

NORTH CAROLINA HOUSING FINANCE AGENCY
**SUPPORTIVE HOUSING DEVELOPMENT
PROGRAM**

2017 PROGRAM YEAR

SHDP Application Guidelines and Instructions

North Carolina Housing Finance Agency
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SECTION 1. PROGRAM REQUIREMENTS

1. INTRODUCTION

The North Carolina Housing Partnership and the North Carolina Housing Finance Agency announce the availability of funding for the 2016 Supportive Housing Development Program (the "Program"). The objectives of the Program are:

- a. To increase the supply of permanent supportive housing in the most integrated setting appropriate to the needs of the proposed residents;
- b. To serve adults and children with special needs earning less than 60% of area median income (AMI), with a preference for those at or below 30% of AMI;
- c. To provide affordable and accessible housing with links to appropriate services and supports for persons with special needs;
- d. To provide funds to leverage other public and private resources;
- e. To improve the quality, safety and accessibility of housing for the homeless; and
- f. To preserve existing NCHFA-financed supportive housing.

During the period of the Settlement Agreement (the "Olmstead Agreement") between the State of North Carolina and the United States Department of Justice regarding housing options for persons with disabilities, the Program will have a strong preference for housing developments which contribute to meeting the State's goals under the Olmstead Agreement. This housing consists of independent rental units where no more than 20% of the units are required by funders to be restricted for persons with disabilities. All rental developments which contribute to the Olmstead Agreement will be eligible to receive NCHFA-funded Key Program Rental assistance on restricted units. Projects which contribute to the Olmstead Agreement or which have a commitment for other project-based rental assistance may, upon NCHFA's sole discretion, receive SHDP funding for more units than the proportion described in Section 2.2 (Eligible Residents) below.

Also during the period of the Olmstead Agreement, eligible projects will include the conversion of properties with an active or former Adult Care Home license into independent supportive apartments. The conversion must contribute to the Olmstead Agreement goals and must meet all other SHDP requirements.

Projects which applied in the previous program year, and which passed threshold but were not funded, will be reconsidered in this cycle. These projects must submit updated project information but do not need to re-apply. The updated information required is: (1) updated SHDP Application Forms Part One and Two, (2) the most recent audited financial statements, (3) current program year budget, and (4) any new funding commitments. These projects will be ranked and rated under the current year rules and regulations, including the new funding limits.

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.

2. PROGRAM REQUIREMENTS

2.1 Eligible Applicants

Entities eligible to apply for Program financing are nonprofit organizations that have been incorporated for at least 3 years and have had a 501(c) (3) designation for at least 3 years, and units of local government. Eligible applicants must also have a minimum of three years experience providing supportive housing or supportive services for populations with special needs or both. For the emergency shelter rehabilitation option, the applicant must be a recipient of state and or federal funding targeting homelessness or domestic violence (such as ESG, FEMA, The Governor's Crime Commission or The Council for Women/Domestic Violence Commission), and the shelter must be owned by applicant or leased from a unit of local government. For projects which propose creating units that contribute to the Olmstead Agreement, a partnership between a nonprofit entity (meeting the requirements described above) and a for-profit development partner will be allowed as long as a nonprofit is the majority partner.

During the period of the Olmstead Agreement, stand-alone for-profit organizations are eligible to apply only for the rehabilitation of existing rental properties which have been owned by the organization for at least three years and which meet the requirements described further in Section 2.4.

Organizations having existing SHDP funded project(s) must have started construction (defined as having a valid Building Permit and having issued a Notice to Proceed to the General Contractor) before a recommendation for funding a subsequent project is made to the NCHFA Board of Directors, unless special circumstances apply (as determined by NCHFA) such as construction delays caused by no fault of the developer.

The applicant must demonstrate sound business practices, including an annual audit or certified statement of revenues and expenses. The applicant must submit the audit/certified financial statements for the previous two fiscal years and an operating budget for the current year which demonstrate adequate resources to operate the new project. The applicant must show adequate and consistent levels of operating income from a variety of sources. The applicant must have no unresolved audit or monitoring findings and must be in good standing with NCHFA Asset Management. When considered as a whole, all the financial information about the applicant (including reference checks by NCHFA) shall demonstrate that the applicant has a strong financial position. NCHFA will consider financial information from numerous sources to assess the stability of applicant for the length of the 20 or 30 year loan. Applicants which do not show a strong financial position will not pass threshold review, notwithstanding any other factors in the application.

A church or primarily religious organization cannot own projects assisted with Program funds; however an organization with 501(c) (3) status which was sponsored by a church or religious organization is eligible to apply. All projects must comply with the following restrictions on religious influence. Participating organizations may not:

- a. discriminate against any employee or applicant for employment on the basis of religion;
- b. discriminate against any person applying for housing on the basis of religion;
- c. require religious instruction or counseling;

- d. require attendance at religious services or worship, engage in religious proselytizing or other religious influence in the provision of housing.

2.2 Eligible Residents

Projects receiving Program financing must serve adults or children with special needs as defined in this section. It is the intention of the Program that units financed should be affordable to residents at or below 60% of area median income, with a preference for residents at or below 30%. Only the number of units described in Section 2.3 below will be restricted to the specified income level and monitored for compliance by the 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 at the following link:

http://www.nchfa.com/sites/default/files/page_attachments/2016HomeIncome.pdf.

Unless the project contributes to the Olmstead Agreement, the number of units equivalent to NCHFA's share of funding in the total project (rounded up to the next whole unit) must be reserved for and occupied by individuals with one of the following special needs:

- a. Homeless persons as defined by Department of Housing and Urban Development HEARTH Act; or
- b. Persons with one of the following special needs: disabilities which are expected to be permanent; recent release from an institutional setting; in substance abuse treatment; in hospice care; children in foster care or other licensed facilities; young adults aging out of foster care or other licensed facilities; and survivors of domestic violence.

2.3 Affordability Restrictions

The number of units equivalent to NCHFA's share of funding in the total project (rounded up to the next whole unit) must be reserved for and occupied by individuals whose household income does not exceed 60% AMI. Assisting households below 30% of AMI is preferred. The restricted units must be affordable for at least the term of the loan. If rent is charged, rent and utilities cannot exceed 30% of gross household income for the income group targeted. For non-licensed programs, any combination of rent and program fees charged to the resident cannot exceed 40% of targeted household income without prior NCHFA approval. NCHFA will use loan documents, annual reporting requirements, and monitoring to ensure that income targeting and affordability standards are met.

2.4 Eligible Projects

Projects eligible for Program financing include:

- the new construction or purchase/rehabilitation of permanent supportive housing which creates at least three new units; new construction of non-licensed apartments must include 20% one-bedroom units (rounded up).
- the new construction or purchase/rehabilitation of substance abuse treatment programs or other services programs which provide housing for their residents such as group homes for children,
- rehabilitation or replacement of emergency shelter facilities,
- refinancing to preserve existing NCHFA-financed supportive housing, which may include needed improvements to the structure for accessibility, energy efficiency and health and safety,
- renovation of emergency or transitional housing into permanent supportive housing,

- reuse of existing adult care homes into permanent supportive apartments,
- renovation of existing supportive housing to bring the development into compliance with state and local building codes,
- renovation of existing rental properties which meet the following criteria (for-profit owners are allowed):
 1. 20% of units will be restricted to persons with disabilities when rehabilitation is complete,
 2. the property is located in one of the DHHS Priority Counties listed in Appendix H,
 3. the owner has owned the property for at least three years,
 4. the property is not designated for elderly occupancy.

Applicants are encouraged to operate their housing services, programs, and activities in the most integrated setting appropriate to the needs of the target population.

Projects which provide non-licensed permanent housing must meet the Medicaid standards for a Home and Community Based Setting. Applicants are responsible for informing themselves on these rules, but some provisions which are pertinent to the Supportive Housing Development Program are:

- sites cannot be on or immediately adjacent to land containing a state psychiatric facility (veterans programs are exempt from this requirement),
- the setting cannot have the effect of isolating residents with disabilities from the broader community of people who do not have disabilities,
- the building cannot contain a skilled nursing facility, institution for mental disease, intermediate care facility or any inpatient institutional treatment, and
- participation in services cannot be a requirement for residency and tenants have a choice in the support services they receive.

More information can be found on the Medicaid HCBS website:

<https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Supports/Home-and-Community-Based-Services/Home-and-Community-Based-Services.html>

and in the following fact sheet:

<https://www.medicaid.gov/medicaid-chip-program-information/by-topics/long-term-services-and-supports/home-and-community-based-services/downloads/hcbs-setting-fact-sheet.pdf> .

All eligible projects must be eligible for at least \$50,000 in Program financing to be considered for Program assistance. Permanent housing projects where more than 20% of the units are restricted to persons with disabilities will only be considered if funds remain after all other types of projects have been funded.

