NORTH CAROLINA HOUSING FINANCE AGENCY

Supportive Housing Development Program – Integrated

2026 Application Guidelines and Instructions

(Appendices A – L are incorporated herein by reference)

Project Description & Site Visit form Deadline:
January 23, 2026 5:00 pm ET

Site visits tentatively scheduled the week of
February 2-6, 2026

Application Submission Deadline:
May 7, 2026 5:00 pm ET

For information, please contact SHD Staff at SHDevelopment@nchfa.com

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Introduction

The North Carolina Housing Finance Agency (NCHFA) announces the availability of funding for the Supportive Housing Development Program-Integrated (SHDP). Integrated housing is for people with disabilities to live interspersed within a larger residential setting to promote a community living environment.

The objectives of SHDP-Integrated are:

- To serve households earning less than 50% of area median income (AMI)* with a preference for those at or below 30% AMI.
- To provide permanent affordable and accessible housing, with links to appropriate services and supports for people with disabilities.
- To provide funds to leverage other public and private resources.
- To increase the supply of permanent supportive housing in the most integrated setting appropriate to improve the quality, safety, and accessibility of housing for this population.

In the process of administering this program, NCHFA will make decisions and interpretations regarding project applications. Unless otherwise stated, NCHFA is entitled to the full discretion allowed by law in making all such decisions and interpretations. NCHFA reserves the right to amend, modify, or withdraw provisions contained in this application that are inconsistent or in conflict with state or federal laws or regulations. All applications for program funding become the property of NCHFA.

** Area median income is defined using the U.S. Department of Housing and Urban Development annual income estimates. Income limits for North Carolina counties can be found here.*

Section 1. SHDP-Integrated Requirements

1.1 Eligible & Ineligible SHDP-Integrated Funding Project Types

1.1a Eligible uses of funds include:

- New construction
- Acquisition of new construction housing (at NCHFA discretion and approval)
- Acquisition of housing without rehabilitation (at NCHFA discretion and approval)
- Acquisition of housing with rehabilitation
- Rehabilitation of housing

Clarification of eligible project types:

- **New construction with or without acquisition** includes:
  - New construction on empty land or a cleared lot.
  - Adaptive reuse or gut rehabilitation of an existing building, shell, or components of a building where the housing will receive a new certificate of occupancy for attaining current building code.

- **Rehabilitation with or without acquisition** includes:
    - Moderate rehabilitation of housing. The goal of rehabilitation is to be fully functioning by addressing all **critical building components*** that are likely to need replacement or substantial repair within 10 years of project approval as well as address **health and safety needs****.
    - Substantial rehabilitation of housing. The goal of rehabilitation is to be fully functioning by addressing all **critical building components*** that are likely to need replacement or substantial repair within 20 years of project approval, and, in many cases, scope of work may significantly redesign layout to better serve applicant's clients as well as address **health and safety needs****.

** **Critical building components** include:*

- Exterior finishes (siding, masonry, etc.)
- Doors and windows
- Roofing
- Electrical system (supply, branch wiring, GFCIs, panel box, controls)
- Plumbing system (main valve, supply lines, drain lines, fixtures, water heater)
- Heating and cooling system (HVAC, furnace, controls)
- Foundation and structural supports
- Bathrooms
- Bedrooms
- Kitchens (food refrigeration, food heating, sanitary storage, separation of chemicals and waste from food prep areas)
- Walkways
- Fair Housing and ADA compliant access to facilities and office on property and within housing units and common areas, if applicable

*** **Health and Safety Needs** in rehabilitation requires applicants to address all deficiencies that could directly impact the ability to safely occupy the facility or housing or use it for its intended purpose. Actions must be taken to identify, evaluate, and adequately address issues related to occupancy, including:*

- Ingress/egress (doors, windows, emergency exits, emergency lighting)
- Known imminent threats to safety (holes in roof, storm/fire damage)
- Hazards (trip, shock, fall, puncture, cut, drowning, asphyxiation, fire safety, etc.)
- Air quality or inadequate ventilation (noxious fumes, harmful mold, carbon monoxide, consistent elevated moisture levels)
- Toxic substances including lead-based paint and friable asbestos
- Presence of vermin or pests
- Disease prevention through equipment and redesign of space (appropriate spacing of clients, automation of high touch fixtures, filtration, UV treatment, etc.)
- Structural failure
- Non-functioning items (building features that are present must work as intended)

- Harmful levels of noise from traffic, trains, or other sources
- Issues related to accessibility deficiencies and incorporation of universal design features, when applicable

1.1b Ineligible uses of funds

Program funds may not be used for:

- Crisis stabilization centers
- Hospice programs
- Rehabilitation with less than four units. Exceptions to this are allowed for:
    - Affordable supportive housing within the partner portfolio where the renovation will bring the development into compliance with state and local building codes, Department of Health and Human Services (DHHS) licensure, or SHDP standards.
    - Re-configuration of emergency or transitional housing to permanent supportive housing.
- New construction of licensed homes
- Projects that have received or intend to receive Low-Income Housing Tax Credits
- Supportive services expenses, operating costs, or administrative costs
- Construction or rehabilitation of office space or space for supportive services not in conjunction with housing units
- Refinancing existing mortgages
- Relocation costs
- Rental assistance

