



**Notice of Availability of Funds for Gap Financing
Rental Development Program
2023
Tax Credit Developments**

1) STATEMENT OF PURPOSE

The City of Raleigh's Housing & Neighborhoods Department announces the availability of approximately \$18 million in Rental Development Program funds and invites qualified developers to submit proposals for the new construction and/or rehabilitation of affordable multifamily rental housing. 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 and local funds are available such as HOME, Community Development Block Grant (CDBG), and Affordable Housing Bond funds. 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 Maria Dewees at 919-996-6948 or Maria.Deweese@raleighnc.gov.

4% BOND DEAL APPLICATIONS AFTER JANUARY 20, 2023: Applications outside of the regular cycle for 9% Low-Income Housing Tax Credit (LIHTC) awards will be accepted at any time before September 29, subject to availability of funds. Please contact 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 will be required to resubmit an application in the next Request for Proposals for the changes to be considered.**

2) APPLICATION DEADLINE AND SCHEDULE

December 13 to January 20 – Staff are available for questions and technical assistance. All proposers must schedule a pre-meeting with Maria Dewees to discuss their application: Maria.Deweese@raleighnc.gov or 919-996-6948.

January 20 – Application deadline. All applications must be received by 5pm.

****This year, The City of Raleigh will receive all application packages via electronic submission.****

January 23 to March 31 – Housing & Neighborhoods staff evaluation of applications (incomplete applications will not be considered).

March – North Carolina Housing Finance Agency (NCHFA) announces final site scores for the 2023 LIHTC cycle.

April – Housing & Neighborhoods staff submits funding recommendations to City Council. Housing & Neighborhoods staff will notify applicants of recommendations and meeting date in advance.

Late April – City Council reviews recommendations for approval and denial.

Early May – Developers receive preliminary commitment letters for funding for submission to the May 13th NCHFA deadline.

August to September 29 – Developers submitting proposals to NCHFA for tax-exempt bond deals may submit proposals to the City at any time, subject to availability of funds.

NOTE: Dates may be subject to revision.

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. Higher scores will be given to projects that commit to meeting Energy Star requirements or better (third party verification required upon completion of construction/rehabilitation).

- c) Projects must contain at least twenty-four (24) assisted 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 should abide by the City's Affordable Housing Location Policy. See Attachment A. Developers should consult the policy during site selection, and also be aware of and follow the site requirements and evaluation criteria of NCHFA's Qualified Allocation Plan (QAP). Applicants should contact City 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 will consider requests to acquire land for developments located within a half mile of a [Bus Rapid Transit \(BRT\)](#) corridor for the purpose of leasing the site back to the affordable housing developer. The developer must be able to demonstrate that project would not be feasible as affordable housing were it not for the City acquiring the land. If site acquisition costs are greater than the appraised value of the land, the developer must be able to justify why this is necessary. Once acquired, the City would enter into a long-term lease agreement with the developer for the property. Lease terms would be mutually agreed upon by the City and developer. Requests for land acquisition funds will only be considered for projects that also receive construction-to-permanent financing from the City, which should close simultaneously.

All proposers must schedule a pre-meeting with Maria Dewees to discuss their application: Maria.Dewees@raleighnc.gov or 919-996-6948.

4) RENT AND INCOME LIMITS

All assisted units are subject to the following income and rent restrictions for the greater of 20 years, the extended use period for any Low-Income Housing Tax Credits, or as long as the City loan is outstanding.

- a) All assisted units must be set aside for households with incomes at or below 80% of the AMI, adjusted for household 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 9% LIHTC projects must target 25% of all units as affordable to households earning 30% AMI and all 4% LIHTC projects will be required to set aside 10% of units for 30% AMI households.
- c) A minimum of 10% of units must be set aside for supportive housing via Wake County's Rental Assistance Housing Program.
- d) If the project is HOME- funded, at least 20% of the units must be set aside for households at or below 50% AMI. If HOME funds are combined with federal LIHTC funds, additional requirements may apply.
- e) 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. Refer to Attachment B for maximum HOME program rents.

