



## **Notice of Funding Availability (NOFA) Affordable Rental Housing Rehabilitation 2024**

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### **1 STATEMENT OF PURPOSE**

The City of Raleigh Community and Small Business Development Division of the Housing & Neighborhoods Department (Department) announces the availability of approximately \$500,000 to finance repairs and rehabilitation to support the preservation of affordable rental units. This funding is intended for smaller-scale rental properties (e.g., properties with one to four units, small multifamily residential properties).

Funding provided through this Notice of Funding Availability (NOFA) may include federal Community Development Block Grant (CDBG) funds. For more information on requirements associated with CDBG funding, see Section 5, Funding Guidelines.

Applicants must affirm that they will satisfy the housing referral requirement: at least 20% of the total units in the property must be set aside for referrals from City-approved housing program(s) including but not limited to the [Bringing Neighbors Home Pilot Program](#).

All funding awards may be contingent upon approval by Raleigh City Council. All properties must be located within Raleigh City limits to be eligible.

The application deadline for this NOFA is **December 6, 2024, at 4:00 PM ET**. Applications must be received via email to Annie Baumann-Mitchell, Housing Programs Manager, at [Rental.Development@raleighnc.gov](mailto:Rental.Development@raleighnc.gov). Any written questions pertaining to this Notice of Funding Availability (NOFA) should be addressed to the email address above as well. Only written questions submitted via email will be accepted.

## 2 ELIGIBILITY REQUIREMENTS

### Eligible Applicants

- Funding is available to private nonprofit or for-profit entities that own and operate affordable rental housing.
- Applicants must pay a non-refundable fee of \$50 per application.
- Applicant must have acceptable credit history for the past twelve (12) months and acceptable financial statements for the property in question.
- Applicant and/or property cannot have outstanding tax liens.
- Applicant must agree to rent the property to eligible low-income tenants earning no more than 80% of the Area Median Income (AMI) for the duration of the affordability period. (Annual monitoring and compliance of tenant income certifications and rents may be required).
- Applicant must agree to set aside at least 20% of the total units in the property for tenants referred from City-approved housing program(s) including but not limited to [Bringing Neighbors Home Pilot Program](#).

### Eligible Properties and Projects

- Property must be located within Raleigh City limits.
- Property must have at least two (2) major building systems in or at imminent risk of failure and/or have housing code violations cited by the City. Projects may include major rehabilitation of properties, energy and water efficiency upgrades, and accessibility improvements.
- Estimated cost of rehabilitation work cannot exceed 75% of the total estimated replacement cost of the property after rehabilitation.
- Project cannot include any change in land use and cannot increase the unit density in the property by more than 20%.
- For properties with more than four (4) units, installation of broadband infrastructure must be included in the project scope, if the property does not already have broadband.\*
- Preference for properties that have not been tenant-occupied within the last six (6) months. For properties that do not meet this criterion, application must specify the number of current tenants.
- **Project should be able to start work, including having all necessary building permits in place, by March 1, 2025.**

### Eligible Costs

- Labor, materials, and other costs of rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or

enhancement of existing structures and improvements, removal and abatement of lead-based paint, and abatement of asbestos hazards (and other contaminants) in buildings.

- Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment.
- Improvements to increase the efficient use of water through such means as water savings faucets and shower heads and repair of water leaks.
- Improvements designed to remove material and architectural barriers that restrict the mobility and accessibility of people with disabilities, to include but not limited to: installing ramps and handrails, widening doors, lowering cabinets and counters, lever style door hardware, accessible bathroom fixtures, retrofitting showers, and installing grab bars.
- Installation of broadband infrastructure.\*

*\*Any substantial rehabilitation of a building with more than four (4) units must include installation of broadband infrastructure.*

### 3 APPLICATION CRITERIA

Applicants may request funding to preserve affordable rental units according to the criteria below.

