

APPLICATION GUIDELINES

For the Disaster Recovery cycle of the

Essential Single-Family Rehabilitation Loan Pool (ESFRLP-DR)

NORTH CAROLINA HOUSING FINANCE AGENCY

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Application Guidelines

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APPLICATION GUIDELINES

For the Essential Single-Family Rehabilitation Loan Pool – Disaster Recovery

1. INTRODUCTION

The North Carolina Housing Finance Agency announces the availability of funds under the Disaster Recovery cycle of the Essential Single-Family Rehabilitation Program (“ESFRLP-DR”). ESFRLP-DR is funded through the North Carolina Housing Trust Fund. A total of fifteen million dollars (\$15,000,000) is available in this cycle.

Nonprofit organizations, local governments and regional councils proposing to serve any of the following counties are eligible to apply for the first round of the cycle: Anson, Beaufort, Bertie, Bladen, Brunswick, Camden, Carteret, Chatham, Chowan, Columbus, Craven, Cumberland, Currituck, Dare, Duplin, Edgecombe, Franklin, Gates, Greene, Halifax, Harnett, Hertford, Hoke, Hyde, Johnston, Jones, Lee, Lenoir, Martin, Montgomery, Moore, Nash, New Hanover, Northampton, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Pitt, Richmond, Robeson, Sampson, Scotland, Tyrrell, Wake, Washington, Wayne and Wilson.

The goal of ESFRLP-DR is to make a positive impact on the state's stock of standard affordable housing by encouraging the essential rehabilitation of existing, single-family, owner-occupied housing units damaged by Hurricane Matthew and Tropical Storms Julia and Hermine as listed in the Disaster Recovery Act of 2016.

The objectives of ESFRLP-DR are to promote equitable distribution of Program funds across disaster-affected counties of the state and assist households with incomes at or below one hundred percent (100%) of area median incomes with essential and critical repairs.

Under ESFRLP-DR, successful applicants (hereinafter, “Members”) will be expected to develop and adhere to fair, open and competitive procedures for the procurement of goods and services and for the selection of Program beneficiaries. These Application Guidelines provide an overview of the Program. Additional information on Program and Application requirements is contained in the accompanying Application for Funding & Loan Pool Membership.

2. BACKGROUND

Hurricane Matthew was one of the strongest hurricanes to form in the Atlantic Ocean in a decade. Along with Tropical Storms Julia and Hermine, it caused widespread heavy rainfall, record flooding, and dozens of deaths in North Carolina. Additionally, the wildfires in the western part of the State burned tens of thousands of acres and destroyed hundreds of structures. The General Assembly has authorized a resource of funds through the North Carolina Housing Trust Fund to help many of those in our state who have suffered from these disasters through the Disaster Recovery Act of 2016.

3. FUNDING & SCHEDULE

3.1 Funding

The total amount of funding available under ESFRLP-DR is fifteen million dollars (\$15,000,000). Successful applicants will be allocated a set-aside of \$150,000 for the rehabilitation of eligible units. Additional funds shall be available through the ESFRLP-DR "Pool" on a first-come, first-served basis. Funds provided to ESFRLP-DR Pool Members will be in the form of conditional grants, accessed on a unit-by-unit basis and subject to adjustment by the Agency based on the partner's performance and/or capacity to complete units in a timely manner.

"Service area" is defined as North Carolina disaster-affected counties per the application for funding. Within the service area, eligible homeowners shall be equally eligible to apply for assistance. Members may choose to accept homeowner applications on a first-come, first-served basis from throughout the service area to assist in a timely response to help those in need.

Program expenditures for hard costs cannot exceed \$40,000 per dwelling unit without permission from the Agency. The minimum amount of Program funds that can be spent on any assisted dwelling unit is \$5,000.

Under ESFRLP-DR, hard costs are defined as the reasonable costs of temporary relocation and the reasonable costs of construction labor and materials, construction contractor profit and overhead, etc., necessary to meet the Essential Property Standard.

ESFRLP-DR soft costs are the reasonable and necessary support costs associated with the rehabilitation of ESFRLP-DR assisted units. Eligible soft costs under ESFRLP-DR cannot exceed \$10,000 and are as follows:

- 1) Outreach and Advertising;
- 2) Environmental Review preparation;
- 3) Asbestos testing/clearance;
- 4) Radon testing;
- 5) Lead-Based Paint inspection/risk assessment;
- 6) Lead-Based Paint clearance;
- 7) Loan document execution, recording & legal fees;
- 8) Pre-rehab inspection including scope of work;
- 9) Work write-up;
- 10) Cost estimate;
- 11) Project & construction management;
- 12) Flood insurance (units in Flood Hazard Zones); and,
- 13) Post-rehab value estimate.

In Section II.D of the Application you are provided a proposed project budget for soft costs per unit.

3.2 Schedule

Applications for ESFRLP-DR funding will be received on an ongoing basis until March 31, 2017. Members will be given a maximum of six months from selection to the pool to set up at least three (3) units in the pool under their initial \$150,000 allotment. Members will become eligible to reserve additional funds, on a unit-by-unit, first-come, first-served basis, from the remaining pool of funds after completing three units.

4. ELIGIBILITY REQUIREMENTS

4.1 Eligible applicants

Eligible applicants for ESFRLP-DR funds include: nonprofit organizations; units of local government; and regional councils of government. Recipients of Program funding are directly responsible for the administration of projects being funded, even when contracting with third parties.

