

Housing Trust Fund Outlook: NCSHA 2010 Annual Conference

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- I. Extremely Low Income unit production in North Carolina
 - A. nearly 30% of the 10,000 Housing Credit units funded in the last five annual cycles
 - B. similar amount for other programs (e.g. homeowner rehab)
- II. Three basic approaches to producing ELI units, listed in order
 - A. Federal project-based operating subsidy; divides into new construction and rehabilitation
 1. new construction examples
 - combining with HUD 202 & 811, particularly the latter using the Melville demonstration
 - including as part of mixed-finance for redeveloping public housing (ACC units)
 2. rehabilitation examples
 - older project-based Section 8 properties
 - USDA Rural Development Section 515
 3. there may be conflicts- some programs do not allow owners to refuse occupancy because of a household being between 30% and 80% of AMI
 4. accounts for approximately 2/3 of Housing Credit ELI production in NC
 - B. Mixed-income housing
 1. higher rent units provide an internal subsidy
 2. subsidized loans reduce debt service
 3. includes properties where all units are targeted below 60% AMI; unrestricted units make this approach more difficult in most markets
 4. accounts for approximately 1/4 of Housing Credit ELI production in NC
 - C. Using a capital source to cover future cash flow shortfalls; divides into program and project level
 1. program level involves setting funds aside for several projects
 - allows for efficiency and administrator control
 - probably not possible with federal funds under OMB rules
 2. create project level reserve held at financial institution
 - difficult question of sizing, problems with being too large or small
 - will need to be monitored carefully
 3. mismatch between one-time funds and ongoing costs creates unavoidable challenges
 4. program level accounts for approximately 1/10 of Housing Credit ELI production in NC
- III. Thoughts for implementation of the National Housing Trust Fund
 - A. Apply #1 lesson from ARRA: keep it simple as there will be unforeseen challenges
 - B. Use with existing activities as much as possible; consider it a source, not a stand-alone program
 - C. Both HOME and Housing Credit allocation staff have relevant experience