NC DEPARTMENT of COMMERCE
RURAL ECONOMIC DEVELOPMENT

NCDHHS

NORTH CAROLINA HOUSING FINANCE AGENCY

This is the DRAFT of the North Carolina Annual Action Plan. The document is available for public comment from April 13, 2022 through 5:00 PM on May 12, 2022. Public comments should be emailed to Valerie.Fegans@nccommerce.com or faxed to (919) 715-0667. Please included "AAP Public Comment" on the subject line.

North Carolina 2022 Annual Action Plan

2021-2025 NC Consolidated Plan
Year 2

DRAFT 4-13-2022

Executive Summary

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

1. Introduction

The North Carolina 2022 Annual Action Plan (AAP) is the second for the 2021-2025 NC Consolidated Plan. As part of the strategies and goals in the 2022 AAP, NC continues to focus on housing, community development, and related services such as emergency housing, transportation, and utility payments. To accomplish the state's goals, NC has prioritized state agency coordination to improve state housing policy and focusing federal and state funding sources.

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

In 2022, NC anticipates receiving the following amounts for the Community Planning and Development (CPD) formula programs: CDBG $49,393,313; Emergency Solutions Grant (ESG) $5,315,950; HOME Investment Program (HOME) $26,648,420; Housing Opportunities for Persons with AIDS (HOPWA) $4,053,435; and the National Housing Trust Fund (NHTF) $17,493,694. In addition to the core CPD programs, in 2022, NC anticipates awarding the HOME American Rescue Plan (HOME-ARP) $65.6 million and the Recovery Housing Program $778,974. NC will also continue to implement the CARES Act funds for CDBG-CV, ESG-CV, and HOPWA-CV, but does not anticipate receiving new funds during 2022.

The NC AAP organization is determined by the federal online HUD IDIS system, through which all states and direct recipients of HUD Community Planning & Development funds create a Consolidated Plan, Annual Action Plans, and a yearly Consolidated Annual Performance and Evaluation Report (CAPER) each year. The NC AAP is generated through IDIS, then downloaded to make it available to the public, program participants, and other interested parties. This current 2022 Annual Plan consists of this Executive Summary as well as two other sections: the Process Section, which describes the public input process for the 2022 program year, and the Annual Action Plan, which contains each Program's method of distribution for the year, anticipated goals, and funding availability, as well as narrative sections addressing housing, special needs, and homelessness.

PUBLIC COMMENT DRAFT

OMB Control No: 2506-0117 (exp. 09/30/2021)

2. Summarize the objectives and outcomes identified in the Plan

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

The state has three basic goals:

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

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

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

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

3. Evaluation of past performance

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

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

The goals chosen by the grantees of the HUD CPD formula program are formed by the housing needs study and market analysis presented in the 2021-2025 NC Consolidated Plan. Additionally,

PUBLIC COMMENT DRAFT

COVID-19 has highlighted housing stability needs. Each program using its HUD mandated program parameters, historical grantee data, and grantee funding requests also guide the needs. Unlike the other programs, however, CDBG brings additional challenges that impacts the program's performance.

In NC, the General Assembly determines the priorities and allocation percentages of the State CDBG Program. For the 2021-2022 biennium, the General Assembly set aside funds for economic development, neighborhood revitalization, rural community development, and infrastructure. In addition to this action, the CDBG program regulations require that no less than seventy percent of the aggregate of the fund expenditures shall be for activities that meet the national objective of benefiting low-and -moderate income persons. NC consistently exceeds this goal in the CDBG program. Presently, the CDBG-CV program funds has benefitted 92% LMI households/persons. The 2020 allocation was 100% awarded by December 2021. The 2021 allocation is anticipated to be 100% prior to the obligation deadline as well, although the disbursements are slightly delayed due to the delay in the state budget certification that was completed in the first quarter of 2022. The State CDBG has been expanding its capacity to provide more monitoring and technical assistance to grantees. Three additional position and the replacement of the CDBG Director are planned for 2022.

Of the total funding for housing activities to be undertaken in 2022, funds from ESG and HOPWA will address high (immediate) priority needs, funds from HOME and CDBG will address medium (transitional to long-term) priority needs. The anticipated distribution of funding by agency and by priority need category is determined annually based on the five-year goals stated in the NC Consolidated Plan.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The State of North Carolina has developed a North Carolina Consolidated Plan Citizen Participation Plan. This plan is a guidance document to ensure and encourage public participation throughout the Consolidated Planning process. It sets forth the State's policies and procedures for citizen participation. The plan can be downloaded from the Commerce website at www.nccommerce.com.