All projects receiving Program financing must show access to supportive services appropriate to the target population. Emergency shelter projects must provide a letter of consistency from and describe their collaboration with their local Continuum of Care and their utilization of ESG funds and rapid re-housing principles. Only projects with an adequate Supportive Services Access Plan will be considered for Program financing.

2.5 Emergency Shelter Rehabilitation and Preservation of Existing NCHFA-financed Supportive Housing Requirements

Projects proposing the rehabilitation of an emergency shelter or preservation of existing NCHFA-financed supportive housing must show the need for at least \$50,000 in funding from NCHFA to do the following:

- a. provide essential accessibility modifications in order to better serve persons with physical disabilities,
- b. make energy saving improvements,
- c. to meet HUD Emergency Solutions Grant minimum habitability standards,
- d. incorporate needed security systems to better protect persons residing in their structure, and/or
- e. improve shelters/units serving the homeless by addressing shelter conditions which pose an imminent threat to life or safety.

2.6 Site Eligibility Requirements

Applicants must have site control of the proposed project property at the time of application. 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. The project must meet site and neighborhood standards as shown in Appendix A. There must be documentation of proper zoning evidenced by a letter from local zoning official. There must be adequate infrastructure serving the site, as evidenced by a letter from the local utility providers. If the site is subject to a Conditional Use Permit or Special Use Permit, the Permit must be issued for sufficient time to allow for project completion and a copy of the Permit must be submitted. As described above in Section 2.4, sites for permanent housing cannot be on the grounds of or immediately adjacent to a state psychiatric facility.

2.7 Project Team Capacity

The development team may include one or more for-profit organizations, but the applicant must be a nonprofit or unit of local government, except for the project type described in Section 2.1. Any single asset owner subsidiary or related company created to own the project must also be a nonprofit. If a LLC is created, the managing member must be a nonprofit. For projects which propose creating units that contribute to the Olmstead Agreement, a partnership between a nonprofit entity (meeting the requirements of Section 2.1) and a for-profit development partner is allowed as long as a nonprofit is the majority partner.

The Application must demonstrate the capacity of the project team to successfully develop and operate the proposed project. The following requirements must be met:

- a. All roles and responsibilities needed to develop and operate the project must be identified and assigned to qualified team members.
- b. The team must have experience in providing housing and providing or providing linkages to supportive services to the proposed target population.
- c. If not the same entity, the housing provider and service provider(s) must have a well-defined services plan, as reflected in the Supportive Services Access Plan of the application, which shows a good understanding of the service needs of the target population.
- d. Unless the applicant is an experienced housing development organization, which has completed at least one housing development in the last seven years, the organization will be required to work with a housing development consultant. The consultant must be approved by NCHFA. The consultant may be a nonprofit or for-profit organization, but must have successfully developed publicly financed

affordable rental housing in the past seven years and have acted in a consultant role. The consultant must have executed a contract to provide consultant services until cost certification. Final determination on whether an organization is required to work with a consultant will be made by Supportive Housing Development Program staff.

- e. The project team must have the financial capacity to provide any equity required to cover start-up expenses and unanticipated costs and to successfully operate the project.

2.8 Loan Underwriting Requirements

Projects must meet the following requirements:

- a. If there is any debt service on the proposed project, the project's operating pro-forma must show a debt coverage ratio of at least 1.2, based on underwriting assumptions identified in the Application.
- b. There should be documentation of any conditional commitments for other project financing.
- c. Project development costs must be reasonable when compared to other projects funded by the Program for the type of housing being produced.
- d. Independent rental apartments without a project based source of rental assistance must show evidence of long-term cash flow, in addition to a 1.2 Debt Coverage Ratio. Projects must show positive cash flow at 10% vacancy rates and have Net Cash Flow greater than 5% of annual Operating Expenses. For projects which intend to apply for Section 8 Project Based assistance, a letter from the applicable Section 8 Administrator must be provided in the form included in Appendix G. Any funding source with a current waiting list must provide documentation of the number of persons on their list.
- e. Rental properties must fund an Operating Reserve with a minimum of 6 months operating expenses.
- f. Rental properties which fund a rent-up reserve must transfer any excess funds from it to the Operating Reserve account within three months of the property achieving 100% occupancy.
- g. For properties with rental units, there is a limit of \$13,000 per unit on the developer's and consultant's fee for new construction and substantial rehabilitation and of \$6,500 per unit for acquisition/moderate rehabilitation, as defined in Appendix B "Design Standards".
- h. For properties without rental units, the developer's fee and consultant's fee combined cannot exceed 12% of the development budget.
- i. The owner must show evidence of ongoing commitments for operating income or a proven history of fund raising for the proposed use, and the project must have a reasonable expectation of income greater than expenses for the proposed term of the NCHFA loan.
- j. Replacement Reserve Requirements:
 - i. Non-licensed Permanent Housing - \$250 per unit per year.
 - ii. Emergency or non-licensed shared housing - \$250 per 750 square feet per year.
 - iii. Licensed Home or Facility- \$250 per 1,000 square feet per year.

2.9 Market

The applicant must demonstrate a clear understanding of who the project will assist and show solid data to support the need for the number of units/beds proposed. A narrative must identify the geographical region where services are/will be provided and describe all other service and/or housing programs which assist the same or similar target populations as the proposed project. The utilization and vacancy rates for those programs must be examined and the need for the proposed project justified based on data and information from referral agencies in the area. If the proposal is for an emergency shelter, there must be evidence of need and demand through data from Coordinated Assessment systems (if available), Point in Time count, Housing Inventory Chart and shelter utilization reports from

the statewide HMIS provider. Emergency shelter projects also must provide a Letter of Consistency from the Continuum of Care. For independent apartments NCHFA may request a market study.

2.10 Disaster Plan

Properties that receive funding will be required, before SHDP loan closing, to prepare and keep current a written disaster plan of action.

2.11 SHDP Plan Requirements and Design Standards

Project design must accommodate planned supportive services and be compatible with surrounding properties. Project designs must have visual appeal, a functional floor plan, project amenities, and durable and energy-efficient building components.

The SHDP Design Standards shown in Appendix B are the minimum requirements for any SHDP project applying in the current Program Year. Applicants must comply with fair housing laws regarding accessibility and must design units to maximize accessibility for mobility impaired persons.

Plans and specifications must be reviewed and approved by NCHFA and the third-party energy consultant before commencing site work or construction.

At all times after an award the owner is responsible for promptly informing NCHFA of any changes or alterations which deviate from the final plans and specifications approved by NCHFA. 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.

2.12 Emergency Shelter Rehabilitation or Preservation Option

Emergency Shelter Rehabilitation Projects or preservation of existing NCHFA-financed Supportive Housing must submit a Physical Needs Assessment completed by a qualified local inspector, contractor, engineer, or architect. See example at Appendix E.

2.13 Energy Efficiency Requirements

New Construction or Substantial Rehabilitation Projects must comply with NCHFA's Energy Standards described in Appendix C. Applicants will be required to enter into a contract with a qualified energy consultant of their choice to insure energy efficiency and building durability.

Projects using non-commercial grade HVAC systems must use one of the four NCHFA approved HVAC systems, which are described in Appendix C.

3. PROJECT FINANCING

3.1 Uses of Funds

Financing is only available for real property that contains residential housing units, substance abuse treatment beds, domestic violence or emergency shelter beds.

3.2 Match Requirements and Funding Available

Match requirements and amount of funding available vary based on the location of the proposed project. The minimum funding request for all locations is \$50,000.

- a. In large CDBG Entitlement Cities, the maximum amount of funding available is \$500,000 or 50% of total development cost, whichever is less.
- b. In small CDBG Entitlement Cities, the maximum amount of funding available is \$600,000 or 60% of total development cost, whichever is less.
- c. In non-entitlement communities, the maximum amount of funding available is \$700,000 or 70% of the total development cost, whichever is less.

See Appendix F for a list of large and small CDBG Entitlement Cities. At the Agency's discretion, amounts greater than these dollar caps may be awarded to Olmstead-contributing projects in one of the DHHS Priority Counties listed in Appendix H. The amount awarded can be no more than 20% of the total development cost or \$100,000 per Olmstead unit, whichever is less.

3.3 Ineligible Uses of Funds

Program funds may not be used for:

- a. Rehabilitation without an increase in beds or units. Exceptions to this are allowed for (1) shelter rehabilitation, (2) a building where the renovation will bring the development into compliance with state and local building codes, (3) the preservation of existing NCHFA-financed supportive housing, (4) re-configuration of emergency or transitional housing to permanent supportive housing, or (5) rehabilitation of existing apartment properties which meet the standards in Section 2.2.4.
- b. Supportive services expenses, operating costs, or administrative costs.
- c. Construction or rehabilitation of office space or space for supportive services not in conjunction with housing units.
- d. Refinancing existing mortgages (except for preservation of NCHFA financed supportive housing).
- e. Relocation costs.
- f. Rental assistance.
- g. Increasing the number of beds or units in transitional housing for the homeless.

