



Notice of Funding Availability (NOFA) Rental Development Program 2026

1) STATEMENT OF PURPOSE

The City of Raleigh’s Housing and Community Development Department announces the availability of Rental Development Program **gap financing** funds for Low-Income Housing Tax Credit (LIHTC) and other affordable rental development projects and invites qualified developers to submit applications for the new construction and/or rehabilitation of affordable multifamily rental housing. As a gap financing program, City funds are intended to serve as a subordinate mortgage and not to provide the primary funding for the development project. The City anticipates that approximately \$4 million in funding will be available to award.

Rental units assisted with City funds must be affordable to households with annual incomes at or below 80% of the area median income (AMI). This does not preclude mixed income developments. A mix of federal HOME Investment Partnerships Program (HOME) funds and local affordable housing funds are made available through this Notice of Funding Availability (NOFA). Funds are available to for-profit and non-profit developers or sponsors of rental housing in the form of construction-to-permanent loans. All funding is contingent upon approval by Raleigh City Council. Applicants awarded Rental Development Program funding will also be responsible for completing the City’s development review and permitting process managed by the Planning and Development Department.

Questions should be addressed to Jasmine Martin, Multifamily Lending Administrator, at 919-996-6976 or rental.development@raleighnc.gov.

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2) APPLICATION DEADLINE AND SCHEDULE

Application Schedule

Item	Timeline*	Description
Application Period Begins	December 17, 2025	NOFA issued
Mandatory Application Pre-Meeting	No later than January 23, 2026 @ 5:00 PM (EST)	All proposers must schedule a mandatory pre-meeting within the application deadline with Jasmine Martin, Multifamily Lending Analyst: rental.development@raleighnc.gov or 919-996-6976.
Application Deadline	January 30, 2026, no later than 5:00 PM (EST)	Applications due for 9% Low-Income Housing Tax Credit (LIHTC), 4% LIHTC (Round 1) and non-LIHTC (Round 1) projects
Evaluation Period	January 30, 2026, to March 31, 2026	Staff evaluates applications. Late and/or incomplete applications will not be considered.
Funding Recommendations	April 2026	Staff submits funding recommendations to City Council. Staff notifies applicants of City Council meeting dates and outcome of City Council funding recommendations.
Preliminary Conditional Commitment Letters	Early May 2026	Awarded developers receive preliminary conditional commitment letters for funding for submission by May 15, 2026, North Carolina Housing Finance Agency (NCHFA) application deadline.
Mandatory Application Pre-Meeting**	No later than August 7, 2026 @ 5:00 PM (EST)	All proposers must schedule a mandatory pre-meeting within the application deadline with Jasmine Martin, Multifamily Lending Analyst: rental.development@raleighnc.gov or 919-996-6976.
Application Deadline**	August 14, 2026, no later than 5:00 PM (EST)	Applications due for 4% LIHTC (Round 2) and non-LIHTC (Round 2) projects.
Evaluation Period**	August 17, 2026, to October 2026	4% LIHTC (Round 2) and non-LIHTC (Round 2) projects.
Funding Recommendations**	Late October 2026	Staff submits funding recommendations to City Council for consideration (e.g., approval, denial). Staff notifies applicants of City Council meeting dates and outcome of final City Council funding recommendations.
Preliminary Conditional Commitment Letters**	November 2026	Awarded developers receive preliminary conditional commitment letters for funding for submission by November 2026.

**Timeline subject to change.*

***All project consideration is subject to funding availability. If all available funding is committed in Round 1, the City will not have a Round 2.*

To view NCHFA's LIHTC timeline and events, click [here](#).

The Department will only receive application packages submitted through the City's online application portal called Neighborly Software. See Section 10 below for full application submission details.

Dates and timelines listed below are subject to change.

9% LIHTC APPLICATIONS: Applications for 9% LIHTC projects must be submitted by January 30, 2026, in line with NCHFA'S timeline for 9% LIHTC awards.

Non-LIHTC AND 4% LIHTC APPLICATIONS: Department staff will conduct two rounds of underwriting during the 2026 cycle. Applications for non-LIHTC and 4% LIHTC projects may be submitted by the following dates:

1. January 30, 2026
2. August 14, 2026

Applications will be received on a rolling basis but underwriting and evaluation will not begin until the next deadline. Any applications submitted by January 30, 2026, will be evaluated together. Any applications submitted between January 30, 2026, and August 14, 2026, will be evaluated together.