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

5. Summary of public comments

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

This will be provided as an attachment following the public hearing and end of the comment period.

PUBLIC COMMENT DRAFT

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

This will be provided following the public hearing and end of the comment period.

7. Summary

NC has developed the 2022 Annual Action Plan to share the use of its HUD CPD funds. The plan will be submitted to HUD with certifications. The State will receive comments from citizens and units of general local government on the proposed action plan for a period of not less than 30 days from the date when the draft is available to the public. The comment period will be publicized in the notices published in the newspaper and mailed to interested parties. Any comments received in writing or orally at the public hearings will be considered in preparing the final submission. The final action plan will include a summary of these comments or views and the reasons for not accepting any comments received. The plan will be submitted after receipt of the FY2022 allocation from HUD and the end of the public comment period.

PUBLIC COMMENT DRAFT

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

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

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

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

Table 1 – Responsible Agencies

Narrative

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

PUBLIC COMMENT DRAFT

Consolidated Plan Public Contact Information

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

PUBLIC COMMENT DRAFT

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

1. Introduction

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

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

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

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

PUBLIC COMMENT DRAFT

Table 2 – Agencies, groups, organizations who participated

1	**Agency/Group/Organization**	NORTH CAROLINA HOUSING FINANCE AGENCY
	Agency/Group/Organization Type	Housing Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	

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

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

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

Table 3 - Other local / regional / federal planning efforts

Narrative

PUBLIC COMMENT DRAFT

AP-12 Participation - 91.115, 91.300(c)

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

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)

Table 4 – Citizen Participation Outreach

PUBLIC COMMENT DRAFT

Expected Resources

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

Introduction

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

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	49,393,313	0	0	49,393,313	0	REDD, NC Commerce expects a similar allocation in 2022 as in 2021. The expected amount will be divided into Neighborhood Revitalization, Economic Development, Infrastructure, and Rural Community Development.

PUBLIC COMMENT DRAFT

OMB Control No: 2506-0117 (exp. 09/30/2021)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	17,688,420	9,000,000	17,688,420	44,376,840	50,030,780	NCHFA expects a similar allocation to last year. The expected amount available assumes an average allocation of $16.78 M for the next 3 years.

PUBLIC COMMENT DRAFT

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	4,053,435	0	0	4,053,435	0	HOPWA anticipates a similar allocation in 2022 as in 2021.

PUBLIC COMMENT DRAFT

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	5,315,950	0	0	5,315,950	0	ESG anticipates a similar allocation in 2022 as in 2021.

PUBLIC COMMENT DRAFT

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	17,493,694	0	17,493,694	34,987,388	24,187,380	NCHFA expects a similar allocation to last year. The expected amount available assumes an average allocation of $8.1 M for the next 3 years.

Table 5 - Expected Resources – Priority Table

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

PUBLIC COMMENT DRAFT

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

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

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

Discussion

n/a

PUBLIC COMMENT DRAFT

Annual Goals and Objectives

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

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeowner Housing Rehabilitation	2021	2025	Non-Homeless Special Needs	Statewide	Housing for non-homeless persons w/ special needs Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI	HOME: $6,390,000	Homeowner Housing Rehabilitated: 185 Household Housing Unit
2	Affordable Homeownership	2021	2025	Affordable Housing	Statewide	Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI	HOME: $9,980,000	Homeowner Housing Added: 285 Household Housing Unit

PUBLIC COMMENT DRAFT

OMB Control No: 2506-0117 (exp. 09/30/2021)

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Affordable Rental Housing	2021	2025	Affordable Housing		Housing for non-homeless persons w/ special needs Housing for households under 30% AMI Housing for households 31-60% AMI	HOME: $7,610,000 HTF: $1,574,000	Rental units constructed: 1700 Household Housing Unit
4	CDBG Neighborhood Revitalization	2021	2025	Affordable Housing Non-Housing Community Development		Housing for non-homeless persons w/ special needs Housing for households under 30% AMI Housing for households 31-60% AMI Housing for households 61-80% AMI Neighborhood Stabilization Non-housing community development needs	CDBG: $24,696,656	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 200 Persons Assisted Rental units constructed: 15 Household Housing Unit Rental units rehabilitated: 15 Household Housing Unit Homeowner Housing Rehabilitated: 150 Household Housing Unit