Item	Criteria
Referral Requirement	A minimum of 20% of total property units shall be set aside for referrals from City-approved housing program(s)
Affordability	Upon project completion, rents for all units in the property must not exceed the current rent limits for households earning no more than 80% of AMI (see Appendix II)
Eligible Costs	Hard costs of rehabilitation work (i.e., labor, materials, etc.) and soft costs associated with rehabilitation work (i.e., legal and accounting fees, architectural and engineering fees, developer fees, etc.)
Funding Type	Loan
Repayment Terms	Negotiated depending on a project's needs (deferred and/or forgivable loan may be possible)
Lien Position	First or subordinate with conditions
Interest Rate	0-3%, depending on a project's needs
Loan Term	Negotiated depending on a project's needs
Affordability Period	Coterminous with rehabilitation loan term

Experience	The development and management teams must demonstrate prior successful experience with comparable size and type projects
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Annual monitoring and compliance of tenant income certifications and rents may be required, and selected projects will be subject to affordability requirements for a period no less than the term of the restrictive covenants (i.e., deed restriction) associated with the loan. Compliance monitoring may mirror the City’s policies and procedures for ongoing compliance monitoring for rental projects funded by federal HOME Investment Partnerships Program funds.

#### 4 EVALUATION OF APPLICATIONS

The Department will review applications (see Appendix I) according to the NOFA criteria described in this section and will make recommendations to the Raleigh City Council.

While the NOFA scoring criteria in this section are intended to help inform the City’s selection of an application, the City will select the best overall application when measured against the City’s strategic policy priorities including, but not limited to the City’s Strategic Plan, Comprehensive Plan, and any redevelopment plans adopted by the City Council.

The NOFA scoring criteria are shown in the table below and detailed descriptions are in the narrative below the table. Applications must score a minimum of 80 points to be considered for funding.

Scoring Criteria	Max Points
Financial Feasibility	45
Location and Site	15
Sustainability and Accessibility	10
Project and Management Team	30
<b>Total Points Possible</b>	<b>100</b>

##### **Financial Feasibility (45 points)**

###### ***Reasonableness of Project Costs (20 points)***

Applications will earn points on a sliding scale from zero (0) to twenty (20) based on reasonableness of project costs. Project budget must include all sources and uses of funds, and uses must be supported by quotes, bids or other documentation showing estimated repair costs.

###### ***Financial Feasibility and Sustainability (15 points)***

Applications will earn points on a sliding scale from zero (0) to fifteen (15) based on evidence of the ability to ensure ongoing financial feasibility and sustainability of the property (i.e., ability to cover operating expenses, reserves).

###### ***Leveraging (10 points)***

Applications will earn points on a sliding scale from zero (0) to ten (10) based on evidence of securing funding commitments from other funders and show an ability (i.e., dollar amounts committed, percent of total project budget committed) to satisfy the entire project budget.

### **Location and Site (15 points)**

Properties located in areas where there are few subsidized housing units close to public transportation and/or employment centers will receive priority. Sites that have a high noise level, are near concentrations of low-income housing, or are near nuisances will receive lower scores. The Department also will evaluate projects by their proximity to public transportation and services.

### **Sustainability and Accessibility (10 points)**

Applications will earn points on a sliding scale from zero (0) to ten (10) based on the project's sustainability and accessibility features after rehabilitation. Such features may include but are not limited to: high performance building design and materials, adherence to green building standards, use of Green Stormwater Infrastructure (GSI), recycling measures during construction and ongoing building operations, and Universal Design or other accessibility features. Sustainability and accessibility features should be documented through work specifications.

### **Project and Management Team (30 points)**

The Department will consider the capacity and experience of the project and management team, including prior track record and current project status for organizations that have worked with the City before. The application should include descriptions of the property management team's experience in managing income-restricted properties and its track record in effective property maintenance.

#### ***Demonstration of Property Rehabilitation Experience (10 points)***

Applications will earn points on a sliding scale from zero (0) to ten (10) based on demonstration of the applicant's prior experience with projects of comparable size and type. Consideration in this category will include the applicant's full team, not just the property owner.

#### ***Demonstration of Management Experience (10 points)***

Applications will earn points on a sliding scale from zero (0) to ten (10) based on demonstration of the applicant's prior experience with managing comparable size and type rental properties. Demonstrated experience managing income-restricted rental properties will be a key scoring factor. Consideration in this category may include the applicant's full team, not just the property owner.

