



**Notice of Funding Availability  
Rental Development Program  
Permanent Supportive Housing  
2021**

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**1) STATEMENT OF PURPOSE**

The City of Raleigh's Community Development Division of the Housing & Neighborhoods Department announces the availability of up to approximately \$7 million in bond proceeds from the 2020 Affordable Housing Bond to support the development of permanent supportive housing serving chronically homeless households. Project population targeting may also include those who are not otherwise permanently housed as a result of one or more barriers to finding housing in the marketplace. Federal HOME funds, including CHDO funds, may also be awarded through the solicitation. All funding is contingent upon approval of the proposed development by Raleigh City Council. All developments must be located within the City limits of Raleigh to be eligible. The application deadline for responding to this NOFA is June 30, 2021.

Funds are available to non-profit developers or sponsors of rental housing.

Any questions should be addressed to Aimee Holtsclaw at 919-996-6948 or [Aimee.Holtsclaw@raleighnc.gov](mailto:Aimee.Holtsclaw@raleighnc.gov).

**2) ELIGIBLE APPLICANTS**

Funds are available to nonprofit developers of affordable rental housing.

**3) ELIGIBLE PROJECTS**

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

- a) Projects must provide rental housing for families or individuals earning at or below 60% AMI with not less than 50% of the total units serving chronically homeless individuals with supportive services needs and presumed to have incomes not exceeding 30% AMI. [Current Income Limits](#) Deed Restrictions to ensure affordability for not less than 40 years will be required.
- b) Projects must have commitments for project based rental assistance or an approved equivalent as required to maintain a 1.15 debt coverage ratio.
- c) Annual monitoring of tenant income certifications and rents for assisted units will be required.
- d) Projects must have secured site control at the time of application.

#### **4) LOAN TERMS**

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

- a) Construction-to-Permanent financing
- b) Maximum total loan to value: 95% of appraised value.
- c) Interest Rate: 0%-2%, depending on a project's needs
- d) Term: At least 40 Years, or as long as affordability is maintained (whichever is greater)
- e) Repayment: Deferred or monthly, depending on the population served and the project's needs.
- f) Lien: First or subordinate with conditions
- g) Right of First Refusal

#### **5) UNDERWRITING ASSUMPTIONS AND FEE LIMITS FOR RENTAL DEVELOPMENTS**

The City will review the development budget for accuracy and reasonableness according to the following underwriting assumptions:

- a) Vacancy allowance: 7%
- b) Annual rent increase: 2%
- c) Annual operating expenses: 3%
- d) Debt coverage ratio must be at least 1.15 for the entire term of the loan.
- e) Replacement reserves: minimum of \$250/yr/unit for new construction.
- f) Developer will be responsible for paying all legal fees associated with the project including the City legal fees.

## **6) EVALUATION CRITERIA**

The following criteria will be used to evaluate development proposals. The location of the site, the quality of the proposed improvements, the population being served, the financial strength and the capability of the developer, the capability of the property manager and the ability to repay the loan with the minimum repayment terms are also important criteria. The City will not issue a commitment unless the zoning is appropriate to the plan. In order to be considered for funding, applications must score a minimum of 75 out of 100 available points.

### **a) Financial Feasibility, Leveraging and Need (35 points)**

Developers must demonstrate that the project is financially feasible with proposed funding sources that would leverage the City funds. Proposals with evidence of commitments from other funding sources will be preferred to those without commitments. The project funding needs, the reasonableness of project costs and the relevance of the project to the housing needs of the area will all be considered during the evaluation. Developer must demonstrate the need for the proposed housing.

### **b) Location and Site (10 points)**

Projects located in areas where there are few subsidized housing units that are 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. Projects will also be evaluated by their proximity to public transportation and services.