3.4 Financing Commitment

Projects selected for financing will receive a conditional commitment from NCHFA. Applicants with a conditional commitment will have 12 months to receive final written commitments for the balance of construction and permanent financing from other sources. When written commitments for all other project funds have been obtained, the applicant will receive a final commitment of Program funds. Please see Appendix D for a full list of requirements at each stage of the program.

3.5 Loan Terms

All program assistance will be in the form of a non-forgivable, 0% interest, permanent mortgage loans.

3.6 Types of Loans

Amortizing and deferred loans are available under the Program, depending on the ability of the project to pay debt service. NCHFA prefers to make amortizing loans so program funds can be recycled to fund additional projects. The maximum loan term is 30 years for new construction or 20 years for rehabilitation. All loans will include a Promissory Note, Deed of Trust, Declaration of Deed Restrictions and a Loan Agreement. Deferred loans with a balloon payment may be refinanced 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.

Section 2. Application Instructions

1. Application Deadline

Applicants must submit their applications no later than **5:00 PM, Monday February 27, 2017**. Applications will be accepted and reviewed earlier than the deadline. Although there is no allocation of funds by region, it is still the objective of the NCHFA to achieve statewide distribution of Program funds.

The completed application is due at NCHFA offices by 5:00 PM, Monday, February 27, 2017.

Applications for the preservation of existing NCHFA-financed Supportive Housing or for the reactivation of projects defunded within the past year will be accepted on an ongoing basis, as funds allow, throughout the program year. Projects proposing the preservation of existing NCHFA-financed Supportive Housing or reactivation of defunded projects should submit the information described in 1.1 Introduction above.

2. Pre-Application Review Meeting and Site Visit

A pre-application review of each proposed site is required, except for projects proposing the preservation of existing NCHFA-financed Supportive Housing. Sites must be visited by NCHFA staff prior to application submission, to rate the suitability for the proposed housing. The meeting will be an opportunity for applicants to get early feedback on a proposed project and site and to ask specific questions regarding how to complete the application. To schedule a site visit, submit the “**Pre-Application Project Description Form**” by Friday, January 20, 2017 to one of the addresses below. Applicants are encouraged to submit the form as soon as possible so NCHFA staff can visit the proposed site to determine if it suitable for supportive housing. The form is available at:

<http://www.nchfa.com/Nonprofits/SHDsupportivehousing.aspx>.

This form does not serve to reserve any funds or commit the Applicant in any way to submit an application. To schedule a meeting or for more information, contact:

Margrit Bergholz, Sr. Supportive Housing Development Officer, (919) 877-5633 or mbergholz@nchfa.com,

Gwen Belcredi, Sr. Supportive Housing Development Officer, (919)877-5648 or sgbelcredi@nchfa.com

The Pre-Application Project Description Form must be submitted by Friday, January 20, 2017 and site must be approved before a full application will be accepted.

3. Application Submission Addresses

Applications can be delivered to:
Supportive Housing Development Program
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, North Carolina 27609

Applications can be mailed to:
Supportive Housing Development Program
North Carolina Housing Finance Agency
Post Office Box 28066
Raleigh, North Carolina 27611-8066

All applications for Program funding become the property of NCHFA. Applications may not be sent via fax.

SECTION 3. APPLICATION REVIEW PROCESS

1. Review and 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 Program financing will be reviewed and selected through a four step process:

- a. Threshold review,
- b. Project Ranking,
- c. NCHFA Board of Directors approval, and
- d. Financing commitment.

2. Threshold Requirements

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

- a. All requirements under Section 1.2 “Program Requirements” must be met.
- b. The applications must be complete.
- c. The site must be eligible (meeting the minimum site standards, shown in Appendix A).

An Application Checklist is provided on the last page of the Application to help ensure the submission of completed applications. This completed checklist must be included with your application. An incomplete application is basis for denial. If a portion of the application not listed as a curable deficiency below is missing at the time of application, the application will be denied.

3. Curable Deficiencies

Applications that are found to have curable deficiencies will be permitted to submit the missing information within a specified time period after notification by NCHFA. A curable deficiency is a missing, incorrect, or incomplete exhibit or worksheet.

4. Project Ranking

Projects will be competitively ranked against each other after the application deadline. After a project is scored, it will be ranked against other applications submitted during the same funding cycle. Rating scores for a maximum of 450 points include the following elements:

1. Site (up to 100 points)
All applications will be ranked according to the standards in the site review checklist (see Appendix A).
2. Development and Organizational Capacity (up to 100 points)
 - a. Development Capacity (up to 50 points) - Applications will be ranked according to the number of housing units developed and operated by the owner and consultant in the past seven years or emergency shelter beds operated, up to a maximum of 100 units.
 - b. Organizational Stability (up to 50 points) - Applications will be ranked according to the number of years that the organization has been in existence and providing the services and/or housing proposed in the application, up to a maximum of 15 years.
3. Leverage (up to 50 points)

All applications will be ranked according to the ratio of Non-NCHFA funding firmly committed above the minimum required for that geographical area. Firm commitments are considered to be:

- a. Award letters from funding sources.
 - b. One-half of the face value of “promises to give” in a capital campaign.
 - c. Investment account or bank statements for proof of funds in hand along with a Board of Directors commitment of that funding amount.
 - d. Appraised value of donated land or assessed tax value.
4. Readiness to proceed (Up to 100 points)
- Projects will be scored on the percentage of the construction budget in hand, including the NCHFA funds requested. In hand commitments will be considered to be award letters from funding source and cash, as defined in 3.c. above.
5. Bonus Points (up to 100 points)
- a. Apartment developments that contribute to the Olmstead Agreement, with no more than 20% of units restricted to persons with a disability known to the State, will receive 40 bonus points,
 - b. Permanent housing will receive 10 bonus points.
 - c. Projects which contribute to the Olmstead Agreement and are located in a priority county, as listed in Appendix H, will receive 50 bonus points for first priority counties and 25 points for second priority.

5. NCHFA Board of Directors Approval

All applicants must meet or exceed threshold criteria. 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. All applications that meet or exceed threshold requirements will be scored based on the project ranking criteria. The applications that score the highest within the amount of funds available 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.

6. Application Submission Requirements

When submitting your application for funding, please follow the guidelines below:

- a. Applications are to be submitted in a three-ring binder.
- b. Tabs separating the attachments are required.
- c. Include the completed application checklist.
- d. Include a transmittal letter with the date of submission printed on it.
- e. The signature page at the end of the application must be signed.
- f. **A completed application must be received at the North Carolina Housing Finance Agency by 5:00 PM on Monday, February 27, 2016.**

SECTION 4. APPENDICES

APPENDIX A
Site Evaluation Checklist
Supportive Housing Development Program
Site Evaluation Form

Project Name/Sponsor: _____

Address/City/Town: _____

Project Type: ___ New Construction ___ Acquisition/Rehabilitation ___ Other

Site Reviewed By: _____ Date: _____

Other properties owned/operated by sponsor are in good physical condition _____

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| A. <u>Neighborhood Characteristics</u> | | |
| 1. The existing neighborhood and surrounding land uses are compatible with proposed development.* | _____ | _____ |
| 2. Physical conditions of buildings in neighborhood are in mostly good repair with few vacant structures. | _____ | _____ |
| 3. There are no concerns about neighborhood safety. | _____ | _____ |
| 4. The trend and direction of real estate development and area economic health is good and appears to be stable and/or improving. | _____ | _____ |
| 5. There are no vacant tracts of land within half a mile of site where undesirable use is allowed such as a rock quarry, heavy industry, tracts of land occupied by undesirable uses | _____ | _____ |
| 6. There is no concentration of facilities for persons with disabilities in the neighborhood. | _____ | _____ |
| B. <u>Site Suitability</u> | | |
| 1. There are no obvious physical or environmental barriers to development that would require extensive site development work.* | _____ | _____ |
| 2. The site has good access to appropriate community amenities and services. | _____ | _____ |
| 3. The site is served by public utilities. | _____ | _____ |
| 4. The site has good access to public transportation. | _____ | _____ |
| 5. The site is free from excessive traffic or noise. | _____ | _____ |
| C. <u>Rehabilitation and Adaptive Reuse of Existing Building</u> | | |
| 1. The structure is feasible for rehabilitation, including accessibility* | _____ | _____ |
| 2. The structure is suitable for intended use.* | _____ | _____ |
| 3. The structure is compatible in proposed use and scale with surrounding neighborhood. | _____ | _____ |
| D. <u>Properties where residents receive Medicaid Home and Community Based Services</u> | | |

For properties where residents will need to retain their eligibility for Medicaid Home and Community Based Services (HCBS), the checklist below should be used to ensure the property and neighborhood characteristics meet HCBS standards.

<http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Supports/Home-and-Community-Based-Services/Downloads/Exploratory-questions-re-settings-characteristics.pdf>

*Please note that a rating of "No" in any one of the categories in bold type will mean that the site is not acceptable. A rating of "No" in four criteria, not in bold type will mean that the site is not acceptable. In extreme cases, a rating of "No" in any criteria may be enough to rate a site unacceptable.

