

HOME-ARP Summary

The North Carolina Housing Finance Agency received \$65,590,727 million in [HOME-ARP](#) funds through the American Rescue Plan Act of 2021 to assist people experiencing homelessness, those at risk of becoming homeless and other vulnerable populations. These funds are intended to reduce homelessness and housing insecurity and may be used to develop rental housing and non-congregate shelter, provide supportive services or offer tenant based rental assistance. U.S. Department of Housing and Urban Development (HUD), which oversees the HOME-ARP funds, requires all state and local recipients to submit a plan summarizing the intended use of the funds. This notice provides a summary of the NC Housing Finance Agency's HOME-ARP Allocation Plan for the state. The complete plan can be found at <https://www.nchfa.com/about-us/home-american-rescue-plan>.

The plan consists of three key elements: the needs assessment, a quantitative analysis of the state's housing needs for individuals experiencing homelessness; extensive consultations with key stakeholders; and an outline of the program that will utilize the HOME-ARP funds.

The needs assessment found 9,280 individuals experienced homelessness in North Carolina, either residing in a homeless shelter or other place not meant for human habitation, on one night in January, according to the 2020 Point in Time Count. In total, more than 27,000 North Carolinians experienced homelessness at some time in 2020. Low-income households are at greater risk of homelessness as they are disproportionately cost-burdened, meaning they spend more than 30% of their income on housing, which puts them at greater risk of homelessness. Over one million low-income North Carolina renter households (those earning less than 50% of the area median income) are housing cost burdened.

The NC Housing Finance Agency consulted with a variety of stakeholders through virtual meetings, listening sessions and online surveys to help inform the HOME-ARP Allocation Plan. These groups included local public housing agencies, local HOME participating jurisdictions (PJ) who received their own HOME-ARP funds, Continuum of Care organizations and service providers. Additional discussions were held with statewide organizations such as the NC Coalition to End Homelessness, Veteran Services of the Carolinas, NC Office of Resiliency and Recovery and the NC Department of Health and Human Services, among others. A full list of stakeholders can be seen in the plan.

The severe lack of affordable and available rental units in North Carolina was the most consistent message received from all stakeholders. If a household is able to secure a rental subsidy, they are often unable to utilize a voucher due to lack of landlord participation and insufficient unit availability, making affordability a central concern. Additionally, stakeholders identified significant geographic gaps in the emergency shelter services. Specifically, 22 counties have no shelter of any kind, while other regions that do have shelters available do not serve all of the populations in need in that area. The need for supportive services to help households locate and maintain housing was another prevalent concern among many stakeholders.

The quantitative and qualitative analysis clearly demonstrates the need for all four of the HOME-ARP eligible uses (rental development, non-congregate shelter development, supportive services and tenant-based rental assistance). However, since need far outstrips the funding, the needs assessment helped to prioritize the potential uses. As a result, the State's HOME-ARP Program will focus on rental development and geographically targeted non-congregate shelter development.

The majority of the HOME-ARP funds, \$49,752,118, will be allocated to the development and operation of rental units. The Agency anticipates generating 165 rental units supported by an operating reserve for the entire 15-year compliance period. The operating reserve will eliminate the need for any type of additional rental subsidy, ensuring affordable rents for all low-income households in the developments, including those with no income. It is anticipated that most of the qualifying populations will earn less than 30% of the area median income. As a result, the affordable rents for qualified households will be lower than what it may cost to maintain the building and units. The operating reserve will fill the gap between what tenants can pay and the costs required to manage the property for 15-years. Rental development applications will be accepted for projects across the state. However, leveraging of local funds is a requirement for applications received from areas served by a local PJ and optional for applications received from areas not served by a local PJ.

The NC Housing Finance Agency will allocate \$6,000,000 for the development and acquisition of non-congregate shelter, anticipating the production of two to three projects. Funds for non-congregate shelters are reserved for areas not served by a local PJ, or areas with no existing shelter.

The Agency is aware that qualified applicants from areas with fewer resources, who may be less familiar with the complex requirements of federal funds, may need more time to make a successful application come together. As a result, the Agency will use up to \$3,279,536, of the \$9,838,609 administrative funds, to hire a consultant(s) to assist these applicants in applying for HOME-ARP funds.

For more information about the HOME-ARP funds or to read the HOME-ARP Allocation Plan in its entirety, please visit <https://www.nchfa.com/about-us/home-american-rescue-plan>.