

North Carolina Annual Action Plan

2013

Presented to the U. S. Department of Housing and Urban Development

Developed By:

North Carolina Department of Commerce – Community Development and Assistance

North Carolina Housing Finance Agency

North Carolina Department of Health and Human Services, Division of Aging and Adult Services

North Carolina Department of Health and Human Services, AIDS Care Program

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EXECUTIVE SUMMARY

(Citation: 24CFR91.320(b))

For the 2013 Program Year, the state estimates it will receive federal resources from the U.S Department of Housing and Urban Development (HUD) equal to the funding amount for 2012, or approximately \$70 million. The four programs covered by this Action Plan are as follows (in alphabetical order): Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), HOME Investment Partnership (HOME) and Housing Opportunities for Persons with AIDS (HOPWA). Funds for these programs have been significantly reduced over the past several years, and as resources have decreased, needs have been prioritized and investments have been targeted to achieve the greatest impact on the goals and objectives identified in the state's Consolidated Plan.

State Objectives

The state realizes it cannot meet all of the housing need, but it can strategically invest its limited resources to alleviate important housing problems for North Carolina's households.

The state has three (3) basic goals:

1. To provide decent and affordable housing
2. To provide a suitable living environment
3. To expand economic opportunity

The primary means through which these goals are achieved is the provision of affordable housing and utility infrastructure improvements. Each agency operates programs that help to fulfill these goals, while meeting housing and service-related needs statewide.

This document, the 2013 Consolidated Annual Action Plan of the State of North Carolina, serves as the annual application to the U.S. Department of Housing and Urban Development (HUD) for funding for the following housing-related projects:

- \$42.5 million in Community Development Block Grant (CDBG) funds, to be administered by the Department of Commerce, Division of Community Assistance (DCA);
- \$13 million in HOME Investment Partnership Program (HOME) funds, and additional HOME match dollars to be administered by the North Carolina Housing Finance Agency;
- \$4.6 million in Emergency Solutions Grant (ESG) funds, to be administered by the Department of Health and Human Services, Division of Aging and Adult Services; and
- \$2.4 million in Housing Opportunities for Persons with AIDS (HOPWA) funds, to be administered by the Department of Health and Human Services, AIDS Care Program.

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

- Department of Commerce, Division of Community Assistance - www.nccommerce.com/cd
- North Carolina Housing Finance Agency - www.nchfa.com
- AIDS Care Program – <http://epi.publichealth.nc.gov/cd/hiv/program.html>
- Division of Aging and Adult Services - www.ncdhhs.gov/aging

Evaluation of Past Performance

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 most recent past performance and evaluation reports can be downloaded from the DCA website at <http://www.nccommerce.com/cd/investment-assistance/consolidated-plan>.

Expected Outcomes

Of the total funding for housing activities to be undertaken in 2013, 39.3% of the funding is targeted to the high priority needs, 38.7% is targeted to the medium priority needs, and 22% is targeted to the low priority needs. The anticipated distribution of funding by agency and by priority need category is shown in the chart under the section *One-Year Specific Housing Goals and Objectives* on page 17.

PARTNERS

The agencies responsible for managing these grant funds are as follows:

Grant Program	Responsible Agency
Community Development Block Grant (CDBG)	NC Department of Commerce Division of Community Assistance*
HOME Investment Partnership Program (HOME)	NC Housing Finance Agency
Emergency Solutions Grant (ESG)	North Carolina Department of Health and Human Services, Division of Aging and Adult Services
Housing Opportunities for Persons with AIDS (HOPWA)	NC Department of Health and Human Services, AIDS Care Program

* Lead agency responsible for submitting action plan.

SUMMARY OF CITIZEN PARTICIPATION AND CONSULTATION PROCESS

(Citation: 24CFR91.200 and 91.220(b))

Citizen Participation

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 DCA website at www.nccommerce.com.

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 is encouraged.

Citizens may make comments or request information regarding the Consolidated Plan by telephone, mail, or facsimile transmission to the Consolidated Planning Coordinator, Division of Community Assistance, 4313 Mail Service Center, Raleigh, North Carolina 27699-4313; Tel. (919) 571-4900; TDD 1-800-735-2962; Fax (919) 571-4951. The state will respond in the Consolidated Plan or performance report, as appropriate, to written comments received.

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 will solicit the views and proposals of citizens at a public hearing.

Notices for 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 the case where extensive information will be the subject of comment, where the information is available for inspection;
- 5) Time and location of the meeting;
- 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; and
- 8) The telephone number where persons may request additional information.

Notices: Adequate advance notice of meetings will be given. Notices will be published in newspapers of general circulation no less than ten days and no more than twenty-five days prior to the beginning of any series of hearings or meetings. Notices will also be mailed to local governments, advocacy groups, nonprofit housing organizations, housing-related service providers, for-profit developers, professional organizations, other known constituency groups, and citizens who have requested notification of any meetings.

Format: Meetings will be designed to allow the most opportunity and encouragement for citizens to express their views. At least one meeting will follow the format of a formal public hearing, while the

state is identifying its housing and community development needs prior to writing the consolidated plan.

Accessibility: Meetings will be held at times and locations convenient to potential and actual beneficiaries. All meeting places will be handicapped accessible. Auxiliary aids, such as a sign-language interpreter, will be provided upon request. An interpreter will be provided at meetings where a significant number of non-English speaking persons can be reasonably expected to attend.

Action Plan: The state will develop an action plan annually for the use of its funds, and submit this plan 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. Public comment for this plan began on October 10, 2012 and ended on November 9, 2012.

Consultation Process

The state of North Carolina has developed a North Carolina Consolidated Plan Consultation Plan. This plan is a guidance document describing our state process for consulting with other public and private agencies that provide assisted housing, health services, and social and fair housing services. Input from these consultations is incorporated into our consolidated planning process.

Interagency Coordination and Collaboration

Division of Community Assistance

- DCA will continue to work with other governmental and non-governmental groups such as the North Carolina Department of Labor, the North Carolina Housing Finance Agency, and the North Carolina IDA and Asset Building Collaborative to support and fund IDA and other savings programs in the state.
- DCA will continue to engage other state agencies and federal allies in funding priority projects in 21st Century Communities. Counties selected in the most recent round will continue to receive priority status in 2013.
- DCA will continue to serve on statewide housing policy boards such as the Housing Coordination and Policy Council.
- DCA will continue to collaborate with state and local agencies such as the North Carolina Redevelopment Center and local emergency management and housing agencies on disaster relief projects as they arise.
- DCA will continue to review plans submitted by housing agencies and public housing authorities in order to certify consistency with the Consolidated Plan.

North Carolina Housing Finance Agency

- The Agency is partnering with the U.S. Treasury Department, state Employment Security Commission, Commissioner of Banks and local housing counseling affiliates in the NC Foreclosure Prevention Fund, with funding from the Housing for Hardest Hit States Initiative and the state's foreclosure filing fees.
- The Agency has partnered with the Advanced Energy Corporation (AEC) of Raleigh, North Carolina for over 10 years and will continue this partnership, to train and assist local partners under three home ownership programs. AEC's services will include providing low-income homebuyers with guarantees that their heating and cooling costs will not exceed a very low, set level (as low as \$18/month). This broadens the window of affordability and enhances marketing effectiveness.
- The Agency will continue as a member of the Interagency Coordinating Council for Homeless Programs (ICCHP).
- The State will continue its collaborative relationship with the Department of Labor by providing matching funds and second mortgages for participants in the Department of Labor's IDA program. It will also broaden its support of IDA programs by developing partnerships statewide with other IDA programs.
- The Agency plans to continue its collaboration with Habitat for Humanity, in its operation of the Self Help Loan Pool (SHLP). In the SHLP collaboration, the NCHFA and Habitat for Humanity jointly provide a primary mortgage to low-income homebuyers of Habitat for Humanity homes.
- The Agency will continue its collaboration with Duke Energy, by facilitating energy-related home improvements for homeowners in the Duke Energy Service Area, using money provided to the Agency by Duke Energy.
- The Agency will continue its partnership with the North Carolina Home Builders Association (NCHBA), wherein it provides funding (along with local governments) to enable the NCHBA to offer construction training for a small number of underemployed residents in 3 cities.
- The Agency will continue to fund the Displacement Prevention Partnership, which allows the Independent Living Program and the Lead Hazard Control Branch to assist households facing displacement due to mobility limitations or lead-paint poisoning, respectively. This Partnership will operate as a standalone program, separate from the Urgent Repair Program.
- The Agency works in close partnership with the state Department of Health and Human Services (DHHS) to administer the Key Program, providing operating subsidies so that persons with disabilities on Supplemental Security Income can have access to affordable housing.
- The Agency works with the state Office of State Budget and Management (OSBM) and DHHS to administer the Homeless Prevention and Rapid Re-Housing Program. The state of North Carolina was awarded \$22 million to prevent homelessness and rapidly move homeless persons into housing.

Division of Aging and Adult Services

- The Division is a member of the Inter-Agency Council on Coordinating Homeless Programs and Housing Coordination and Policy Council.

AIDS Care Program

- The Program will continue as an active participant on the Housing Coordination and Policy Council as well as the Inter-agency Council on Coordinating Homeless Programs.
- The Program will seek out opportunities to work with nonprofit organizations to provide services for those who are triply diagnosed (HIV/AIDS, mental illness and substance abuse issues).
- The Program will continue to collaborate with the other NC entitlement cities to ensure consistency among administration of the HOPWA Program.

PUBLIC PARTICIPATION

Public Hearing Meeting Minutes for the Public Hearing on the 2013 NC Annual Action Plan October 29, 2012

On October 29, 2012 the NC Division of Community Assistance held a Public Hearing at the NCDA & CS Agronomic Division in Raleigh, North Carolina, to receive comments associated with the North Carolina Consolidated Annual Action Plan for 2013.

Public Hearing Opened at 9:01 AM

Iris Payne, Division of Community Assistance, Program and Compliance Section Chief, facilitated the Public Hearing.

Attendees included: Michael Leach, North Carolina Office of Economic Opportunity; Mary Ann Chap, Division of Health and Human Services, Ben Strickland, North Carolina Housing Finance Agency; Richard Self, Division of Community Assistance; Iris Payne, Division of Community Assistance; Deborah McCrae, Division of Community Assistance; Stacy J. Smith, Division of Community Assistance, Ella Limehouse, Division of Community Assistance.

Iris Payne: discussed the purpose of the Public Hearing: The 2013 Consolidated Annual Action plan of the State of North Carolina serves as the annual application for the four North Carolina Agencies, each of whom receives a formula grant from the United States Department of Housing and Urban Development (HUD).

The four agencies are:

- North Carolina Department of Commerce, Division of Community Assistance
- North Carolina Housing Finance Agency
- North Carolina Department of Health and Human Services, Office of Economic Opportunity
- North Carolina Department of Health and Human Services, AIDS Care Program.

Purpose of the Public Hearing:

- Provision of decent and affordable housing;
- Provision of a suitable living environment; and
- Expansion of economic opportunity
- For the state to pursue a consolidated planning process that addresses the major housing and community development needs affecting North Carolina communities, to determine priorities for addressing those needs, and lay out a strategy for using the resources available.
- To pursuant the provisions of 24 CFR, Housing and Urban Development, Part 91, Purpose, the State develops and submits a consolidated annual plan from which HUD will evaluate the State's progress.
- The State will conduct at least one hearing on the performance report as required by the North Carolina Citizen Participation Plan.