Please note that all project consideration is subject to funding availability. If all available funding is committed in Round 1, the City will not have a Round 2.

Contact Housing and Community Development Department staff prior to submission to ensure that funds are available.

Should any project to which the City commits funds return to the City with requests for additional funds, payment changes, changes in terms of funding commitment, units produced, or any other substantial change to the original commitment, the developer may be required to resubmit an application in the next NOFA cycle for the changes to be considered.

3) PROJECT REQUIREMENTS

All projects must meet the following minimum requirements to be considered for funding:

- a) Projects may include the construction of new units, the rehabilitation of existing units or the adaptive re-use of existing structures.
- b) Projects must contain at least 24 rental units.
- c) The property must meet the minimum property standards and all applicable building codes upon completion of construction or rehabilitation. New construction residential buildings must achieve ENERGY STAR Multifamily New Construction certification as required by the NCHFA Qualified Allocation Plan (QAP).

- d) Existing properties should be either vacant, presently occupied by low-income families that meet program income requirements, or have relocation expenses accounted for in budget. (Note: Tenants cannot be asked to relocate in anticipation of applying for City funds.)
- e) The properties must be located within the City limits of Raleigh. Staff will review applications for projects in or be in process of annexation; however, staff will not recommend a project for loan approval if the site is not fully annexed prior to staff making recommendations to City Council.
- f) Projects must have secured site control at the time of application. Staff will review applications that are in the re-zoning process; however, staff will not recommend a loan for approval if the site is not properly zoned for its intended use.
- g) Projects must mirror market-rate quality, offering comparable unit size, design, and materials. Projects must fit into the surrounding neighborhood, provide appropriate connections to nearby amenities, and be located on a site that does not require major additional infrastructure or environmental work. In addition, projects funded with Low-Income Housing Tax Credits must abide by all design requirements of the QAP.
- h) The property must abide by the City's Affordable Housing Location Policy (see Attachment A). Developers should consult the policy during site selection and be aware of and follow the site requirements and evaluation criteria of NCHFA's QAP. Applicants should contact Housing and Community Development Department staff should they have any questions regarding site locations and desirability. Exceptions to the Affordable Housing Location Policy may be considered on a case-by-case basis but are not standard practice.

4) RENT AND INCOME LIMITS

All affordable units are subject to the following income and rent restrictions for the greater of 20 years, the extended use period for any LIHTC project, or as long as the City loan and/or long-term lease agreement affordability period is in effect.

- a) All affordable units must be set aside for households at income and rent limits at or below 80% of the AMI. Income limits are to be adjusted for household size and rent limits for efficiency/bedroom size. For developments using income averaging, only units targeting individuals or families making less than 80% AMI would be considered City-assisted units.
- b) All projects must meet the following income targeting requirements to be eligible for City funding:
 - i) 9% LIHTC projects must set aside 25% of all units as affordable to households earning no more than 30% AMI.*
 - ii) 4% LIHTC projects and non-LIHTC projects must set aside 10% of all units as affordable to households earning no more than 30% AMI.*

**Income limits are to be adjusted for household size and rent limits for efficiency/bedroom size.*

- c) At least 5% of the total units in the property must be set aside for referrals from City-approved housing program(s). The City of Raleigh's Housing and Community Development Department will oversee the referrals.
- d) The City of Raleigh will make final determination of fund source(s) used to finance awarded projects.
- e) If the project is HOME-funded, at least 20% of the units must be set aside for households at or below 50% AMI. Income limits are to be adjusted for household size and rent limits for efficiency/bedroom size. If HOME funds are combined with federal LIHTC funds, additional requirements may apply. Such as projects receiving funding must comply with all applicable federal cross-cutting regulations, a non-exhaustive list can be found in **Attachment B**. Applicants should ensure that project budgets, procurement plans, and construction timelines reflect these federal compliance obligations.
- f) Every assisted unit is subject to maximum rent limits designed to help make rents affordable to low-income households. If the project is HOME-funded, rents must be no more than the HOME program rent limits (less tenant-paid utilities) OR the market rents of comparable housing, whichever is less. Click [here](#) to view the current maximum HOME program rents.
- g) Annual monitoring of tenant income certifications and rents for assisted units may be required.

5) LOAN TERMS

The terms of the City funds will be negotiated consistent with the following guidelines:

- a) Construction-to-permanent financing.
- b) Interest Rate: 0-2%, depending on a project's needs.

