



## **Notice of Funding Availability (NOFA) for Joint Venture Gap Financing Rental Development Program 2025**

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### **1) STATEMENT OF PURPOSE**

The City of Raleigh's Housing & Neighborhoods Department (Department) announces the availability of approximately \$15 million in 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.

Rental units assisted with City of Raleigh (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 Bond (Bond) 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 loans for construction-to-permanent financing. 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.

Questions should be addressed to Annie Baumann-Mitchell, Housing Programs Manager, at 919-996-6948 or [rental.development@raleighnc.gov](mailto:rental.development@raleighnc.gov).

## 2) APPLICATION DEADLINE AND SCHEDULE

Application Schedule		
Item	Timeline*	Description
Application Period Begins	December 18, 2024	NOFA issued
Mandatory Application Pre-Meeting	No later than January 24, 2025 @ 5:00 PM (EST)	All proposers must schedule a mandatory pre-meeting within the application deadline with Annie Baumann-Mitchell, Housing Programs Manager: <a href="mailto:rental.development@raleighnc.gov">rental.development@raleighnc.gov</a> or 919-996-6948.
Application Deadline	January 24, 2025, no later than 5:00 PM (EST)	Applications due for 9% Low-Income Housing Tax Credit (LIHTC), 4% LIHTC (Round 1) & non-LIHTC (Round 1) projects
Evaluation Period	January 25, 2025, to March 31, 2025	Staff evaluates applications. Late and/or incomplete applications will not be considered.
Funding Recommendations	April 2025	Staff submits funding recommendations to City Council for consideration. Staff notifies applicants of City Council meeting dates and outcome of final City Council funding recommendations.
Preliminary Conditional Commitment Letters	Early May 2025	Awarded developers receive preliminary conditional commitment letters for funding for submission by the May 9, 2025, NCHFA application deadline.
Mandatory Application Pre-Meeting	No later than August 22, 2025 @ 5:00 PM (EST)	All proposers must schedule a mandatory pre-meeting within the application deadline with Annie Baumann-Mitchell, Housing Programs Manager: <a href="mailto:rental.development@raleighnc.gov">rental.development@raleighnc.gov</a> or 919-996-6948.
Application Deadline	August 22, 2025, no later than 5:00 PM (EST)	Applications due for 4% LIHTC (Round 2) & non-LIHTC (Round 2) projects.
Evaluation Period	August 23, 2025, to October 31, 2025	4% LIHTC (Round 2) & non-LIHTC (Round 2) projects.
Funding Recommendations	November 2025	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	Early December 2025	Awarded developers receive preliminary conditional commitment letters for funding for submission by early December 2025.
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*\*Timeline subject to change.*

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 24, 2025, 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 2025 cycle. Applications for non-LIHTC and 4% LIHTC projects may be submitted by the following dates:

1. January 24, 2025
2. August 22, 2025

Applications will be received on a rolling basis but underwriting and evaluation will not begin until the next deadline. Any applications submitted by January 24, 2025, will be evaluated together. Any applications submitted between January 25, 2025, and August 22, 2025, will be evaluated together.

Please note that all project consideration is subject to availability of funds. Contact Department staff prior to submitting to ensure that funds are available.

**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.**

### 3) ELIGIBLE PROJECTS

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) 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).
- c) Projects must contain at least 24 rental units.
- d) The properties must be located within the City limits of Raleigh or be in process of annexation prior to staff making recommendations to City Council.
- e) Existing properties should be 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.)
- 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) 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 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.
- h) The City encourages participation by certified minority and women-owned businesses. The City has a goal of 15% minority and women owned business participation in projects. The organization or individuals applying should endeavor to make a good faith effort to achieve this goal and should include documentation with their proposal that addresses these criteria.

#### 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) **New for 2025:** At least 5% 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](#).
- d) A minimum of 10% of units must be set aside for supportive housing via Wake County's Rental Assistance Housing Program.
- 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.
- 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 strongly prefers fixed and fully amortizing repayment schedules. Variable repayment schedules with or without balloon payments will also be accepted.
- e) Lien: First or subordinate with conditions.
- 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.

**6) FINANCIAL PROJECTIONS**

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

**7) UNDERWRITING ASSUMPTIONS AND FEE LIMITS FOR RENTAL DEVELOPMENTS**

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.

<b>Criteria</b>	<b>Points</b>
<b>Project Viability</b>	
<b>Financial Feasibility</b>	30
<b>Development Quality</b>	10
<b>Development &amp; Management Team</b>	10
<b>City of Raleigh Policy Goals</b>	
<b>Location</b>	20
<b>Preservation</b>	10
<b>Deeper Income Targeting</b>	10
<b>Sustainability</b>	5
<b>Senior Housing</b>	5
<b>Total</b>	100

## **Project Viability**

### **a) Financial Feasibility (30 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 housing in the area.

### **b) Development Quality (10 points)**

- i. The building design should be indistinguishable from a similar market rate product. Subsidized units in a mixed-income development should be of comparable size and quality to the market rate units.
- ii. The building design and use are compatible with the surrounding environment and existing neighborhood with appropriate vehicular and pedestrian connections to nearby amenities.
- iii. Material selections are of good quality, designed for normal maintenance and can be expected to perform well over the long-term.
- iv. The site is suitable for the proposed development without additional major geotechnical, environmental, or utility infrastructure expenditures.

### **c) Development and Management Team (10 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.

## **City of Raleigh Policy Goals**

### **d) Location (20 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) **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)
- 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.

### **e) 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.

### **f) Deeper Income Targeting (10 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.

### **g) Sustainability (5 points)**

- i. Development commits to LEED certification or a measure beyond Energy Star. Examples include, but are not limited to, 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 conservation and protection of environmental resources, green building, Green Stormwater Infrastructure, water conservation, tree conservation, recycling of construction and residential waste, energy efficiency, integration/use of local pools of low-income labor, etc. Third party verification will be required to ensure that these standards have been met at completion of rehabilitation or construction.