1.2 Eligible Populations

All SHDP-Integrated awarded projects must exclusively serve persons covered under the following special needs as defined below:

- People with intellectual or developmental disabilities interspersed within a larger housing community
- People with severe and persistent mental illness (SPMI) interspersed within a larger housing community where the number of units restricted to people with disabilities cannot exceed 20% of total housing units

1.3 Eligible Housing Types

Permanent rental housing must be within the geographic boundaries of North Carolina and must demonstrate a need for SHDP-Integrated funds based on a project budget detailing sources and uses of funds and projected cash flow. ***A project must create a minimum of four units to utilize SHDP-Integrated funds.***

- Rehabilitation only of existing affordable permanent supportive rental housing within the partner portfolio to bring the development into compliance with state and local building codes is exempt from the four (4) unit minimum.

- New construction of non-licensed permanent supportive rental housing should include appropriately sized units for the population being served and must meet the following standards:
    - Units for individuals with disabilities must be scattered throughout the property as much as feasible to prevent over-concentration.
    - The building cannot include a skilled nursing facility, institution for mental disease, intermediate care facility, or any inpatient institutional treatment.
    - Participation in services cannot be a requirement for residency and tenants have a choice in the supportive services they receive.
- Olmstead compliant projects which create permanent supportive rental housing units and must have no more than 20% of the units set-aside for people with SPMI.
    - The owner and the owner's designated property management company agree to:
        i. Accept and give preference to applicants referred by DHHS or their designee.
        ii. Notify DHHS or their designee of vacancies in the set-aside units through the Vacancy & Referral (V&R) system and give preference to those applicants.
        iii. Agree during initial rent-up to hold the units for referrals for 90 days and during unit turn over to hold the units for referrals for 30 days unless DHHS or their designee releases the unit earlier.

1.4 Eligible Applicants

The applicant **must**:

1. Comply with Fair Housing laws and the Americans with Disabilities Act (ADA).
2. Demonstrate sound financial business practices.
    a. Have a financial statement audit which includes an opinion from a certified public accounting firm.
    b. Show adequate and consistent levels of operating income from a variety of sources.
3. Demonstrate successful previous experience that includes the following:
    a. Must have a history of no unresolved audit or monitoring findings and must be in good standing demonstrating that the project sponsor proactively maintains compliance satisfactory to NCHFA Asset Management, as well as other lenders on existing projects.
    b. Must disclose all prior projects attempted or completed
        i. List the lenders – including local city, county, state, and federal lenders – and whether your organization is currently in compliance with the terms of the loans or if your organization has ever been out of compliance.
        ii. Disclose all unresolved audit or monitoring findings.
        iii. Disclose all cases in which the applicant (or principal if a for-profit applicant) entered into a workout or deferment, the reasons, a description of the plan for resolution, and compliance with deferment plan.
        iv. Disclose all cases where the applicant entered into a foreclosure. For each case provide the property name, the date of the foreclosure, the final disposition, and a description of the circumstances that lead to the foreclosure.

4. Engage a NCHFA trained and approved Housing Development Consultant (HDC) unless the applicant has developed SHD funded affordable multi-family housing in the previous 7 years as determined by NCHFA. A list of trained and approved HDCs can be provided. NCHFA strongly encourages organizations to engage the HDC early in the application process.
5. Demonstrate team capacity to develop the project scope, project plan, financing plan, construction budget, manage the construction phase, obtain permanent financing, bring the project into service, manage the on-going operations of the project, and ensure the ongoing compliance of the project (addressed in Section 1.5).
6. Have a minimum of three years' experience providing supportive housing or providing supportive housing services for the population to be served in the intended project with no uncorrected noncompliance issues and be in good standing with the governing regulatory agency.
    a. If the applicant does not have experience serving the special needs population in the proposed project, they must partner with an appropriate services provider.
7. If a single asset entity is created to own the project, the managing member must be the applicant. Additionally, the managing member must remain in place at least two years after the project is placed in service.

When considered as a whole, all the financial and organizational information about the applicant (including reference checks by NCHFA) shall demonstrate that the applicant has a strong financial and organizational capacity. NCHFA will consider financial and organizational information from numerous sources to assess the stability of the applicant for the length of the 20- or 30-year loan.

Eligible applicants include:

1.4a Existing Partners

Applicants previously funded by any NCHFA supportive housing program are eligible unless:

1. A Final Commitment Letter (FCL) for a prior Supportive Housing award has not been issued. An executed FCL must be in place at time of full application.
    a. If the existing partner requested cancellation of the loan commitment after the execution of the FCL, the Agency, at its sole discretion, will determine if any penalties will be assessed against the partner, including eligibility to apply for a period of up to 5 years from the date of cancellation.
2. Construction (defined as having a valid Building Permit and having issued a Notice to Proceed to the General Contractor) has not started before a recommendation for funding a subsequent project is made to the NCHFA Board of Directors, unless special circumstances apply (as determined by NCHFA).
3. The current proposed project for rehabilitation is less than 20 years old.
4. The organization has a history of unresolved audit or monitoring findings.
5. The organization is applying for SH-Rehab and SHDP-Integrated for the same project in the same funding cycle.
6. The project serving special populations has not completed the extended use period for the Low Income Housing Tax Credit Program.