PUBLIC COMMENT DRAFT

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	CDBG Economic Development	2021	2025	Non-Housing Community Development		Non-housing community development needs	CDBG: $24,696,656	Jobs created/retained: 1000 Jobs
6	CDBG Infrastructure	2021	2025	Non-Housing Community Development		Non-housing community development needs	CDBG: $5,000,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 200 Persons Assisted
7	CDBG Contingency and Urgent Needs	2021	2025		Statewide	Housing for households 31-60% AMI Housing for households 61-80% AMI Neighborhood Stabilization Non-housing community development needs		
8	HOPWA-Short-Term Rent and Utilities	2021	2025	Affordable Housing				
9	HOPWA Supportive Services	2021	2025	Affordable Housing				
10	HOPWA Resource ID	2021	2025	Persons with HIV/AIDS				
11	HOPWA Permanent Housing Placement	2021	2025	Affordable Housing				

PUBLIC COMMENT DRAFT

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
12	HOPWA Tenant-Based Rental Assistance	2021	2025	Affordable Housing				
13	ESG Housing Stability	2021	2025	Homeless				
14	ESG Crisis Response	2021	2025	Homeless				

Table 6 – Goals Summary

Goal Descriptions

1	**Goal Name**	Homeowner Housing Rehabilitation
	Goal Description	Provide financing for the rehabilitation, repair and accessibility modifications of substandard owner-occupied housing. Repair and rehabilitation programs serve owners who are low-income, elderly, or disabled.
2	**Goal Name**	Affordable Homeownership
	Goal Description	Provides financing to help low- to moderate-income buyers through local governments and nonprofit organizations that participate in our Community Partners Loan Pool (CPLP) and Self-Help Loan Pool (SHLP) programs. Partners use funding to make home ownership more affordable and sustainable with down payment assistance, shared mortgage financing and energy efficiency subsidies.
3	**Goal Name**	Affordable Rental Housing
	Goal Description	Finance the development of affordable rental units through the North Carolina Housing Finance Agency's Rental Production Program and Integrated Supportive Housing Program. If operating costs and/or reserves are indicated in underwriting or for continued financial viability of a development funded wholly or in part with NHTF, then these funds may be provided for this use.

PUBLIC COMMENT DRAFT

4	**Goal Name**	CDBG Neighborhood Revitalization
	Goal Description	The Neighborhood Revitalization Program is designed to provide affordable housing through the rehabilitation of exisitng homeowner occupied homes, adapative reuse of buildings, and rehabilitation of multifamily units. CDBG-NR also supports the development of affordable multifamily units and address non-housing community development needs. The new set aside for rural community development created by recent General Assembly action will be included in this category.
5	**Goal Name**	CDBG Economic Development
	Goal Description	The CDBG Economic Development (CDBG-ED) will spur economic development activity through the retention and creation of jobs.
6	**Goal Name**	CDBG Infrastructure
	Goal Description	The CDBG Infrastructure Program will be administered by the North Carolina Department of Environmental Quality to address water and sewer needs.
7	**Goal Name**	CDBG Contingency and Urgent Needs
	Goal Description	This category uses deobligated CDBG funds to address immediate housing and community development needs.
8	**Goal Name**	HOPWA-Short-Term Rent and Utilities
	Goal Description	
9	**Goal Name**	HOPWA Supportive Services
	Goal Description	
10	**Goal Name**	HOPWA Resource ID
	Goal Description	

PUBLIC COMMENT DRAFT

11	**Goal Name**	HOPWA Permanent Housing Placement
	Goal Description	
12	**Goal Name**	HOPWA Tenant-Based Rental Assistance
	Goal Description	
13	**Goal Name**	ESG Housing Stability
	Goal Description	
14	**Goal Name**	ESG Crisis Response
	Goal Description	

PUBLIC COMMENT DRAFT

AP-25 Allocation Priorities – 91.320(d)

Introduction:

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

Funding Allocation Priorities

	Homeowner Housing Rehabilitation (%)	Affordable Homeownership (%)	Affordable Rental Housing (%)	CDBG Neighborhood Revitalization (%)	CDBG Economic Development (%)	CDBG Infrastructure (%)	CDBG Contingency and Urgent Needs (%)	HOPWA-Short-Term Rent and Utilities (%)	HOPWA Supportive Services (%)	HOPWA Resource ID (%)	HOPWA Permanen Housing Placemen (%)
CDBG	0	0	0	42	45	10	1	0	0	0	
HOME	24	29	37	0	0	0	0	0	0	0	
HOPWA	0	0	0	0	0	0	0	13	7	3	
ESG	0	0	0	0	0	0	0	0	0	0	
HTF	0	0	90	0	0	0	0	0	0	0	

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

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

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

PUBLIC COMMENT DRAFT

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

HOME and HTF: Allocation priorities are determined by considering housing needs and past program performance.