4.2 Eligible households

Only owner-occupied units whose homes have been affected by Hurricane Matthew and Tropical Storms Julia and Hermine as listed within counties in the Disaster Recovery Act of 2016 are eligible for assistance under ESFRLP-DR. Under ESFRLP-DR, median income households, as defined by the U.S. Department of Housing and Urban Development (HUD), are those with incomes up to 100% of the county median income. Income limits will be defined using the most recent HUD income estimates, as initially provided by the Agency and updated annually at the HUD website (www.hud.gov).

Members' policies for screening and prioritizing applications for assistance must be contained in concise written policies adopted by the Member, available to the general public and applied uniformly throughout the service area. **Please do not include the Assistance Policy with the Application.** (Refer to section 5.3, "Post Approval Documentation," below.)

4.3 Eligible activities

ESFRLP-DR funds may be used for financially-feasible, essential rehabilitation of owner-occupied housing and for associated support functions. Upon completion, housing units rehabilitated under ESFRLP-DR must meet the Essential Property Standard, which will be provided by the Agency along with ESFRLP-DR specific Program Guidelines, forms, and documents.

Where practicable, new or replacement items should be designed and/or selected with an eye to "universal design" principles. Reasonable measures to strengthen homes against natural disasters such as wild fire, flooding and, in coastal areas, hurricane force winds are also eligible Program expenditures. All units constructed before 1978 will be subject to North Carolina Renovation, Repair & Painting regulation.

4.4 Eligible forms of assistance

Assistance provided to owner-occupants by loan pool Member organizations under ESRLP-DR shall be in the form of a loan covering the hard and soft costs (program support) of the ESRLP-DR funds associated with the repair/modification of the unit. Homeowners will receive an unsecured deferred, interest-free loan. As long as the homeowner is not in default, the loan will be forgiven at a rate of \$5,000 per year, until the principal balance is reduced to zero. Recipients must use the loan documents provided by the Agency. Members will be expected to have adequate project procedures to ensure that Program documents are properly processed.

5. APPLICATION REVIEW, RANKING & SELECTION PROCESS

Applications for ESFRLP-DR will be reviewed and rated based on applicant capacity to operate the project. A four-step review process will be used: threshold review, Agency-board approval of conditional allocations, post approval documentation, and execution of Funding Agreements.

5.1 Threshold Review

The threshold review will eliminate any applications which are incomplete or are from ineligible entities. The threshold review is also meant to eliminate applicants lacking minimal capacity to operate the project. The following factors will be considered;

- 1) the experience of the applicant in undertaking housing rehabilitation projects;
- 2) the past performance of the applicant, if applicable, under other housing rehabilitation programs and/or other Agency-funded projects;
- 3) the overall capacity of the organization, including staffing support, to complete the project. Special attention will be given to the availability of qualified technical staff (rehabilitation specialists) to diagnose rehabilitation needs and implement the appropriate measures professionally and efficiently. Lead-based paint certifications and/or other recent training in lead hazard issues are preferred. Certification by the Professional Housing Rehabilitation Association of North Carolina will be a plus;
- 4) the amount of housing rehabilitation funding presently secured relative to the applicant's recent productivity;
- 5) the capacity of units of local government or others proposing to administer the Program through contracted consultants or other third parties will be rated on the combined qualifications and experience of the applicant's designated project staff and the third party's designated project staff; and,
- 6) the reasonableness of soft costs.

5.2 Agency Board of Directors approval

After completion of the application review and ranking process, the final funding decision will be made by the Agency's Board of Directors.

5.3 Post Approval Documentation

Applicants approved by the Board will receive conditional award letters and be asked to complete a Post Approval Documentation packet to provide supplemental documentation. An "Assistance Policy", referred to in section 4.2 above, will be amongst the requested-supplemental documentation.

5.4 Funding award

Upon review and conditional approval by the Board, the Agency will forward a Funding Agreement for execution by the Member. Program activities may commence upon execution of the Funding Agreement by both parties and approval of the Post Approval Documentation packet.

6. SPECIAL INSTRUCTIONS TO THE APPLICATION

6.1 Requests for Application forms

The ESFRLP-DR Application form may be acquired from the Agency website www.nchfa.com.

6.2 Application Submittal

The Application for Funding and Pool Membership can be mailed or delivered to the address below, or e-mailed to Stacy Lewis (selewis@nchfa.com) until March 31, 2017.

6.3 Application fee

There is no application fee for ESFRLP-DR.

6.4 Address

If not emailed, please mail or deliver all applications to:

The Strategic Investment Group
Attn: Stacy Lewis
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, North Carolina 27609-7509

6.5 Special Instructions

- 1) Applications should be typed or printed legibly in ink. Dollar amounts should be rounded to the nearest dollar. All applications should be signed and dated in ink on the "Certification" page by the applicant's chief administrative official as listed on the application under I.B.1.
- 2) All applications should be submitted on the form provided. Except where attachments are requested, you are encouraged to confine your responses to the provided space.
- 3) If mailed, it is preferred that applications be fastened at the upper left corner by a single staple or binder clip. Covers, ring binders, and folders are discouraged, as are attachments or exhibits which are not specifically requested.
- 4) All attachments should be clearly marked in the upper right hand corner according to the instructions in the application. The attachments should be attached in the order that they were requested, at the back of the application following page 5.