



## **Notice of Funding Availability (NOFA) Small-Scale Rental Development Program 2025**

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### **1 STATEMENT OF PURPOSE**

The City of Raleigh Housing & Neighborhoods Department announces the availability of the following:

1. Approximately \$3,600,000 for gap financing from Affordable Housing Bond (Bond) proceeds to support the creation and preservation of affordable rental units; and
2. City-owned building sites made available via long-term land leases (preferred option) or fee-simple sale (alternative option) to support the creation of affordable rental projects (see Appendix III Available City-Owned Building Sites).

Applicants must show through their proposal that they will satisfy the Department's minimum affordability requirement; at least one third of the total units in the development must be set aside for households with income and rent limits not exceeding 60% of the area median income (AMI) for the Raleigh, NC Metropolitan Statistical Area (MSA).

In addition, proposals must include at minimum one (1) unit, or 10% of the units, whichever is higher be set aside for tenants referred by the City of Raleigh or other approved agencies. In cases where the number of required referred and/or affordable units results in a fraction, the developer must round up to provide an additional affordable unit.

All gap financing, long-term land leases, or fee-simple sale of City-owned building sites are contingent upon approval by Raleigh City Council and the confirmed method of disposition for City-owned building sites will be determined by the City. All developments must be located within the City limits of Raleigh to be eligible.

In alignment with the spirit of North Carolina's *Olmstead* Settlement Agreement, proposals **may not restrict** more than 30% of units in the development specifically for occupancy by people with disabilities or experiencing homelessness. It is important to understand that this does not limit the number of residents with disabilities or those experiencing homelessness who can rent units. Rather, it limits to 30% the units that can be **exclusively set aside or restricted** for those populations as a tenancy requirement. For any units that are set aside or restricted to people with disabilities or experiencing homelessness, participation in supportive services and/or other programs must be voluntary and cannot be a requirement for tenancy.

Any requirement established in this NOFA that cannot be met must be indicated in Appendix II – Exceptions to the Small-Scale NOFA, herein incorporated by reference, and submitted with the application for consideration. Any exceptions to the NOFA requirements are not guaranteed and are made at the discretion of the City.

The application deadline for this NOFA is **Friday, August 1, 2025 @ 5:00 PM EST** in Neighborly Software, the City's on-line application portal. **All proposers must schedule a mandatory pre-meeting** prior to submitting an application with Annie Baumann-Mitchell, Housing Programs Manager, at [rental.development@raleighnc.gov](mailto:rental.development@raleighnc.gov) or 919-996-6948.

## 2 APPLICATION DEADLINE AND SCHEDULE

Application Schedule		
Item	Timeline*	Description
Application Period Begins	May 2, 2025	NOFA issued
Mandatory Pre-Application Meeting	No later than August 1, 2025 @ 5:00 PM (EST)	All proposers must schedule a mandatory pre-application meeting 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 1, 2025 @ 5:00 PM (EST)	Applications due in Neighborly Software, the City's on-line application portal.
Evaluation Period	August – September 2025	Staff evaluates applications. Late and/or incomplete applications will not be considered. Staff may schedule call with applicants to

		discuss any questions related to the proposal. Applicants may be given an opportunity to amend their response based on the City's feedback. Final determinations may be based on additional information received.
Funding Recommendation	October, 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	November, 2025	Awarded developers will receive preliminary conditional commitment letters for funding.

### 3 ELIGIBLE APPLICANTS

Gap financing funds and City-owned building sites are available to non-profit developers or to partnerships between a mission-based non-profit and a for profit developer. If an emerging developer, defined in Section 5, is a for-profit, there must still be partnership with a mission-based non-profit.

### 4 GAP FINANCING & CITY-OWNED BUILDING SITES CRITERIA

#### *Gap Financing*

Applicants may request gap financing to construct and/or preserve affordable rental units according to the criteria below.

Gap Financing Criteria	
Item	Criteria
Minimum Affordability Requirement	<u>60% AMI</u> 1/3 of total units shall not exceed 60% AMI (income and rent limits)  <u>80% AMI</u> Remainder of units can be up to 80% AMI (income and rent limits)