Iris Payne discussed the 2013 CDBG Grant Categories:

- Scattered Site Housing
- Infrastructure
- Economic Development
- Small Business and Entrepreneurial Assistance
- Capacity Building/Talent Enhancement Demonstration
- North Carolina Catalyst

CDBG Distribution of Funding

- \$42.5 million was committed to the State of North Carolina CDBG program.
- \$2.5 million was allocated statewide for eligible activities that support job creation and stimulation.
- \$7.2 million was allocated for statewide direct housing purposes.
- \$32.8 million was designated for economic development, infrastructure, administrative support, and other non-housing related activities.
-

Ben Strickland discussed the 2013 North Carolina Housing Finance Agency Action Plan:

- NCHFA will receive \$13 million in HOME in 2013 and approximately \$1.6 million in state appropriated HOME match funds.
- NCHFA plans to assist 1,114 households with HOME funds in 2013.
- NCHFA will use HOME in the following activities in 2013:
 - Homebuyer assistance
 - Supportive housing
 - Rental housing preservation
 - Owner-occupied rehabilitation
 - Rental production

NCHFA Distribution of Funding

- Homebuyer assistance-24% of units placed in service in 2013 or 271 households.
- Rental unit production and rehabilitation-63% of units or 699 households.
- Owner-occupied rehabilitation-13% of units or 145 households.

NCHFA Priorities Served

- NCHFA used HOME funds to serve the 2011-2015 Consolidated Plan priorities.
- 25.5% of the units placed in service in 2013 will assist high priority populations.
- 61.3% of the units will assist medium priority populations
- 13.2% of the units will assist low priority populations.

Michael Leach discussed the Emergency Shelter Grant Program:

ESG Goals

- The program helps engage homeless individuals living on the street;
- Improve the number and quality of emergency shelters for homeless individuals and families;

Public Hearing Consolidated Annual Action Plan

- Help operate these shelters;
- Provide essential services to shelter residents,
- Rapidly re-house homeless individuals and families; and
- Prevent families and individuals from becoming homeless.

ESG Eligible Activities

- Street Outreach
- Emergency Shelter
- Homelessness Prevention
- Rapid Re-Housing Assistance
- HMIS (Homeless Management Information System)

ESG Eligible Activities

Emergency Response activities include:

- Street Outreach
- Emergency Shelter (including Transitional Housing)

System Coordination: Activities include

- Coordinated Intake
- HMIS (Homeless Management Information System)

Housing Stability activities include prevention and rapid re-housing through:

- Financial assistance
- Services
- Rent assistance

ESG Funding

- In the FY 2013 the ESG Program anticipates receiving \$7,164,245, which is part of the FY 2011 and FY 2012-2013 funds.

ESG Eligible Grantees

- Apply as part of a regional application that is submitted to the State by a CoC or regional committee of the Balance of State CoC;
- Be able to document client process verifying the HUD definitions of “homeless” or “at risk of homeless,”
- Operate a program that includes eligible emergency response, housing stability and ‘or system coordination activities;
- Not be a State licensed facility (State licensed facilities are not eligible to be funded by the ESG grant;
- If operated by private, nonprofit organizations, must have the endorsement of the local government in the community in which the emergency or transitional shelter is located.
- For emergency and transitional shelter only: Have been funded with FY11A ESG funds as an emergency or transitional shelter.
- Have an established accounting system for maintenance of ESG funds in accordance with OMB Circulars A-110 and A-122;
- Have at least one person on the board of directors that is homeless or formerly homeless;
- Have the ability to expend ESG funds awarded within 365 days or the period of the contract;
- Have eligible resources to match the ESG funding received on a dollar for dollar basis

Maryann Chap discussed the HOPWA Program:

- The primary goal of the HOPWA Program is to provide housing and housing-related services to persons/families living with HIV infection in the 88 North Carolina counties covered by the State HOPWA Program.
- The State HOPWA grant is administered by the North Carolina Department of Health and Human Services, AIDS Care Program.
- HOPWA 2013 Expected Allocation is \$2,445,019
- 97% will be awarded to 11 project sponsors across the state to serve 2,200 + individuals/family members.
- 3% will be set aside for grantee administration

HOPWA will provide the following services in 2013:

- Tenant-Based Rental Assistance-287 Households (\$1,308,085)
- Short-Term Rent, Mortgage and Utility Assistance-1,019 households (\$440,103)
- Supportive Services-437 individuals (\$73,351)
- Operating Costs For Dedicated Facilities-31 residents (\$391,203)
- Identification of Housing Resources and Provision of Housing Information to individuals/families and service providers-432 households (\$85,576)
- Project Sponsor Administration (maximum 7% of HOPWA Allocation (\$146,701)

Public Comment Period opened at 9:10 a.m.

Comments made on the Consolidated Annual Action Plan:

No comments were made on the 2013 Consolidated Annual Action Plan.

Public Hearing closed at 9:14am.

NOTICE OF PUBLIC HEARING

AGENCIES: North Carolina Department of Commerce, Division of Community Assistance
North Carolina Housing Finance Agency (NCHFA)
North Carolina Department of Health and Human Services, Division of Aging and Adult Services
North Carolina Department of Health and Human Services, AIDS Care Program

ACTION: Notice is hereby given that the 2013 Consolidated Annual Action Plan for housing and community development programs will be published October 9, 2012 and available for public review and comment.

SUMMARY: The N.C. Consolidated Plan addresses housing and community development needs across the state and sets priorities for meeting those needs. The 2013 Consolidated Annual Action Plan details the state's plans for housing and community development programs and spending for 2013. The state's Consolidated Annual Action Plan includes the following programs funded by the U.S. Department of Housing and Urban Development (HUD): Small Cities Community Development Block Grant program (CDBG), HOME Investment Partnership (HOME), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA).

AVAILABILITY OF REVIEW MATERIALS: Copies of the 2013 Consolidated Annual Action Plan outline will be available on the web sites of the North Carolina Department of Commerce (www.nccommerce.com) and the North Carolina Housing Finance Agency (www.nchfa.com). Copies are also available by request from the North Carolina Department of Commerce, Division of Community Assistance and will be distributed to all of the regional offices; contact Iris Payne at (919) 571-4900 to receive a copy.

PUBLIC HEARING: A public hearing will be held on **October 29, 2012 at 9:00 a.m. – 10:00 a.m.** at the NCDA & CS Agronomic Division, 4300 Reedy Creek Road, Raleigh, North Carolina, 27607. Persons wanting additional information on the public hearing may contact Iris Payne by phone at (919) 571-4900 ext 249 or via email at ipayne@nccommerce.com. Persons with disabilities or who otherwise need assistance should contact Ella Limehouse at (919) 571-4900 in advance of the hearing. Accommodations will be made for all who request assistance with participating in the public hearing by Wednesday, October 24, 2012.

COMMENT PERIOD: Comments concerning the 2013 Consolidated Annual Action Plans may be made at the public hearing. Written comments will be accepted until **5:00 p.m. Friday, November 9, 2012**, and may be made via email (ipayne@nccommerce.com), fax (919) 571-4951, or mailed to Iris Payne, Division of Community Assistance, 4313 Mail Service Center, Raleigh, NC 27699-4313.

This information is available in Spanish or any other language upon request. Please contact Monica Chevalier at 919-571-4900 or email compliance@nccommerce.com for accommodations for this request.

Esta información está disponible en español o en cualquier otro idioma bajo petición. Por favor, póngase en contacto con Monica Chevalier al 919-571-4900 o email compliance@nccommerce.com de alojamiento para esta solicitud.

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AFFIDAVIT OF PUBLICATION

BUNCOMBE COUNTY


SS.
NORTH CAROLINA

Before the undersigned, a Notary Public of said County and State, duly commissioned, qualified and authorized by law to administer oaths, personally appeared **Velene Fagan**, who, being first duly sworn, deposes and says: that she is the **Legal Billing Clerk** of **The Asheville Citizen-Times**, engaged in publication of a newspaper known as **The Asheville Citizen-Times**, published, issued, and entered as first class mail in the City of Asheville, in said County and State; that she is authorized to make this affidavit and sworn statement; that the notice or other legal advertisement, a true copy of which is attached hereto, was published in **The Asheville Citizen-Times** on the following date: October 18th, 2012. And that the said newspaper in which said notice, paper, document or legal advertisement was published was, at the time of each and every publication, a newspaper meeting all of the requirements and qualifications of Section 1-597 of the General Statutes of North Carolina and was a qualified newspaper within the meaning of Section 1-597 of the General Statutes of North Carolina.

Signed this 18th, day of October, 2012


(Signature of person making affidavit)

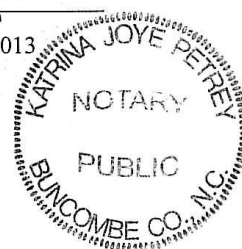
Sworn to and subscribed before me the 18th, day of October, 2012.


(Notary Public)

My Commission expires the 5th day of October, 2013

(828) 232-5830 | (828) 253-5092 FAX

14 O. HENRY AVE. | P.O. BOX 2090 | ASHEVILLE, NC 28802 | (800) 800-4204



NOTICE OF PUBLIC HEARING
AGENCIES: North Carolina Department of Commerce, Division of Community Assistance North Carolina Housing Finance Agency (NCHFA) North Carolina Department of Health and Human Services, Office of Economic Opportunity North Carolina Department of Health and Human Services, AIDS Care Program
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October 18, 2012

(9711)

NORTH CAROLINA
FORSYTH COUNTY

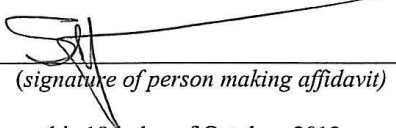
AFFIDAVIT OF PUBLICATION

Before the undersigned, a Notary Public of said County and State, duly commissioned, qualified, and authorized by law to administer oaths, personally appeared S.A. Bragman, who being duly sworn, deposes and says: that she is Assistant Controller of the Winston-Salem Journal, engaged in the publishing of a newspaper known as the Winston-Salem Journal, published, issued and entered as second class mail in the City of Winston-Salem, in said County and State: that she is authorized to make this affidavit and sworn statement: that the notice or other legal advertisement, a true copy of which is attached hereto, was published in the Winston-Salem Journal on the following dates:

October 19, 2012

and that the said newspaper in which such notice, paper document, or legal advertisement was published was, at the time of each and every such publication, a newspaper meeting all the requirements and qualifications of Section 1-597 of the General Statutes of North Carolina and was a qualified newspaper within the meaning of Section 1-597 of the General Statutes of North Carolina.

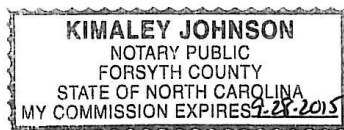
This 19th day of October, 2012


(signature of person making affidavit)

Sworn to and subscribed before me, this 19th day of October, 2012


Notary Public

My Commission expires: September 28, 2015



NOTICE OF PUBLIC HEARING

AGENCIES: North Carolina Department of Commerce, Division of Community Assistance
North Carolina Housing Finance Agency (NCHFA)
North Carolina Department of Health and Human Services, Office of Economic Opportunity
North Carolina Department of Health and Human Services, AIDS Care Program

ACTION: Notice is hereby given that the 2013 Consolidated Annual Action Plan for housing and community development programs will be published October 9, 2012 and available for public review and comment.

SUMMARY: The N.C. Consolidated Plan addresses housing and community development needs across the state and sets priorities for meeting those needs. The 2013 Consolidated Annual Action Plan details the state's plans for housing and community development programs and spending for 2013. The state's Consolidated Annual Action Plan includes the following programs funded by the U.S. Department of Housing and Urban Development (HUD): Small Cities Community Development Block Grant program (CDBG), HOME Investment Partnership (HOME), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA).

AVAILABILITY OF REVIEW MATERIALS: Copies of the 2013 Consolidated Annual Action Plan outline will be available on the web sites of the North Carolina Department of Commerce (www.nccommerce.com) and the North Carolina Housing Finance Agency (www.nchfa.com). Copies are also available by request from the North Carolina Department of Commerce, Division of Community Assistance and will be distributed to all of the regional offices. Contact Iris Payne at (919) 571-4900 to receive a copy.