1.4b Nonprofit Organizations or Nonprofit Developers

Applicants must have active 501(c)(3) designation for at least 3 years.

1.4c For-profit Developers

Applicants are only eligible to apply for a SHDP loan for a project which creates Olmstead compliant permanent, supportive rental housing units.

1.4d Units of local government in North Carolina

Applicants must be a unit of local government including City, County, Public Housing Authority, Community Development Corporation, or Council of Government.

1.5 Project Development Organization Capacity

The Application must demonstrate the capacity of the Project Team to successfully develop and operate the proposed project. Within the previous 7 years, the applicant must have developed SHD funded affordable multi-family housing in North Carolina or partner with a developer with the applicable experience, or engage a NCHFA trained and approved Housing Development Consultant. The organizational capacity will be reviewed and recommendations for award for each program will be made at the discretion of NCHFA.

If at any time the organization leadership (i.e., primary project contact) changes, an NCHFA trained and approved HDC may be required at the discretion of NCHFA.

1.5a Supportive Services

All Applicants must have a well-defined services plan reflected in the Supportive Services Access Plan (SSAP) which is part of the application. The applicant must provide supportive services or link to an external organization serving the proposed population.

1.5b Financials

The Agency will review the financial capacity of the applicant organization to provide any equity required to cover start-up expenses, operating deficits, and unanticipated costs to successfully operate the project.

1.5c Property Management

The owner can choose to self-manage the property and be responsible not only for providing the services, but also for daily operations or choose to hire a separate fee-managed company to handle operations. The daily management of operations includes Fair Housing/ADA compliance, applicant intake, maintenance, resident concerns, and rent collection (if applicable) for the project. This also includes any reporting requirements for the Agency in addition to other duties as assigned by the owner.

***Self-Managed* –** Owners planning to self-manage must adhere to the following requirements:

1. Have policies in place to maintain separate records for services and housing to ensure there are no HIPAA violations

2. Report to the Agency's Rental Compliance Reporting System (RCRS) timely and accurately (if applicable)
3. Have at least one staff person serving in a supervisory capacity with regard to the project who annually attends the Agency mandatory sponsored trainings (if applicable). Currently required trainings may include Supportive Housing Development Compliance or Targeting Program and Key Assistance Training, as well as a fair housing training. This requirement will only be reviewed at the end of each calendar year.
4. Adhere to rent increase approval requirements. Any organization found to have implemented a rent increase on an existing property without the required Agency approval may be disallowed from serving as management agent for an application.

Information explaining the organizational setup for providing supportive services and management must be provided in the SSAP portion of Part 1 of the Application.

Fee-Managed – The owner must hire a property management company with the following experience:

1. For rental housing projects, experience in managing subsidized rental housing with HUD, HFA, FHLB, USDA, or an equivalent program, as approved by NCHFA, within the last 7 years is required.
2. The Property Management Company's experience must be reviewed and approved by NCHFA Asset Management prior to issuance of the Final Commitment Letter. The management agent must:
    a. Have at least one similar Supportive Housing project in their current portfolio or requisite experience
    b. Request Targeting Program Key Rental Assistance timely and accurately (if applicable)
    c. Report to the Agency's Rental Compliance Reporting System (RCRS) timely and accurately (if applicable)
    d. Have at least one staff person serving in a supervisory capacity with regard to the project who annually attends the Agency mandatory sponsored trainings (if applicable). Currently required trainings may include Supportive Housing Development Compliance or Targeting Program and Key Assistance Training, as well as a fair housing training. This requirement will only be reviewed at the end of each calendar year.
    e. Have at least one staff person with regard to the project who has a valid North Carolina real estate license and be registered with the North Carolina Secretary of State (if applicable). A copy of the firm license must be provided.
    f. Adhere to rent increase approval requirements. Any management agent found to have implemented a rent increase on an existing property without the required Agency approval, may be disallowed from serving as management agent for an application.
3. Any subsequent change after initial approval, must be approved by NCHFA.

1.6 Community/Market Need for the Project

The applicant must demonstrate a clear understanding of who the project will assist and show solid data (i.e. Public Housing Authority waitlist, City/County housing needs data, gaps in housing type) to support the need for the number of units/beds proposed. Document the need for the proposed housing project by:

1. Identifying the location where your supportive housing services are or will be provided.
2. Listing all other service and/or supportive housing programs which assist the same or similar populations as the proposed project. Describe the utilization and vacancy rate for the programs and explain the need for the proposed project based on those statistics.
3. Providing data showing need in as many of the following forms as appropriate:
    - A waiting list or letter documenting waiting lists from appropriate service providers
    - A waiting list or letter documenting waiting lists of persons with disabilities from the appropriate housing authority, which also states that the project is in the housing authority's service area
    - Records of persons turned away from similar programs
    - Local plans or studies such as those from the HUD Continuum of Care
    - Data from HMIS
    - Other appropriate data-based sources
4. Describing how the proposed project works in collaboration with the other service and/or supportive housing programs in the community and provide letters of support.