Minimum Referral Requirement	Proposals must include at minimum one (1) unit, or 10% of the units, whichever is higher, be set aside for tenants referred by the City of Raleigh or other approved agencies.* These units should be underwritten at 60% AMI.
Maximum Set-Aside Requirement	Proposals may not restrict more than 30% of the units in the development specifically for occupancy by people with disabilities or experiencing homelessness.*
<b>Optional:</b> Income Targeting Bonus Points (10 Pts.)	<u>30% AMI</u> 1/3 of total development units shall not to exceed 30% AM* (income and rent limits)
<b>Optional:</b> Emerging Developer Partnership Bonus Points (20 Pts.)	See Section 5 for details
Funding Type	Loan
Lien Position	First or subordinate with conditions
Loan Purpose	Construction-to-permanent financing
Interest Rate	0-2%, depending on a project's needs
Loan Term	20/30/40 years, or as long as affordability is maintained
Affordability Period	Conterminous with loan term, or may require longer affordability period coterminous with land lease
Debt Coverage/Operating Coverage Ratio	1.15
Site Control and Zoning	Required site control and zoning must be in place
SystemVision	All new construction projects must meet or exceed SystemVision certifications.
Experience	The development and management teams must demonstrate prior successful experience with comparable size and type projects.

\*In cases where the number of required referred and/or affordable units results in a fraction, the developer must round up to provide an additional affordable unit.

### ***Underwriting Criteria***

<b>City Gap Financing Underwriting Criteria</b>	
Vacancy Allowances	7%
Annual Rent Growth	2%
Annual Operating Expense	At least \$3,800 per unit per unit not including taxes, reserves and resident support services; annual increase of at least 4%
Debt/Operating Coverage Ratio	1.15 minimum for the full term of all loans; Subject to negotiation with the City
Replacement Reserves	At least \$250 per unit per year; must be capitalized from projects operations; annual increase of at least 4%
Operating Reserves	The greater of \$1,500 per unit per year or 4 months; debt services and operating expenses (must be maintained for the duration of the loan)
Legal Fees	Developer is responsible for paying all legal fees associated with the project (not including the City's legal fees for drafting and executing the land lease)
Developer Fees	Developer fees may be up to \$23,000 per unit for new construction projects and twenty-eight-point five percent (28.5%) of total construction costs for rehabilitation projects.
Affordability Period	Conterminous with loan term, or may require longer affordability period coterminous with land lease

### ***City-Owned Building Sites***

Request for a City-owned building site will be for long-term land lease (preferred option) or fee-simple sale (alternative option). Applicants should include the proposed terms of the lease (i.e., annual rental amount, length of term) or fee-simple sale as part of their application. The criteria for City-owned building sites are outlined in the table below.

<b>City-Owned Building Sites Criteria</b>	
<b>Item</b>	<b>Criteria</b>
Minimum Affordability Requirement	<p><u>60% AMI</u> 1/3 of total units shall not exceed 60% AMI (income and rent limits)</p> <p><u>80% AMI</u> Remainder of units can be up to 80% AMI (income and rent limits)</p>
Minimum Referral Requirement	Proposals must include at minimum one (1) unit, or 10% of the units, whichever is higher be set aside for tenants referred by the City of Raleigh or other approved agencies.* These units should be underwritten at 60% AMI.
Maximum Set-Aside Requirement	Proposals may not restrict more than 30% of the units in the development specifically for occupancy by people with disabilities or experiencing homelessness.*
<b>Optional:</b> Income Targeting Bonus Points (10 Pts.)	<p><u>30% AMI</u> 1/3 of total development units shall not to exceed 30% AM* (income and rent limits)</p>
<b>Optional:</b> Emerging Developer Partnership Bonus Points (20 Pts.)	See Section 5 for details
Long-Term Ground Lease	The City's strong preference and expectation is for a lease with a minimum of seventy-five (75) years. Proposers must include in their proposal preferred lease terms (i.e. annual rent amount and lease duration)
Fee-Simple Sale	The City is willing to consider a fee-simple sale of the property through a non-warranty deed with 1) negotiated affordability restrictions and 2) preferred sale price and affordability restrictions. The City's strong preference and expectation is for a minimum affordability term of seventy-five (75) years. The legally binding restrictive covenant (i.e., deed restrictions) will

	include claw-back provisions to return complete site control to the City if key development deadlines or requirements are not met.
Building Sites	May request one or more building sites
Affordability Period	Coterminous with land lease
SystemVision	All new construction projects must meet or exceed SystemVision certifications.
Experience	The development and management teams must demonstrate prior successful experience with comparable size and type projects.

\*In cases where the number of required referred and/or affordable units results in a fraction, the developer must round up to provide an additional affordable unit.

Annual monitoring and compliance of tenant income certifications and rents will 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) and/or long-term land lease. Tenant eligibility requirements and tenant selection plan criteria (i.e., income limits, rent limits, etc.) may mirror those set forth in the North Carolina Housing Financing Agency (NCHFA) Low-Income Housing Tax Credit (LIHTC) program.