### **g) Senior Housing Developments (5 points)**

- i. Senior housing developments will receive 5 points.



## 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 12 months.

**All proposers must schedule an application pre-meeting with Annie Baumann-Mitchell, Housing Programs Manager, to discuss their application at [rental.development@raleighnc.gov](mailto:rental.development@raleighnc.gov) or 919-996-6948.**

**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:

Annie Baumann-Mitchell, Housing Programs Manager  
City of Raleigh  
[rental.development@raleighnc.gov](mailto:rental.development@raleighnc.gov) or 919-996-6948

**Hard copy or e-mailed 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 as a result of the NOFA 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 & Neighborhoods  
Attn: Annie Baumann-Mitchell, Housing Programs Manager  
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 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 will be required to submit updated application to the City)
- 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 clearly indicating the project site
- 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
- Resume or other qualifications of the property management company
- Supportive services offered, Supportive Services Provider history of providing services to the proposed population, and annual budget for the supportive service delivery
- Description of how the developer intends to recruit/use small, disadvantaged minority & women-owned businesses in the project
- 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:AOShel@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, 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 consisting of greater than 24 residential units 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 RHA in 2022*

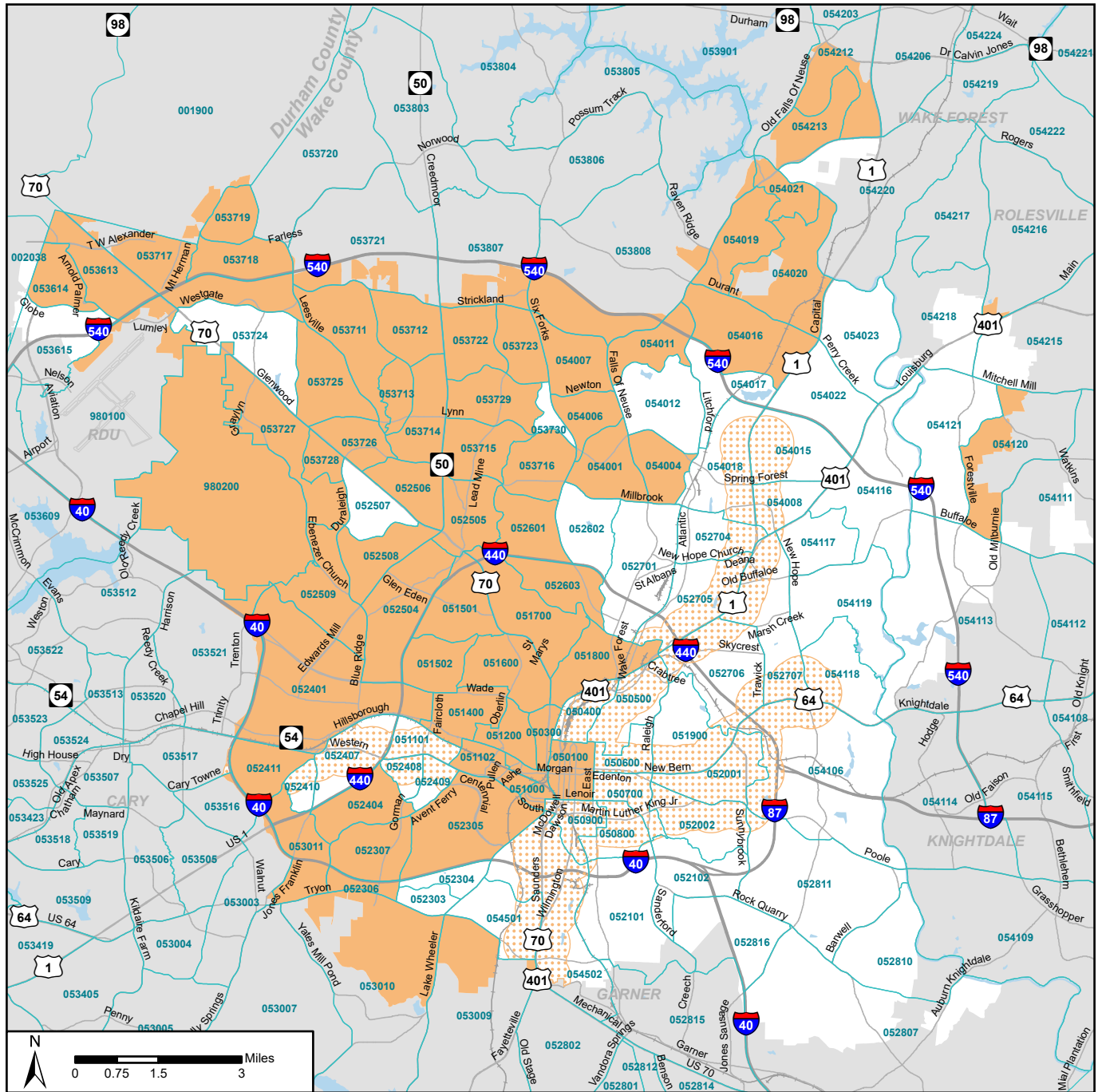
### **Review Procedures**


The Housing and Neighborhoods 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.

# Map H-2: Affordable Housing Location Policy



 Affordable Housing Opportunity Area

New Subsidized Multi-Family Housing Not Allowed in Census Tracts Where:

 Minority Population Exceeds 50%, or  
Households in Poverty Exceeds 30%, or  
Subsidized Units Exceed 8% of Total Units

 Area May Meet Geographic Exceptions

 CENSUS TRACT ID  
Census Tract Boundaries