PUBLIC HEARING: A public hearing will be held on **October 29, 2012 from 9:00 a.m. - 10:00 a.m.** at the NCDA & CS Agronomic Division, 4300 Reedy Creek Road, Raleigh, North Carolina, 27607. Persons wanting additional information on the public hearing may contact Iris Payne by phone at (919) 571-4900 ext 249 or via email at ipayne@nccommerce.com.

Persons with disabilities or who otherwise need assistance should contact Ella Limehouse at (919) 571-4900 in advance of the hearing. Accommodations will be made for all who request assistance with participating in the public hearing by **Wednesday, October 24, 2012.**

COMMENT PERIOD: Comments concerning the 2013 Consolidated Annual Action Plan may be made at the public hearing. Written comments will be accepted until **5:00 p.m. Friday, November 9, 2012**, and may be made via email (ipayne@nccommerce.com), fax (919) 571-4951, or mailed to Iris Payne, Division of Community Assistance, 4313 Mail Service Center, Raleigh, NC 27699-4313.

This information is available in Spanish or any other language upon request. Please contact Monica Chevalier at 919-571-4900 or email compliance@nccommerce.com for accommodations for this request.

Esta información está disponible en español o en cualquier otro idioma bajo petición. Por favor, póngase en contacto con Monica Chevalier al 919-571-4900 o email compliance@nccommerce.com de alojamiento para esta solicitud.

WSJ: October 19, 2012

AFFIDAVIT OF PUBLICATION

STATE OF NORTH CAROLINA
COUNTY OF WAKE

Ad Number
0000237455

Advertiser Name: NC DEPT OF COMMERCE
Address: 4313 MAIL SERVICE CENTER
RALEIGH, NC 276994313

Before the undersigned, a Notary Public of Wake County North Carolina, duly commissioned and authorized to administer oaths, affirmations, etc., personally appeared Barbara Brown, who being duly sworn or affirmed, according to law, doth depose and say that he or she is Accounts Receivable Specialist of The News & Observer a corporation organized and doing business under the Laws of the State of North Carolina, and publishing a newspaper known as The News & Observer, in the City of Raleigh, Wake County and State aforesaid, the said newspaper in which such notice, paper, document, or legal advertisement was published was, at the time of each and every such publication, a newspaper meeting all of the requirements and qualifications of Section 1-597 of the General Statutes of North Carolina and was a qualified newspaper within the meaning of Section 1-597 of the General Statutes of North Carolina, and that as such he or she makes this affidavit; and is familiar with the books, files and business of said corporation and by reference to the files of said publication the attached advertisement for NC DEPT OF COMMERCE was inserted in the aforesaid newspaper on dates as follows:

10/19/2012

Barbara Brown

Barbara Brown, Accounts Receivable Specialist
Wake County, North Carolina

OCT 22 2012

NC DEPT. OF COMMERCE
COMMUNITY ASSISTANCE

Sworn to and subscribed before me
This 19th day of October, 2012

My Commission Expires: 06/02/2013

Timothy R Winslow
Notary Signature

NOTICE OF PUBLIC HEARING

AGENCIES: North Carolina Department of Commerce, Division of Community Assistance
North Carolina Housing Finance Agency (NCHFA)
North Carolina Department of Health and Human Services, Office of Economic Opportunity
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N&O: October 19, 2012

Public Hearing

North Carolina Consolidated Annual Action Plan for 2013 October 29, 2012 9:00am-10:00am

Agenda

Opening Comments and Introductions	Iris Payne Division of Community Assistance
Purpose of this Public Hearing	Iris Payne
Summary of State CDBG Program	Iris Payne
Summary of HOME Program	Ben Strickling N.C. Housing Finance Agency
Summary of ESG Program	Michael Leach N.C. Department of Health and Human Services
Summary of State HOPWA Program	Mary Ann Chap N.C. Department of Health and Human Services
Opening of Public Comment Period	Stacy J. Smith Division of Community Assistance
Closing of Public Comment Period	Stacy J. Smith
Other Ways to Make Public Comments	Stacy J. Smith
Concluding Comments	Iris Payne

Other Public Comments Submitted

William A. McNeil, Director, McNeil Planning

He suggested that the state also include Agrarian Growth Zones as funds that are targeted to high poverty areas. Also he suggested that more funds are directed to high poverty tracts in zones and Tier 1 counties, whose communities have developed strategies to revitalize these areas.

Response: *“Thank you for your comments. We will consider incorporating and/or implementing them based on guidance from HUD as well as General Assembly regulations and guidelines. A formal response will be forwarded to you within thirty (30) days of the date you submitted your comments.”*

Paul Kron, AICP, Regional Planning, Director, Michael Blair, AICP, Housing Program Director, William A. McNeil, AICP, Program Consultant

Thank you for accepting and considering these comments on the 2013 Annual Action Plan. They are grounded in our work with local governments in the Piedmont Triad region and the Piedmont Triad Sustainable Communities Project (now called Piedmont Together).

Last year we applauded the state’s pledge to incorporate HUD’s Livability Principles into every HUD-funded program and were encouraged by your Department’s commitment of 2011 CDBG funds to the North Carolina Tomorrow program.

In general state agencies should align their funding investments with NC Tomorrow strategies being completed in every region and with Sustainable Communities planning in the four regions with HUD-funded efforts underway.

With this as a backdrop, we offer the following comments concerning the 2013 Annual Action Plan:

1. Support foreclosure recovery strategies, projects and services. Foreclosures remain a serious problem in many communities, affecting individual families and also leaving neighborhoods distressed. The CDBG program and HOME program should offer resources to support community-based foreclosure recovery and redevelopment efforts. Funding could be structured like a streamlined Neighborhood Stabilization Program, connected to redevelopment strategies with housing counseling and other services.
2. All programs and categories should support Livable Communities principles. The NC Catalyst program description states an intention to support ‘sustainable communities efforts’. This is a good first step, but the department should show how every funding category will do this in practice. One approach would be to ask all applicants to show how their proposals expand housing and transportation choices and make for more equitable, livable communities. Another approach could be to ask applicants how their proposals improve existing community infrastructure and how they promote efficient development as opposed to sprawl.

3. Set-aside Catalyst funding for housing and mixed use projects in redevelopment areas. This year the NC Catalyst program attracted significant interest, mainly because it allows for a wide range of activities. A specific set-aside should be provided for projects that invest in housing and mixed-use ventures in redevelopment areas.
4. Provide Catalyst program funding for Community Revitalization Strategy Areas. As we commented last year, our Piedmont Triad region has numerous small towns that have high poverty areas ripe for redevelopment. Many have vacant mills and plants that present potential investment opportunities for reuse, and adjacent residential areas in need of reinvestment. Two 'entitlement cities' in the region have used HUD's Neighborhood Revitalization Strategy Area designation. The Commerce Department should allow smaller towns a similar opportunity by adding Community Revitalization Strategy Areas to the 2013 CDBG Action Plan. This could be offered as a set-aside in the NC Catalyst program, structured like the former Revitalization Strategies referred to on page 23 of the draft Action Plan. We suggest offering 'seed' funds in 2013, using a Capacity Building approach, followed by implementation funding in 2014 and 2015.
5. Target downtowns and walkable neighborhoods. Commerce and NCHFA programs and funds should explicitly target downtown areas and nearby neighborhoods for infill housing and job-creating economic development investment. This reinforces walkability, makes efficient use of existing community infrastructure, and provides people with job and housing choices close to services.
6. Target High Poverty Zones, including Agrarian Growth Zones. The draft Action Plan says that 'many CDBG categories reserve their grant funds for Tier 1 and Tier 2 counties and state development loans', to 'ensure that funds are directed to areas of high poverty.'(page 23) This is commendable, but needs to be targeted more specifically to high poverty census tracts and linked to comprehensive strategies to improve conditions in these areas. We presume that the word 'loans' was intended to be 'zones', and that this refers to Urban Progress Zones, the successor to State Development Zones. The Action Plan should also focus funding on Agrarian Growth Zones, located in counties with no municipality greater than 10,000. As a key strategy for fighting poverty, the state should provide funding to support communities that have strategies for revitalizing their downtowns and their local economies. i.e. through the Main Street Program, Small Town Main Street Program and the Rural Center's STEP program. CDBG Economic Development funds should offer specific incentives for hiring residents of Urban Progress Zones, Agrarian Growth Zones and high poverty strategy areas, especially the long-term unemployed.
7. Support for Capacity Building. Even though the General Assembly's 2012-13 budget did not allocate new CDBG funding for Capacity Building, we support the Action Plan proposal to dedicate non-awarded Economic Development funds and program income to Capacity Building grants. These funds should be offered in a totally transparent manner. We suggest that Capacity Building grants should be linked to priority areas, such as those mentioned above: redevelopment areas, infill, and high poverty zones. In our area, we envision local partnerships with Habitat for Humanity, CHDOs and other community-based groups.

Response: “Thank you for your comments. We will consider incorporating and/or implementing them based on guidance from HUD as well as General Assembly regulations and guidelines. A formal response will be forwarded to you within thirty (30) days of the date you submitted your comments.”

Denise Neunaber, Executive Director, NCCEH

To assist the state in fulfilling the requirements of the Consolidated Plan regulations at 24 CFR 91.220, the NC Coalition to End Homelessness (NCCEH), as facilitator of the Balance of State Continuum of Care, extends an invitation to meet with state officials to provide input on the Action Plan. In the meantime, NCCEH offers the following preliminary comments:

Consolidated Plan partners should reevaluate how the ESG, CDBG, HOME, and HOPWA programs are used to address homelessness. HUD has directed grantees to align their strategies with major goals established in the HUD Strategic Plan and the Federal Strategic Plan to End Homelessness, including goals/actions that specifically target chronically homeless persons, veterans, families with children, and unaccompanied youth. HUD has also worked to align standards established by Consolidated Plans with new Continuum of Care performance standards. The Annual Action Plan does not reflect these changes.

Specifically, we request that a portion of CDBG and HOME funds should be used to expand rapid re-housing activities. Rapid re-housing is a new eligible activity under ESG that has been proven to be a cost-effective solution to homelessness. The State’s experience with the Homelessness Prevention and Rapid Re-Housing Program showed the effectiveness of rapid re-housing in stabilizing homeless persons and families in permanent housing. Homeless persons’ primary need is to return to permanent housing, and rapid re-housing programs meet that need.

ESG funding alone is insufficient to meet the need for rapidly re-housing homeless persons. HOME funds should be used for tenant-based rental assistance (TBRA) for up to 24 months to help meet this need. To ensure adequate services and effective stabilization of homeless persons re-housed with ESG or HOME funds (or other community funds that may exist), CDBG public service funds should be used to fund housing stabilization case management services.

The most efficient way to make these resources available would be through a joint ESG, CDBG, and HOME programs Request for Proposals (RFP) to allow agencies to apply for rapid re-housing funds in one application. This is a process many other jurisdictions across the country have used successfully. Streamlining the use of state ESG, HOME, and CDBG rapid re-housing funds to a single combined RFP process would provide for a controlled and clearly defined allocation of funding. To ensure that these funds leverage other funds for rapid re-housing programs, we recommend that the ESG program require a percentage of a grantee's match for these programs to be a cash match rather than an in-kind match.

Response: “Thank you for your comments. We will consider incorporating and/or implementing them based on guidance from HUD as well as General Assembly regulations and guidelines. A formal response will be forwarded to you within thirty (30) days of the date you submitted your comments.”

Jennifer Flood, Director, Haven of Transylvania County

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Rapid re-housing is a new eligible activity under ESG that has been proven to be a cost-effective solution to homelessness. The State's experience with the Homelessness Prevention and Rapid Re-Housing Program showed the effectiveness of rapid re-housing in stabilizing homeless persons and families in permanent housing. Homeless persons' primary need is to return to permanent housing, and rapid re-housing programs meet that need.