## 5 EVALUATION OF APPLICATIONS

Applications will be reviewed according to the NOFA criteria stated in this section. Any requirement established in this NOFA that cannot be met must be indicated in Appendix II – Exceptions to the Small-Scale NOFA, herein incorporated by reference, and submitted with the application for consideration. Any exceptions to the NOFA requirements are not guaranteed and are made at the discretion of the City.

While the NOFA scoring criteria described in this section is 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.

A summary of the NOFA scoring criteria is shown in the table below. More detailed descriptions are in the narrative below the table. Applications must score a minimum of 80 points to be considered for gap funding or City-owned building site.

<b>Scoring Criteria</b>	<b>Max Points</b>
Financial Feasibility and Leveraging	35
Location and Site	15
Development Quality	20
Development and Management Team	30
<b>Subtotal</b>	<b>100</b>
<b>Optional Bonus Scoring Criteria</b>	<b>Max Bonus Points</b>
30% AMI Income Targeting Bonus	10
Emerging Developer Partnership Bonus	20
<b>*Total Points Possible</b>	<b>130</b>

### **Financial Feasibility and Leveraging (35 points)**

Applicants will earn points based on:

- Evidence of securing funding commitments from other funders and showing an ability (i.e., dollar amounts committed, percent of total development budget committed) to satisfy the entire development budget.
- Evidence of the ability to cover ongoing financial feasibility and sustainability (i.e., ability to cover operating expenses, reserves).
- Reasonableness of project costs, as compared to other similar projects.
- Amount of City subsidy pre unit is reasonable, as compared to similar projects.

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

Projects that propose to utilize a City-owned building site via long-term land lease will receive an automatic fifteen (15) points. All other project sites must adhere to the City of Raleigh's [Affordable Housing Location Policy](#), please note the exception in the policy for projects with fewer than 24 units. Non-City owned sites projects located in areas where there are few subsidized housing units close to public transportation and/or employment centers reductions 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 based on their proximity to public transportation and services.



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

All new construction must meet or exceed SystemVision certifications. For more information about SystemVision certification criteria [click here](#). Applicants should embrace all possible sustainability measures, to include conservation and protection of environmental resources, green building (LEED standards), use of high-performance building materials and design, water conservation, recycling of construction and residential waste and energy efficiency. Applicants should describe any visitability or aging in place elements that will be incorporated into the design.

Projects are encouraged, but not required, to be designed with future solar readiness in mind. This could include wiring from the electrical panel to the attic where future solar equipment would be located.

The city also will be interested in potentially working with developers in the future to install solar, at city expense, on homes built under this NOFA. Responses should indicate whether that is of interest. There will be no points awarded for expressing interest nor any penalty for not doing so.

Projects will be evaluated based on compatibility with community character and surrounding architecture. Preliminary site plans, building plans and elevations will be accepted but are not required. Applicants must provide a detailed written description of the proposed project design including the following:

- Building type(s)
- Number of units
- Unit size and composition
- Compatibility with surrounding community
- Parking and pedestrian connectivity

Applicants will earn points based on:

- Project's design's compatibility with surrounding architecture, including adherence to relevant historic district guidelines.
- The degree to which the project maximizes the total number of units to be built on the site(s), as allowed and possible under current zoning.
- Project's sustainability and accessibility features. 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/visitability features.

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

The Department will consider the capacity and experience of the development and management team, including prior track record and current project status for firms that have worked with

the City before. The application should include descriptions of the management team's experience in managing income-restricted properties and its track record in effective property maintenance.

Applicants will earn points based on:

- Demonstration of the Applicant's prior experience with development projects of comparable size and type. Consideration in this category will include the applicant's full team, not just the lead firm.
- 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 will include the applicant's full team, not just the lead firm.
- Applicant's capacity to execute the project and demonstrated ability to meet project deadlines. Past performance and current project status will be considered for firms that have worked with the City.
- Partnerships with supportive services may be considered as part of the overall development team.

**Optional: 30% AMI Income Targeting Bonus (10 points)**

Applications that include 1/3 of the total units within the development for households earning no more than 30% AMI (income and rent limits) will earn an automatic ten (10) bonus points. In cases where the number of required 30% AMI units results in a fraction, the developer must round up to provide an additional affordable unit.