APPENDIX B

2017 SHDP DESIGN STANDARDS

Multifamily, independent rental projects with more than 16 units, where tenants hold a lease for their unit and the property is not licensed by the State in any way, must follow the design standards for LIHTC housing, which are found in the document entitled “Appendix B: Design Quality” at www.nchfa.com/Rental/RD2017qap.aspx. These SHDP projects are exempt from the standards found in section II.H, II.I, IV., V.A, and VIII. of the LIHTC “Appendix B: Design Quality”. However, these SHDP projects must comply at minimum with Advanced Energy Corporation's SystemVision™ Standards for Supportive Housing, or to the standards of an Agency-approved energy-related building certification program, as described in Appendix C.

All other SHDP projects must comply with the following design standards adapted from the LIHTC design standards. All construction must meet applicable federal, state and local building codes. Manufacturer’s instructions must be fully followed for all installations in new construction and rehabilitation. Some projects, based on proposed clientele and funding streams, may have additional requirements not listed herein. It will be up to the project developer to determine these additional requirements. Considerations must be given to the mission of the project's owner, the funding requirements, the proposed population being served, and the licensure requirements, if any.

For all SHDP projects, a set of blueprints for the site and building must be submitted on paper for the preliminary review, and a complete set of final construction drawings and material specifications must be submitted on paper for the final review and approved before the final commitment letter will be issued. Final drawings must be submitted for our review on paper no smaller than 22"x 34". The building occupancy designation (e.g. R-1, I-2 etc.) and the heated square footage of each unit or building must be shown on the blueprints. The prints must be scalable. The NCHFA SHDP Design Standards from the year of project award will be used in each review process. Additionally, the project must conform to the requirements of the chosen building certification program, with the blueprint set(s) approved by that organization.

I. CONSTRUCTION STANDARDS FOR NEW CONSTRUCTION, SUBSTANTIAL REHABILITATION AND ADAPTIVE RE-USE

A. Exterior Design and Materials

1. It is recommended that building design use different roof planes and contours to break up roof lines. Wide window and door trim are recommended to improve the visual appeal of accent siding. If horizontal banding is used between floor levels, the use of separate color tones for upper and lower levels is recommended. It is recommended that horizontal and vertical siding applications be added to detail dormers, gables, and extended front façade areas.
2. Fiber cement board or brick is preferred as exterior material; all exterior materials must be durable and low or no maintenance, including materials in breezeways, stairwells, exterior trim, gable vents, etc.
3. If vinyl siding is used, it must be .042 inch thickness or greater.
4. Where the eave overhang is less than 18”, the buildings must include seamless gutters. All water from roof and gutter system must be piped away from buildings and discharged no less than 6’ from building foundation. A drip edge must be installed on all eaves and gable ends. Drip edge must extend 2 inches minimum under shingles.
5. All buildings must have a minimum of 12 inches exposed brick veneer or other exposed masonry above finished grade level (after landscaping).
6. Breezeway and stairwell ceilings must be constructed of materials rated for exterior exposure.
7. Building addresses and unit numbers must be identified using clearly visible numbers. Building and unit identification signage must be well lit from dusk till dawn.
8. Exterior stairs must have a minimum clear width of 48 inches and be completely under roof cover.

9. Exterior railings must be made of vinyl, aluminum, or steel (no wood).
10. Shingles, if used, should be algae resistant (AR) with a minimum 30-year warranty.
11. If a non-vinyl band board attaches to and is part of the vinyl siding application, z-flashing must be installed behind, on top of, and below bands.
12. In vinyl siding applications, all exterior lights, electrical outlets, HVAC sub panels, hose bibs, telephone boxes, and cable boxes must be installed in plastic J-boxes or a vinyl component designed for the purpose.
13. Every primary exterior entry door shall be protected by a roof of not less than 5' in width and 3' in depth.

B. Doors and Windows

1. High durability, insulated doors (such as steel and fiberglass) are required at all exterior locations. Single lever deadbolts and eye viewers are required on all main entry doors to residential units.
2. Hollow core flush doors are prohibited. Bi-fold doors are prohibited.
3. Exterior doors for Fully Accessible and Type A units must include spring hinges.
4. Insulated, double pane, vinyl windows with a U-factor of 0.35 or below and a SHGC of 0.30 or below are required for new construction.
5. Windows must not be located over tub or shower units, with the exception of glass blocks and transom windows.

C. Sitework and Landscaping

1. Provide positive drainage at all driveways, parking areas, ramps, walkways and dumpster pads to prevent standing water.
2. Exterior walkways and clearances shall be a minimum of 48".
3. Provide a non-skid finish to all walkways.
4. Building lots must be graded so as to drain surface water away from foundation walls. The grade away from foundation walls must fall a minimum of 6 inches within the first 10 feet.
5. No part of the disturbed site may be left uncovered or unstabilized once construction is complete.

D. Interior Design and Materials

1. If the building includes units that are identifiable as individual apartments, the applicant must meet the minimum square footage per units from the LIHTC 2016 QAP to ensure the future reuse of the building if that becomes necessary. There shall be a minimum of one Type A or Fully Accessible unit, as appropriate, for each unit type (e.g. one bedroom, two bedroom).
2. It is recommended that non-carpet flooring be used throughout the property. If used, carpet and pad must meet FHA minimum standards. Kitchens, dining areas, and entrance areas must be durable non-carpet flooring.
3. For ceramic tile applications, tile should be applied over cement backer board rather than directly to drywall.
4. Fireplaces are prohibited.
5. Residential floors must be separated by sound insulation.

E. Bedrooms

1. Bedrooms should be sized such that they provide at least 100 square feet.
2. Every bedroom must have a closet with a shelf, closet rod and door or curtain. The average size of all bedroom closets in each unit type must be at least 4 linear feet.

F. Bathrooms

1. Apartments with one bathroom are advised to utilize a shower, not a bathtub. Units with two or more bathrooms must utilize a shower in at least one bathroom.
2. All tubs and showers must have slip resistant floors.
3. Whirlpool baths or spas are prohibited.
4. For ceramic tile applications on walls, tile should be applied over cement backer board rather than directly to drywall.
5. All bathroom ceilings and walls must utilize mold- and water-resistant wall board.
6. All bathrooms must have a medicine cabinet mounted at an accessible height.

H. Kitchens

1. New cabinets must include dual side tracks on drawers. Door fronts, styles, and drawer fronts must be made with solid wood or wood/plastic veneer products. Particle board or hardboard doors, stiles, and drawer fronts are prohibited.
2. A pantry cabinet or closet in or near each kitchen must be provided (does not include SRO, studio or efficiency units). Pantry cabinet or closet must be 24 inches minimum width.
3. All residential units must have either an automatic fire suppression canister mounted in each range hood or a dry chemical fire extinguisher mounted and readily visible and accessible in every kitchen, including a kitchen in any community building.
4. Anti-tip devices must be installed on all kitchen ranges and be securely fastened.

I. Laundry Facilities (if provided in individual units)

1. Washer/Dryer closets must be 36" minimum depth measured from back wall to back of closet doors.
2. Clothes dryer vent connection must be 2" maximum above finished floor.
3. All laundry room or washer/dryer closet ceilings and walls must utilize mold- and water-resistant wall board.

I. Plumbing Provisions

1. All water heater tanks must be placed in an overflow pan piped to the exterior of the building, regardless of location and floor level. The temperature and relief valve must also be piped to the exterior.
2. All domestic water line cut off valves must have metal, not plastic, handles.
3. Water heaters may not be installed over the clothes washer or dryer space.
4. All bathroom faucets, shower heads and toilets must be EPA "Watersense" labeled.
5. Domestic water lines are not allowed in unconditioned attics.

J. Electrical Provisions

1. Exterior lighting is required at each unit entry door.
2. Additional exterior light fixtures not specific to a unit will be wired to a "house" panel. The fixtures will be activated by a photo cell placed on the east or north side of the buildings. This shall include all exterior stairways.
3. Any walk-in closets must have a switched overhead light. A walk-in closet is defined as any closet deeper than 36 inches from the back wall to the back of the closet door in the closed position.
4. Initially installed light bulbs in all fixtures in residential units and common areas must be compact fluorescent, LED, or pin-based lighting.

K. Heating, Ventilating and Air Conditioning Provisions; Building Envelope and Insulation

The SHDP Energy Efficiency Standards, included in this application as Appendix C, must be followed.

L. Radon Ventilation

Passive, “stack effect” systems radon ventilation systems are required for all new construction projects in Zone 1 and 2 counties. A list of county zones is available at:

http://www.epa.gov/radon/pdfs/statemaps/north_carolina.pdf. These systems must have the following components and be approved by the SHDP Construction Inspector:

1. Gas permeable layer of aggregate.
2. Plastic sheeting/soil gas retarder.
3. PVC Pipe Vent.

M. Outside Postal Facilities, if provided

1. Postal facilities must be located adjacent to available parking and sited such that tenants will not obstruct traffic while collecting mail.
2. Outside postal facilities must have a roof covering which offers residents ample protection from the rain while gathering mail.
3. Postal facilities must include adequate lighting on from dusk to dawn.
4. Configuration of the postal boxes must meet the 2012 NC Accessibility Code.