- c) Term: 20/30/40 years, or as long as affordability is maintained.
- d) Repayment: Deferred, monthly, or annual payments depending on the population served and the project's needs. The City seeks to structure loan repayment terms that ensure the highest reasonable repayment to the City and that place the City in the highest available repayment position. Cash-flow-based repayment structures will only be considered when required by the project's first mortgage lender and supported by a commitment letter, LOI, or similar documentation. These repayment considerations will be included within the City's scoring and evaluation criteria.
- e) Lien: First or subordinate with conditions.
 - i) Applicants must specify the proposed lien position for the City's loan during both the construction period and permanent phase.
 - ii) If the City's loan is to be subordinate to other debt through a contractual subordination agreement, the City will look to the borrower to provide alternate guarantees of repayment if the contractual subordination extinguishes the City's lien through any process other than a statutory foreclosure under North Carolina law. The City expects to have the protections allowed to a subordinate lender under general North Carolina law to protect its ability to secure repayment.
- f) Right of First Refusal: If the borrower wishes to sell, dispose of or otherwise transfer ownership of the property, the City shall have a right of first refusal to purchase the property. The City and the developer will mutually agree on the specific terms and conditions.
- g) Applicants must provide a proposed construction draw schedule outlines the percentage and anticipated dollar amount of City loan funds to be requested at each major construction milestone (i.e. 25%, 50%, 75%, and Certificate of Occupancy). The draw schedule must align with the approved project budget and overall construction timeline.

6) FINANCIAL PROJECTIONS

The City expects the applicant's development budget to adhere to applicable NCHFA QAP criteria.

7) UNDERWRITING ASSUMPTIONS AND FEE LIMITS

The City utilizes applicable NCHFA QAP criteria for underwriting requirements and fee limits for rental developments. The City funds are provided for gap financing.

8) EVALUATION CRITERIA

The following criteria will be used to evaluate development proposals. The relative importance of the evaluation criteria attempts to track the evaluation criteria of the NCHFA QAP as well as the City's housing goals.

Criteria	Points
Project Viability	
Financial Feasibility	35
Development & Management Team	15
City of Raleigh Policy Goals	
Location	15
Preservation	10
Deeper Income Targeting	15
Sustainability	10
Total	100

Project Viability

a) Financial Feasibility (35 points)

- i. Project is financially feasible with a high probability of moving forward (evidence of commitments from other funding sources, appropriate debt service coverage, reasonable rents, etc.)
- ii. Project costs per square foot (excluding land) in addition to costs per - bedroom are reasonable, as compared to similar projects funded by the City.
- iii. Amount of City subsidy per unit is reasonable, as compared to similar projects funded by the City.
- iv. A market study must show that there is a market for the proposed housing in the area.
- v. Reasonableness of proposed loan terms and structure that align with the requirements laid out in this NOFA.

b) Development and Management Team (15 points)

- i. Capacity and experience of the development team with comparable size and type projects on time and within budget.
- ii. Developers with prior experience with the City will be evaluated on those experiences in addition to history of loan repayment. Developers without previous experience with the City will be asked to provide references from other government entities.
- iii. Capacity and experience of the property management company with comparable size and type projects evidenced by occupancy levels, maintenance and repair of existing rental units, compliance with federal requirements and record keeping and reporting.
- iv. All projects must include a supportive services plan describing how property management and/or a partner service organization to make voluntary services available to very low-income residents.

- v. The City of Raleigh may prioritize projects that contribute to a publicly led development or redevelopment effort, including projects on publicly owned land and projects that are part of a public housing authority redevelopment project.

City of Raleigh Policy Goals

c) Location (15 points)

- i. Proximity to services and/or employment centers and transportation
- ii. Preference will be given to project is located within one-half mile radius of a covered transit stop served at intervals of 30 minutes or better in each direction for 10 consecutive hours each workday (must provide letter from GoTriangle or GoRaleigh to support, send all request for letters to GoRaleigh@RaleighNC.Gov) **OR** project is located within one-half mile radius of a planned Bus Rapid Transit station (must provide letter from GoTriangle or GoRaleigh to support),

Please send all request for letters to GoRaleigh@RaleighNC.Gov

- iii. Proximity to existing affordable housing will be considered in an effort to prevent further concentrations of minority or low-income persons and subsidized housing.

d) Preservation (10 points)

- i. Developments proposing rehabilitation as opposed to new construction within the City limits of Raleigh in order to promote the preservation of existing housing.

e) Deeper Income Targeting (15 points)

Points will be given to developments that meet the following income targeting criteria below.