**Optional: Emerging Developer Partnership Bonus (20 points)**

To support technical assistance and capacity building for emerging affordable housing developers, the City is including bonus points for partnerships between experienced and emerging developers in this NOFA. Applications that include an emerging developer as part of the Development Team will receive twenty (20) bonus points if they meet the following criteria:

- An "emerging developer" is defined as a for-profit or nonprofit development firm that has not previously developed affordable housing, received a gap financing award from the City of Raleigh for an affordable housing project and/or has not previously participated in a City-sponsored affordable housing development project.
- If an emerging developer is the principal on the Development Team, documentation of an established partnership with an experienced affordable housing developer and/or development consultant must be included in the application to show that appropriate guidance and technical assistance will be provided to ensure success of the proposed project.
- The experienced housing developer and/or development consultant must be approved

by City of Raleigh. Relevant experience may include affordable housing development, infill development within the City of Raleigh, ownership and operation of permanent supportive housing, etc.

- If an emerging developer is not the principal (e.g., serving as co-developer or apprentice to an experienced affordable housing developer), documentation must be included in the application to demonstrate the technical assistance and capacity building value the emerging developer will receive as part of the partnership.

## **6 APPLICATION SUBMISSION**

Applications and attachments (See Appendix I - Application Submission Checklist) will only be accepted through the City's on-line application portal called Neighborly Software. If applying for multiple projects, a separate application must be submitted for each independent project. A scattered site project with the same terms and conditions may be considered one project. To register for a Neighborly 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.

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)

**Hard copy or e-mailed 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 or to negotiate on the terms of the gap financing funds and/or long-term land leases of City-owned building sites 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 uploaded through the City's on-line application portal (Neighborly Software) for an application to be complete.

- ☐ Signed and notarized cover letter stating applicant has authority to submit a response to the NOFA and applicant accepts the terms and conditions in the NOFA; briefly describing the proposed project, population to be served, income targeting, and the proposed terms of funding requested (i.e., dollar amount, interest rate, loan term, etc.) and/or long-term land lease or fee-simple sale (i.e., rent or sale dollar amount, length of term) from the City
- ☐ Completed, signed Rental Development proforma which can be found on the [City of Raleigh's website](#). All information within each tab of the Rental Development application must be completed which include: 1) General, 2) Income and Expense, 3) Sources and Uses, 4) Pro Forma and 5) Certifications
- ☐ Location map clearly indicating the project site(s)
- ☐ Site plan for project site (i.e., survey, plat, or tax map)
- ☐ Evidence of site control (i.e., deed or other evidence acceptable to the City) if not a City-owned building site
- ☐ Detailed written description of the proposed project design (required) or preliminary plans and specifications (if available).
- ☐ Evidence of appropriate zoning for proposed project
- ☐ Appraisal (if available)
- ☐ Phase I ESA (if available)
- ☐ Project implementation timeline broken out by each key phase of the development lifecycle (i.e., pre-development, construction stage, certificate of occupancy, lease up, etc.)
- ☐ Resume, organizational chart and other qualifications of the developer and project team (i.e., engineer, architect, property manager, nonprofit partner, etc.), including a list of previous projects in the last five (5) years with current vacancy rates.
  - If applying with the Emerging Developer bonus points, please include a description of the experienced developer/consultant's development qualifications.
- ☐ Documented partnership between the for-profit principal developer and non-profit partner (if applicable).
- ☐ Documented partnership between emerging developer and experienced developer and/or consultant (if applicable).

- ☐ Letters of Support from other Agencies and Funding Sources with whom you intend to collaborate
- ☐ 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, if applicable
- ☐ Short narrative describing how SystemVision certification or other standards will be incorporated and any other sustainable practices that will be implemented and how that will be ensured
- ☐ By-laws
- ☐ Articles of Incorporation
- ☐ 501(c)3 determination letter, if applicable
- ☐ Current year operating budget for the developer
- ☐ List of board members with terms
- ☐ A resolution or copies of the minutes from board meeting during which submittal of the NOFA application to the City was approved

**APPENDIX II**  
**EXCEPTION TO SMALL-SCALE NOFA FORM**

The form can be found on the City of Raleigh's website under [Community Development Funding Opportunities.](#)

### **APPENDIX III**

#### **AVAILABLE CITY-OWNED BUILDING SITES**

The City is making available the following City-owned building sites. The lot configuration as it currently exists may be subject to recombination if an Applicant offers an alternate layout that allows for the highest and best use of the site.