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 of Raleigh 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 will review the development budget for accuracy and reasonableness. The following underwriting assumptions will apply:

- a) General requirements, builder's profit and overhead, consulting fees, contingency, architect's fees and developer's fees are with the limits listed in NCHFA's QAP
- b) Operating reserve is at least six months of total project expenses and annual loan payments
- c) City legal fees, which are a responsibility of the developer or sponsor, are included in the development budget

7) UNDERWRITING ASSUMPTIONS AND FEE LIMITS FOR RENTAL DEVELOPMENTS

The City uses the same underwriting requirements and fee limits for rental developments as stated in NCHFA's QAP. 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 as well as Raleigh's housing goals. The probability of the project closing is an important criterion. The location of the site, quality of the proposed improvements, population being served, financial strength and capability of the developer, capability of the property manager, and ability to repay the loan are also important criteria. The City will not issue a commitment unless the zoning is appropriate to the plan.

a) Financial Feasibility, Leveraging and Development Costs (20 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.) (0 to 5 points)
- 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 (0 to 5 points)
- iii. Amount of City subsidy per unit is reasonable, as compared to similar projects funded by the City (0 to 10 points)

b) Site and Market (30 points)

- i. Senior housing developments are automatically awarded 5 points (5 points)
- ii. Proximity to services and/or employment centers and transportation (0 to 10 points)
- iii. NCHFA site score (0 to 5 points)
- iv. A market study must show that there is a market for the housing in the area (0 to 5 points)
- v. 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) (5 points)

c) Development Quality (20 points)

- i. The building design and use are compatible with the surrounding environment and existing neighborhood with appropriate vehicular and pedestrian connections to nearby amenities (0 to 7 points)
- ii. The overall building design is aesthetically pleasing and well thought out and is characterized as possessing “architectural appeal” with material selections that are of good quality, designed for normal maintenance and can be expected to perform well over the long term (0 to 7 points)
- iii. The site is suitable for the proposed development without additional major geotechnical, environmental or utility infrastructure expenditures (0 to 6 points)

d) Development and Management Team (20 points)

- i. Capacity and experience of the development team with comparable size and type projects on time and within budget (0 to 7 points)
- 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 of Raleigh will be asked to provide references from other government entities. (0 to 7 points)
- 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 (0 to 6 points)

e) Sustainability (5 points)

Development commits to LEED certification or a measure beyond Energy Star (to include conservation and protection of environmental resources, green building, 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. (0 to 5 points)

f) Minority and Women-Owned Business Enterprise (5 points)

- i. The City of Raleigh prohibits discrimination in any manner on the basis of race, color, creed, national origin, sex, age or handicap or sexual orientation and will pursue an affirmative policy of fostering, promoting and conducting business with women and minority owned business enterprises.
- ii. The City of Raleigh encourages participation by certified minority and women-owned businesses. 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. (0 to 5 points)

g) Rehabilitation vs. New Construction (Bonus: 10 points)

Ten bonus points will be given to developments proposing rehabilitation as opposed to new construction within the City limits of Raleigh in order to promote the preservation of existing housing. (10 points)

9) EVALUATION OF PROPOSALS

All proposers must schedule a pre-meeting with Maria Dewees to discuss their application. Maria.Dewees@raleighnc.gov or 919-996-6948.

Applications will be reviewed for completeness and eligibility. All eligible proposals will be ranked according to the criteria stated in this Request for Proposals. 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.

**** 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 will be required to resubmit an application in the next Request for Proposals for the changes to be considered.**

10) APPLICATION SUBMISSION AND FEE

This year, The City of Raleigh will receive application packages via electronic submission. To be considered for funding, one (1) electronic copy of the application package via e-mail to Maria.Dewees@raleighnc.gov.

The subject lines should read “2023 Rental Development NOFA Application – Project Name – Developer Name”

Application materials may be attached to the email with documents listed in the body of the message. Large files may be shared using an electronic file sharing service such as DropBox.

Applicants must submit a \$100 non-refundable application fee in the form of a check made payable to the City of Raleigh. Checks should be mailed to:

City of Raleigh, Housing & Neighborhoods
Attn: Maria Dewees
421 Fayetteville Street, Suite 1200
Raleigh, NC 27601

11) 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 to best serve the interests of the City of Raleigh.

12) EXPEDITED DEVELOPMENT REVIEW OF AFFORDABLE HOUSING PROJECTS

The City has implemented an expedited development review and approval process for affordable housing developments that receive City subsidy. Planning & Development staff meet bi-weekly with developers, architects, engineers, and Housing & Neighborhoods staff to discuss projects at various stages of review, answer questions and work to meet any critical deadlines. The new process shortens review timelines by about 50-60 days from a typical project with comparable review requirements. Developers of projects that are awarded Rental Development Program funding will be invited to attend these bi-weekly meetings once they are ready to submit for review.