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John Niffenegger, Interim Director, North Carolina Housing Coalition

To assist the state in fulfilling the requirements of the Consolidated Plan regulations at 24 CFR 91.220, the NC Housing Coalition (NCHC) extends an invitation to meet with state officials to provide input on the Action Plan. In the meantime, NCHC offers the following comments:

Of primary concern in the Consolidated Annual Action Plan is the 2013 Investment Plan for CDBG funds. We believe that earmarking \$20.3 million, nearly half of our state's CDBG allocation, for infrastructure is not the highest and best use of the funds in meeting the housing needs of low and moderate income North Carolinians. Furthermore, North Carolina has been under scrutiny for its slow distribution of CDBG funds and we believe that directing a significant portion of the funds to infrastructure will only make that problem worse.

There is a great need for safe, affordable housing in North Carolina. It is important to use our federal resources wisely to work toward meeting this need. The state should strive to preserve our existing housing stock, develop new stock to expand affordable options in communities across the state, and provide rental subsidies to help very low income individuals and families access appropriate housing and avoid homelessness.

To that end, it would be far better to invest a greater portion of CDBG funds in Scattered Site Housing Grants. NCHC also supports the NC Coalition to End Homelessness' request that a portion of CDBG and HOME funds be used to expand rapid re-housing activities.

Rapid re-housing is a new eligible activity under ESG that has been proven to be a cost-effective solution to homelessness. The State's experience with the Homelessness Prevention and Rapid Re-Housing Program (HPRP) showed the effectiveness of rapid re-housing in stabilizing homeless persons and families in permanent housing. Homeless persons' primary need is to return to permanent housing, and rapid re-housing programs meet that need.

Response: *"Thank you for your comments. We will consider incorporating and/or implementing them based on guidance from HUD as well as General Assembly regulations and guidelines. A formal response will be forwarded to you within thirty (30) days of the date you submitted your comments."*

Daniel Kornelis, Housing Director, Forsyth County, President of NC Community Development Association

1) Repeal movement of CDBG funding from Housing Activities to Infrastructure. I am concerned with the NC General Assembly targeting 51% of Small Cities CDBG funds for sewer and water infrastructure needs. This re-targeting of monies has taken critical funding away from the very successful Scattered Site Housing Rehabilitation Programs that have proven to be so successful in the eligible areas of Forsyth County. The total funding over the last three Scattered Site Housing Rehabilitation cycles for Forsyth County has totaled \$1,200,000 in CDBG dollars. During these three cycles we were able to serve 67 very low income homeowners living in deteriorate or dilapidated homes at an average CDBG cost of \$17,910 per unit. The need has only increased for these services and that our waiting list for such services now stands at an all time high of nearly one hundred families. One hundred percent of this source of funding goes to families at or below 50% of median household income. With these funds we are reaching the poorest of homeowners residing in the most severely

deteriorated, unsafe, and unhealthy homes in Forsyth County. In this 2012 funding cycle, our funding has been cut back by 44% which will allow us to serve less than thirteen very low income homeowners. It is our understanding that the re-targeting of CDBG moneys for 2014 will result in such a severe cut in funding that it will be impossible to operate the Scattered Site Housing Rehabilitation program in its current form. It is also our concern that the huge increase of CDBG funds for the installation of sewer and water lines will create an even greater backlog of unspent CDBG dollars in North Carolina. I am not sure the General Assembly is aware that the installation of sewer and water lines with CDBG funds must meet the HUD income eligibility requirements of serving at a minimum of 71% low and moderate income benefit. Additionally, in conversing with other local governments and their consultants across the State the demand for these infrastructure funds have been at best minimal. As HUD continues to urge the State to spend CDBG dollars at a much improved rate, I believe our State's rate of draw down will decrease considerably. I urge the members of the NC General Assembly to meet with DCA officials and members of the North Carolina Community Development Association (NCCDA) to get a better understanding of how important housing rehabilitation activities are to the poorest of homeowners across the state. In addition, I have concerns this strategy will have more negative effects on the spend out rate of CDBG funds.

2) Promote adaptive re-use of vacant abandoned foreclosures using the Neighborhood Stabilization Program (NSP) as a possible template. Foreclosures remain a serious problem in many communities, affecting individual families and also leaving neighborhoods distressed and tax bases eroded. The CDBG program and HOME program should offer resources to support community based foreclosure recovery and redevelopment efforts. Funding could be structured like a streamlined NSP, connected to redevelopment strategies with Housing counseling and other services.

3) Set-aside larger pools of funding for the Catalyst programs for housing and mixed use projects in redevelopment areas. The Catalyst program allows greater flexibility to local governments in addressing the community development needs. This year a cap of \$500,000 per local government per year was established. I believe the Catalyst program should have a maximum funding cap of \$1,000,000. This would allow the local governments to take on larger more comprehensive projects that could have a greater impact on a low income neighborhood.

4) Review State's CDBG rule to see that they stay in compliance with HUD regulations, and are not unnecessarily burdensome, restrictive and time consuming. I think that by having officials from HUD and the State CDBG program sit down with seasoned local practitioners many unnecessary rules could be eliminated which would serve to speed up the CDBG expenditure process.

Response: *"Thank you for your comments. We will consider incorporating and/or implementing them based on guidance from HUD as well as General Assembly regulations and guidelines. A formal response will be forwarded to you within thirty (30) days of the date you submitted your comments."*

Translations of this Document

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STATEMENT OF SPECIFIC OBJECTIVES AND AFFORDABLE HOUSING - CONSOLIDATED

(Citation: 24CFR91.320(c) and (g))

One-Year Specific Housing Goals and Objectives

The three tables shown below highlight how the four core programs will continue to have an impact on the needs of the state. The tables provide the anticipated households assisted and funding amounts (in thousands of dollars) allocated for each activity type; need type; and priority category. In reviewing the tables, it is important to recognize that the state considered strategic investments of its limited resources through its programs, as well as the appropriateness of the resources available to address the priority need categories.

One-Year Affordable Housing Goals & Objectives

Goals by Activity Type - §91.320(g)		
Activity Type	Anticipated Households Assisted*	Anticipated Funding (\$000s)
Rental Assistance	1,722	\$1,850
Production of New Units	1,171	\$16,496
Rehabilitation of Existing Units	381	\$14,552
Acquisition of Existing Units	170	\$1,952
Other Activities Not Specified Above	50,321	\$22,612
Total	53,765	\$57,462

Goals by Special Needs - §91.320(g)		
Need Type	Anticipated Households Assisted*	Anticipated Funding (\$000s)
Homeless	43,509	\$2,855
Non-Homeless	5,201	\$38,456
Special Needs	5,054	\$16,151
Total	53,765	\$57,462

Annual Objective by Priority - §91.320(c)(3) & §91.320(d)		
Priority	Anticipated Households Assisted*	Anticipated Funding (\$000s)
High Priority		
Homeless Families and Individuals	43,509	\$2,855
Non-homeless Persons with Special Needs**	5,054	\$17,593
Households between 0-30% AMI	312	\$2,136
Medium Priority		
Households between 31-60% AMI	3,069	\$22,235
Lower Priority		
Households between 61-80% AMI	1,820	\$12,644
Total	53,765	\$57,462

**'Households' is defined as households, individuals or units assisted.*

***'Special Needs' is defined as persons with disabilities, low-income elderly persons, and persons with HIV/AIDS.*

Outcome Measures

Uniform performance measures have been developed by HUD. The Consolidated Plan Partners have chosen appropriate performance measures for their specific programs. The following are the performance measures for North Carolina HUD-funded programs by Agency, category, objective, and outcome.

Outcome -->	Availability/ Accessibility	Affordability	Sustainability
Objective -->	Suitable Living Environment		
	Decent Housing		
	Creating Economic Opportunities		

PROGRAM REPORT - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM ^{(91.320 κ(1))}

Administered by the North Carolina Department of Commerce, Division of Community Assistance, the CDBG Program provides grants to non-entitlement local governments for projects that enhance the viability of communities by providing decent housing and suitable living environments and by expanding economic opportunities, principally for persons of low- and moderate-income.

Sources of Funds

(Citation: 24CFR91.220(c)(1)) and (c)(2))

North Carolina's Housing Resources

In 2013, the CDBG program proposes to assist over 53,000 households/persons and more than 43,000 homeless individuals and families through the four Department of Housing and Urban Development programs that fund the construction/rehabilitation of housing units, home buyer assistance for existing housing, rental assistance and some housing-related services. The state expects to issue grants totaling approximately \$32.7 million in CDBG funds for housing related activities in 2013.

To conduct housing-related activities, the state uses non-federal as well as federal funds. The available funding sources can be categorized as shown below:

Federal

- Community Development Block Grant Program (CDBG)
- Neighborhood Stabilization Program (NSP1 and NSP3)
- American Recovery and Reinvestment Act Funds

State

- State Tax Credits

Other Resources

- Housing Credits

North Carolina rarely funds 100% of any development. Rather, it attempts whenever possible to leverage investment from local governments, nonprofit organizations, for profit developers, and private investors.

Matching Requirements

The table below lists the federal and/or state matching funds requirements for this program.

Program	Federal Matching Requirement	State Matching Requirement
CDBG	The state is required to provide an annual 1:1 match for federal administrative funds. The requirement is met by the state paying non-CDBG staff salaries.	Community Revitalization applications are rated for local commitment, though no local match is required for funding. In the Economic Development Program, all local governments except Tier 1 counties are required to provide a 25% match for the grant. A 5% match is required for Infrastructure grants.

Additional Funding Resources

The state was allocated funding under the following Congressional Acts for various agencies:

- Housing and Economic Recovery Act of 2008 (HERA)
- American Recovery and Reinvestment Act of 2009 (ARRA)
- 2010 Wall Street Reform and Consumer Protection Act (Dodd-Frank)

Neighborhood Stabilization Program – The North Carolina Department of Commerce, Division of Community Assistance (DCA) was awarded \$52.3 million and \$5 million in Neighborhood Stabilization Program funds in the first round (NSP1) and third round (NSP3) of funding, respectively. The purpose of NSP funding is to stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed upon and abandoned. These targeted funds will be used to purchase foreclosed homes at a discount and to rehabilitate or redevelop them in order to respond to rising foreclosures and falling home values. NSP1 funds were originally authorized under Section 2301(b) of HERA, as amended, and an additional allocation of funds for NSP3 provided under Section 1497 of Dodd-Frank Act. DCA awarded nineteen (19) grants under NSP1 and five (5) grants under NSP3.

Monitoring

The state will continue to monitor housing and community development activities of its subrecipients to ensure long term compliance with program requirements and comprehensive planning requirements. Program requirements include appropriate regulations and statutes of the programs involved, including steps being taken to review affordable housing activities, ensure timeliness of expenditures, and on-site inspections to determine compliance with applicable housing codes.

Each of the Consolidated Plan Partners has plans for monitoring and ensuring compliance in their own programs. These plans may include elements such as site-visits, file reviews, interviews with residents, and reviews for compliance with federal and state regulations (such as Davis-Bacon, Section 3, Fair Housing, Language Access, Equal Opportunity and Procurement requirements). The monitoring plans vary by program and funding source. Consolidated Plan partners are subject to both federal regulations and established regulations as set forth in the State of North Carolina Administrative code. Although all various HUD programs are subject to various federal regulations and separate state regulations, there are some common monitoring requirements with the monitoring of the HUD programs. All partners are required to certify to the United States Department of Housing and Urban Development that each program will comply with all applicable laws and regulations.

All consolidated plan partners are prohibited by State administrative code from entering into a new grant agreement with any agency, local government, and/or organization that has been identified by the State Office of Budget and Management on the State Do Not Fund List.

Lead-Based Paint

DCA will continue to encourage local units of government to be involved with lead-based paint removal programs. Furthermore, DCA will encourage local governments to work with agencies that are established primarily to mitigate lead-based paint conditions and provide for its removal, as well as address other environmental concerns.

CDBG Objectives and Outcomes

CDBG objectives and outcomes are specific to each program category. The category with corresponding objective and outcome are provided here.