#### ***Evidence of Financial Capacity to Execute Project (10 points)***

Applications will earn points on a sliding scale from zero (0) to ten (10) based on evidence of the applicant's financial capacity to execute the proposed project. Past performance and current project status will be considered for organizations that have previously worked with the City; points will be awarded based on an applicant's track record of financial and project management and demonstrated ability to meet project deadlines.

## **5 FUNDING GUIDELINES**

Applicants receiving federal CDBG funds will be required to adhere to applicable regulations and requirements.

- The property/project must pass an Environmental Review completed by the City. **No applicant may undertake any choice-limiting actions (including, but not limited to,**

**signing a lease/sales agreement, rehabilitation, repair, demolition or construction) after applying for funds** and no applicant will receive a commitment letter for funding until the Environmental Review has been completed.

- The project may be required to adhere to additional federal requirements including, but not limited to:
  - Buy America Preference (Build America, Buy America)
  - Federal Procurement Requirements
  - Davis Bacon – 24 CFR 92.354
  - Section 3 – 24 CFR Part 75
  - Affirmative Fair Housing Marking
  - National Environmental Policy Act (NEPA) under 24 CFR Part 58

## **6 APPLICATION SUBMISSION**

Applications and attachments (See Appendix I - Application Submission Checklist) will only be accepted via email to [Rental.Development@raleighnc.gov](mailto:Rental.Development@raleighnc.gov).

Applications must be completed, dated, and electronically signed with all required attachments emailed to the email address above prior to the application deadline.

For questions, please contact:

Annie Baumann-Mitchell, Housing Programs Manager  
City of Raleigh  
[Rental.Development@raleighnc.gov](mailto:Rental.Development@raleighnc.gov)

**Hard copy applications will not be accepted.  
Late or incomplete applications will not be accepted.**

## **7 RIGHTS TO SUBMITTED MATERIAL**

All applications and supporting materials, as well as correspondence relating to this NOFA, shall become the property of the City unless the material is qualified to be a trade secret under North Carolina law. Any proprietary data must be clearly marked as such in the manner required by North Carolina law and marked “Trade Secret Materials.” In submitting an application, each applicant agrees that the City may reveal any trade secret materials contained in such response to all City staff and City officials involved in the selection process and to any outside consultant or other third party who serves on the evaluation team or who is hired by the City to assist in the selection process.

The City may retain all applications submitted and to use any ideas in an application regardless of whether that application is selected. Submission of an application indicates acceptance by the applicant of the conditions contained in this NOFA.

## **8 RIGHTS TO REJECT APPLICATIONS**

The City may reject any and all applications received as a result of the NOFA and reserves the right to negotiate the terms of any funding provided so as to best serve the interests of the City.

## **APPENDIX I**

### **APPLICATION SUBMISSION CHECKLIST**

The following attachments and information as listed below must be included in the application for an application to be complete.

- Signed and notarized cover letter stating (a) applicant has authority to submit a response to the NOFA, (b) applicant accepts the terms and conditions in the NOFA, and (c) briefly describing the proposed project and the proposed terms of funding requested (i.e., dollar amount, interest rate, loan term, etc.) from the City.
- Completed Rental Rehabilitation Application (Appendix III).
- Location map clearly indicating the property.
- Site plan for property (i.e., survey, plat, or tax map).
- Evidence of property ownership (i.e., deed).
- Project budget to include all sources and uses of funds (uses must be supported by quotes, bids or other documentation showing anticipated rehabilitation costs).
- Project pro forma showing cash flow to cover project expenses.
- Preliminary plans and work specifications.
- Appraisal (if available).
- Phase I ESA (if available).
- Project timeline.
- Resume, organizational chart and other qualifications of the applicant and project team (i.e., architect, general contractor, etc.) including a list and brief description of all comparable projects undertaken in the last five (5) years.
- Current year operating budget for the applicant.
- Most recent Audited Financial Statements (AFS) for the applicant, or similar.
- Letters of support from other agencies and funding sources with whom you intend to collaborate.
- Description of how the applicant intends to recruit/use small, disadvantaged minority & women-owned businesses in the project.
- List of two (2) authorized signers for contracts, on organization letterhead.
- By-laws, if applicable.
- Articles of Incorporation, if applicable.
- 501(c)3 determination letter, if applicable.
- List of board members with terms, if applicable.
- A resolution or copies of the minutes from board meeting during which submittal of the NOFA application to the City was approved, if applicable.