1.7 Supportive Services

All projects must show access to supportive services appropriate to the intended population. All applicants will need to complete a Supportive Services Access Plan (SSAP) that describes linkages to support services and partners for the project. The SSAP is included in Part 1 of the application. Involvement in support services cannot be a requirement for tenancy and participation by the tenant must be voluntary. If involvement in a structured program in conjunction with housing is necessary, the client must be informed of and consent to the program requirements.

1.8 Income Restrictions

It is the preference of the Program that 100% of the units are affordable at 30% AMI, and each project financed will have income restricted units. The number of SHDP-Integrated income restricted units is calculated by the percentage of NCHFA's loan amount to the total development budget of the project (rounded up to the next whole number). Regardless of the percentage of SHDP funding, all units must be affordable as described below:

- The SHDP-Integrated income restricted units must be affordable to residents at or below 50% of Area Median Income (AMI)*, with a preference for residents at or below 30%, depending on the rent charged.
- The non-SHDP income restricted units must be affordable to residents at or below 60% of AMI. The maximum income limit may be increased up to 80% of AMI at the Agency's discretion.
- Only the number of restricted units at the specified income level will be monitored for regulatory compliance by the NCHFA. Additional units may need to be monitored in order to establish and document that there are adequate units in regulatory compliance with the NCHFA requirements. However, the entire property is subject to monitoring for asset management compliance.
- The income restricted units must be affordable for at least the term of the loan.

- No more than 30% of the targeted household income must be charged for rent and utilities (see 1.8a Utility Allowance Estimations).

1.8a Utility Allowance Estimations

- Projects where residents hold a lease and pay rent must show how utility costs are estimated and provide the appropriate documentation. Applicants can use the preferred utility allowance provided by their local Public Housing Authority (PHA).
- For new construction projects or rehabilitation/adaptive reuse where energy efficiency is incorporated, the applicant may use one of the alternate methodologies as well. Appropriate documentation is also required.

1.9 Site Eligibility

- The project must meet site and neighborhood standards as shown in the NCHFA Site Criteria (Appendix B).
- The Application process begins with the submittal of the Project Description and Site Visit Form (PDSV).
- Applicants must have site control of the proposed project property at the time of complete application deadline unless the date is extended by NCHFA. Site control can be exhibited through an option to purchase, a purchase contract, an executed deed, or a NCHFA-approved lease of at least as long as the requested loan term. Land must not be acquired after the application process has begun without first consulting with NCHFA.
- In established neighborhoods with active Homeowners Associations (HOA), the applicant must provide written documentation showing there are no restrictive covenants that would not allow the type of housing proposed at complete application, unless written approval is granted by NCHFA.
- No action may be taken on the site (i.e., digging holes, cutting down trees or paving) once the application process has begun. Applicants must consult NCHFA before taking any actions that physically impact the site.
- There must be documentation of proper zoning evidenced by a letter from local zoning official. A project will not be recommended for award without proper zoning.
- If the site is subject to a Conditional Use Permit or Special Use Permit, the Permit must be issued prior to the SHDP-Integrated funding award.
- There must be adequate infrastructure serving the site.
- Sites for permanent housing cannot be on the grounds of or immediately adjacent to a state psychiatric facility.

1.10 Site Plan Requirements & Design Standards

- Project designs must accommodate planned on-site supportive services and be compatible with surrounding properties. Project designs must have visual appeal, a functional floor plan, project amenities, and durable energy-efficient building components.
- New construction projects with more than 16 units must include an on-site office or a room where staff can maintain files and meet with applicants and residents.

- The SHDP Design Standards (Appendix D) are the minimum requirements for any SHDP project applying in the current program year. Applicants must comply with Fair Housing laws and Americans with Disabilities Act, regarding accessibility and must design units to maximize accessibility for mobility impaired people.
- Plans, specifications, and materials used in projects must comply with Building Material Quality Standards (Appendix E).
- Certain Energy Efficiency Standards must be met by all projects. Details are specified in the Energy Efficiency Guidelines (Appendix F).
- As a minimum standard for design and energy efficiency, all new construction projects must reference SystemVision Standards (Appendix G) and incorporate as a minimum standard for energy efficiency. Projects may exceed these standards.
- Plans and specifications must be reviewed and approved by NCHFA. The following is requested for each building constructed or rehabbed:
    - Scaled Site Plan showing, at a minimum, proposed building footprint, driveways, and parking areas (site plan)
    - Elevation of front of building
    - Elevation of side of building
    - Floor layouts for each type floor or building, as applicable, using a minimum scale of 1/16” = 1’, identifying the location of units, common use areas and other spaces.
- All projects, except a moderate rehab project, must have a third-party energy consultant. The energy consultant must also review the plans and specifications before commencing site work or construction.
- Construction or rehabilitation work should not begin until a Final Commitment Letter is issued.
    - If construction commences prior to the issuance of the Final Commitment Letter, the applicant/borrower must submit all due diligence and receive the Final Commitment Letter no later than 6 months from the date of award or the award may be rescinded at the discretion of the Agency.
- The Borrower is responsible for promptly informing NCHFA of any changes or alterations which deviate from the final plans and specifications approved by NCHFA at any point after the award is made. In particular, owners must not take action on any material change in the site layout, floor plan, elevations, or amenities without written authorization from NCHFA. This includes changes required by local governments to receive building permits.