- i. 9% LIHTC projects which set aside 20% of all units as affordable to households earning no more than 30% AMI and 5% of all units as affordable to households earning no more than 20% AMI.
- ii. 4% LIHTC and non-LIHTC projects which set aside 5% of all units as affordable to households earning no more than 30% AMI and 5% of all units as affordable to households earning no more than 20% AMI.

f) Sustainability (10 points)

- i. Points will be awarded to the extent the development commits to certification or includes measures beyond Energy Star. Examples include, but are not limited to, System Vision, LEED, and Energy Star “NextGen” certification, an Energy Star score higher than what is needed to meet Energy Star Multifamily New Construction Certification. The goal is to include sustainability features such as renewable energy, electric vehicle charging, heat mitigation and adaptation measures like shade or cooling features, conservation and protection of environmental resources, green building, Green Stormwater Infrastructure, water conservation, tree conservation,

recycling of construction and residential waste, energy efficiency, etc. Third party verification may be required, at the City's discretion, to ensure that these standards have been met at completion of rehabilitation or construction.

9) EVALUATION OF PROPOSALS

Applications will be reviewed for completeness and eligibility. All eligible proposals will be ranked according to the criteria stated in this NOFA. Also note that all sources of financing must be identified before a commitment letter will be issued. All sources of financing must be secured before closing. Commitments will be valid for 18 months.

All proposers must schedule an application pre-meeting with Jasmine Martin, Multifamily Lending Analyst, to discuss their application at rental.development@raleighnc.gov or 919-996-6976.

Should any project to which the City commits funding return to the City with requests for additional funds, payment changes, changes in terms of funding commitment, units produced, or any other substantial change to the original commitment, the developer may be required to resubmit an application in the next NOFA cycle for the changes to be considered.

10) APPLICATION SUBMISSION AND FEE

Applications, and attachments (see Application Submission Checklist in Section 12 below) will only be accepted through the City's online application portal, Neighborly Software. To register for a Neighborly Software username and password, please visit the website below:

<https://portal.neighborlysoftware.com/raleighnc/participant>

Applications must be completed, dated, and electronically signed with all required attachments uploaded in Neighborly Software prior to the application deadline to be deemed complete.

For questions regarding Neighborly Software, please contact:

Jasmine Martin, Multifamily Lending Analyst
City of Raleigh
rental.development@raleighnc.gov or 919-996-6976

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

11) RIGHT TO REJECT PROPOSALS

The City reserves the right to reject any and all applications received or to negotiate on the terms of the funds to best serve the interests of the City.

12) APPLICATION SUBMISSION CHECKLIST

A copy of the application form submitted to NCHFA for funding will be required as part of the City application. To be considered complete, the proposal must also include the following supporting documents.

- Nonrefundable application fee of \$100 made payable to the City. Checks should be mailed to:

City of Raleigh, Housing & Community Development
Attn: Jasmine Martin, Multifamily Lending Administrator
421 Fayetteville Street, Suite 1200
Raleigh, NC 27601
- 1 page signed and notarized cover letter stating applicant has the authority to submit a response to the NOFA and applicant accepts the terms and conditions in the NOFA; include a project overview briefly describing the proposed project, population to be served, reason for gap funds need and the specific amount requested from the City
- Signed copy of NCHFA pre-application
- a 20/30/40-year pro forma matching requested loan term (should changes be made, the developer may be required to submit updated application to the City). **Applicant must provide an excel proforma that is unlocked.** They may either provide their own workbook or utilize the City’s Rental Development proforma which can be found [here](#).
- Project schedule (HOME funds require that project construction begin within 12 months of issuing the final commitment letter and be complete within 4 years)
- Location map indicating project site approx. amenities
- Site plan for project site (survey, plat or tax map)
- Evidence of site control (deed, contract of sale, option to purchase or other evidence acceptable to the City)
- Evidence of appropriate zoning for proposed project or evidence that zoning change is in process with a likelihood of approval prior to making recommendations
- Outline plans and specifications, including elevation, floor plans and a site plan
- Resume or other qualifications of the developer or sponsor, including a list of previous projects with current vacancy rates
- Audited financial statements of the developer or sponsor, prepared by an independent third-party auditor.
 - i) Unaudited statements will be accepted for review if audited statements are not available.
- Resume or other qualifications of the property management company