Categories	Objective	Outcome
Small Business & Entrepreneurial Assistance	Creating Economic Opportunities	Availability
NC Catalyst Program	Create Suitable Living Environment	Sustainability
Scattered Site Housing	Providing Decent Housing	Sustainability

Categories	Objective	Outcome
Infrastructure Hook-Ups	Creating Suitable Living Environment	Sustainability
Infrastructure	Creating Suitable Living Environment	Sustainability
Economic Development	Creating Economic Opportunities	Availability

Allocation Priorities

Funds will be made available through both competitive and open funding cycles. Funds will be allocated statewide based on housing needs, as documented in the *North Carolina Housing Market Analysis & Needs Assessment* in the *2011-2015 Strategic Consolidated Plan*, as well as on the service-provision infrastructure in the state.

Geographic Distribution

Each program has a unique method of geographic distribution. The funding for the Community Development Block Grant Program is directed to non-entitlement communities across the state.

Homeless and Other Special Needs

(Citation: 24CFR91.320(e))

The state addresses the needs of the homeless and other special needs persons through administration and funding of numerous programs. The state addresses emergency shelter and transitional housing needs of homeless individuals and families to prevent them from becoming homeless with the Emergency Solutions Grants Program (ESG), the Supportive Housing Development Program (funded in part with HOME), and the Key Program (funded in part with HOME Match) through the provision of grants and loans to develop and operate emergency, transitional or supportive housing and permanent housing. ESG also helps to combat chronic homelessness through the provision of preventive programs and activities. The state addresses the needs of those who are not homeless through the Supportive Housing Development Program (SHDP), Key Program, and Housing Opportunities for Persons with AIDS Program (HOPWA). SHDP helps partners develop permanent and transitional housing for persons with disabilities, Key provides operating subsidies for housing for persons with disabilities, and HOPWA provides tenant based rental assistance, short-term mortgage and utility assistance, housing information, supportive services and resource identification to persons with HIV/AIDS.

Barriers to Affordable Housing

The Analysis of Impediments to Fair Housing Choice, completed in 2010, summarizes barriers to affordable housing and is available to the public. The Housing Coordination and Partnership Council advises the Governor and General Assembly on barriers to affordable housing in North Carolina, and the Housing Partnership, the oversight board of the state's Housing Trust Fund, considers barriers to housing in the allocation of state resources. In carrying out their regular programs and funding cycles, the Consolidated Plan Partners continue to promote the removal of barriers to affordable housing. The Consolidated Plan partners will take efforts to address those impediments through individual agency efforts as well as a collaborative effort as partners.

One Year Goals to Address Impediments to Fair Housing Choice Partners for 2013

Below is a table describing each agency-specific activities that each agency will undertake to address the identified impediments in the 2011-2015 Analysis to impediments to Fair Housing Choice Study.

Impediment	Goal	Implementation	Agency Lead
#1	#1	Consolidated Plan Fair Housing Workshop	DCA
	#1b	Developing a FHIP	DCA
	#1c	Fair Housing Task Force	ESG/HOPWA
#2	#2	Outreach and Education to rental housing providers/landlords	NCHFA/DCA
#3	#3	Constraints in lending markets	NCHFA
#4	#4	Land Use Practices	DCA
#2	#2	Offer Fair Housing Workshop at state ESG Conference	ESG
#2	#2	Disseminate via electronic mail information regarding fair housing and training opportunities	ESG

Anti-Poverty Strategies

DCA believes that the true eradication of poverty means providing a holistic approach to community development. The CDBG eligible activities are designed within the framework that allows grantees to address housing, infrastructure, economic, human capital and all other community development needs. DCA in concurrence with the Consolidated Plan partners also believes that eradication of poverty means providing residents with tools to help themselves improve their financial stability.

In addition, DCA also believes in the importance of the prevention of poverty and will continue to operate the Individual Development Account category which provides down payment assistance, credit and housing counseling, financial literacy, and homeowner education to prospective first time homebuyers. By assisting low income residents to acquire wealth, the Division has programs in place that will help provide those residents a “step up” out of poverty as well as build wealth and skills so that residents can remove themselves from the debt cycle that plagues many low income families.

As a method to ensure that funds are directed to areas of high poverty across the state, many CDBG categories reserve their grant funds for Tier I and Tier 2 counties and state development zones. The Tier system is based on North Carolina William S. Lee Quality Jobs and Business Expansion Act, which divides counties into tiers based upon their relative economic development needs. Tier 1 and Tier 2 counties are seen as having a more dire need for economic and community development services. Grant categories such as Revitalization Strategies are set aside for those counties. State Development Zones are particular areas of counties or municipalities that through census and other quantitative data, demonstrate high levels of poverty and other characteristics of high levels of economic and community development need. Neighborhoods in the State Development Zone (but not in entitlement cities) are also entitled to the same preferences as Tier 1 & 2 counties.

Public Housing Initiatives

The public housing authorities (PHA) are components in the statewide system for the delivery of affordable housing. Local housing authorities are established through the auspices of local government, subject to state enabling legislation. Neither the state nor DCA specifically have direct oversight for local PHA, however we may partner with these entities through a grantee or project sponsor relationship to complete local projects or activities. DCA does certify local plan’s or project’s consistency with the state program’s Consolidated Plan for PHAs with a troubled or standard performing assessment issued by HUD.

Description of Activities

North Carolina expects to receive approximately \$42.5 million in CDBG funds. Of this amount, \$41.7 million will be made available for the following housing-related programs: NC Catalyst, Scattered Site Housing, Infrastructure, Economic Development and Small Business & Entrepreneurial Assistance (SBEA). In addition, other funds may become available as a result of additional HUD allocations, recapture, reversion, or carry-over of prior year funds and program income. The state makes these funds available through grants to non-entitlement governments statewide.

Investment Plan – 2013 Distribution

Small Business and Entrepreneurial Assistance	\$2.5 million
Scattered Site	\$7.2 million
Infrastructure	\$20.3 million
Economic Development	\$7.2 million
NC Catalyst	\$4.5 million
Administration	\$1 million
2013 HUD Grant to State	\$42, 500,000

Method of Distribution

The purpose of this section is to describe the method of distributing CDBG fund categories. CDBG projects will be awarded from several funding sources:

- New 2013 funds according to the investment plan above;
- Funds from earlier disbursements recaptured or de-obligated from prior Community Revitalization, Infrastructure, and Scattered Site, demonstration category grants, funds recaptured from Economic Development projects and funds not otherwise distributed from the above categories may be awarded to qualifying applications in NC Catalyst Program;
- Any Scattered Site funds not awarded may be awarded to qualifying applications in the NC Catalyst Program or as supplemental Scattered Site Housing funds to previous qualified applicants;
- Any non-revolving loan Economic Development funds from previous disbursements and Economic Development funds not awarded may be distributed to projects with qualifying applications in either NC Catalyst, Scattered Site, SBEA, or Capacity Building programs; and
- Program income received in prior years will be available for the Capacity Building category on an as available basis. Any unused program income may be awarded to qualifying applications in either NC Catalyst or Infrastructure.

Threshold Requirements and Selection Criteria by Program Category

The grant size limits, threshold requirements, selection criteria, and selection process, when applicable, are summarized here for each CDBG program. A more detailed description of requirements and criteria is provided in the application guidelines for each CDBG program category.

Competitive categories usually prescribe selection criteria and selection processes for each program, whereas non-competitive categories prescribe specific review criteria.

All categories except Capacity Building, Small Business Entrepreneurial Assistance and Scattered Site Housing must meet some type of threshold requirement. All except the above exempt categories plus

any demonstration projects may not receive awards or have applications under consideration for more than a total of \$1,250,000 from a fiscal year's allocation to the state.

Small Business & Entrepreneurial Assistance (SBEA) grants help develop a coordinated effort for assisting the existing small business/ entrepreneurial sector. SBEA projects will be selected on a competitive basis for a 24-30 month funding cycle. About twelve to twenty grants of \$150,000 to \$250,000 from the \$2.5 million total funding will be awarded to the state's most distressed local governments (i.e., applicants must be Tier 1 Communities). Application are rated and ranked using the selection criteria as follows. Further explanation is available in the application guidelines and on the website of DCA.

Selection Criteria	Score
Appropriateness and Feasibility of Business Activities	300
Appropriateness of Plan for Creating an Entrepreneurial Environment	300
Local Commitment and Community Partnerships	200
Timely and Effective Public Participation	100
Grant Administration Capacity and Past Performance	100
Tier 1 Communities	50
Total Points	1000/1050

Scattered Site Housing (SSH) grants will be made to local county governments to address housing needs of very low income families throughout the county. County governments can receive an average of \$250,000 with funds targeted to very low-income homeowners for rehabilitation or replacement purposes. Counties submit a detailed plan that includes all interested municipalities within the county describing how funds will be distributed to meet housing needs. Scattered Site Housing applicants may request that up to ten percent of funds be set aside for local option to undertake emergency repairs or repair/replace on-site well and/or septic systems.

Those counties that accomplish their goals and exhaust funds within two years are eligible to receive up to an additional \$100,000 to continue activities allowed in the SSH category subject to funding availability.

Selection Criteria for Scattered Site Housing awards include: community need; community impact; project design; financial feasibility; distribution plan: and participation process.

An estimated total of \$20.3 million will be available in the **Infrastructure (IF)** category per Special Provision language as directed by the N.C. General Assembly. Eligible local governments may obtain grants of up to \$750,000 to provide new infrastructure (public water and/or public sewer) and to make improvements to water or sewer treatments plants that have specific problems such as being under moratoriums or special orders of consent. In an effort to address needs in Tier 1 Communities, half of

the total IF funds will be available to local governments in Tier 1 Counties on an open-ended basis. The other half of the funds will be available to all eligible local governments.

Applicants with one or more current grants in any category except economic development must meet financial or closeout requirements as specified in the grantee's performance based contract and in the closeout schedule for each grant fiscal year. Problems with previous grants must be resolved.

Criteria for IF awards include: severity of needs; benefit to low and moderate income persons; local commitment; treatment of needs; and appropriateness and feasibility.

The **Economic Development (ED)** category will continue the policy of providing higher levels of funding to the most economically distressed areas of the state. The following considerations will be included for job creation and retention projects during the 2013 program year: 60% of the jobs created or retained in a project must benefit persons qualifying as prior low and moderate income (LMI). Funding for Economic Development projects is based on the number of jobs to be created or retained and the level of distress in the community applying for the funds. Areas with higher distress rankings, based on the North Carolina Tier rating system, are eligible for more funds per job created.

CDBG funds are granted to local governments for various types of infrastructure improvements to assist business expansion or retention. A local funding match of at least one dollar for every three CDBG dollars is required except for the 25 most distressed counties as ranked for the Article 3J Tax Credits legislation. In a secondary priority to infrastructure projects and at the discretion of the Secretary of Commerce, direct financial assistance to private companies is available as loans to be negotiated by the local government applicant and a participating North Carolina commercial bank at a level not to exceed 50% of the bank loan. Repayment of the loan by the private company becomes program income to the state and is deposited into a CDBG economic development revolving loan fund (RLF). Funding from the RLF is available only as loans.

Loans for industrial shell buildings are available from the RLF based on the projected number of jobs to be created and the level of distress in the community. These loans will be at a 2% interest rate with a maximum term of 5 years. Principle payments are deferred for the first two years of the loan. A dollar for dollar match is required by the local government applicant for an industrial shell building. Also, up to \$500,000 will be set aside in the RLF for counties in Tiers 1-3 as loans to assist with the costs associated with certifying industrial sites. These loans are repaid after the certified site is sold or within five years of award.

Funds are granted to local governments that propose a project in conjunction with a private for profit business that proposes to restore a vacant building to economic use resulting in the creation or retention of permanent, full-time jobs by the project company. To be eligible, documentation must be provided showing the building has been vacant thirty (30) consecutive days or more. CDBG funds for this category are limited to a maximum of \$750,000 per unit of government per program year. The grant amount is calculated based on \$20,000 per job for 3J Tax Credit eligible businesses (see chart) and

\$12,000 per job for businesses not eligible for tax credits. CDBG funds provided to the company by the local unit of government will be in the form of a forgiven loan. The loan has a term of five years with no principal or interest payments. If the project company retains the jobs pledged in the loan agreement for the five year term, the entire amount is forgiven.