1.11 Energy Efficiency Requirements

New Construction or Substantial Rehabilitation projects must comply with NCHFA’s Energy Standards (Appendix F).

All SHDP-Integrated projects must enter into contracts with a NCHFA-approved energy consultant to assist in incorporating energy efficiency, moisture management, durability, and indoor air quality strategies where feasible. <u>The energy consultant contract must be submitted to NCHFA for approval.</u> Energy consultants are building scientists who approach the building as a system of interacting parts and perform these critical roles:

- Feedback on design considerations for energy efficiency, moisture management, comfort, air sealing, combustion safety, ventilation, proper insulation installation, equipment commissioning, attic/crawlspace design, indoor air quality, and more.
- Inspecting and verifying construction details including framing, insulation, and air sealing during construction.
- Verifying and performance testing equipment, ducts, ventilation, and the building envelope.
- Identifying issues that may impact energy performance or cause other issues in the home.

Energy consultants must have current energy-related credentials (HERS, BPI, LEED, etc.) applicable to the project and relevant experience on similar projects. SHDP-Integrated projects must have a contract with an energy consultant that specifies the energy related responsibilities for the project.

While not every recommendation of the energy consultant may be implementable due to conflicting design requirements, licensure, or facility usage, wherever feasible – and especially when recommendations are easily implementable or low cost – it is expected that they be included in the construction or rehabilitation of the project. Unless granted an exception by NCHFA, all new construction and substantial rehabilitation projects must work with an energy consultant throughout the project, including during design, framing, insulation installation, construction, equipment commissioning, and post-construction energy performance testing.

Projects using non-commercial grade HVAC systems must use one of the four NCHFA approved HVAC systems, which are described in Appendix F, unless an alternative strategy is designed by the project Energy Consultant and approved by NCHFA.

1.12 Project Financing Requirements

1.12a Funding Range

All projects must at least apply for a minimum of $200,000 in financing to be eligible for a SHDP-Integrated loan.

1.12b Funding Available & Match Requirements

NCHFA does not fund 100% of the project. Each project will require a portion of the total development budget to have a match of either in-kind services/materials, land donation, or other funding commitments. **At time of application, documentation of at least half of the required committed match must be submitted.**

The amount of funding available varies based on the proposed project location using Community Development Block Grant (CDBG) Entitlement Areas (see Appendix J).

- In CDBG Entitlement Areas, the maximum amount of funding available is up to $1,200,000 **or** 60% of the total development cost, whichever is less, and must have at least 40% match of the total development cost.
- In Non-CDBG Entitlement Areas, the maximum amount of funding available is up to $1,300,000 **or** 70% of the total development cost, whichever is less, and must have at least 30% match of the total development cost.

NCHFA reserves the right to adjust the funding limits for projects.

1.12c Property (Land and/or Building) Value as Match

- No appraisal is required when the costs for the acquisition of property is not included in Application Part 2.
- For property valued **under $500,000**, an official tax record can be used if the applicant is using the property as part of the match or is seeking reimbursement for the property.
    - The property value on the Development Budget cannot exceed the tax value unless an appraisal is submitted.
    - For properties purchased with the past twelve months, the tax value will be used unless other purchase documentation is provided.
- An appraisal is required for property valued **greater than $500,000** if the acquisition of the property is included in Application Part 2.

NCHFA will reimburse what was actually paid up to the appraised amount.

1.13 SHDP-Integrated Loan Underwriting Requirements

Projects must meet the following requirements:

1. The project's operating pro-forma must show a reasonable cash flow based on underwriting assumptions identified in the application.
2. There should be documentation of any conditional or firm commitments for other project financing.
3. The most recent financial statement audit which includes an opinion from a certified public accounting firm (or Agency approved alternative) and has been completed within 12 months of the end of the applicant's fiscal year must be included. If the applicant's fiscal year does not align with the above statement, the applicable fiscal year is at the Agency's discretion.
4. The audit should document ongoing commitments for operating income or show a proven history of fundraising for the proposed use.
5. Project development costs must be reasonable when compared to other projects funded by the program for the type of housing being produced.
6. Rental properties without a project-based source of rental assistance must show evidence of long-term, positive cash flow when using a 7% vacancy rate, 2% escalation of income, and 3% escalation of expenses.
7. Projects which intend to receive Project-Based Rental Assistance must provide a letter from the applicable rental assistance administrator. Projects may use Appendix K as a reference for the letter from the applicable rental assistance administrator.
8. Rental properties must fund an Operating Reserve with a minimum of 6 months operating expenses.
    a. Accounts must be held by NCHFA or a 3rd party approved by NCHFA.
    b. Account must be in an FDIC insured account.
    c. Investment accounts, including brokerage accounts, shall not be permitted without written approval by NCHFA.
9. If a rental property chooses to fund a rent-up reserve they must transfer any excess funds from it to the Replacement Reserve account.