N. Common Laundry Room, if provided

1. The property must provide washers and dryers for residents, either in each residential unit or in an on-site laundry facility. If a laundry facility is provided, there must be a minimum of one washer and one dryer per twelve (12) residential units.
2. A minimum of one washer and one dryer must be ADA compliant.
3. The entrance must have a minimum roof covering of 20 square feet.
4. A table or countertop on which to fold clothes must be installed. The working surface must be 28 to 34 inches above the floor, and must have a 27 inch high clear knee space below. The working surface must be a minimum 48 inches long, and have a 30 by 48 inch clear floor space around it. (This table or countertop must meet Accessibility standards)
5. The primary entrance door to the laundry must be of solid construction and include a full height tempered glass panel to allow residents a view of the outside/inside.
6. The laundry room must be positioned on the site to allow for a high level of visibility from residential units or the community building/office.
7. The laundry room must have adequate entrance lighting that is on from dusk to dawn.
8. The laundry facility must be adjacent to the community building or office (if provided) to allow easy access and provide the proper number of Accessible parking spaces.

O. Community / Office Spaces, If Provided

1. Any office must be at least 200 square feet (inclusive of an Accessible toilet facility) and any maintenance room must be at least 100 square feet.
2. Any office must be situated as to allow the site manager a prominent view of the residential units, playground, entrances/exits, and vehicular traffic.
3. A frost-proof exterior faucet must be installed on an exterior wall in a convenient location.

P. Playground Areas, If Provided

1. Wherever possible tot lots and playgrounds should be located away from areas of frequent automobile traffic and situated so that the play area is visible from the office and from the maximum number of residential units.
2. A bench must be provided at any playground(s) to allow a child's supervisor to sit. The bench must be anchored permanently, weather resistant and have a back.
3. Playgrounds must meet Accessibility standards.

II. A. ADDITIONAL PROVISIONS FOR SUBSTANTIAL REHABILITATION OF EXISTING RENTAL HOUSING

The following requirements apply to substantial rehabilitation of existing units. Replacement of materials and methods during rehabilitation must comply with the design standards for new construction.

1. A hazardous material report must be submitted, and must include information on asbestos-containing materials, lead based paint, Polychlorinated Biphenyls (PCBs), underground storage tanks, petroleum bulk storage tanks, Chlorofluorocarbons (CFCs), and other hazardous materials. A plan and projected costs for removal of hazardous materials must also be included.
2. A current termite inspection report must be provided.

II.B. ADDITIONAL PROVISIONS FOR ADAPTIVE RE-USE OF EXISTING STRUCTURES

1. Mechanical Systems: All mechanical systems (including HVAC, plumbing, electrical, fire suppression, security system, etc.) must be completely enclosed and concealed. This may be achieved by utilizing existing spaces in walls, floors, and ceilings, constructing mechanical chases or soffits, dropping ceilings in portions of units, or other means. Where structural or other significant limitations make complete enclosure and concealment impossible, the applicant must secure approval from NCHFA prior to installation of affected systems.
2. Windows: Retain original window sashes, frames, and trim where possible. All original sashes must be repaired and otherwise upgraded to insure that all gaps and spaces are sealed so as to be weather tight. All damaged or broken window panes must be replaced. Where original window sashes cannot be retained, replacement sashes must be installed into existing frames. In all cases, windows must be finished with a complete coating of paint.
3. Floors: All wood flooring is to be restored as closely to original condition as possible. Where repairs are necessary, flooring salvaged from other areas of the building must be utilized as fill material. If salvaged wood is not available, flooring of similar dimension and species must be used. All repairs must be made by feathering in replacement flooring so as to make the repair as discreet as possible. Cutting out and replacing square sections of flooring is prohibited. Where original flooring has gaps in excess of 1/4 inch, the gaps must be filled with an appropriate filler material prior to the application of final finish.
4. Hazardous Materials: Submit a hazardous material report that provides the results of testing for asbestos-containing materials, lead based paint, Polychlorinated Biphenyls (PCBs), underground storage tanks, petroleum bulk storage tanks, Chlorofluorocarbons (CFCs), and other hazardous materials. A plan and projected costs for removal of hazardous materials must also be included.

III. ACCESSIBILITY REQUIREMENTS FOR HOUSING OTHER THAN INDEPENDENT APARTMENTS

All newly constructed buildings or substantial rehabilitation shall meet the requirements of the Federal Fair Housing Amendments Act of 1988, the Americans with Disabilities Act, the most recent North Carolina State Accessibility Code and the following SHDP Design Standards. These SHDP standards are drawn from the 2012 NC Accessibility Code and are included here for emphasis as important items which are often overlooked or which cause confusion.

The decision of whether to follow the Fully Accessible or the Type A requirements depends on the Occupancy Type (e.g. R-1, R-2) designation, applicants and their architects should consult the SHDP Construction Inspector for more information. Any unit not built to Fully Accessible or Type A requirements shall be Type B.

A. Common and Living Areas throughout the Building

1. All patios, balconies, carports, terraces and garages must be accessible.
2. Light switches, electrical outlets, thermostats, fuse boxes, and other controls shall be at an accessible height: a maximum of 48" measured to the top (not the centerline) of the device and a minimum of 15" AFF measured to the bottom (not the centerline) of the device.
3. Throughout all common use areas there must be an accessible path of travel a minimum of 36" wide, with a 40" wide accessible path in food prep areas.
4. All doors in common use areas must have a minimum 36" nominal width and a minimum 18" clear floor space on the pull-side of the door.
5. Doors to Fully Accessible and Type A bedrooms must have a minimum 32" clear opening when the door is fully open and a 36" approach. Doors to Type B bedrooms must have a minimum 31¾" clear opening.
6. The maximum threshold height at any entry door is ½ inch, with the exception of ¾" at a sliding door.
7. Kitchen and bathroom sinks must have lever faucet controls.
8. Receptacles, telephone jacks and cable jacks must not be located less than 15 inches above finished floor height as measured to the bottom (not the centerline) of the device.
9. Fully Accessible and Type A units must be designed such that when typically furnished there will still be proper clearances, clear spaces, and maneuvering spaces.

B. Kitchen: at least one kitchen must be Fully Accessible or Type A as appropriate with these features:

1. Faucets must have lever handles.
2. Stove must have Front controls.
3. Minimum 60" turning radius or equivalent T-turning space in kitchen. (NCHFA recommends the building be designed with a 62" turning radius to allow for a margin of error during construction.)
4. All range hood functions must have a remote switch at accessible location.
5. Drawers and cabinet doors must have loop or "D" shape handles.
6. Dishwasher must not have rotary controls.
7. Counter top height must not exceed 34" AFF. A roll-under work station must be installed, preferably beside the range, with a minimum 30" width.
8. A wall cabinet is recommended to be mounted over the work station at 48 inches maximum above finished floor to the top of the bottom shelf.
9. Kitchen sinks must be at 34" maximum AFF, be rear-draining, and have sink bottoms insulated if bottom of sink is at or below 29" AFF.
10. Part of pantry the shelving mounted must be at a maximum of 48" AFF.
11. The refrigerator must be ADA compliant. Typically, these approved models are side-by-side or small top-freezer types. Doors must open beyond 90 degrees to allow bin removal.

C. Laundry space, if provided

1. There must be at least one front-loading washer and one front-loading dryer with push controls.
2. A clear space of minimum 30" x 48" must be provided at each appliance.
3. Doors shall be minimum 36" nominal width.
4. A clear space of 18" minimum must be provided at the pull side of the latch.
5. If laundry space is provided in each Fully Accessible or Type A unit, it must meet accessibility

requirements with the washer and dryer installed.

D. Bedrooms: At least one bedroom must be Fully Accessible or Type A with the following features (note: in addition to resident bedrooms, if the property has resident staff, at least 1 staff bedroom and one staff bathroom must be Fully Accessible or Type A as appropriate) :

1. Any walk-in closet must have a clear path, in and out, of a minimum 36" width after clothes are hung on all hanger rods.
2. Closets must have a majority of shelving and hanger rods at a maximum of 48" AFF.
3. A clear space of 18" minimum must be provided beside any entry door.
4. Entry doors must be 36" minimum.
5. Any non-walk-in closet shall have a maximum depth of 24" and a door opening of 36".
6. Entry doors must have lever handles.
7. Sliding closet doors must have loop door handles on sliding closet doors, otherwise lever door handles are required.
8. Any permanently installed telephone must include volume control.
9. Fire alarms must include a visual signal.
10. Pocket doors are discouraged. If installed, they must have loop or D style handles and have the proper clearances with the handles installed.