Certain threshold requirements apply, including: \$1.25 million cap for the yearly funding cycle; expenditure levels of open grants; and proper closeout of previous grants.

The **NC Catalyst Program** is a new program that consolidates program activities from several existing programs such as Community Revitalization, Housing Development, Individual Development Accounts, and Capacity Building. The NC Catalyst Program will also incorporate de-obligated funds to further address more focused/critical unmet needs. Examples include, but are not limited to, addressing severe water-related needs; targeting very low-income households, special populations such as the elderly and disabled; increasing economic opportunities; responding to severe economic crisis; and focusing on sustainable communities efforts.

Technical Assistance

Technical Assistance (TA) is provided to program grantees in an effort to develop the professional skills and capabilities of local community development grant administrators. Each year, DCA and the University of North Carolina at Chapel Hill's Institute of Government present a 5-day Community Development Academy for grant administrators. Participants that complete the course and pass an exam receive a certificate of completion, indicating knowledge of community development topics. In addition, funds are used to hold a variety of workshops and seminars throughout the year, taught by DCA staff and others.

PROGRAM REPORT - HOME INVESTMENT PARTNERS (HOME) PROGRAM ^{(91.320 K(2))}

Administered by the North Carolina Housing Finance Agency (NCHFA), the HOME Program will provide financing to nonprofit housing organizations, for-profit developers, lead regional organizations and local governments to increase the availability of standard, affordable housing in North Carolina.

Sources of Funds

(Citation: 24CFR91.220(c)(1)) and (c)(2))

North Carolina's Housing Resources

In 2013, NCHFA proposes to use \$13 million in HOME funds to assist over 1,000 households in North Carolina. In addition, NCHFA hopes to leverage other federal funds, as well as state funds and other resources, to assist more than 25,000 households through the construction and rehabilitation of housing units, though home buyer assistance for existing housing, by providing rental assistance to low-income and disabled tenants, and though foreclosure prevention and counseling activities.

To conduct housing-related activities, the state uses the following funding sources:

<u>Federal</u>	<u>State</u>	<u>Other Resources</u>
<ul style="list-style-type: none"> HOME Investment Partnership Program (HOME) Housing for Hardest Hit Funds 	<ul style="list-style-type: none"> North Carolina Housing Trust Fund (HTF) and HOME Match funds appropriated by the General Assembly State Tax Credits 	<ul style="list-style-type: none"> Housing Credits Mortgage Credit Certificates Mortgage Revenue Bonds National Foreclosure Mitigations Counseling Grant

North Carolina rarely funds 100% of any development. Rather, it attempts whenever possible to leverage investment from local governments, nonprofit organizations, for profit developers, and private investors.

Matching Requirements

The table below lists the federal and/or state matching funds requirements for this program.

Program	Federal Matching Requirement	State Matching Requirement
HOME	25% match required. This is a requirement of the state as a Participating Jurisdiction but it is not passed on to recipients under the state programs that are funded with HOME. Some of the state's required match is appropriated by the General Assembly. The NCHFA provides the rest of the match.	There is no match requirement imposed by the state.

Monitoring

The state will continue to monitor housing and community development activities of its subrecipients to ensure long term compliance with program requirements and comprehensive planning requirements. Program requirements include appropriate regulations and statutes of the programs involved, including steps being taken to review affordable housing activities, ensure timeliness of expenditures, and on-site inspections to determine compliance with applicable housing codes.

Each of the Consolidated Plan Partners has plans for monitoring and ensuring compliance in their own programs. These plans may include elements such as site-visits, file reviews, interviews with residents, and reviews for compliance with federal and state regulations (such as Davis-Bacon, Section 3, Fair Housing, Language Access, Equal Opportunity and Procurement requirements). The monitoring plans vary by program and funding source. Consolidated Plan partners are subject to both federal regulations and established regulations as set forth in the State of North Carolina Administrative code. Although all various HUD programs are subject to various federal regulations and separate state regulations, there

are some common monitoring requirements with the monitoring of the HUD programs. All partners are required to certify to the United States Department of Housing and Urban Development that each program will comply with all applicable laws and regulations.

All consolidated plan partners are prohibited by State administrative code from entering into a new grant agreement with any agency, local government, and or organization that has been identified by the State Office of Budget and Management on the State Do Not Fund List.

Lead-Based Paint

All HOME-funded programs will continue to be in compliance with U.S. Department of Housing and Urban Development lead regulations (24 CFR Part 35).

The Agency will continue to participate quarterly in an ad hoc lead hazards advisory group made up of concerned individuals from the public health, environmental protection, affordable housing, and occupational safety sectors.

Using Housing Trust Fund funding set-aside through the “Displacement Prevention Partnership Program”, the Agency will offer funding for lead referrals whose situation may be more appropriately handled through Department of Environment and Natural Resources’ (DENR’s) Preventative Maintenance Program. Funds are provided as forgivable loans to the homeowners to pay for cleanup and stabilization activities as prescribed by DENR’s regional lead specialists. “Households with a child under the age of six whose health is threatened by the presence of lead hazards” are also an eligible special needs category for SFRLP.

Statement of Specific Objectives and Affordable Housing (Citation: 24CFR91.320(c) and (g))

One-Year Specific Housing Goals and Objectives

The three tables shown below highlight how the HOME program will continue to have an impact on the needs of the state. The tables provide the anticipated households assisted and funding amounts (in thousands of dollars) allocated for each activity type; need type; and priority category. In reviewing the tables, it is important to recognize that the state considered strategic investments of its limited resources through its programs, as well as the appropriateness of the resources available to address the priority need categories.

One-Year Affordable Housing Goals & Objectives (HOME)

Goals by Activity Type - §91.320(g)		
Activity Type	Anticipated Households Assisted*	Anticipated Funding (\$000s)
Rental Assistance	0	\$0
Production of New Units	952	\$6,981
Rehabilitation of Existing Units	144	\$5,843
Acquisition of Existing Units	18	\$176
Other Activities Not Specified Above	0	\$0
Total	1,114	\$13,000

Goals by Special Needs - §91.320(g)		
Need Type	Anticipated Households Assisted*	Anticipated Funding (\$000s)
Homeless	0	\$0
Non-Homeless	970	\$7,157
Special Needs	144	\$5,843
Total	1,114	\$13,000

Annual Objective by Priority - §91.320(c)(3) & §91.320(d)		
Priority	Anticipated Households Assisted*	Anticipated Funding (\$000s)
High Priority		
Homeless Families and Individuals	0	\$0
Non-homeless Persons with Special Needs**	144	\$5,843
Non-homeless, non-Special Needs Households between 0-30% AMI	140	\$579
Medium Priority		
Non-homeless, non-Special Needs Households between 31-60% AMI	578	\$4,494
Lower Priority		
Non-homeless, non-Special Needs Households between 61-80% AMI	252	\$2,084
Total	1,114	\$13,000

**'Households' is defined as households, individuals or units assisted.*

***'Special Needs' is defined as persons with disabilities, low-income elderly persons, and persons with HIV/AIDS.*

Outcome Measures

Uniform performance measures have been developed by HUD. The Consolidated Plan Partners have chosen appropriate performance measures for their specific programs. The following are the performance measures for North Carolina HUD-funded programs by Agency, category, objective, and outcome.

Outcome -->	Availability/ Accessibility	Affordability	Sustainability
Objective -->	Suitable Living Environment		
	Decent Housing		
	Creating Economic Opportunities		

For all HOME-funded activity, the objective category is “decent affordable housing” and the outcome category is “affordability”.

Allocation Priorities

Funds will be made available through both competitive and open funding cycles. Funds will be allocated statewide based on housing needs, as documented in the *North Carolina Housing Market Analysis & Needs Assessment* in the *2011-2015 Strategic Consolidated Plan*, as well as on the service-provision infrastructure in the state. See the “One-Year Affordable Housing Goals & Objectives” tables for the allocation priorities and proposed distribution of funds to address those needs.

Geographic Distribution

Each program has a unique method of geographic distribution. The program funding through the HOME Program is distributed statewide.

Homeless and Other Special Needs

(Citation: 24CFR91.320(e))

The state addresses the needs of the homeless and other special needs persons through the Emergency Solutions Grants Program (ESG), the Key Program (funded in part with HOME Match), and through the provision of grants and loans to develop and operate emergency, transitional or supportive housing and permanent housing. ESG also helps to combat chronic homelessness through the provision of preventive programs and activities. The state addresses the needs of those who are not homeless through the Supportive Housing Development Program (SHDP), Key Program, and Housing Opportunities for Persons with AIDS Program (HOPWA). SHDP helps partners develop permanent and transitional housing for persons with disabilities, Key provides operating subsidies for housing for persons with disabilities, and HOPWA provides tenant based rental assistance, short-term mortgage and utility assistance, housing information, supportive services and resource identification to persons with HIV/AIDS.

Barriers to Affordable Housing

The Analysis of Impediments to Fair Housing Choice, completed in 2010, summarizes barriers to affordable housing and is available to the public. The Housing Coordination and Partnership Council advises the Governor and General Assembly on barriers to affordable housing in North Carolina, and the Housing Partnership, the oversight board of the state's Housing Trust Fund, considers barriers to housing in the allocation of state resources. In carrying out their regular programs and funding cycles, the Consolidated Plan Partners continue to promote the removal of barriers to affordable housing. The Consolidated Plan partners will take efforts to address those impediments through individual agency efforts as well as a collaborative effort as partners.

One Year Goals to Address Impediments to Fair Housing Choice Partners for 2013

Below is a table describing each agency-specific activity that each agency will undertake to address the identified impediments in the 2011-2015 Analysis to impediments to Fair Housing Choice Study.

Impediment	Goal	Implementation	Agency Lead
#1	#1	Consolidated Plan Fair Housing Workshop	DCA
	#1b	Developing a FHIP	DCA
	#1c	Fair Housing Task Force	ESG/HOPWA
#2	#2	Outreach and Education to rental housing providers/landlords	NCHFA/DCA
#3	#3	Constraints in lending markets	NCHFA
#4	#4	Land Use Practices	DCA
#2	#2	Offer Fair Housing Workshop at state ESG Conference	ESG
#2	#2	Disseminate via electronic mail information regarding fair housing and training opportunities	ESG

Anti-Poverty Strategies

Many of the activities NCHFA plans to undertake or continue in the 2013 period are anti-poverty activities:

- Financing of supportive rental housing;
- Providing funding for qualified low, very low, and extremely low income home buyers through individual development accounts;
- Financing of transitional and permanent housing for homeless and disabled persons;
- Operating and promoting programs that prevent foreclosure;

- Providing rent assistant for disabled households through the Key Program; and
- Administering HUD rent assistance contracts for 24,000 privately owned apartments.

Public Housing Initiatives

The public housing authorities (PHA) are components in the statewide system for the delivery of affordable housing. Local housing authorities are established through the auspices of local government, subject to state enabling legislation. The State does not specifically have direct oversight for local PHA, however we may partner with these entities through a grantee or project sponsor relationship to complete local projects or activities.

Low-Income Housing Tax Credits (LIHTCs)

The North Carolina Housing Finance Agency (NCHFA) administers the Low Income Housing Tax Credit (LIHTC) program in North Carolina. The LIHTC program produces and rehabilitates approximately 2,000 units of affordable rental housing units each year for low-income households. The distribution of this resource is governed by the state's annual Qualified Allocation Plan (QAP). Under IRS Code Section 42 (m)(1)(B)(ii), QAPs must give preference to projects which:

- Serve the lowest income tenants,
- Are obligated to serve qualified tenants for the longest periods, and
- Are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan.