10. Properties have a maximum Developer Fee's and Housing Development Consultant fee of $50,000 each for new construction and substantial rehab projects. Properties have a maximum Developer Fee's and Housing Development Consultant fee of $25,000 each for acquisition and/or moderate rehab projects.
11. General Requirements cannot exceed 6% of hard costs.
12. Contractor Overhead and Profit cannot exceed 10% of total hard costs including general requirements.
13. Construction Contingency at application must be 15% of total construction/rehab contract amount.
14. If the property is purchased for greater than the appraised value, only the appraised value can be used in the NCHFA project development budget.
15. The below Replacement Reserves must be included on the expenses tab in Application Part 2 and increase by 4% annually:
    a. Non-licensed Permanent Housing New Construction: $250 per unit per year
    b. Non-licensed Permanent Housing Rehabilitation: $350 per unit per year

1.14 Financing Commitment

SHDP-Integrated will not fund more than one project per applicant per funding cycle. Additionally, if the applicant has a previous SHD award, the criteria in Section 1.4a must be met before a recommendation for funding for a subsequent project is made to the NCHFA Board of Directors, unless special circumstances apply (as determined by NCHFA).

Projects awarded for loan financing will receive a Conditional Commitment Letter from NCHFA. Applicants with a conditional commitment for financing will have 18 months to receive final written commitments for the balance of construction and permanent financing from other sources and submit the due-diligence checklist items to NCHFA for approval.

After award, any changes or revisions made to the Development Budget listed in Application Part 2 must be communicated timely to the Agency.

Please see Appendix I for the full list of requirements to obtain the Final Commitment Letter (FCL). SHDP-Integrated financing is permanent, thus will be available at the end of project completion and final cost certification. However, for projects which include property acquisition, NCHFA, at its sole discretion and after issuance of the FCL, may allow one draw before project completion to fund or reimburse a portion of the property acquisition purchase price equivalent to NCHFA's percentage of financing in the total development budget.

NCHFA, at its sole discretion, will determine the funding source that best suits each project taking into consideration the funding sources available.

1.15 Loan Terms & Types

- All SHDP-Integrated financing will be in the form of a 0% interest, permanent mortgage loan that is non-forgivable for the original loan term.

- The maximum loan term is 30 years for new construction and 20 years for rehabilitation.
- **All loans will include a Loan Agreement, Promissory Note, Deed of Trust, and Declaration of Deed Restrictions.** NCHFA will hold first lien position unless prior written approval is granted by the Agency.
- Amortizing, custom payment, and deferred loans are available under the program, depending on the ability of the project to pay debt service. NCHFA prefers to make amortizing or custom payment loans so program funds can be recycled to fund additional projects.
    - Projects that are unable to pay debt service may be offered a deferred loan with a balloon payment. These loans may be refinanced at the end of the initial term for an additional ten years at the request of the borrower and at the discretion of NCHFA, as long as the project continues to be used for a mutually acceptable supportive housing purpose, does not have compliance issues, borrower is in good standing with NCHFA, and the building is in good condition.

1.16 Construction Requirements

- Lead-based paint regulations: 24 CFR part 35
    - Lead-Based Paint Poisoning Prevention Act
    - Residential Lead Based Paint Reduction Act
    - State lead-based paint requirement
- Radon Testing may be required. See Appendix D.
    - All new construction projects are strongly encouraged to include passive radon management systems in their designs. All new construction projects in radon zones 1 and 2 must include passive radon management.
- New Construction
    - Section 504: 24 CFR Part 8
    - Title II of the Americans with Disabilities Act: 24 CFR Part 35
    - Fair Housing Act: 24 CFR Part 100
    - NC State Building Code
- It is highly discouraged to locate SHDP funded buildings within the 100 year (AE) flood risk zone. Flood risk zones can change with flood events and due to development near and upstream from project sites. When planning the project, if it is feasible that flood risk could be present in the future, the site work and foundation must be designed to reduce risk to the structure, for occupancy, and for ongoing use for critical community services.

1.17 Ongoing Compliance Training, Monitoring & Reporting

1.17a Compliance Training

- NCHFA provides SHDP compliance training several times per year to assist owners and management agents with meeting NCHFA requirements. A schedule of training times and locations can be found on our website.
- Owners or management agents must attend a training annually.

1.17b Compliance Monitoring & Reporting

Monitoring will be conducted by the NCHFA Asset Management Team to ensure that SHDP goals and regulatory requirements are met. Projects will be monitored based on loan documents and deed restrictions for continued and consistent program compliance.

