



## **Notice of Funding Availability Small-Scale Rental Development Program Fiscal Year 2022-2023**

---

### **1 STATEMENT OF PURPOSE**

The City of Raleigh’s Community and Small Business Development Division of the Housing & Neighborhoods Department announces the availability of \$2,000,000 in funding and building sites via long-term land leases to support the creation of affordable rental projects in which at least one-third of the units are targeted to the <30% AMI rent and income level. The funding source is \$2,000,000 in bond proceeds from the City’s 2020 Affordable Housing Bond. Building sites are single-family lots owned by the City. For most of the lots, a duplex plus an accessory dwelling unit (ADU) are allowed by right by the underlying zoning as a result of recently approved text changes to the Unified Development Ordinance (UDO). It is anticipated that in most instances, the ADU will be detached. Applicants may explore/consider “tiny homes” as an ADU option and are encouraged to monitor relevant UDO text changes. In limited instances, three or more units in a single structure may be allowed by the underlying zoning. All funding and land leases are contingent upon approval 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 Notice of Funding Availability (NOFA) is **4:00 PM, January 27, 2023**.

Funds and/or building sites are only available to non-profit developers or to partnerships between a mission-based non-profit and a for profit developer. The City is seeking participation by multiple Applicants.

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

## 2 ELIGIBLE APPLICANTS

Funds are available to non-profit developers or to partnerships between a mission-based non-profit and a for profit developer.

## 3 ELIGIBLE PROJECTS

Funds may be requested to acquire and preserve affordable rental units or to construct affordable rental units on City-owned lots via land lease. Not less than one-third of the total units must be reserved for, and affordable to, households with incomes at <30% AMI. The remainder of the units may have rents up to 80% AMI if the one-third at 30% AMI percentage is exceeded or 60% AMI if the 30% AMI percentage does not exceed one-third. Applicants are encouraged to exercise creativity in configuring unit mixes given the missing middle options now allowed by the UDO. As an example, a duplex unit at the 60% AMI rent and income limit coupled with an ADU at the 30% AMI rent and income limit would satisfy the income targeting requirement. The income/rent mix should be structured such that a 1.15 debt coverage/operating coverage ratio is maintained (see Section 4 below for additional information and requirements).

If the Applicant is not requesting a City lot for the project, it must have site control of the proposed location (fee simple ownership or option to purchase) and the required zoning must be in place.

Annual monitoring of tenant income certifications and rents will be required, and selected projects will be subject to deed restrictions requiring affordability for not less than 40 years. Tenant eligibility requirements will mirror those set forth in the Low-Income Housing Tax Credit program. Income and rent limits will follow the U.S. Department of Housing and Urban Development (HUD) HOME Program. [Current Income Limits can be found here.](#)

## 4 EVALUATION OF APPLICATIONS

Applications will be reviewed for completeness and eligibility. All eligible Applications will be ranked according to the criteria stated in this section. Recommendations will then be made to the Raleigh City Council for a funding decision. The City will not issue a commitment unless the zoning at time of submittal is appropriate to the plan. The following criteria will be used to evaluate development Applications. In order to be considered for funding, applications must score a minimum of 75 out of 100 available points.

While the scoring criteria described in this section are intended to help inform the City's selection of an Application, the City reserves the right to 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 scoring criteria is shown in the table below. More detailed descriptions are in the narrative below the table.

<b>Criteria</b>	<b>Max Points</b>
Financial Feasibility and Leveraging	35
Location and Site	10
Development Quality	25
Development and Management Team	30

<b>Subtotal</b>	<b>100</b>
Affordability (Bonus Points)	10
<b>Total Points Possible</b>	<b>110</b>

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

Applicants should demonstrate that the project is financially feasible and sustainable without operating subsidies or project-based vouchers. Applications with evidence of commitments from other funding sources will be preferred to those without commitments. The project funding needs, reasonableness of project costs, demonstrated access to capital, and capital structure will be considered during the evaluation. Details about scoring in this category are below.

**Commitments from Other Funding Sources (15 points)**

Applicants with firm commitments from other funders will receive fifteen (15) points. Applicants with two or more soft commitments (such as a letter of interest) will receive ten (10) points. Applicants with one soft commitment will receive five (5) points. Applicants with no funding commitments will receive zero (0) points.

**Feasibility of Operating without Additional Subsidies and Financial Sustainability (10 points)**

Points will be awarded on a sliding scale from zero (0) to ten (10) points based on ongoing financial feasibility and sustainability of project (e.g., ability to cover operating expenses, reserves). Projects not relying on additional subsidy for operations will receive more points.

**Reasonableness of Project Costs (5 points)**

Points will be awarded on a sliding scale from zero (0) to five (5) points based on reasonableness of project costs.

**Capital Structure (5 points)**

Points will be awarded on a sliding scale from zero (0) to five (5) points based on the strength and feasibility of the capital structure for the project.

**Location and Site (10 points)**

Projects that propose to utilize a City lot via land lease will receive an automatic ten (10) points. For all other sites, 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. Applicants are encouraged to consider and seek parking reductions allowed by the Uniform Development Ordinance (UDO).

**Development Quality (25 points)**

Applications will be evaluated on how well the units blend into the existing community character and compatibility with surrounding architecture. Proposed buildings should include glazing on all elevations/facades. Applications will also be evaluated based on sensitivity to the natural environment and connections (pedestrian and vehicular) to nearby amenities such as schools, shopping parks, greenways, and/or place of employment. All new construction must meet or exceed SystemVision certifications. 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. Applications should include representative floor plans and elevations and conceptual site plans.