HOPWA: Allocation priorities are addressed by the needs established in the Consolidated Plan, program requirements, and program past performance.

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

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

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

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

CDBG Infrastructure (CDBG-I): These funds will construct public water and sewer infrastructure to mitigate public and environmental health

PUBLIC COMMENT DRAFT

problems in areas where the percentage of low to moderate income persons is at least 51 percent.

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

ESG: Emergency Solutions Grant funds will focus on housing stability and crisis response.

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

PUBLIC COMMENT DRAFT

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

Introduction:

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

Distribution Methods

Table 8 - Distribution Methods by State Program

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

PUBLIC COMMENT DRAFT

	Describe the state program addressed by the Method of Distribution.	The CDBG Economic Development (CDBG-ED) Program has the goal to spur economic development throgh job creation in the rural jurisdictions of our state. The CDBG-ED program focus on three core categories: (1) CDBG-ED provides funding for the construction of public infrastructure to a site, in order to enable a company to locate or expand. Eligible uses include: • Upgrade or repair of public drinking water or wastewater treatment plants • Upgrade, extension or repair of public water or sewer lines • Extension of publicly owned natural gas lines (with an executed pipeline construction, operating and resale agreement) • Installation or extension of public broadband infrastructure • Construction of publicly owned access roads not owned or funded by the North Carolina Department of Transportation • Construction of public rail spur improvements (2) The Community Development Block Grant Building Reuse (CDBG-EDBR) program provides funds to renovate and upfit vacant industrial and commercial buildings for economic development purposes. CDBG Building Reuse grants are available to local government applicants that work in conjunction with a company intending to operate in a vacant building. The company's new or expanding operations must result in the creation of permanent, full-time jobs. A CDBG Building Reuse award is limited to $750,000 per local government. The grant amount cannot exceed $20,000 per job for priority projects (primarily manufacturing) and $12,000 per job for all other projects. (3) The Community Development Block Grant Demolition Program (CDBG Demolition) is designed to fund the demolition of vacant and dilapidated industrial buildings and properties. CDBG Demolition Program is designed to assist local governments in demolition projects that result in viable industrial or commercial sites. The demolition activity is expected to create a site at which it can reasonably be expected that new jobs will be created and private sector capital will be invested. Although specific job creation is not required, the following conditions apply:

PUBLIC COMMENT DRAFT

		• When the demolition project involves a company's plan to construct a new building on a to-be-razed site, the CDBG Demolition Program will require an estimate of the number of employees it anticipates hiring. • When the project involves demolition of a building only for future economic development—and when a business has not yet been identified to construct a new building and hire employees—the CDBG Demolition Program requires that the building targeted for demolition be located in a low and moderate income (LMI) census tract.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The CDBG-ED program has a two-part process. Interested applicants initiate the search through the Economic Development Partnership North Carolina (EDPNC) or by contact the CDBG-ED Grants Manager at NC Commerce. The N.C. Department of Commerce annually ranks the state's 100 counties based on economic well-being and assigns each a tier designation. The 40 most distressed counties are designated as Tier 1, the next 40 as Tier 2 and the 20 least distressed as Tier 3. This tier system is incorporated into CDBG ED to encourage economic activity in the less prosperous areas of the state. For all CDBG programs, preference is given to applicants creating and retaining jobs in Tier 1 and Tier 2 distressed counties. Unless located in a Tier 1 county, the local government must provide at least one dollar for every dollar provided by CDBG Building Reuse. Matching funds may come from the building owner or from the project company.

PUBLIC COMMENT DRAFT

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

PUBLIC COMMENT DRAFT

OMB Control No: 2506-0117 (exp. 09/30/2021)

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

PUBLIC COMMENT DRAFT

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

PUBLIC COMMENT DRAFT

OMB Control No: 2506-0117 (exp. 09/30/2021)

	Describe the state program addressed by the Method of Distribution.	The CDBG Infrastructure (CDBG-I) Program addresses the water and sewer needs in the rural jurisdictions of our state. The purpose of the funds is to construct public water and sewer infrastructure to mitigate public and environmental health problems in areas where the percentage of low to moderate income persons is at least 51 percent.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	This program is administered by the NC Department of Environmental Quality (NC DEQ).

PUBLIC COMMENT DRAFT

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Information for the program can be found on the NC DEQ website at https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/community-development-block-grant-infrastructure.
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	N/A

PUBLIC COMMENT DRAFT

OMB Control No: 2506-0117 (exp. 09/30/2021)

	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	N/A
	Describe how resources will be allocated among funding categories.	