## APPENDIX II

### INCOME AND RENT LIMITS

Current affordable income limits by income level (AMI percentage) and household size, along with rent limits by income levels and efficiency/bedroom size are listed below (effective as of June 1, 2024). Department staff will update affordable income and rent limits annually once they are published and become effective by the U.S. Department of Housing and Urban Development (HUD).

**Please note that the rent limits represent total housing payments and do not include tenant-paid utilities.** Property owners/managers will be responsible for calculating the applicable Utility Allowance based on the Raleigh Housing Authority’s most recent utility allowance schedule and subtracting that utility allowance from the appropriate rent limit in the table below to calculate the maximum contract rent that may be charged.

#### Income Limits\*

Income Level	Household Size							
	1	2	3	4	5	6	7	8
<b>30% AMI</b>	\$25,710	\$29,370	\$33,030	\$36,690	\$39,630	\$42,570	\$45,510	\$48,450
<b>60% AMI</b>	\$51,420	\$58,740	\$66,060	\$73,380	\$79,260	\$85,140	\$91,020	\$96,900
<b>80% AMI</b>	\$68,560	\$78,320	\$88,080	\$97,840	\$105,680	\$113,520	\$121,360	\$129,200

#### Rent Limits\*

Income Level	Number of Bedrooms					
	Efficiency	1	2	3	4	5
<b>30% AMI</b>	\$642	\$688	\$825	\$954	\$1,064	\$1,174
<b>60% AMI</b>	\$1,285	\$1,377	\$1,651	\$1,908	\$2,128	\$2,349
<b>80% AMI</b>	\$1,714	\$1,836	\$2,202	\$2,544	\$2,838	\$3,132
<b>City Utility Allowances**</b>	Must be determined for each individual unit or identical units in a project					

\* Income and rent limits subject to change. Income limits are published annually by HUD (available online: <https://www.huduser.gov/portal/datasets/il.html>). Rent limits are consistent with the Low-Income Housing Tax Credit program and are calculated by the City using the Novogradac Rent and Income Limit calculator, available online: <https://www.novoco.com/resource-centers/affordable-housing-tax-credits/rent-income-limit-calculator>.



\*\*The current Raleigh Housing Authority published utility allowance schedule is available online:  
<https://www.rhaonline.com/section-8-landlords/>.

## APPENDIX III RENTAL REHABILITATION APPLICATION

Full legal name of Applicant: \_\_\_\_\_

Property address: \_\_\_\_\_

Year property was built: \_\_\_\_\_

Total number of units: \_\_\_\_\_

# Efficiency units: \_\_\_\_\_ # 1BR units: \_\_\_\_\_ # 2BR units: \_\_\_\_\_

# 3BR units: \_\_\_\_\_ # 4BR units: \_\_\_\_\_ # 5BR units: \_\_\_\_\_

Has the property been occupied in the past six (6) months?  Yes  No

*If yes, provide occupancy details for all current and recent (past six months) tenants below.*

	Tenant/Hhld Last Name	Hhld Size	Address/ Unit #	Is Unit Income Restricted? (<80% AMI)	Current Rent	Current Tenant? (Y/N)	Dates of Tenancy
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							

<b>19</b>							
<b>20</b>							

Total estimated project budget: \_\_\_\_\_

Amount of funding requested from the City:\* \_\_\_\_\_

Requested interest rate (0-3%):\* \_\_\_\_\_ Requested loan term (years):\* \_\_\_\_\_

***\*Must be supported by project pro forma/cash flow***

Description of proposed rehabilitation work (**interior**): \_\_\_\_\_

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Description of proposed rehabilitation work (**exterior**): \_\_\_\_\_

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Description of management of the property and experience of the property management entity:

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**Please include the attachments from Appendix I with your application.**

## DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT HAZARDS

### Lead Warning Statement

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, lessors must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Lessees must also receive a federally approved pamphlet on lead poisoning prevention.

### Applicant's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) \_\_\_ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

(ii) \_\_\_ Applicant has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the lessor (check (i) or (ii) below):

(i) \_\_\_ Applicant has provided the City with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

(ii) \_\_\_ Applicant has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Please include the attachments from Appendix I with your application.**