**Compatibility with Surrounding Architecture (10 points)**

Points will be awarded on a sliding scale from zero (0) to ten (10) points based on the project design's compatibility with surrounding architecture, including adherence to relevant historic district guidelines.

**Density/Maximization of Site (10 points)**

Ten (10) points will be awarded to projects including the maximum number of units possible on the site(s) under current zoning. Zero (0) points will be awarded to projects that do not include maximum density.

**Sustainability and Accessibility Measures (5 Points)**

Points will be awarded on a sliding scale from zero (0) to five (5) points based on the 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, recycling measures during construction and ongoing building operations, and Universal Design or other accessibility/visitation features.

**Development and Management Team (30 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. Prior track record and current project status will be considered for firms that have worked with the City before. Management team experience in managing income-restricted properties should be described as should the track record in effective property maintenance.

**Demonstration of Development Experience (10 points)**

Points will be awarded on a sliding scale from zero (0) to ten (10) 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.

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

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

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

Points will be awarded on a sliding scale from zero (0) to ten (10) points based on evidence of the Applicant's financial capacity to execute the proposed project. Past performance and current project status will be considered for firms that have previously worked with the City; points will

be awarded based on a firm's track record of financial and project management and demonstrated ability to meet project deadlines.

## **5 APPLICATION SUBMISSION**

Please review the Application Submission Checklist in Appendix I.

Please submit an electronic copy by flash drive or by email to:

Maria Dewees, Multifamily Lending Coordinator  
City of Raleigh  
Housing & Neighborhoods Department  
421 Fayetteville Street, Suite 1200  
Raleigh, NC 27601  
[Maria.Dewees@raleighnc.gov](mailto:Maria.Dewees@raleighnc.gov)

Hard copy applications will not be accepted.

## **6 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 included in a separate envelope 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 reserves the right to 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.

## **7 RIGHTS TO REJECT APPLICATIONS**

The City of Raleigh 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 so as to best serve the interests of the City of Raleigh

## APPENDIX I

### APPLICATION SUBMISSION CHECKLIST

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

- Cover letter briefly describing the proposed project, population to be served, and the amount of funding requested from the City of Raleigh
- Completed, signed Rental Development application (available via Dropbox: <https://bit.ly/3sBdLXe>). Consult with staff on any questions.
- Location map clearly indicating the project site(s)
- Site plan for project site (survey, plat or tax map)
- Evidence of site control (deed or other evidence acceptable to the City) if not a City lot
- Evidence of appropriate zoning for proposed project if not a City lot
- Outline plans and specifications, including at a minimum: elevations, floor plans and a detailed site plan
- Project implementation timeline
- 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 as applicable
- If applicable, 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 efficiency 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
- 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

## APPENDIX II

### MAPS OF AVAILABLE CITY-OWNED LOTS

Below are maps of City-owned lots which may be requested as sites for affordable housing funded by this NOFA. No sites will be offered for fee simple sale, but rather via long-term land lease. While some lots in each location are “packaged”, others can be requested individually to maximize development options. Suggested “best use” is indicated for most locations, but Applicants may suggest alternatives that fulfill the objective of maximizing the number of rental units. 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. Applicants are advised to consult with Planning & Development.



Raleigh

## 317 & 319 N Carver St

- *Combined 0.33 acres & Zoned R-10.*
- *Total Dimensions: 120'x120'*
- *20' Utility Easements exist on both north & south boundaries of cluster.*
- *Best Use: Duplex + ADU on each lot.*







## S East & Branch St Cluster

- (4) Lots Zoned R-10.
- 1204-1206 S East St total 0.32 acres, 100'x 135'. Best Use: Duplex + ADU on each lot.
- 1300 S East St is 0.32 acres, 100'x 135'. Best Use: Subdivide, 2 Duplexes.
- 310 Branch St is 0.37 acres, 80'x 200'. Best Use: Apartment w/ 6 units.



## 503 & 507 Bragg St

- PIN: 1703930971;  
1703930940
- Zoning: R-10
- Total Acreage: 0.25
- Total Dimensions:  
80'x126'
- Best Use: 2 Duplexes +  
ADUs or Quadriplex







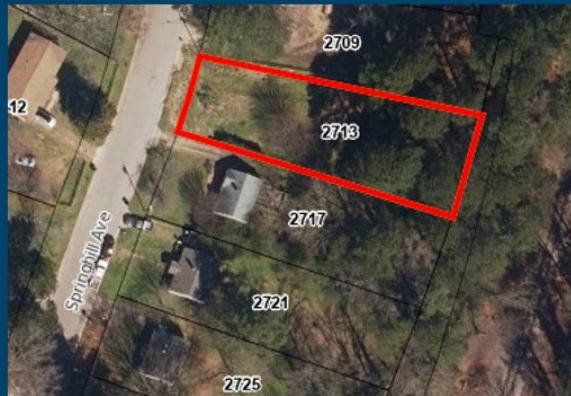
## 1106 Bloodworth St

- *PIN: 1703845104*
- *Zoning: R-10*
- *Acreage: 0.18*
- *Dimensions: 50'x154'*
- *Best Use: Duplex + ADU.*



## 2713 Springhill Ave

- *PIN: 1702271307*
- *Zoning: R-4*
- *Acreage: 0.28*
- *Dimensions: 53'x200'*
- *Best Use: SFH + ADU, sell.*





Raleigh

## McMakin Street Cluster

- (3) Lots: 608, 612, & 620 McMakin St
- PINs: 1703935161;  
1703936131;  
1703937110
- Zoning: R-10
- Total Acreage: 0.39
- Total Dimensions:  
25'x225'