PUBLIC COMMENT DRAFT

	Describe threshold factors and grant size limits.	The program guidelines are available at the NC DEQ website.
	What are the outcome measures expected as a result of the method of distribution?	The outcome measures to show the benefit to low-and-moderate income persons, households, and areas in the state.
3	**State Program Name:**	CDBG Neighborhood Revitalization
	Funding Sources:	CDBG

PUBLIC COMMENT DRAFT

	Describe the state program addressed by the Method of Distribution.	The CDBG Neighborhood Revitalization Program which includes the Rural Community Development set-aside is an annual competitive program. The program is announced via a Notice of Funding Opportunity. If funds are available after award, a second round may be held. For each year of the biennium, a minimimum of $15 million is available for CDBG-NR activities and $5 million for Rural Community Development activities. Specifically, for 2022, an anticipated total of $20.8 million is available for the CDBG-NR Program including the Rural Community Development set-aside. While all non-entitlements are eligible to apply, preference is given to Tiers 1 and 2 most distressed counties in the state.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Program purpose, program feasibility and sustanability, organizational capacity,

PUBLIC COMMENT DRAFT

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Program guidelines and applications are generally available on the NC Commerce website. In late 2022/early 2023, documents will be available through the new Rural Connect Portal, an online grants administration system developed by NC Commerce.
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not applicable

PUBLIC COMMENT DRAFT

	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not applicable
	Describe how resources will be allocated among funding categories.	This category is allocated approximately $20.8 million for eligible projects.

PUBLIC COMMENT DRAFT

	Describe threshold factors and grant size limits.	The key thresholds include complete applications and location in a nonentitlement area of NC. Grant size limits are anticipated not to exceed $950,000 per project.
	What are the outcome measures expected as a result of the method of distribution?	The anticipated outcomes for the CDBG-NR program is to create and preserve affordable housing and meet non-housing community development needs such as community centers, parks, greenways, and sidewalks.
4	**State Program Name:**	Emergency Solutions Program (ESG)
	Funding Sources:	ESG

PUBLIC COMMENT DRAFT

	Describe the state program addressed by the Method of Distribution.	
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	

PUBLIC COMMENT DRAFT

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	

PUBLIC COMMENT DRAFT

	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	
	Describe how resources will be allocated among funding categories.	

PUBLIC COMMENT DRAFT

	Describe threshold factors and grant size limits.	
	What are the outcome measures expected as a result of the method of distribution?	
5	**State Program Name:**	HOME & HTF: Rental Development
	Funding Sources:	HOME HTF

PUBLIC COMMENT DRAFT

	Describe the state program addressed by the Method of Distribution.	HOME and HTF funds are used to finance construction of new rental units for low-income households and persons with disabilities. The Rental Production Program (RPP) provides long-term financing, in the form of an amortizing or deferred loan, to projects awarded Low Income Housing Tax Credits. The goal is to provide additional housing for households earning up to 60% of area median income. NCHFA may also use up to 33% of HTF funds for operating reserves for LIHTC projects or ISHP projects. The Integrated Supportive Housing Program (ISHP) also provides long-term financing, in the form of interest free, amortizing or deferred loans, for developments that set aside up to 20% of units for people with disabilities. ISHP was designed in collaboration with North Carolina Department of Health and Human Services and is intended to foster relationships between regional LME/MCOs and supportive housing developers.

PUBLIC COMMENT DRAFT

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	RPP loans are awarded through an annual competitive cycle that ensures equitable distribution among the three geographic regions of the state and between metropolitan and urban areas. Awards are determined during tax credit allocation process using criteria set forth in the state's Qualified Allocation Plan. Selection criteria include: • Project location and site suitability. • Market demand and local housing needs. • Ability to serve the lowest-income tenants. • Ability to serve qualified tenants for the longest periods. • Design and quality of construction. • Financial structure and long-term viability. • Experience of development team and management agent(s). • Ability to serve persons with disabilities and the homeless. • Projects that are part of a Community Revitalization Plan For more information, visit: https://www.nchfa.com/rental-housing-partners/rental-developers/qualified-allocation-plan ISHP loans are awarded to developments that set-aside units for people with disabilities and are under construction. Projects must meet the following criteria: • In a location approved by DHHS • Has started construction but not 100% occupied • New construction or rehabilitation • Available to families • Meet placed in service deadlines

PUBLIC COMMENT DRAFT

		For more information, visit: https://www.nchfa.com/sites/default/files/forms_resources/ISHPProgramGuidelines_0.pdf
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	N/A

PUBLIC COMMENT DRAFT

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

PUBLIC COMMENT DRAFT

	Describe how resources will be allocated among funding categories.	An estimated 24% of HOME funds will go toward home rehabilitation, 37% toward rental development and 29% for homeownership activities. An estimated 90% of HTF will go towards rental development, including new construction, rehabilitation and operating reserves (up to 33% of funds may be used)
	Describe threshold factors and grant size limits.	For RPP, developers can receive up to $800,000 per development but may be exceeded in some cases. Awards are made as loans with a fixed rate for approximately 15 to 30 years. For ISHP, the loan will be sized based on $100,000 per unit for each new permanent supportive housing unit created. No more than 20% of the total units can be permanent supportive housing. Awards are made as interest-free loans with a 20-year term.