E. Bathroom: At least one bathroom must be Fully Accessible or Type A as appropriate with the following features:

1. 60" turning radius or equivalent T-turn required. (NCHFA recommends the building be designed with a 62" turning radius to allow for a margin of error during construction.)
2. Reinforced grab bars installed around toilet and tub per building code.
3. Medicine cabinet bottom shelf at 44" maximum AFF.
4. One towel bar at 48" maximum.
5. Handicap compliant toilet centered minimum 18" from wall.
6. Loop handles on drawers and cabinet doors.
7. Knee space below sink with insulated pipes per building code.
8. Sink height at 34" maximum.
9. Faucets must have lever handles.
10. Minimum 18" beside door.
11. Door width minimum 36".
12. Any linen closet maximum depth 24" and a minimum door opening of 24".
13. Shower or tub seat with a minimum 16" depth.
14. Tub or shower controls and hand-held shower complying with the 2012 NC Accessibility Code.
15. Tub or shower controls within 27" reach range of seat.
16. Minimum depth 36" clear space at opening to tub or shower.
17. Countertop space in bathrooms for Fully Accessible and Type A units must be equivalent to that of the bathrooms in Type B units.
18. NCHFA recommends a 34 inch wide roll-in shower with caulked rubber dam installed. For roll-in showers, the shower head with wand must be installed on a sliding bar.

F. Exterior

1. The Accessible parking spaces shall be the closest spaces to an accessible entrance and no more than 200' from that entrance.
2. Sidewalks in front of parking spaces must be sufficiently wide to allow the required 48" width clearance when cars are parked. Travel space around the ramp area in a sidewalk must be 48" wide.
3. Common use areas like mailboxes, trash receptacles, playgrounds, picnic tables, gazebos, etc. shall be on an Accessible route and must meet any applicable 2012 NC Accessibility Code requirements.

IV. REQUIREMENTS FOR MODERATE REHABILITATION

Moderate Rehabilitation projects must meet all applicable Federal, State, and Local accessibility standards. Applicants are encouraged to make any additional accessibility modifications which are useful and cost effective.

V. DEFINITIONS

Adaptive Reuse: The conversion of a structure from a non-residential use (e.g. school, commercial, industrial) into housing.

Heated Square Feet: The floor area of an apartment unit, measured interior wall to interior wall, not including exterior wall square footage. Interior walls are not to be deducted, and the area occupied by a staircase may only be counted once.

Moderate Rehabilitation: Rehabilitation that leaves most or all wall surfaces in place and may or may not replace mechanical systems.

Net Square Feet: Total area, including exterior wall square footage, of all conditioned (heated/cooled) space, including hallways and common areas.

Substantial Rehabilitation: Rehabilitation that removes wall surfaces to the studs and all major mechanical systems.

APPENDIX C

2016 SHDP ENERGY EFFICIENCY STANDARDS

CERTIFICATION:

At a minimum, all new construction projects must comply at minimum with Advanced Energy Corporation's SystemVision™ Standards for Supportive Housing residential projects, or to the standards of an Agency approved energy-related building certification program as verified by an independent, third-party expert who assists with project design, verifies construction quality, and tests completed units. Adaptive re-use and rehabilitation projects must comply to the extent that doing so is economically feasible and, if applicable, as allowed by historic preservation rules.

Applicants are encouraged to attain higher levels of energy efficiency, sustainability and indoor air quality as certified by one of the following nationally recognized building certification programs. NCHFA must review and approve the contract between the applicant and verifier before it will issue a final commitment letter for the project and must receive and approve a Certification from the selected energy efficiency program prior to Loan Closing.

Acceptable programs include:

- SystemVision™ for Supportive Housing by Advanced Energy,
- Home Performance with Energy Star by Advanced Energy,
- EarthCraft by Southface,
- Enterprise Green Communities,
- EcoHome by Southern Energy Management,
- NAHB National Green Building Program,
- Higher levels of EnergyStar Certification,
- HERO program by Duke Energy Progress,
- LEED by US Green Building Council.

If the applicant wishes to participate in a different energy efficiency certification program, the program must be reviewed and approved by the Agency prior to the issuance of a Final Commitment Letter.

IN ADDITION, PROJECTS USING NON-COMMERCIAL HVAC SYSTEMS MUST USE ONE OF THE FOUR OPTIONS BELOW FOR THE HVAC SYSTEM.

Option	A	B	C	D
Equipment	Package Terminal Heat Pump (PTHP)	Air source Variable Refrigerant Flow (VRF) Heat Pump with built-in humidity control	Air source Heat Pump (conventional) with variable speed air handler and thermidistat	Air source Heat Pump (conventional) with ENERGY STAR dehumidifier with humidistat
Controls	Digital non programmable thermostat. Must include outdoor thermostat to restrict electric resistance heating when outdoor air temperatures are above 40° F.	User-friendly, wall-mounted thermidistat, e.g. Mitsubishi hardwired MHK1 control.	Thermidistat, e.g. <i>Carrier</i> TP-PRH Edge. Must also include outdoor thermostat to restrict electric resistance heating when outdoor air temperatures are above 40° F.	Digital non-programmable thermostat. Must also include outdoor thermostat to restrict electric resistance heating when outdoor air temperatures are above 40° F. Dehumidifier should include built-in humidistat set at 50%.
Manufacturer Examples	<i>First Company, Magic Pak</i>	<i>Mitsubishi, Daikin</i>	<i>Carrier, Tempstar, Goodman</i>	<i>Carrier, Tempstar, Goodman</i>
Recommended Square Footage	450 sq feet up to 1200 sq feet of conditioned space (Note: final sizing must be based on load calculations)	300 sq feet and up of conditioned space (Note: final sizing must be based on load calculations)	750 sq feet and up of conditioned space (Note: final sizing must be based on load calculations)	750 sq feet and up of conditioned space (Note: final sizing must be based on load calculations)
Design Adjustments	Need space on exterior wall for mechanical closet to allow installation of exterior louver/grill.	For ducted or cassette version: dropped ceiling. For wall-hung version: space if mounted above windows. To avoid need for radiation dampers: soffits/furrdowns.	Need to size mechanical closet to accommodate air handler and ducted return.	Need to locate & size mechanical closet to accommodate dehumidifier & its drain.

Option (Continued)	A	B	C	D
Suggested methods to supply units with outside air for required ventilation	Use outside air dampers that are a part of the combination unit.	<p>a. Use ducted outside air system with high/low outside air temperature controls and air cyclers/mixed air controls. (Example: <i>Aprilaire</i> outside air system model #8126)</p> <p>B. Use intermittent bath exhaust fan controlled by a combination timer/light switch. Set to required CFM to meet ventilation requirements.</p>	<p>a. Use ducted outside air system with high/low outside air temperature controls and air cyclers/mixed air controls. (Example: <i>Aprilaire</i> outside air system model #8126)</p> <p>B. Use intermittent bath exhaust fan controlled by a combination timer/light switch. Set to required CFM to meet ventilation requirements.</p>	<p>a. Use ducted outside air system with high/low outside air temperature controls and air cyclers/mixed air controls. (Example: <i>Aprilaire</i> outside air system model #8126)</p> <p>B. Use intermittent bath exhaust fan controlled by a combination timer/light switch. Set to required CFM to meet ventilation requirements.</p>
Pros	The smaller capacity of these units is appropriate for smaller apartments. The location of the condenser within the unit is a benefit in projects where units cannot be ground- or roof- mounted. The systems may be installed with built-in adjustable fresh air dampers. Simple controls.	Wide range of capacities are available. Wide range of installation types are available (ducted, wall-hung and cassette versions). Highly efficient (from SEER 14.5 to 22). These condensing units are smaller than those in conventional systems. Multiple indoor units can be tied to one outdoor unit. Ability to set humidity and temperature set points independently.	Not available with SEER lower than 13. Ability to set humidity and temperature set points independently.	Not available with SEER lower than 13. Simple controls. Ability to set humidity and temperature set points independently.

Option (Continued)	A	B	C	D
Cons	Low efficiencies (EER ratings from 9.0-10.0). Mechanical closets must be sealed to eliminate air leakage. A second condensate drain is required. Exterior louvers may not be aesthetically pleasing. Limited static for air flow performance.	Price. Thermostats still being developed to be more user friendly. Low static.	Larger air handler closet required as compared to traditional system. Need careful thermostat selection (ideally temperature and humidity controls are user friendly).	Dehumidifier may require extra space for installation, require extra maintenance, and produce extra noise.
Estimated Costs	\$5,400 per system and up with efficiency of 9.0 EER and 3.0 COP	\$7,800 per system and up with efficiency of 15-22 SEER	\$5,800 per system and up with efficiency of 13 SEER and 7.7 HSPF	\$5,800 per system and up with efficiency of 13 SEER and 7.7 HSPF

APPENDIX D

REQUIRED DOCUMENTATION FOR FINAL COMMITMENT LETTER AND LOAN CLOSINGS

IMPORTANT! The requirements below only apply to projects funded with State of North Carolina Housing Trust Funds. Projects funded with federal HOME funds are subject to different requirements and should not make any “choice limiting actions” (such as signing a construction contract) before an Environmental Review is completed and HUD has issued an Authority to Use Grant Funds (Form HUD-7015.16).