The QAP is generally compatible with the goals of the Consolidated Plan because the LIHTC program produces multifamily housing units affordable to persons at or below 60% AMI. The North Carolina Department of Commerce – Division of Community Assistance (DCA) collaborates with NCHFA on some LIHTC projects by providing qualified projects with Community Development Block Grant funds.

Program Details

- i. In addition to administering the \$13 million allocation of HOME, NC Housing Finance Agency also administers the state's Housing Trust Fund, Low Income Housing Tax Credits, State Tax Credits, Home Protection Program, Mortgage Credit Certificates and Mortgage Revenue Bonds. NCHFA also administers the National Foreclosure Mitigation Counseling Grant, the Neighborhood Stabilization Program, and Housing for Hardest Hit funds.
- ii. Resale/Recapture Provisions

Housing rehabilitation loans under the Single Family Rehabilitation Program will be provided as deferred and forgivable, forgiven at \$3,000 per year over the life of the loan.

Home buyer loan subsidies available under the New Homes Loan Pool, IDA Loan Pool and Down Payment Assistance Program will be provided as subordinate deferred-payment loans that are not forgiven. Home buyer loans under the Self-Help Loan Pool will be provided as principal-only amortizing loans. Loans under all home buyer programs will be due and payable (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.

- iii. HOME funds are not used for refinancing of existing debt, even in developments rehabilitated with HOME funds.
- iv. ADDI Program
At this time, the Agency does not expect to receive an ADDI allocation for the period of the 2012 Action Plan.
- v. Additional information not required by 24 CFR 91

Consortia

The North Carolina Housing Finance Agency will not approve additional HOME Consortia, if doing so will result in a net loss of HOME funds to the state.

Rental Assistance for Tenants with Disabilities

Starting in 2002, NCHFA partnered with the NC Department of Health and Human Services (DHHS) to facilitate the inclusion of persons with disabilities and the homeless within LIHTC properties. As part of this partnership, LIHTC applicants commit to targeting 10% of the units in their developments to persons with disabilities. To support this commitment, developers partner with local lead agencies in the preparation and implementation of Targeting Plans. These plans outline how the property will work with the agencies to make these units available.

In order to make the targeted units affordable, NCHFA and DHHS expanded their partnership in 2004 to create the Key Program. This program provides a bridge subsidy for households on disability income who have not yet received a Section 8 Housing Choice Voucher. Through this award-winning program, the Agency is able to assist in providing stable and affordable housing for these high priority populations. This program will continue to be funded in part by HOME Match funds in 2013.

Affirmative Marketing

The state has adopted procedures consistent with the requirements of affirmative marketing under 24 CFR Part 92.351(a) and (b). Recipients and subrecipients of HOME funding must certify that they have developed and adopted affirmative marketing procedures for HOME-assisted housing containing five or more units. In both rental and home ownership situations, the Agency

works to address impediments to administering the HOME Program. In addition, the Agency reviews marketing plans as part of its application review process and provides training to rental property managers on a regular basis.

Minority Outreach

NCHFA has conducted outreach to both recipients of HOME awards and businesses contracted by those recipients. Language encouraging the use of minority- and women-owned businesses is included in either the commitment letter or program guidelines of HOME-funded programs involving contractors. Further, the NC Office for Historically Underutilized Businesses maintains a website of minority- and women-owned businesses, services, and suppliers, and provides comprehensive and continuing assistance to support them. The Agency encouraged HOME recipients in construction programs to utilize the Department of Administration's online search tool to find contractors. In addition, the Agency contacted the contractors and subcontractors of which it is aware and encouraged them to list their businesses on this search tool.

PROGRAM REPORT - EMERGENCY SOLUTIONS GRANTS (ESG) PROGRAM ^{(91.320 κ(3))}

North Carolina's process for distributing ESG funding is currently non-competitive. Pre-applications for funding are distributed to previous ESG contractors, county managers, community action agencies, and other interested agencies, organizations, and individuals in December of 2012.

Sources of Funds

(Citation: 24CFR91.220(c)(1)) and (c)(2))

North Carolina's Housing Resources

In 2013, the ESG program proposes to assist over 28,260,000 households. The state expects to issue contracts totaling approximately \$4.6 million in ESG funds for eligible activities in 2013.

To conduct housing-related activities, the state uses non-federal as well as federal funds. The available funding sources can be categorized as shown below:

Federal

- Community Development Block Grant Program (CDBG)
- Emergency Solutions Grants Program (ESG)
- HOME Investment Partnership Program (HOME)
- Homeless Prevention and Rapid Re-housing Program (HPRP)
- Housing for Hardest Hit Funds
- Housing Opportunities for Persons with AIDS Program (HOPWA)
- Neighborhood Stabilization Program (NSP1 and NSP3)
- American Recovery and Reinvestment Act Funds
- Tax Credit Assistance Program (TCAP)
- The Exchange Program

State

- North Carolina Housing Trust Fund (HTF) and HOME Match funds appropriated by the General Assembly
- HPP – Housing Protection Program appropriated by the General Assembly
- State Tax Credits
- Transitions to Community Living Program

Other Resources

- Housing Credits
- Mortgage Credit Certificates
- Mortgage Revenue Bonds
- National Foreclosure Mitigations Counseling Grant

North Carolina rarely funds 100% of any development. Rather, it attempts whenever possible to leverage investment from local governments, nonprofit organizations, for profit developers, and private investors.

Matching Requirements

The table below lists the federal and/or state matching funds requirements for this program.

Program	Federal Matching Requirement	State Matching Requirement
ESG	The state is required to match Emergency Solutions Grant funding received annually with an equal amount of funding from other sources. This requirement is passed to state grant recipients as allowed by ESG program regulations.	Each grantee must match the funding provided by the state with an equal amount of funds or voluntary efforts spent on eligible ESG activities in that region.

Monitoring

The state will continue to monitor housing and community development activities of its subrecipients to ensure long term compliance with program requirements and comprehensive planning requirements. Program requirements include appropriate regulations and statutes of the programs involved, including steps being taken to review affordable housing activities, ensure timeliness of expenditures, and on-site inspections to determine compliance with applicable housing codes.

Each of the Consolidated Plan Partners has plans for monitoring and ensuring compliance in their own programs. These plans may include elements such as site-visits, file reviews, interviews with residents,

and reviews for compliance with federal and state regulations (such as Davis-Bacon, Section 3, Fair Housing, Language Access, Equal Opportunity and Procurement requirements). The monitoring plans vary by program and funding source. Consolidated Plan partners are subject to both federal regulations and established regulations as set forth in the State of North Carolina Administrative code. Although all various HUD programs are subject to various federal regulations and separate state regulations, there are some common monitoring requirements with the monitoring of the HUD programs. All partners are required to certify to the United States Department of Housing and Urban Development that each program will comply with all applicable laws and regulations.

All consolidated plan partners are prohibited by State administrative code from entering into a new grant agreement with any agency, local government, and or organization that has been identified by the State Office of Budget and Management on the State Do Not Fund List.

Statement of Specific Objectives and Affordable Housing

(Citation: 24CFR91.320(c) and (g))

One-Year Specific Housing Goals and Objectives

The three tables shown below highlight how the ESG will continue to have an impact on the needs of the state. The tables provide the anticipated households assisted and funding amounts (in thousands of dollars) allocated for each activity type; need type; and priority category. In reviewing the tables, it is important to recognize that the state considered strategic investments of its limited resources through its programs, as well as the appropriateness of the resources available to address the priority need categories.

One-Year Affordable Housing Goals & Objectives

Goals by Activity Type - §91.320(g)		
Activity Type	Anticipated Households Assisted*	Anticipated Funding (\$000s)
Rental Assistance	1,958	5,354,562
Production of New Units		
Rehabilitation of Existing Units		
Acquisition of Existing Units		
Other Activities Not Specified Above	26,715	1,809,683
Total	28,673	7,164,245

Goals by Special Needs - §91.320(g)		
Need Type	Anticipated Households Assisted*	Anticipated Funding (\$000s)
Homeless	28,317	3,362,045
Non-Homeless	156	202,200
Special Needs	200	3,600,000
Total	28,673	7,164,245

Annual Objective by Priority - §91.320(c)(3) & §91.320(d)		
Priority	Anticipated Households Assisted*	Anticipated Funding (\$000s)
High Priority		
Homeless Families and Individuals	28,317	3,362,045
Non-homeless Persons with Special Needs**	200	3,600,000
Households between 0-30% AMI	156	202,200
Medium Priority		
Households between 31-60% AMI		
Lower Priority		
Households between 61-80% AMI		
Total	28,673	7,164,245

**'Households' is defined as households, individuals or units assisted.*

***'Special Needs' is defined as persons with disabilities, low-income elderly persons, and persons with HIV/AIDS.*

Outcome Measures

Uniform performance measures have been developed by HUD. The Consolidated Plan Partners have chosen appropriate performance measures for their specific programs. The following are the performance measures for North Carolina HUD-funded programs by Agency, category, objective, and outcome.

Outcome -->	Availability/ Accessibility	Affordability	Sustainability
Objective -->	Suitable Living Environment		
	Decent Housing		
	Creating Economic Opportunities		

ESG objectives and outcomes are to ensure the provision of emergency response, housing stability, and system coordination activities.

1. Emergency Response activities include:
 - a. Street Outreach
 - b. Emergency Shelter (including Transitional Housing)
2. Housing Stability activities include prevention and rapid re-housing through:
 - a. Financial assistance
 - b. Services
 - c. Rent assistance
3. System Coordination Activities include:
 - a. Coordinated Intake
 - b. HMIS

Allocation Priorities

Funds will be made available through competitive and open funding cycles. Funds will be allocated statewide based on housing needs, as documented in the *North Carolina Housing Market Analysis & Needs Assessment* in the *2011-2015 Strategic Consolidated Plan*, as well as on the service-provision infrastructure in the State. See the “One-Year Affordable Housing Goals & Objectives” tables for the allocation priorities and proposed distribution of funds to address those needs.

Geographic Distribution

Each program has a unique method of geographic distribution. The funding for the Community Development Block Grant Program is directed to non-entitlement communities across the state. The program funding through the Emergency Solutions Grants Program is distributed statewide.

Homeless and Other Special Needs
(Citation: 24CFR91.320(e))

The state addresses the needs of the homeless and other special needs persons through administration and funding of numerous programs. The state addresses emergency shelter and transitional housing needs of homeless individuals and families to prevent them from becoming homeless with the Emergency Solutions Grants Program (ESG), the Supportive Housing Development Program (funded in part with HOME), and the Key Program (funded in part with HOME Match) through the provision of grants and loans to develop and operate emergency, transitional or supportive housing and permanent housing. ESG also helps to combat chronic homelessness through the provision of housing stabilization activities, which include prevention and rapid re-housing. The state addresses the needs of those who are not homeless through the Supportive Housing Development Program (SHDP), Key Program, and Housing Opportunities for Persons with AIDS Program (HOPWA), and the Transitions to Community Living Program (TCLP). SHDP helps partners develop permanent and transitional housing for persons with disabilities, Key provides operating subsidies for housing for persons with disabilities, and HOPWA provides tenant based rental assistance, short-term mortgage and utility assistance, housing information, supportive services and resource identification to persons with HIV/AIDS. TCLP provides rental assistance and services for persons who are disabled through severe and persistent mental illness and serious mental illness and who otherwise might be institutionalized.

Barriers to Affordable Housing

The Analysis of Impediments to Fair Housing Choice, completed in 2010, summarizes barriers to affordable housing and is available to the public. The Housing Coordination and Partnership Council advises the Governor and General Assembly on barriers to affordable housing in North Carolina, and the Housing Partnership, the oversight board of the state's Housing Trust Fund, considers barriers to housing in the allocation of state resources. In carrying out their regular programs and funding cycles, the Consolidated Plan Partners continue to promote the removal of barriers to affordable housing. The Consolidated Plan partners will take efforts to address those impediments through individual agency efforts as well as a collaborative effort as partners.

