an appropriately-funded replacement reserve.

3. Lead-Based Paint

- a. All work undertaken in accordance with these standards shall comply with the Lead Safe Housing Rule (LSHR) at 24 CFR Part 35, implementing Title X of the 1992 Housing and Community Development Act for HOME and NHTF funded housing programs. This regulation has been in effect since September 15, 2000. The lead-based paint regulation at 24 CFR Part 35 consolidates all lead-based paint requirements for HUD-assisted housing.
- b. All work undertaken in accordance with these standards shall comply with all applicable laws and codes of the State of North Carolina, and local codes, ordinances, and zoning requirements that require compliance with the lead-based paint requirements found at 24 CFR part 35. State rules and regulations regarding lead-based paint are available here (<https://epi.dph.ncdhhs.gov/lead/rules.html>).

4. Accessibility

- a. All work undertaken in accordance with these standards must comply with the requirements in 24 CFR 8, which implements section 504 of the Rehabilitation Act of 1973; 24 CFR 35 & 35, which implements the American with Disabilities Act; and 24 CFT 100.205 which implements the Fair Housing Act.
- b. Multifamily rental projects of fifteen units or more that undergo "substantial alterations" must also comply with Section 504's accessibility requirements. Rehabilitation activities are considered "substantial alterations" when the costs of rehabilitation will be 75 percent or more of the replacement cost of the completed facility.

- c. For these projects, the common spaces must be made accessible as well as the same number of units required for new construction:
 - i. A minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments.
 - ii. An additional 2 percent, at a minimum (but not less than one unit), must be accessible to individuals with sensory impairments.
- d. For rehabilitation of multifamily rental projects that do not meet the definition of substantial alterations, the alterations that are made must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with mobility impairments.
- e. Alterations to common spaces must make those areas accessible, to the maximum extent feasible.

5. Disaster Mitigation

- a. To the extent applicable/relevant, the housing must be improved to mitigate the potential impact of potential disasters (e.g. earthquakes, hurricanes, floods, wildfires) in accordance with state or local codes, ordinances, and requirements, or such other requirements that HUD may establish.

6. State and Local Codes

- a. All work undertaken in accordance with these standards shall comply with all applicable North Carolina state and local codes, ordinances, and zoning requirements. A copy of the updated codes is located at: <https://www.ncosfm.gov/codes/codes-current-and-past>
- b. The North Carolina State Building Code contains the building regulations that must be complied with when constructing a new building, structure, or an addition to an existing building. They must also be used when maintaining or repairing an existing building or renovating or changing the use of a building or structure.

7. Uniform Physical Condition Standards (UPCS)

- a. NCHFA will require all sponsors to ensure that HTF-assisted housing will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.703. As it monitors HTF-assisted projects, DHCD will include the UPCS inspectable items and observable deficiencies for the site, building exterior, building systems (multifamily housing only), common areas (multifamily housing only), and units identified on the following. Sponsors should review the HTF FAQ appendices: Uniform Physical Condition Standards for Multifamily and Single-Family Housing Rehabilitation (<https://www.hudexchange.info/sites/onecpd/assets/File/HTF-FAQ-Appendices-UPCS-for-Multifamily-and-Single-Family-Housing-Rehabilitation.pdf>)

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

N/A

12. Refinancing of Existing Debt. Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

Due to the deeper targeting requirements that will accompany the RPLP loan, NCHFA may determine that refinancing of debt is necessary for the fiscal fitness of rehabilitating a property. In no event will the pro-rated portion of the refinance proceeds (refinance funds/total debt on the property at the time of application) exceed the pro-rated portion of the rehabilitation costs (rehabilitation costs/total value of the property at the time of application). Debt will only be refinanced where the developer maintains a positive cash-flow and is financially stable.

Discussion:

N/A

Attachments