Monitoring areas will include:

- The owner's proper operation and maintenance of the property
- The utilization of NCHFA restricted units
- Tenant incomes and eligibility criteria
- Timely and accurately requesting of the Targeting Program Key Rental Assistance (if applicable)
- An operating and/or replacement reserve balance is properly maintained
- Adherence to the Tenant Selection Plan as approved by the Agency
- For rental properties, rent affordability, as reflected in the Rent Table of the Deed Restrictions, if applicable
- If a property consists of non-licensed permanent rental units, the occupancy information about all units, not just NCHFA restricted units, must be entered in a timely manner (30 days from move-in) into the NCHFA's Rental Compliance Reporting System (RCRS). The owner or management agent must periodically report on unit utilization and household information with data elements determined by NCHFA in a manner and frequency established by NCHFA. These data elements may be updated or revised by NCHFA periodically.
- Property insurance requirements are met annually. The insured amount must be greater than or equal to the amount of the SHDP loan amount. For policies less than or equal to $5,000,000 the deductible should be no more than $15,000. For policies greater than $5,000,000 the deductible should be no greater than $25,000. If this type of policy cannot be obtained or afforded, an insurance reserve may be substituted with approval from NCHFA staff.
- An audited financial statement or Agency approved alternative must be submitted annually for review.

All projects must comply with the following restrictions on religious influence. Organizations <u>may not</u>:

1. Discriminate against any employee or applicant for employment on the basis of religion
2. Discriminate against any person applying for housing on the basis of religion
3. Require religious instruction or counseling
4. Require attendance at religious services or worship or engage in religious proselytizing or other religious influence in the provision of housing.

Section 2. SHDP-Integrated Application Instructions

2.1 Project Description and Site Visit

1. Submit the Project Description and Site Visit Form (Appendix A) to SHdevelopment@nchfa.com for Agency staff to schedule the site visit.
    a. **Deadline to submit forms is January 23, 2026.**
    b. Submittal of the Project Description and Site Visit form is considered the start of the application process. This form does not serve to reserve any funds or commit the

applicant in any way to apply. Applicants are encouraged to submit the form as soon as possible so SHD staff can review the proposed site to determine if it is suitable for supportive housing.

   c. If the proposed project includes rehabilitation, applicants must submit the SHD Property Inspection Form (Appendix C). Projects which have contracted with an architect or engineer to conduct an ASTM E2018-15-compliant Property Condition Assessment may submit the assessment provided it meets the minimum requirements of the inspection form (Appendix H). All rehab projects must provide a scope of work that provides unit level detail. An example can be found in Appendix H. If awarded, rehab contracts should provide a level of detail that meets or exceeds the scope of work.

2. Site and Project Review & Meeting
   a. A project description and site review by SHD staff for each proposed project and site is required.
   b. The site must meet the minimum eligibility site standards shown in the NCHFA Site Criteria (Appendix B).
   c. The project and site review meeting will be an opportunity for applicants to get early feedback on a proposed project and site and to ask specific questions.
   d. The project and site must be reviewed and approved prior to complete application submission.
3. Site and Project Approval/Denial Letter
   a. After the site review meeting, the SHD staff will send a site approval or denial letter to the applicant.
   b. If the proposed project includes rehabilitation, the letter will also detail additional inspections if needed.
   c. If the site or project are denied, the SHD staff will provide reasons and recommendations for the project site or project.

2.2 Application Submission

Complete applications are due electronically through the SHD Portal by **May 7, 2026 at 5:00 PM ET.** There are two parts to the complete application, Application Part 1 and Application Part 2. Both Part 1 and Part 2 must be submitted to have a complete application. **Applications may be submitted earlier than the deadline.**

2.2a Application Part 1

In the Application Part 1, the applicant will provide an organizational narrative, proposed project description in detail, and required exhibits including, preliminary site plans.

2.2b Application Part 2

The Application Part 2 is an Excel spreadsheet providing the development budget, sources of funds, project income (rents & mandatory fees), project expenses, and pro forma.

Section 3. Application Review and Award Process

3.1 Application Review & Selection Procedures

As part of its due diligence, NCHFA reserves the right to independently verify any information submitted as part of an application under the Program. Applications for SHDP-Integrated financing will be reviewed and selected through the following process:

- Project Description and Site Visit approval
- Threshold review
- Project Ranking
- NCHFA Board of Directors approval
- Loan Award

Although there is no allocation of funds by region, it is still the objective of the NCHFA to achieve statewide distribution of Program funds.

3.2 Threshold Requirements

Projects must meet the following threshold criteria to be considered for Program financing:

1. The site and project must have been approved by NCHFA and have met the minimum site standards shown in Appendix B.
2. Part 1 and Part 2 of the complete application must be complete. For an application to be considered complete it must be signed by the authorized official that is listed. Exhibits 1-4 and preliminary building project plans must be submitted to meet threshold. Threshold requirements are not curable. All applicants need to submit documents that meet the below intent.
    a. Articles of Incorporation (or equivalent)
    b. Bylaws (or equivalent)
    c. IRS Letter for 501 (c)(3) status – (Nonprofit)
    d. List of Board of Directors (or equivalent)
    e. Certified Financial Audit showing financial stability
    f. Organizational Budget
    g. Developer Experience and Capacity
    h. Housing Development Consultant Contract (signed)
    i. Preliminary building project plans

Any deficiency not specifically covered in Section 3.3 may be cause for rejection of the application at the Agency’s discretion.

