



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

June 2020

Report No. 2020-05

North Carolina Housing Finance Agency Should Improve Performance Management and Reexamine How It Distributes Resources to Localities

Highlights

IN BRIEF: The North Carolina Housing Finance Agency (NCHFA) manages 16 programs and partners with the Department of Health and Human Services on 5 additional programs to address a range of housing needs for low- and moderate-income households. NCHFA uses a local partner funding model for some of these programs, which contributes to uneven implementation across the state. Beyond this programmatic issue, NCHFA has a limited strategic planning process and performance management system, hampering evaluation of the Agency's programs. NCHFA is required to report to the General Assembly on several topics, but the required reports are incomplete and could be improved to provide more instructive information.

BACKGROUND: The General Assembly established the North Carolina Housing Finance Agency in 1973. NCHFA initially focused on issuing tax-exempt bonds to finance rental housing development and mortgages for low-income and moderate-income households. Since then, NCHFA has grown to include programs concentrated on affordable rental development, home ownership, repair and rehabilitation, foreclosure prevention, and programs administered in partnership with DHHS. It is important to ensure all of the Agency's programs are operating effectively and efficiently and are serving NCHFA's mission.

NCHFA's local partner program funding model contributes to uneven local implementation of certain programs.

Implementation of four NCHFA programs (Community Partners Loan Pool, Self-Help Loan Pool, Urgent Repair Program, and Essential Single-Family Rehabilitation Loan Pool) relies on local partner organizations such as regional councils of government, cities, counties, and nonprofits. However, not every county has a local partner for every program. Further, some local partners struggle to cover administrative costs of certain programs that are not paid with grant funds from NCHFA. As a result, program implementation is uneven; several counties lack local partners or have limited program operations.

Recommendation: The General Assembly should direct NCHFA to examine modifications to community partner programs that will ensure program activity in counties throughout the state, particularly those with fewer local resources to operate programs.

The North Carolina Housing Finance Agency's limited strategic planning and performance management impede evaluation of Agency performance.

NCHFA completed a strategic plan in November 2018. However, the plan is limited because it lacks detailed programmatic goals and objectives, which are essential for accountability. Partly due to the inadequacy of its strategic plan, NCHFA's performance management system also is lacking. NCHFA cannot objectively gauge the success of its programs because the Agency fails to track program outcomes and set program objectives. Proper strategic planning and an effective performance management system would provide a means for stakeholders, including the General Assembly, to assess the effectiveness of NCHFA.

Recommendation: The General Assembly should direct NCHFA to develop a strategic plan every three to five years and implement a performance management system that includes measurable annual objectives for each NCHFA program and performance measures that include outcomes. NCHFA should contract with an independent expert with strategic planning experience to assist in the development of its next strategic plan.

Required reporting to the General Assembly is incomplete and fails to provide sufficient information for legislative oversight.

The Program Evaluation Division reviewed seven reporting requirements that NCHFA must meet on a yearly or twice-yearly basis. Currently, NCHFA is fully meeting requirements for two of these seven reports. Other reports are either not being submitted or are incomplete due to a lack of data or context. Consolidating the seven reports into one comprehensive report that contains detailed performance and financial data would ease the reporting burden on NCHFA and improve the quality of reported information.

Recommendation: The General Assembly should eliminate reporting requirements that are no longer relevant and consolidate all other reports into a comprehensive annual report that is submitted to the Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on General Government, Fiscal Research Division, Office of State Budget and Management, and Local Government Commission by October 1 of each year.