PUBLIC COMMENT DRAFT

	What are the outcome measures expected as a result of the method of distribution?	The objectives of RPP are to increase the amount of affordable rental units available to low income households earning up to 60% area median income. The objective of ISHP are to increase the amount of affordable rental units available to households earning below 50% of area median income and create units for persons with disabilities.
6	**State Program Name:**	HOME: Affordable Homeownership
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	HOME funds are used to increase access to homeownership opportunities by providing down payment assistance and affordable mortgages to eligible households earning up to 80% of area median income. The Community Partners Loan Pool (CPLP) and the Self-Help Loan Pool (SHLP) work with participating nonprofits and local governments to identify potential homebuyers and provide either down payment assistance or an interest-free amortizing loan.

PUBLIC COMMENT DRAFT

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

PUBLIC COMMENT DRAFT

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	N/A
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	N/A

PUBLIC COMMENT DRAFT

	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	N/A
	Describe how resources will be allocated among funding categories.	An estimated 24% of HOME funds will go toward home rehabilitation, 37% toward rental development and 29% for homeownership activities. An estimated 90% of HTF will go towards rental development, including new construction, rehabilitation and operating reserves (up to 33% of funds may be used)

PUBLIC COMMENT DRAFT

	Describe threshold factors and grant size limits.	For Self-Help Loan Pool, eligible home buyers can receive up to $35,000 in SHLP funds. However, borrowers purchasing a home in an Underserved County (i.e. counties with no or few existing SHLP home buyers) can receive up to $50,000 is SHLP funds. For the Community Partners Loan Pool, the maximum loan amount is 20% of the sales price or $30,000, whichever is less, when combined with a NC Home Advantage™ Mortgage. If CPLP is combined with a USDA 502 Direct Loan, the maximum loan is 10% of the sales price or $30,000, whichever is less.
	What are the outcome measures expected as a result of the method of distribution?	For both homeownership programs, the objectives are to assist qualified households to become home owners, increase homeownership opportunities in underserved counties, to increase the capacity of housing nonprofits and local governments to produce more affordable homes, and to encourage the production of healthy, energy efficient homes.
7	**State Program Name:**	HOME: Owner-Occupied Housing Rehabilitation
	Funding Sources:	HOME

PUBLIC COMMENT DRAFT

OMB Control No: 2506-0117 (exp. 09/30/2021)

	Describe the state program addressed by the Method of Distribution.	HOME funds are used for the rehabilitation or reconstruction of existing housing units. Rehabilitation investments help low-income veterans, seniors, children threatened by lead hazards and people living with disabilities remain in their homes. The Essential Single-Family Rehabilitation Loan Pool (ESFRLP) provides forgivable loans (grants for soft costs and admin) to home owners through regional agencies, units of local government, and nonprofit organizations. Funds are disbursed on a unit-by-unit basis with a first-come, first-approved "limited pool" to reimburse soft cost expenses for assisted units that do not meet the SFRLP (Essential) rehabilitation standard due to no fault of the Member (i.e., homeowner dies before rehabilitation has started). SFRLP (Essential) funds are targeting homeowners below 80% of area median income with elderly, disabled and/or Veteran, fulltime household members or a child under 6 years old frequently present in a home with lead hazards. Also, these households are targeted to specific geographic areas including all entitlements except 5 CDBG large entitlements (Durham, Charlotte, Greensboro, Raleigh, and Winston-Salem).
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	For more information on program guidelines, visit: https://www.nchfa.com/homeownership-partners/community-partners/community-programs/single-family-rehabilitation-loan-pool/forms-and-resources.