APPLICATION SUBMISSION CHECKLIST

A copy of the application form submitted to the North Carolina Housing Finance Agency (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. **This sheet should be used as a coversheet for your proposal with all attachments in the order as listed below.**

- Nonrefundable application fee of \$100 made payable to the City of Raleigh
- Cover letter briefly describing the proposed project, population to be served and the specific amount requested from the City of Raleigh
- Projects approved for Land Grant Acquisition include copy of original letter submitted to the City prior to application
- Signed copy of NCHFA pre-application **and** 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
- Letters of Support from other Agencies and Funding Sources with whom you intend to collaborate, including Alliance Health (Ann Oshel at AOshel@alliancehealthplan.org), 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 Star will be used and any other sustainable practices that will be implemented and how that will be ensured
- Description of how the developer intends to recruit/use small disadvantaged minority & women-owned businesses in the project
- Appraisal (required for all acquisitions prior to closing) and Phase I, if available
- Crime report for the property and surrounding ½ mile radius for the previous year
- Letter from GoTriangle or GoRaleigh to certify bus service, if applicable

To be considered for funding, all 9% and early round 4% applications must be received by **5:00 p.m. on January 20, 2023.** Electronic applications should be sent via e-mail or file sharing service such as Dropbox, Sharefile, or other online sharing system to:

Maria Dewees, Multifamily Lending Coordinator

Maria.Dewees@raleighnc.gov

Please mail application fee payment to:

Maria Dewees, Multifamily Lending Coordinator
City of Raleigh Housing & Neighborhoods Department
421 Fayetteville St, Suite 1200
PO Box 590
Raleigh, NC 27601

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 multi-family 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 multi-family 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 multi-family housing developments will not be allowed in census tracts having a concentration of minority or low-income persons 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. **Multi-Family Housing** – Housing developments consisting of greater than 24 residential units.
2. **Subsidized Multi-Family Housing** – Any multi-family 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 Minority and Low Income Persons** – 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 multi-family housing and rental units occupied by households with tenant-based Section 8 vouchers* equals or exceeds 8% of the total rental stock, excluding housing for the elderly or disabled.

*Data provided by RHA in 2014.

Review Procedures

The Housing and Neighborhoods Department shall be responsible for reviewing all proposals for the development of subsidized multi-family housing to determine compliance with this Policy.

Policy Updates

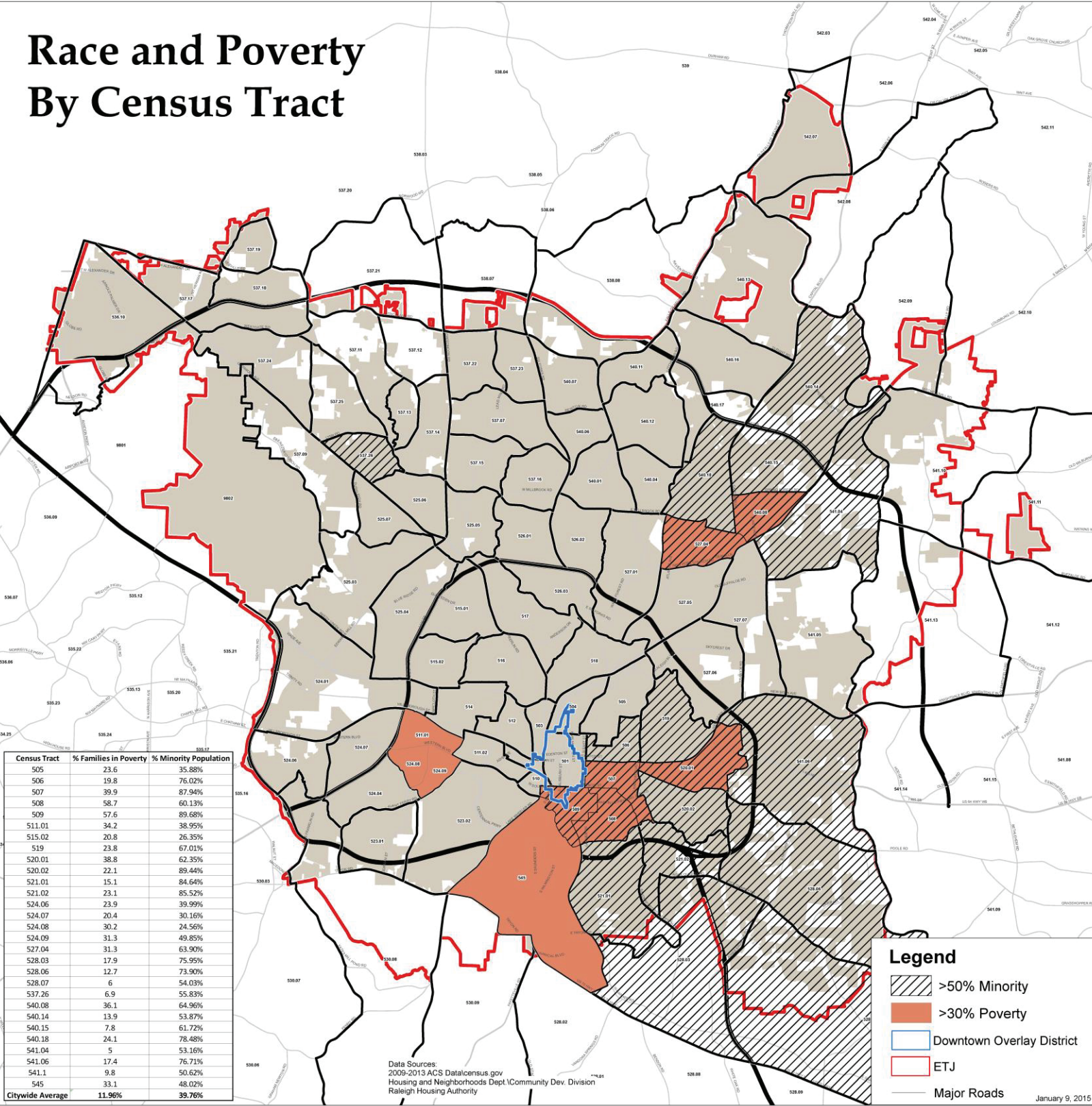
Maps depicting areas of concentration will be updated not less than every five years in conjunction with updates or revisions to the Housing Element of the Comprehensive Plan.