Required before Final Commitment:

For New Construction

1. Contract with building program third party verifier or consultant.
2. The following plans must be submitted. Drawings must be to scale, using the minimum required scale as detailed below; the size for all design documents is 24”x36”. Documents must be prepared by an engineer or architect licensed to do business in North Carolina and the SHDP Design Standards for the applicable type of building must be made part of and included in the design plans for the project.
 - A. Site Plan: A site plan must be provided that indicates the following:
 - a. Location of, and any proposed changes to, existing buildings, roadways, and parking areas.
 - b. All existing site and zoning restrictions including setbacks, right of ways, boundary lines, wetlands and any flood plains.
 - c. Existing topography of site and any proposed changes including retaining walls.
 - d. The finished floor elevations for all buildings.
 - e. Landscaping and planting areas (a plant list is not necessary). If existing site timber or natural areas are to remain throughout construction, the area must be marked as such on the site plans.
 - f. Locations of site features such as playground(s), gazebos, walking trails, refuse collection areas, postal facilities, site entrance and handicapped parking signage.
 - B. Floor Plans
 - a. Include floor layouts using a minimum scale of 1/16” = 1’ for each building; identifying the location of units, common use areas and other spaces.
 - b. Plans must comply with the SHDP Design Standards for the applicable type of building.
 - c. Include drawing(s) showing the elevations for each type of cabinetry for accessible units in kitchens, bathrooms and laundry rooms, as applicable.
 - d. Show dimensioned floor plans for all unit types using a minimum scale of 1/4” = 1’.
 - e. Indicate net building square footage and heated square footage.
 - f. For projects involving renovation and/or demolition of existing structures, show proposed changes to building components and design and also describe removal and new construction methods.
 - g. For projects involving removal of asbestos and/or lead based paint removal, show general notes identifying location and procedures for removal.
 - C. Elevations for New Construction
 - a. Minimum scale for elevations is 1/16” = 1’.
 - b. Include front, rear and side elevations of all building types.
 - c. Identify all materials to be used on building exteriors.
 - D. Construction Specifications.
3. Architectural plans and specifications approved by NCHFA Construction Inspection Staff.
4. For Permanent Housing and other Housing projects with rental units:
 - A. Management Plan

- B. Tenant Selection Plan
- C. Lease agreement
- D. Affirmative Fair Housing Marketing Plan.

For Emergency Shelters, Group Homes, and other no-rent Housing:

- A. Copy of resident program agreement
 - B. Copy of house/program rules.
5. Copies of other Financing Documents.
 6. Copy of Construction Contract.
 7. Phase I Environmental Review.

For Substantial Rehabilitation:

1. Contract with building program consultant and verifier as applicable.
2. The following plans must be submitted. All drawings must be to scale, using the minimum required scale as detailed below; the size for all design documents is 24"x36". Documents must be prepared by an engineer or architect licensed to do business in North Carolina and the SHDP Design Standards for the applicable type of building must be made part of and included in the design plans for the project.

A. Site Plan

A site plan must be provided that indicates the following:

- a. Location of, and any proposed changes to, existing buildings, roadways, and parking areas.
- b. All existing site and zoning restrictions including setbacks, right of ways, boundary lines, wetlands and any flood plains.
- c. Existing topography of site and any proposed changes including retaining walls.
- d. The finished floor elevations for all buildings.
- e. Landscaping and planting areas (a plant list is not necessary). If existing site timber or natural areas are to remain throughout construction, the area must be marked as such on the site plans.
- f. Locations of site features such as playground(s), gazebos, walking trails, refuse collection areas, postal facilities, site entrance and handicapped parking signage.

B. Floor Plans

- a. Include floor layouts using a minimum scale of 1/16" = 1' for each building; identifying the location of units, common use areas and other spaces.
- b. Plans must comply with the SHDP Design Standards for the applicable type of building.
- c. Include drawing(s) showing the elevations for each type of cabinetry for accessible units in kitchens, bathrooms and laundry rooms, as applicable.
- d. Show dimensioned floor plans for all unit types using a minimum scale of 1/4" = 1'.
- e. Indicate net building square footage and heated square footage. See "Definitions" in Appendix B.
- f. For projects involving renovation and/or demolition of existing structures, show proposed changes to building components and design and also describe removal and new construction methods.
- g. For projects involving removal of asbestos and/or lead based paint removal, show general notes identifying location and procedures for removal.

C. Elevations

- a. Minimum scale for elevations is 1/16" = 1'.
- b. Include front, rear and side elevations of all building types.
- c. Identify all materials to be used on building exteriors.

D. Construction Specifications.

3. Architectural plans and specifications must be approved by NCHFA Construction Inspection Staff.
4. Energy efficiency features in plans and specifications must be approved by the contracted third-party energy efficiency consultant/rater.
5. For Permanent Housing and other Housing projects with rental units:

- a. Management Plan
- b. Tenant Selection Plan
- c. Lease agreement
- d. Affirmative Fair Housing Marketing Plan.

For Emergency Shelters, Group Homes, and other no-rent Housing:

- a. Copy of resident program agreement
 - b. Copy of house/program rules
6. Copies of other Financing Documents
 7. Copy of Construction Contract
 8. Trade-item breakdown of costs in construction budget
 9. Phase I Environmental Review

For Acquisition only or Acquisition/Moderate Rehabilitation:

1. Specifications for all appliances or systems that will be replaced.
2. Project needs assessment, prepared by qualified third party.
3. For Permanent Housing and other Housing projects with rental units:
 - a. Management Plan
 - b. Tenant Selection Plan
 - c. Lease agreement
 - d. Affirmative Fair Housing Marketing Plan.

For Emergency Shelters, Group Homes, and other no-rent Housing:

- a. Copy of resident program agreement
 - b. Copy of house/program rules
4. Evidence of other financing
 5. Copy of construction contract, if applicable

Required before Permanent Loan Closing:

1. Evidence of site ownership
2. Loan Agreement
3. Promissory Note
4. Deed of Trust (and Assignment of Leases, Rentals and Property Income)
5. Declaration of Deed Restrictions
6. UCC-1 Fixture Filings (2)
7. Borrower's Certificate
8. Borrower's Resolution
9. Borrower's Affidavit
10. Certificate of Legal Existence
11. Opinion of Borrower's Counsel
12. Financial Statements Property, Title, Insurance and Development Matters
13. Evidence insurance meeting NCHFA standards described below
14. Lender's Title Insurance Policy (with applicable endorsements):
 - a. Comprehensive Endorsement
 - b. Survey Coverage
 - c. Affirmative Coverage re: Mechanics and Materialmen's Liens
 - d. Zoning Endorsement
 - e. Access Endorsement
 - f. Separate Tax Lot Endorsement
 - g. Copies of Encumbrances on Schedule B to Title Policy
15. Final Cost Certification
16. Certificate of Occupancy
17. As-built Survey
18. Certification of Energy Efficiency Program

Insurance Requirements

So long as this Agreement is in effect or any of the Loans remains outstanding, Borrower shall keep or cause to be kept in full force and effect the following types of insurance coverage in a form satisfactory to Lender:

- a. Borrower shall insure the Project (including all fixtures and personal property) against fire and other hazards customarily covered by standard extended coverage endorsement Special Form – Cause of Loss Policy in an amount equal to the replacement cost. The hazard insurance must be on a form Acord 28 entitled Evidence of Commercial Property Insurance, must name the Lender as Mortgage/Loss Payee and must provide for thirty (30) days notice prior to cancellation.
- b. Commercial General Liability Insurance on an “occurrence” basis against claims for “personal injury” liability and liability for death, bodily injury and damage to property, products and completed operations, in limits satisfactory to Lender with respect to any one occurrence and the aggregate of all occurrences per project. The liability insurance must be in the form of an Acord 25 Certificate of Liability Insurance. Such insurance shall name Lender as an additional insured and have an Additional Insured Endorsement as well as an endorsement for Notice of Non-Renewal or Cancellation.
- c. If the Project is located in a designated flood zone, federal flood insurance is required. Borrower shall provide Lender with a Flood Certification indicating whether or not the Project is in a designated flood zone.
- d. Worker’s Compensation Insurance. Borrower shall maintain, and shall cause the Property’s management company to maintain, workers’ compensation insurance for all employees in such amount as is required by North Carolina law.