PUBLIC COMMENT DRAFT

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	N/A
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	N/A

PUBLIC COMMENT DRAFT

	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	N/A
	Describe how resources will be allocated among funding categories.	An estimated 24% of HOME funds will go toward home rehabilitation, 37% toward rental development and 29% for homeownership activities. An estimated 90% of HTF will go towards rental development, including new construction, rehabilitation and operating reserves (up to 33% of funds may be used)

PUBLIC COMMENT DRAFT

	Describe threshold factors and grant size limits.	Partners receive at least $162,000 and may use up to $50,000 per unit; if hazards such as lead, asbestos, radon or other environmental hazards are found on the property, the homeowner is eligible to receive additional funds to correct these issues. The Partner can receive up to 10% of total costs in admin.
	What are the outcome measures expected as a result of the method of distribution?	The objectives of the ESFRLP are to assist eligible homeowners across the state, facilitate ageing in place amongst elderly and disabled household members, remove environmental toxins from low-income housing stock and to promote the long-term health, safety, affordability and energy efficiency of assisted units.
8	**State Program Name:**	Housing for Persons with AIDS
	Funding Sources:	HOPWA

PUBLIC COMMENT DRAFT

	Describe the state program addressed by the Method of Distribution.	
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	

PUBLIC COMMENT DRAFT

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	

PUBLIC COMMENT DRAFT

OMB Control No: 2506-0117 (exp. 09/30/2021)

	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	
	Describe how resources will be allocated among funding categories.	

PUBLIC COMMENT DRAFT

	Describe threshold factors and grant size limits.	
	What are the outcome measures expected as a result of the method of distribution?	

PUBLIC COMMENT DRAFT

Discussion:

PUBLIC COMMENT DRAFT

AP-35 Projects – (Optional)

Introduction:

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

#	Project Name

Table 9 – Project Information

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

PUBLIC COMMENT DRAFT

AP-38 Project Summary

Project Summary Information

PUBLIC COMMENT DRAFT

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

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

No

Available Grant Amounts

Acceptance process of applications

PUBLIC COMMENT DRAFT

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

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

No

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

PUBLIC COMMENT DRAFT

AP-50 Geographic Distribution – 91.320(f)

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

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

ESG:

HOME:

NHTF:

Geographic Distribution

Target Area	Percentage of Funds
Statewide	100

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

CDBG: The primary statutory objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities. These grants primarily serve persons of low- and moderate-income, as the State must ensure that at least 70 percent of its CDBG grant funds are used for activities that benefit these persons.

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

Discussion

None

PUBLIC COMMENT DRAFT

Affordable Housing

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

Introduction:

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	2,500
Special-Needs	983
Total	3,483

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

One Year Goals for the Number of Households Supported Through	
Rental Assistance	228
The Production of New Units	1,700
Rehab of Existing Units	300
Acquisition of Existing Units	285
Total	2,513

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

Discussion:

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

For HOME and HTF, an estimated 1700 new units will be produced, 185 units will be rehabilitated, and 285 units will be acquired for homeownership.

PUBLIC COMMENT DRAFT

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

Introduction:

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

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

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

Discussion:

PUBLIC COMMENT DRAFT

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

Introduction

One of the State of North Carolina's highest priorities is affordable housing, especially for persons experiencing homelessness and other special needs.

The Emergency Solutions Grant (ESG) Program is targeted at homeless activities, as described below. The HOME American Rescue Plan (ARP) Program will also be targeted at homeless and homeless prevention activities.

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

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

In 2022, Governor Roy Cooper is reestablishing the ICCHP.

Additionally, CDBG NR ... emergency shelter and transitional housing as stand alone projects. elderly, disabled, ...

Addressing the emergency shelter and transitional housing needs of homeless persons

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

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly

PUBLIC COMMENT DRAFT

funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

Discussion

PUBLIC COMMENT DRAFT

AP-70 HOPWA Goals – 91.320(k)(4)

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

PUBLIC COMMENT DRAFT

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

Introduction:

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

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

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

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

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

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

PUBLIC COMMENT DRAFT

objectives for the state to pursue.

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

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

Discussion:

PUBLIC COMMENT DRAFT

AP-85 Other Actions – 91.320(j)

Introduction:

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

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

Actions planned to address obstacles to meeting underserved needs

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

Actions planned to foster and maintain affordable housing

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

Actions planned to reduce lead-based paint hazards

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

Actions planned to reduce the number of poverty-level families

The NC Plan Partners work to address the housing and community development needs of individuals and households earning below 80% area median income. The programs and services detailed in this plan increase the financial stability and economic opportunity of these individuals and households through the provision of safe and affordable housing and support services. Low-income households who live in affordable housing are able to spend 19% more each month on food, health care, and other non-housing essentials. Affordable housing situated in areas of opportunity can increase access to quality

PUBLIC COMMENT DRAFT

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

Actions planned to develop institutional structure

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

Additionally, in 2022, the Governor of North Carolina will appoint and convene members of the North Carolina Interagency Council for Coordinating Homeless Programs. ICCHP brings together agency leaders, state representatives, and community members. The primary charge of ICCHP is to develop a plan with actionable strategies to prevent and end homelessness across North Carolina while increasing opportunities for housing stability and improving health and wellbeing. The plan also dovetails with existing plans, builds on effective programs and strategies underway, and drives statewide coordination and action to prevent and end homelessness.