Attachments

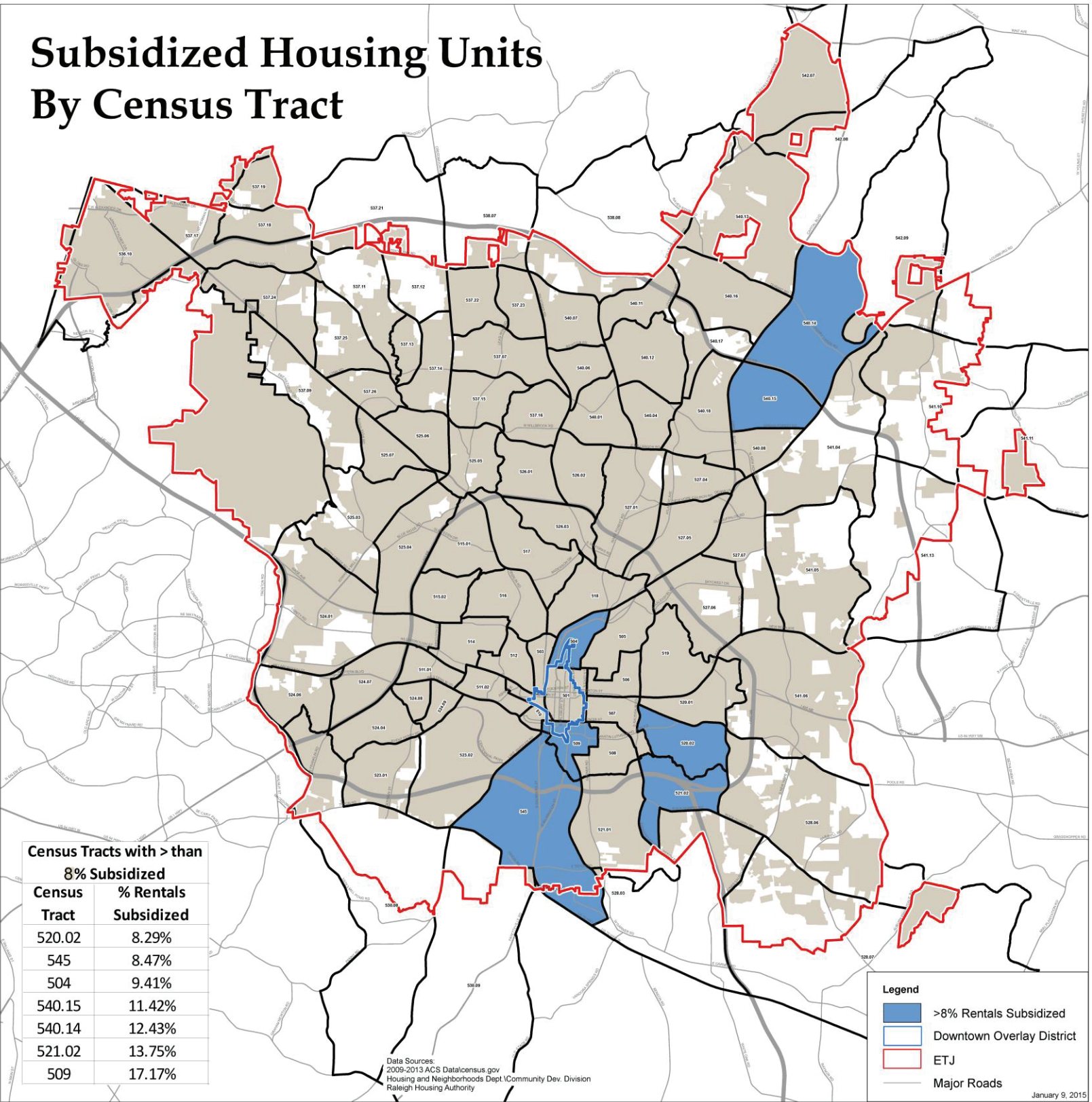
Race and Poverty by Census Tract (Map)