Each policy of insurance (i) shall be issued by one or more insurance companies each of which must have an A.M. Best Company financial and performance rating of A -VIII or better, (ii) shall be admitted in the State of North Carolina, (iii) shall provide that such policy shall not be canceled or modified without at least thirty (30) days prior written notice to Lender (the clause shall not state that the insurer will “endeavor” to send such notice or that no liability attaches to the insurer for failure to send such notice), (iv) shall provide that any loss otherwise payable thereunder shall be payable notwithstanding any act or negligence of Borrower which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment, and (v) shall list the Lender’s name and address exactly as:

North Carolina Housing Finance Agency, ISOA, ATIMA,
P.O. Box 28066, Raleigh NC 27611-8066

Borrower shall promptly pay or cause to be paid all premiums when due on all insurance policies and, not less than thirty (30) days prior to the expiration dates of such policies, Borrower will deliver to Lender evidence satisfactory to Lender reflecting that all required insurance is current and in force.

During the term of the loan, the Lender may require modifications to existing insurance or require additional insurance its reasonable discretion.

This Closing Agenda is subject to any terms and conditions contained in NCHFA’s Final Commitment Letter and such other conditions as Lender may impose and will be modified to fit the scope of each project (i.e., items may be added or deleted). Additional Agenda Items may be added in the course of document review and preparation in anticipation of closing.

APPENDIX E

SAMPLE PROJECT NEEDS ANALYSIS (PNA)

REHABILITATION WORK WRITE-UP INSPECTION SHEET

PROPERTY ADDRESS: 602 Anywhere Road, Anytown, NC

OWNER'S NAME/TENANT'S NAME:

SIZE OF STRUCTURE: 50 x 60 3,000 Sq. Ft.

PROGRAM:

INSPECTION DATE: August 16, 2000

CASE #: _____

SITE WORK:

Remove all vines, brush from the property. Remove all trees within 10 feet of the building.

Remove tree stumps. Spec. 02.A.

Repair window wells and install new metal grates.

BASEMENT:

Remove and properly dispose of all trash and refuse from the basement and crawl space.

Remove existing oil furnace and all ducts. Remove insulation and all abandoned plumbing and electrical work. Spec. 03.D.

EXTERIOR:

Replace all damaged or missing wood brackets at roof cornices. New brackets to match existing. Replace all damaged or missing fascia and soffit boards to match existing.

Remove all gutters and downspouts.

ROOF AND ATTIC:

Remove rolled tar/gravel roof at front porch and portico. Replace all damaged wood sheathing and install new rolled roof, top with white quartz gravel.

Repair metal roof at rear. Remove all loose paint, repair metal and apply 1 coat of approved primer with 2 coats of finish paint. Color to be approved by owner.

FRONT PORCH: 104 FEET WIDE X 9 FEET DEEP

Replace approximately 30 square feet of tongue and groove wood flooring. Match existing thickness Spec. 07.A.

Replace approximately 24 feet of bottom plate. Spec. 07.B.

REAR ENTRY

Install wood handicap ramp to door.

Replace light fixture and interior wall switch. Spec 18.D.

SYSTEMS

Replace the entire plumbing system (excluding 2nd floor bathroom at front). Replacement to include all cold and hot water supply lines, drain lines, traps, vents and valves. Install new 1 inch line from house to city line. CONTRACTOR TO PAY ALL FEES.

UTILITY ROOM: 7'6" WIDE X 13'7" DEEP

Install gypsum wallboard ceiling. Spec.12.F.
Repair and paint wall and ceiling. Spec.16.(D).2.

KITCHEN: 13 Ft 8 WIDE X 9 Ft 5 DEEP

Replace approximately 20 feet of wood base cabinet. Spec. 15.A
Replace approximately 20 feet of countertop with backsplash. Spec. 15.B.

BATHROOM #1: 8' 6" WIDE X 6' 3"DEEP

Remove sink base cabinet. Do not damage ceramic tiles.
Paint windows, doors and all trim. Spec. 16.E. and F.

BATHROOM # 2: 8'6" WIDE X 6'3" DEEP

Install new vinyl floor covering with trim.
Replace 48 inch mirror above vanity with lights. Spec. 15.F.

LIVING ROOM: 12'6" WIDE X 16'8" FEET DEEP

Refinish floor. Spec. 16.G.
Replace 4 electrical outlets. Spec. 18.B.

DINING ROOM 17' WIDE X 13'2"FEET DEEP

Remove carpet, repair and refinish floor. Spec. 16.G.
Replace 5 electrical outlets. Spec. 18.B.

BREAKFAST ROOM: 13'8" WIDE X 12'1" DEEP

Remove carpet, repair and refinish floor. Spec. 16.G.
Replace 4 electrical outlets. Spec. 18.B.

BEDROOM #2: 12'6" WIDE X 13'5" FEET DEEP

Replace light fixture and wall switch. Spec. 18.D and E.
Remove carpet, repair and refinish floor. Spec. 16.G.

BEDROOM # 3 13'7" WIDE X 17'5" DEEP

Install new gypsum wallboard ceiling. Spec. 12.F.
Paint walls and ceiling include closet. Spec. 16.D.(2).

HALLS - SECOND FLOOR 8'8" WIDE X 40' DEEP

Repair door to attic and install new keyed lock. Spec 10.B.
Construct chase in bedroom # 6 closet for return air duct. Refer to floor plan.

APPENDIX F

NORTH CAROLINA LARGE & SMALL CDBG ENTITLEMENT AREAS

Large CDBG Entitlement Cities:

Charlotte, Durham, Greensboro, Raleigh, and Winston-Salem.

Small CDBG Entitlement Communities:

Asheville, Burlington, Cary, Chapel Hill, Concord, Cumberland County (outside Fayetteville), Fayetteville, Gastonia, Goldsboro, Greenville, Hickory, High Point, Jacksonville, Kannapolis, Lenoir, Mecklenburg County (outside Charlotte), Morganton, New Bern, Rocky Mount, Salisbury, Wake County (outside Raleigh), and Wilmington.

APPENDIX G
Sample Housing Authority PBA Letter

(procurement has not been completed)

Dear _____:

In recognition of a need for affordable rental housing in _____, the _____ Housing Authority (“PHA”) [select one of the following, whichever is applicable]: (1) is willing to amend its Annual Plan to include project-based voucher assistance as a component of our Section 8 Housing Choice Voucher program by _____ **OR** (2) has included project-based voucher assistance as a component of our Section 8 Housing Choice Voucher program in the PHA’s HUD-approved Annual Plan for its fiscal year beginning _____.]

The Selection Policy [select one of the following, whichever is applicable]: (1) is stated in the Annual Plan **OR** (2) will be stated in the Annual Plan by _____], in accordance with 24 CFR Part 983.51 as well as 24 CFR Part 85 and applicable OMB circulars. [select one of the following, whichever is applicable: (1) This Selection Policy has been reviewed and approved by HUD. **OR** (2) The PHA will submit the Selection Policy to HUD for review and approval.]

[select one of the following, whichever is applicable]: (1) The PHA currently has the capacity to convert tenant vouchers to project-based vouchers. **OR** (2) The HA does not currently have the capacity to convert tenant vouchers to project-based vouchers: however, once the advertising and selection process described below is complete, the HA will seek a waiver from HUD to allow conversion.]

The PHA expects to advertise for proposals in _____ and receive responses in _____. The PHA plans to select winning proposal(s) in _____ and forward it/them to HUD for review and approval in _____.

If your project is selected by the PHA and approved by HUD, the PHA will renew rental assistance contingent upon Congressional funding, and subject to the ongoing compliance requirements for the receipt of project-based voucher assistance.

The current HUD Fair Market Rents (FMR) are listed below by bedroom size.

<u>0 Bedroom</u>	<u>1 Bedroom</u>	<u>2 Bedrooms</u>	<u>3 Bedrooms</u>	<u>4 Bedrooms</u>
_____ \$ _____	_____ \$ _____	_____ \$ _____	_____ \$ _____	_____ \$ _____

The PHA maintains a utility chart for units to determine the utility amount that must be subtracted from the FMR to determine the Contract Rent for the units. Approved rents can range up to 90% to 110% of FMR, depending upon the PHA’s Rent Comparability study per 24 CFR Part 983.256 and the PHA’s Voucher Payment Standards.

Rents receive annual adjustments that are generally less than 1%. Moreover, the households receiving project-based assistance must be able to convert to tenant-based after one year. The unit the family occupied will continue to receive PBA, but the family will have the option of exercising housing choice at that time. The PHA will provide tenant-based vouchers to the household as required by 24 CFR Part 983 as amended by Federal Register notice dated January 16, 2001.

Thank you for your interest in using project-based Section 8 Vouchers for your development.

Sincerely,

APPENDIX H

DHHS PRIORITY COUNTIES

First Priority – 50 Bonus Points

1. Buncombe
2. Forsyth
3. Guilford
4. Mecklenburg
5. New Hanover
6. Wake

Second Priority – 25 Bonus Points

7. Burke
8. Cabarrus
9. Caldwell
10. Craven
11. Cumberland
12. Durham
13. Gaston
14. Iredell
15. Johnston
16. Onslow
17. Pitt
18. Robeson
19. Rowan
20. Wayne