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

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

Further the plan includes five goals with one focusing on increasing coordination among state agencies. The plan is scheduled to complete development and begin implementation in 2022.

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

Consolidated planning partners foster relationship above and beyond the five programs. By partnering with developers, local and regional governments, social service agencies and non-profit organizations, the State has invested in the systems and structures required to implement programs while upholding

PUBLIC COMMENT DRAFT

standards of quality and affordability through monitoring and compliance.

Discussion:

PUBLIC COMMENT DRAFT

Program Specific Requirements

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

Introduction:

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

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.320(k)(1)

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

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

Other CDBG Requirements

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

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.320(k)(2)

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

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

PUBLIC COMMENT DRAFT

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

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

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

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

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

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

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

PUBLIC COMMENT DRAFT

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

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

   In accordance with 24 CFR 576.500 (b), the recipient must maintain and follow written intake procedures to ensure compliance with the homeless definition in §576.2. The written standards procedures must require documentation at intake of the evidence relied upon to establish and verify homeless status. The procedures must establish the order of priority for obtaining evidence as third-party documentation first, intake worker observations second, and certification from the person seeking assistance third. Each subrecipient written standards are reviewed annually by the state using a HUD checklist.

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

   As part of the on-going on-site monitoring done by the ESG program office, compliance with centralized coordinated assessment will be added to the process and technical assistance will be provided.

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

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

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

   The NC ESG Program requires each sub-recipient to identify a homeless or formerly homeless person that is a member of the agency Board of Directors. Agencies may request a waiver of homeless participation and identify a written process whereas homeless or formerly homeless individuals are consulted in considering policies and funding decisions.

5. Describe performance standards for evaluating ESG.

   The NC ESG Program uses performance measures rubrics as a tool to determine the success of a

OMB Control No: 2506-0117 (exp. 09/30/2021)

PUBLIC COMMENT DRAFT

project and how well services and products are being delivered. Together they enable the NC ESG Program gauge efficiency, determine progress toward desired results and accesses if sub recipients are meeting goals. Sub recipients must adhere to:

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

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

1. How will the grantee distribute its HTF funds? Select all that apply:
2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

N/A

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

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

The State will primarily distribute its HTF funds to eligible applicants through the Rental Production Program (RPP) and Integrated Supportive Housing Program (ISHP), which both provide long-term financing for the construction of new, affordable rental housing projects. The State will not distribute any HTF funds through subgrantees. The State will require that all recipient applications contain a description of the eligible activities to be conducted with HTF funds and that each eligible recipient certify that housing assisted with HTF funds will comply with HTF requirements.

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

NCHFA will use the application process and eligibility requirements described in North Carolina's Qualified Allocation Plan (QAP) in awarding HTF funds (available online). The QAP details applicant eligibility, eligible activities, what applications must include, when and where applications are to be

OMB Control No: 2506-0117 (exp. 09/30/2021)

PUBLIC COMMENT DRAFT

submitted, the criteria by which applications will be evaluated, who will review applications, and when awards are to be made.

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

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

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

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

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

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

OMB Control No: 2506-0117 (exp. 09/30/2021)

PUBLIC COMMENT DRAFT

of the application for projects requesting HTF funds to verify the applicant's ability to meet all deadlines

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

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

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

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

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

The QAP indicates what the State has determined to be the priority housing need(s) it intends to address based on the outcome of its HTF citizen participation process and priority needs indicated in its current Con Plan. The State's Con Plan defines households earning 30 percent or less of the AMI to be a high-

PUBLIC COMMENT DRAFT

priority population. The QAP requires that at least 25 percent of the qualified low-income units in a proposed tax credit project be affordable to and occupied by households with incomes at or below 30 percent of AMI to be eligible to receive HTF funds.

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

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

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

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

Yes

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

Yes

7. **Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.** Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

PUBLIC COMMENT DRAFT

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

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

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

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

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

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

See attachment

PUBLIC COMMENT DRAFT

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

N/A

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

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

N/A

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

N/A

Discussion:

PUBLIC COMMENT DRAFT

PUBLIC COMMENT DRAFT