One Year Goals to Address Impediments to Fair Housing Choice Partners for 2013

Below is a table describing each agency-specific activities that each agency will undertake to address the identified impediments in the 2011-2015 Analysis to impediments to Fair Housing Choice Study.

Impediment	Goal	Implementation	Agency Lead
#1	#1	Consolidated Plan Fair Housing Workshop	DCA
	#1b	Developing a FHIP	DCA
	#1c	Fair Housing Task Force	ESG/HOPWA
#2	#2	Outreach and Education to rental	NCHFA/DCA

		housing providers/landlords	
#3	#3	Constraints in lending markets	NCHFA
#4	#4	Land Use Practices	DCA
#2	#2	Offer Fair Housing Workshop at state ESG Conference	ESG
#2	#2	Disseminate via electronic mail information regarding fair housing and training opportunities	ESG

Anti-Poverty Strategies

Division of Aging and Adult Services

The Emergency Solutions Grants Program annually allocates approximately \$2.5 million to local units of government and non-profit agencies. These funds are provided for emergency response, housing stability, and system coordination – all of which are anti-poverty activities that benefit low income persons.

Public Housing Initiatives

The public housing authorities (PHA) are components in the statewide system for the delivery of affordable housing. Local housing authorities are established through the auspices of local government, subject to state enabling legislation. The State does not specifically have direct oversight for local PHA, however we may partner with these entities through a grantee or project sponsor relationship to complete local projects or activities.

Program Details

The Request for Applications (RFA) will be made available to the public after FY13 allocations are made available by the US Dept. of HUD. Applications will be submitted to the State by Continuum of Care or regional committees of the Balance of State Continuum of Care that wish to apply for funding. The State will only accept applications from Continuum of Care or regional committees of the Balance of State Continuum of Care and not from individual organizations.

Eligible recipients of ESG funds are nonprofits and local governments. Currently, public housing authorities and State licensed facilities, including substance abuse shelters/facilities are not eligible to be ESG recipients.

An eligible recipient must:

- Apply as part of a regional application that is submitted to the State by a Continuum of Care or a regional committee of the Balance of State Continuum of Care;

- Be able to document its process for verifying that clients served meet the HUD definitions of “homeless” or “at risk of homelessness”;
- Operate a program that includes eligible emergency response, housing stability and/or system coordination activities;
- Not be a State licensed facility. State licensed facilities are not eligible to be funded by the ESG grant;
- Have an established accounting system that provides for maintenance of ESG funds in accordance with OMB Circulars A-110 and A-122;
- Have at least one person on the board of directors that is homeless or formerly homeless;
- Have the ability to expend ESG funds awarded within 365 days or the period of the contract;
- Have eligible resources to match the ESG funding received on a dollar for dollar basis;

For emergency and transitional shelters only:

- Have been funded with FY112A ESG funds for emergency and transitional shelters **only**;
- If operated by private, nonprofit organizations, must have the endorsement of the local government in the community in which the emergency or transitional shelter is located

Program staff review applications after the due date and notify regions of funding decisions as soon as is feasible following the receipt of applications. In addition all funding and definitions outlined in both the RFA and the North Carolina Administrative rules for ESG will be followed. Once funding decisions are made and the grant agreement between the NC Department of Health and Human Services and the US Department of Housing and Urban Development is in place, contracts can be executed.

Program staff review Pre-applications in February of 2013 and notify potential contractors to submit an application in March 2013. The ESG program does not fund substance abuse shelters. In addition all funding and definitions outlined in both the application and the North Carolina Administrative rules for ESG will be followed. Once applications are approved and the agreement between the NC Department of Health and Human Services and the US Department of Housing and Urban Development is in place, contracts are executed.

Program Evaluation and Monitoring

All FY 2013 ESG contractors will be subject to on-going monitoring throughout the term of the grant.

The primary methods of monitoring will include:

- Review of mid-year and end of year contractor performance reports
- Review of contractor monthly financial status reports
- Periodic on-site monitoring, including review of randomly selected case files; and
- On-going telephone contact with contract agency staff

PROGRAM REPORT - HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS (HOPWA) PROGRAM ^{(91.320 k(4))}

The HOPWA program is administered by the AIDS Care Program in the Division of Public Health, North Carolina Department of Health and Human Services. HOPWA funds housing and housing-related supportive services for low-income persons with HIV/AIDS and their families.

Sources of Funds

(Citation: 24CFR91.230(e))

HOPWA Housing Resources

In 2013, the state HOPWA program expects to receive \$2.4 million in federal Housing Opportunities for Persons with AIDS (HOPWA) funds and proposes to assist over 2,200 individuals through subgrantee contracts totaling approximately \$2.3 million.

Matching Requirements

The table below lists the federal and/or state matching funds requirements for this program.

Program	Federal Matching Requirement	State Matching Requirement
HOPWA	There are neither federal nor state match requirements for this program.	

Monitoring

The AIDS Care Program is required by the Division of Public Health to monitor the programmatic and fiscal responsibilities of all Sponsors contracted to provide HOPWA services.

The AIDS Care Program will conduct ongoing review of Sponsor's HOPWA budgets, budget justification narratives, service delivery plans, experience in providing HOPWA service, etc.

The AIDS Care Program will review monthly detailed expenditure reports along with back up documentation submitted by the Sponsors. Additional performance monitoring includes review of quarterly programmatic reports submitted by each Network, and at minimum two site visits conducted to review fiscal, programmatic and client records. Performance monitoring is documented for each funded Network of Care in writing and maintained in an agency file.

Based on the contractual agreement, the scope of work for each Network of Care's contract outlines the performance monitoring measures for HOPWA services. This includes the following:

- Submission of monthly detailed expenditure reports with back-up documentation, and quarterly reports to the AIDS Care Program detailing qualitative and quantitative activities.

- Attendance at mandatory meetings sponsored by the AIDS Care Program.
- Submission of the Consolidated Annual Performance and Evaluation Report (CAPER) to include Demographic Charts. This information must be submitted to the HOPWA Administrator as part of the state's HOPWA Integrated Disbursement Information System (IDIS) reporting requirements.
- Preparation for on-site visits at minimum twice during each contract period.

Lead-Based Paint

HOPWA Project Sponsors are required to document that all clients receiving housing assistance are made aware of the danger of lead-based paint. Project Sponsors distribute a lead-based paint fact sheet to clients receiving HOPWA services.

Statement of Specific Objectives and Affordable Housing (Citation: 24CFR91.320(c) and (g))

One-Year Specific Housing Goals and Objectives

The three tables shown below highlight how the HOPWA program will continue to have an impact on the needs of the state. The tables provide the anticipated households assisted and funding amounts (in thousands of dollars) allocated for each activity type; need type; and priority category.

One-Year Affordable Housing Goals & Objectives

Goals by Activity Type - §91.320(g)		
Activity Type	Anticipated Households Assisted*	Anticipated Funding (\$000s)
Rental Assistance	1,337	2,139
Production of New Units		
Rehabilitation of Existing Units		
Acquisition of Existing Units		
Other Activities Not Specified Above	869	158
Total	2,206	2,297

Goals by Special Needs - §91.320(g)		
Need Type	Anticipated Households Assisted*	Anticipated Funding (\$000s)
Homeless		
Non-Homeless		
Special Needs	2,206	2,297
Total	2,206	2,297

Annual Objective by Priority - §91.320(c)(3) & §91.320(d)		
Priority	Anticipated Households Assisted*	Anticipated Funding (\$000s)
High Priority		
Homeless Families and Individuals		
Non-homeless Persons with Special Needs**	2,206	2,297
Households between 0-30% AMI		
Medium Priority		
Households between 31-60% AMI		
Lower Priority		
Households between 61-80% AMI		
Total	2,206	2,297

**'Households' is defined as households, individuals or units assisted.*

***'Special Needs' is defined as persons with disabilities, low-income elderly persons, and persons with HIV/AIDS.*

Outcome Measures

The outcome and objective for the HOPWA Program is to provide decent, safe and affordable housing for persons living with HIV/AIDS and their families.

Allocation Priorities

See the “One-Year Affordable Housing Goals & Objectives” tables for the allocation priorities and proposed distribution of funds to address those needs.

Geographic Distribution

HOPWA Program funds are directed to non-entitlement communities across 88 counties in the state.

Homeless and Other Special Needs

(Citation: 24CFR91.320(e))

HOPWA addresses the needs of those who are not homeless through the provision of tenant based rental assistance, short-term mortgage and utility assistance, housing information, supportive services and resource identification to persons with HIV/AIDS.

Barriers to Affordable Housing

The Analysis of Impediments to Fair Housing Choice, completed in 2010, summarizes barriers to affordable housing and is available to the public. The Housing Coordination and Partnership Council advises the Governor and General Assembly on barriers to affordable housing in North Carolina, and the Housing Partnership, the oversight board of the state’s Housing Trust Fund, considers barriers to housing in the allocation of state resources. In carrying out their regular programs and funding cycles, the Consolidated Plan Partners continue to promote the removal of barriers to affordable housing. The Consolidated Plan partners will take efforts to address those impediments through individual agency efforts as well as a collaborative effort as partners.

One Year Goals to Address Impediments to Fair Housing Choice Partners for 2013

HOPWA will address the identified impediments in the 2011-2015 Analysis to impediments to Fair Housing Choice Study through participation in the Fair Housing Task Force.

Anti-Poverty Strategies

The HOPWA program in concurrence with the Consolidated Plan partners also believes that eradication of poverty means providing residents with tools to help themselves increase financial stability. By providing HOPWA funding to facilitate the assurance of stable housing for persons living with HIV/AIDS (PLWHA), impacted individuals will be more likely to access medical care, which in turn will result in enhanced ability to access resources that will reduce the likelihood of poverty.

Program Details

The HOPWA allocation is based upon the number of reported AIDS cases. Eligible HOPWA activities include:

- Short Term Rent, Mortgage and Utility Assistance
- Tenant Based Rental Assistance
- Operating Costs for facilities dedicated to housing persons living with HIV/AIDS
- Supportive Services
- Housing Information
- Resource Identification
- Administration

All HOPWA Sponsors are required to provide Tenant Based Rental Assistance and Short-Term Rent, Mortgage and Utility Assistance. The other eligible activities are optional, based on regional need and resources.

For 2013, funds were awarded based on a review of continuation HOPWA Sponsor budgets. The AIDS Care Program reviewed the proposed HOPWA plans from Networks of Care Sponsors to fund and support eligible HOPWA activities under HUD's 24 Code of Federal Regulations Part 574. The eligible activities are consistent with the 2010 needs assessments conducted by the regional Networks and the North Carolina 2012 HIV Care and Prevention Statewide Coordinated Statement of Need (SCSN)/Needs Assessment and Comprehensive Plan. The availability of resources to fund programs for each eligible activity was also considered. This funding represents portions of the 3rd and 4th years of a four- year funding cycle based on the 2010 competitive allocation process.

The following overarching expectations apply to all HOPWA funded applicants:

1. Funds should support both urban and rural areas within the 88 counties served by the state HOPWA Program.
2. HOPWA-funded programs should be client centered.
3. Networks of Care must develop protocols to ensure confidentiality.

4. Networks of Care must indicate their willingness to actively collaborate with community-based organizations, AIDS service organizations and other community organizations and agencies to establish a referral network.
5. Networks of Care must ensure that clients receiving HOPWA funds have access to a case manager.
6. Networks of Care must ensure that clients receiving HOPWA funds have a housing care plan.
7. Networks of Care must demonstrate their ability to meet HUD and local housing quality standards relating to habitability and access.
8. Networks of Care must have the financial and programmatic capabilities to manage a housing program per federal and state regulations, policy and guidance.
9. Networks of Care must serve clients at or below 80% of median family income level.

CERTIFICATIONS

Each Agency hereby submits signed certifications consistent with the certification requirements of HUD.