3.3 Curable Deficiencies

- A curable deficiency is a missing, incorrect, or incomplete exhibit or worksheet not listed above as threshold items.
- Applications that are found to have curable deficiencies (either by the applicant or NCHFA) will be permitted to submit the missing information within a specified time period.

3.4 Project Scoring

All requirements under Section 1 of the Program Guidelines **must** be met. All SHDP-Integrated projects will be scored after the application deadline. The scoring criteria is listed below for a maximum of 395 points:

Project and Site (up to 100 points)

All applications will be scored according to the standards in the SHDP Site Criteria (see Appendix B). Standards include site suitability, neighborhood characteristics, intended population to be served, etc. The site will be reviewed along with the SSAP that is submitted in Part 1 to determine the appropriateness of services for the intended population.

Organizational Stability (up to 50 points)

Applications will be scored according to the number of years that the organization has been in existence.

- 3-5 years – 10 pts
- 6-10 years – 20 pts
- 11-14 years – 30 pts
- 15-19 years – 40 pts
- 20+ years – 50 pts

Supportive Services Provider Experience Serving the Proposed Population (up to 50 pts)

Applications will be scored according to the number of years that the organization has been providing services to the intended population.

- 1-2 years – 10 pts
- 3-5 years – 30 pts
- 6-10 years – 40 pts
- 11+ years – 50 pts

Readiness to Proceed with Development (up to 100 points)

Projects will be scored against each other on the percentage of the development budget in hand. In hand commitments* will be counted as:

- Award letters from funding sources (worth 100% of their value)
- Investment account or bank statements showing proof of funds in hand along with a Board of Directors commitment or resolution of that funding amount (worth 100% of their value)
- Bank permanent loan interest/commitment letter for project (worth 100% of their value)
- Proof of submittal of applications to funding sources (50% of their value)
- Federal Home Loan Bank intent. This information must be included in Part 1 of the SHDP application, and it must be disclosed which FHLB applicant will be applied to (Atlanta, Pittsburgh, etc.), the application deadline, and the local member bank supporting the FHLB application (worth 50% of their value)
- General Assembly budget appropriations (approved is worth 100% of their value and non-approved worth 50% of their value)

- Pledges received during the construction period (worth 50% of their value). If funded, in order to get the Final Commitment Letter, future pledges can only be accepted in an agency approved format.

**In Hand Commitments must be submitted no later than the deadline for submission of follow-up information as defined by NCHFA.*

Olmstead Compliant Bonus Points (up to 75 points)

- Olmstead Compliant housing **not in a DHHS priority area** and **not using V&R** – 25 points
- Olmstead Compliant housing **not in a DHHS priority area** and **using V&R** – 35 points
- Olmstead Compliant housing **in a DHHS priority area** (see Appendix L) and **not using V&R** – 50 points
- Olmstead compliant housing **in a DHHS priority area** (see Appendix L) and **using V&R** – 75 points
    - Accept Key assistance, if offered by DHHS, and comply with Targeting Unit Agreement (TUA) and Targeting program guidelines.
    - Demonstrate through underwriting that project can cash flow using Key rents or show an alternative source of rental assistance for the Targeted units, acceptable to the Agency and DHHS.

Geographic Bonus Points (20 points)

Projects *not* located in CDBG Entitlement areas will receive 20 bonus points. The following CDBG Entitlement areas (Appendix J) are ***not*** eligible for bonus points:

- Asheville
- Burlington
- Cary
- Chapel Hill
- Charlotte
- Concord
- Cumberland County *(excluding Linden)*
- Durham
- Fayetteville
- Gastonia
- Goldsboro
- Greensboro
- Greenville
- Hickory
- High Point
- Jacksonville
- Kannapolis
- Lenoir
- Mecklenburg County
- Morganton
- New Bern
- Raleigh
- Rocky Mount
- Salisbury
- Union County
- Wake County *(excluding Holly Springs)*
- Wilmington
- Winston-Salem

3.5 Project Ranking

Projects will be evaluated and scored after the application submission deadline. All applications that meet or exceed threshold requirements will be evaluated and scored based on the project criteria. After a project is scored, it will be ranked against the other applications submitted in the same funding cycle. All proposed projects will also be reviewed by DHHS.

3.6 Approval of SHDP-Integrated Loan Awards

The applications ranked the highest and within the funding sources and amounts available to the Program will be recommended to NCHFA's Board of Directors for financing approval. NCHFA's Board of Directors makes the final decision on which projects are funded. NCHFA reserves the right to contact other potential funders, interested parties, and service providers during the application review process to verify information in the application.

3.7 Project Award Notification

Applications will be taken to the first available Board meeting to review and consider for award. Upon approval of SHDP-Integrated project loan awards, SHD staff will contact applicants and issue SHDP-Integrated award letters to begin the commitment process. If projects are not awarded, SHD staff will issue a letter to the applicant at this same time.

After award notification, a Conditional Commitment Letter will be issued with more details.