Concentrations of Subsidized Rental Housing by Census Tract (Map)

Race and Poverty By Census Tract



Subsidized Housing Units By Census Tract



2022 Raleigh MSA Income Limits

2022 Area Median Income: \$107,000 for a family of four

Official City of Raleigh use date June 15, 2022 for AMI rates, June 15, 2022 for HOME rent limits

For CDBG & HOME		Family Size							
Required use date 6/15/22	1	2	3	4	5	6	7	8	
Percent of Area Median Income									
10%	\$7,490	\$8,560	\$9,630	\$10,700	\$11,560	\$12,420	\$13,270	\$14,130	est.
20%	\$14,980	\$17,120	\$19,260	\$21,400	\$23,120	\$24,840	\$26,540	\$28,260	est.
Extremely Low - 30%	\$22,500	\$25,700	\$28,900	\$32,100	\$34,700	\$37,250	\$39,850	\$42,400	HUD
40%	\$29,960	\$34,240	\$38,520	\$42,800	\$46,240	\$49,680	\$53,080	\$56,520	est.
Very Low - 50%	\$37,450	\$42,800	\$48,150	\$53,500	\$57,800	\$62,100	\$66,350	\$70,650	HUD
60%	\$44,940	\$51,360	\$57,780	\$64,200	\$69,360	\$74,520	\$79,620	\$84,780	HUD
65%	\$48,685	\$55,640	\$62,595	\$69,550	\$75,140	\$80,730	\$86,255	\$91,845	est.
70%	\$52,430	\$59,920	\$67,410	\$74,900	\$80,920	\$86,940	\$92,890	\$98,910	est.
Low - 80%	\$59,950	\$68,500	\$77,050	\$85,600	\$92,450	\$99,300	\$106,150	\$113,000	HUD
90%	\$67,410	\$77,040	\$86,670	\$96,300	\$104,040	\$111,780	\$119,430	\$127,170	est.
100%	\$74,900	\$85,600	\$96,300	\$107,000	\$115,600	\$124,200	\$132,700	\$141,300	est.- median

Raleigh Affordable Rents

use as of June 1, 2021 (updated 5/3/21)

Number of Bedrooms	Efficiency-0	1	2	3	4	5	6
LOW HOME RENT LIMIT	\$936	\$1,003	\$1,203	\$1,391	\$1,552	\$1,712	\$1,872
HIGH HOME RENT LIMIT	\$1,038	\$1,073	\$1,223	\$1,517	\$1,960	\$2,144	\$2,328
FAIR MARKET RENT	\$1,038	\$1,073	\$1,223	\$1,517	\$1,982	\$2,279	\$2,577
50 % Maximum Housing Expense	\$936	\$1,003	\$1,203	\$1,391	\$1,552	\$1,712	\$1,872
65 % Maximum Housing Expense	\$1,198	\$1,284	\$1,543	\$1,775	\$1,960	\$2,144	\$2,328
CITY UTILITY ALLOWANCES	must be determined for each individual apartment or identical apartments in a project						

For all HOME projects, the maximum allowable rent is the HUD calculated High HOME Rent limit and/or Low HOME rent limit