### **c) Development Quality (20 points)**

Proposals will also be evaluated on how well the units blend into the existing community. These criteria include: attractive design, sensitivity to the natural environment, connections (pedestrian and vehicular) to nearby amenities, such as schools, shopping, parks, greenways and/or places of employment. Please submit representative floor plans and elevations and conceptual site plans with the proposal. All new construction must meet or exceed Energy Star guidelines. For construction/rehabilitation, Energy Star guidelines should be used and met where feasible. All City of Raleigh proposals will be encouraged to embrace all possible sustainability measures to include: conservation and protection of environmental resources, green building (LEED standards), water conservation, tree conservation, recycling of construction and residential waste, energy efficiency, integration/use of local pools of low-income labor, etc.

### **d) Development and Management Team (25 points)**

Consideration will be given to the capacity and experience of the development and management team. The development and management team must demonstrate prior successful experience with comparable size and type projects. The credit and financial management of the developer or sponsor will be evaluated to ensure acceptable financial capacity to carry the project forward. The developer's experience in the development of similar projects will be reviewed and evaluated. Developers will be evaluated with regard to their developmental

capabilities and credit worthiness. CHDO eligible applications and projects will receive priority.

**e) Supportive Services Plan (10 points)**

The supportive services plan must be appropriate for the intended recipients, funded at a reasonable level and on-going for the lifetime of the development.

The City of Raleigh is an equal opportunity employer. Minority participation in the project is an important factor for selection. The City has a general 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.

## APPLICATION SUBMISSION CHECKLIST

To be considered complete, the proposal must also include the following supporting documents. **This sheet should be used as a coversheet for your proposal with all attachments in the order as listed below.**

- Cover letter briefly describing the proposed project, population to be served and the specific amounts requested from the City of Raleigh
- Completed, signed application (located via Dropbox here: <https://bit.ly/3sBdLXe>) — Location map clearly indicating the project site
- Site plan for project site (survey, plat or tax map)
- Evidence of site control (deed or other evidence acceptable to the City)
- Evidence of appropriate zoning for proposed project
- Outline plans and specifications, including at a minimum elevations, floor plans and a site plan
- Resume or other qualifications of the developer and project manager, including a list of previous projects with current vacancy rates
- Letters of Support from other Agencies and Funding Sources with whom you intend to collaborate
- Commitments for project based rental assistance or approved equivalent. If commitments are not in hand as of the submittal due date, provide a written status report or explanation.
- Description of supportive services offered to tenants, including provider of services, history of providing services to the proposed population, and annual budget for the supportive service delivery
- Short narrative describing how Energy Star or other standards will be used and any other sustainable practices that will be implemented and how that will be ensured
- By-laws
- Articles of Incorporation
- 501©3 determination letter
- Current year operating budget for the developer
- List of board members with terms
- Copies of the minutes from board meeting during which submittal of the application to the City of Raleigh was approved

## **7) PROPOSAL SUBMISSION**

Prior to submitting an application, please contact Aimee Holtsclaw at 919-996-6948 or [Aimee.Holtsclaw@raleighnc.gov](mailto:Aimee.Holtsclaw@raleighnc.gov) to ensure that funds are still available. Please submit one bound copy with all attachments included to:

Ms. Aimee Holtsclaw, CD Program Coordinator  
City of Raleigh  
Housing & Neighborhoods Department, Community Development  
421 Fayetteville Street, Ste 1200  
Raleigh, NC 27601  
919-996-6948

## **8) EVALUATION OF PROPOSALS**

Applications will be reviewed for completeness and eligibility. All eligible proposals will be ranked according to the criteria stated in this Request for Proposals. Recommendations will then be made to the Raleigh City Council for a funding decision. Any application scoring less than 75 out of the 100 eligible points will not be recommended for funding approval.

## **9) RIGHT TO REJECT PROPOSALS**

The City of Raleigh reserves the right to reject any and all proposals received as a result of the Request for Proposals or to negotiate on the terms of the funds so as to best serve the interests of the City of Raleigh.