South Park								
# of Lots	Street #	Street Address	Pin #	Lot size & Acreage	Frontage (ft)	Zoning	Deed of Trust	Tax Value
1	414	Bragg St	1703838715	0.07	30	R-10	Judgement Deed	\$ 225,000.00
1	503	Bragg St	1703930940	0.12	40	R-10	NC General Warranty Deed	\$ 170,000.00
1	507	Bragg St	1703930971	0.13	40	R-10	NC General Warranty Deed	\$ 300,000.00
1	608	McMakin	1703935161	0.13	40	R-10	NC General Warranty Deed	\$ 200,000.00
1	612	McMakin	1703936131	0.13	40	R-10	NC General Warranty Deed	\$ 200,000.00
1	620	McMakin	1703937110	0.13	75	R-10	NC General Warranty Deed	\$ 200,000.00
1	1425	Garner Rd.	1703924448	0.15	40	R-10	Commissioner's Deed	\$ 180,000.00
1	326	Martin Luther King	1703855051	0.08	43	R-10	Commissioner's Deed	\$ 225,000.00
1	328	Martin Luther King	1703845987	0.34	64	R-10	NC General Warranty Deed	\$ 231,000.00
1	400	Martin Luther King	1703846967	0.16	71	NX-3	NC General Warranty Deed	\$ 83,640.00
1	528	Martin Luther King	1713041578	0.15	148	R-10	NC General Warranty Deed	\$ 160,000.00
1	124	Bledsoe Ave	1703744741	0.12	50	R-10	NC General Warranty Deed	\$ 270,000.00
1	218	E Lee St	1703749118	0.19	40	R-10	Quitclaim Deed	\$ 299,250.00
1	1106	S Bloodworth St	1703845104	0.18	50	R-10	Commissioner's Deed	\$ 315,000.00
1	1204	S East St	1703837588	0.16	50	R-10	NC General Warranty Deed	\$ 300,000.00
1	1206	S East St	1703837583	0.16	50	R-10	NC General Warranty Deed	\$ 300,000.00
1	1300	S East St	1703837381	0.32	100	R-10	NC General Warranty Deed	\$ 330,000.00
1	310	Branch St	1703833300	0.37	80	R-10	NC General Warranty Deed	\$ 345,000.00
<b>18</b>	<b>Lot Total</b>							

Census Track / Other								
# of Lots	Street #	Street Address	Pin #	Lot size & Acreage	Frontage (ft)	Zoning	Deed of Trust	Tax Value
1	2713	Springhill Ave	1702271307	0.28	53	R-4	Commissioner's Deed	\$ 145,000.00
1	2800	Seclusion Ct	797222717	0.66	215	R-6	NC General Warranty Deed	\$ 170,000.00
1	2812	Seclusion Ct	797128727	0.67	64	R-6	NC General Warranty Deed	\$ 170,000.00
<b>3</b>	<b>Lot Total</b>							

Downtown East / Thompson-Hunter								
# of Lots	Street #	Street Address	Pin #	Lot size & Acreage	Frontage (ft)	Zoning	Deed of Trust	Tax Value
1	405	Camden St	1713078124	0.08	50	R-10	Quitclaim Deed	\$ 247,500.00
1	309	Freeman St	1713173513	0.09	60	R-10	Commissioner's Deed	\$ 290,000.00
1	311	Haywood	1713073696	0.10	45	NX-3	NC General Warranty Deed	\$ 300,000.00
1	1000	Gregg St	1713046514	0.32	45	R-10	General Warranty	\$ 210,000.00
1	712	E Martin St	1713075650	0.25	51	NX-3	Quitclaim Deed	\$ 392,040.00
1	714	S Bloodworth St	1703855873	0.01	34	R-10	NC General Warranty Deed	\$ 325,000.00
1	309	S State St	1713176428	0.10	40	R-10	Commissioner's Deed	\$ 290,000.00
1	805	Walser Pl	1713078005	0.11	55	R-10	Quitclaim Deed	\$ 247,500.00
1	807	Walser Pl	1713075055	0.05	33	R-10	Quitclaim Deed	\$ 137,500.00
9	Lot Total							

East College Park								
# of Lots	Street #	Street Address	Pin #	Lot size & Acreage	Frontage (ft)	Zoning	Deed of Trust	Tax Value
1	1214	Boyer St	1713299306	0.09	40	R-10	NC General Warranty Deed	\$ 225,000.00
1	1606	Boyer St	1713490364	0.10	40	RX-3	NC General Warranty Deed	\$ 225,000.00
2	Lot Total							

Duplex Village								
# of Lots	Street #	Street Address	Pin #	Lot size & Acreage	Frontage (ft)	Zoning	Deed of Trust	Tax Value
1	2000	Hawkins St	1713584278	0.36	255	RX-5	NC Special Warranty Deed	\$ 160,000.00
1	Lot Total							