- Supporting documentation for any sustainable or energy– efficiency measures, if applicable
- Supportive services offered, Supportive Services Provider history of providing services to the proposed population, and annual budget for the supportive service delivery
- Letters of Support from other Agencies and Funding Sources with whom you intend to collaborate, for example Alliance Health (Ann Oshel at [AOshel@alliancehealthplan.org](mailto:Ashel@alliancehealthplan.org)), if applicable
- Appraisal (required for all acquisitions prior to closing but not required at application)
- Phase I ESA, if available
- Letter from GoTriangle or GoRaleigh to certify bus service, send all request for letters to GoRaleigh@RaleighNC.Gov, if applicable

ATTACHMENT A
City of Raleigh Affordable Housing Location Policy

Objectives

The purpose of the Affordable Housing Location Policy is to set forth desired outcomes relative to the creation or preservation of affordable multifamily rental housing with the overall goal of affirmatively furthering fair housing choice for all residents. Specific objectives of the Policy include the following:

- To increase the supply of affordable housing in underserved locations near employment and commercial centers;
- To encourage the development of affordable housing near existing and proposed transit services;
- To provide for affordable housing in and near downtown Raleigh and in neighborhoods having approved revitalization plans; and,
- To prevent further concentrations of minority and low-income persons and subsidized housing.

Exemptions

This policy shall apply to any multifamily rental development that is funded in whole or in part by the City of Raleigh or requires the approval of City Council with the following exemptions:

- The rehabilitation of existing units.
- Developments serving elderly or disabled populations.
- The replacement of affordable rental units lost to demolition or conversion subject to a determination by the Housing and Neighborhoods Department and subsequent approval by City Council that the proposed replacement housing will serve the same market area or neighborhood.

Geographic Applicability and Exceptions

As a means of implementing this policy, newly constructed subsidized multifamily housing developments will not be allowed in census tracts having a concentration of racial/ethnic minority households, households with low incomes, or subsidized rental housing unless the proposed project qualifies for one or more of the following exceptions:

- Developments located within a one-half mile radius of a proposed rail or bus rapid transit station;
- Development located within one-half mile of a transit stop served at intervals of 15 minutes or better in each direction throughout the day;
- Developments located within the boundaries of the Downtown Element in the Comprehensive Plan; or

- Developments which are implementing elements of a mixed-income neighborhood revitalization plan approved and funded by City Council.

Waiver Process

City Council has the authority to grant waivers on a case-by-case basis. Developers seeking a waiver shall submit a written request to the Housing and Neighborhoods Department. Department staff will evaluate the request and submit an analysis and recommendation to Council.

Definitions

For purposes of this policy, the following definitions apply:

1. **Multifamily Housing** – Housing developments consisting of greater than 24 residential units.
2. **Subsidized Multifamily Housing** – Any multifamily housing development as defined above financed in whole or in part with local, state, or federal financial assistance where the subsidized housing units are restricted to serve households earning 60% or less of the area median income (AMI).
3. **Disabled** – Having a physical or mental disability that substantially limits one or more major life activities, having a record of such impairment or being regarded as having such an impairment.
4. **Elderly** – Housing occupied by one person who is 55 or older in at least 80% of the occupied units.
5. **Concentration of Racial/Ethnic Minority and Low-Income Households** – Census tracts in which the percentage of minority residents equals or exceeds 50% and/or census tracts where the percentage of households living in poverty equals or exceeds 30%.
6. **Concentration of Subsidized Rental Housing** – Census tracts in which subsidized multifamily housing and rental units occupied by households with tenant-based Section 8 Housing Choice Vouchers* equals or exceeds 8% of the total rental stock, excluding housing for the elderly or disabled (data provided by Raleigh Housing Authority).

Review Procedures

The Housing and Community Development Department shall be responsible for reviewing all proposals for the development of subsidized multifamily housing to determine compliance with this Policy.

Policy Updates

Maps depicting areas of concentration will be updated not less than every five years in conjunction with updates or revisions to the Housing Element of the Comprehensive Plan.

Attachments

Affordable Housing Location Policy Map

ATTACHMENT B

The project shall comply with all federal cross-cutting requirements including, but not limited to, the following:

- Build America, Buy America
- Davis Bacon: 24 CFR 92.354
- Section 3: 24 CFR Part 75
- Minority and Women Business Enterprises (MWBE): 24 CFR 92.351
- Language Access Plan
- Affirmative Fair Housing Marketing
- National Environmental Policy Act (NEPA) under 24 CFR part 58. Funds cannot be committed until the release of funds has been received from HUD in compliance with 24 CFR part 94.352.