

NORTH CAROLINA HOUSING FINANCE AGENCY  
**INTEGRATED SUPPORTIVE HOUSING PROGRAM**  
**(ISHP)**

***2020 PROGRAM YEAR***

**Guidelines and Instructions**

North Carolina Housing Finance Agency  
Post Office Box 28066, Raleigh, NC 27611

For information, please contact:

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**Applications Due: Friday, April 3, 2020, 5:00pm**

## 1. Introduction

The North Carolina Housing Finance Agency (NCHFA) announces the availability of funding for the Integrated Supportive Housing Program (ISHP). A maximum of \$7.5 million of funding is available to create integrated supportive housing where no more than 20% of units are set-aside for persons with disabilities. Two funding sources are available for the 2020 ISHP, one of which is the National Housing Trust Fund (NHTF). Projects which can utilize NHTF and meet the standards of 24 CFR Part 93 as described below will receive bonus points. ISHP awards will be in the form of 0% interest loans which may be amortizing or deferred depending on projected cash flow; the maximum loan amount is \$1,500,000 or \$150,000 per ISHP unit whichever is less. Project locations must be approved by NC Department of Health and Human Services (DHHS).

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. Eligible Applicants

Projects with a 4% low-income housing tax credit (LIHTC) award from NCHFA which are under construction may be eligible to apply for 2020 ISHP funding. Projects must also meet the following criteria:

1. Located in a DHHS designated high-demand county (see Appendix A) ;
2. Has started construction but is not 100% occupied;
3. New Construction;
4. Available to Families (not restricted to elderly);
5. Placed in Service date must be before December 31, 2021;
6. Minimum 15% one-bedroom units (of total units) or 20 one-bedroom units;
7. Project location must be approved by DHHS.

Projects which do not deliver units by December 31, 2021 will not be in good standing with NCHFA unless they return their ISHP award. This designation would negatively impact the Owner's future competitiveness for a LIHTC award.

## 3. Eligible Uses

ISHP funds can be used for the following purposes:

1. To reduce interest-bearing debt;
2. To fund construction cost overruns;
3. To reduce Owner or Partner loans to the project;
4. To reduce a deferred developer fee to the amount budgeted in the initial application for 4% LIHTC.

## 4. Affordability Restrictions

Projects receiving NHTF funds must have the number of the units equal to the NHTF proportion of total project funding occupied by households at or below 30% AMI for a period of 30 years. Projects which do not utilize NHTF must have the number of the units equal to the ISHP proportion of total project funding occupied by households at or below 50% AMI for a period of 20 years.

## 5. Occupancy Restrictions

ISHP will fund projects to set aside units for an ISHP referral up to a maximum of 10 units. The ISHP set-aside will be in addition to any previously required Targeting units mandated by NCHFA but the combination of ISHP and Targeted units cannot exceed 20% of units, rounded up. The ISHP set-aside will include the previously required Targeting units mandated by NCHFA.

The Owner and Management Agent must comply with the ISHP Program Guidelines with the following exception:

During initial rent up, the set-aside units must be held available for ISHP eligible applicants referred by the DHHS for up to 120 days, as follows:

- 90 days, with no payment of hold fees during this period
- For an additional 30 days (a total of 120 days), at the option of DHHS, with a hold fee of 80% of the NCHFA approved rent, paid by the LME/MCO for the 30-day extension.

The Program Guidelines can be found at:

[https://www.nchfa.com/sites/default/files/forms\\_resources/ISHPProgramGuidelines.pdf](https://www.nchfa.com/sites/default/files/forms_resources/ISHPProgramGuidelines.pdf).

All ISHP units in the 2020 program will be considered “soft set-aside” as described in the Program Guidelines. Upon unit turn-over, the hold period will be 30 days as described in the Program Guidelines.

## 6. Project Financing

The maximum ISHP award the project will be eligible for is the lesser of:

1. \$150,000 per ISHP set-aside unit , or
2. \$1,500,000, or
3. The maximum HOME per-unit subsidy limit (see below) if NHTF funded.

The Agency, at its sole discretion, may opt to offer an adjusted amount, based on the demonstrated need of the project, or in order to fund as many eligible applications as possible. The applicant will have the option to either accept the amount offered by the Agency or reject the amount, by withdrawing the application.

All program assistance will be in the form of a non-forgivable, 0% interest, permanent mortgage loan. 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 NHTF projects and 20 years otherwise. All loans will include a Promissory Note, Deed of Trust, Declaration of Deed Restrictions and a Loan Agreement.

In general, loans will be originated after IRS Form 8609 is issued for the project. If a project has a justifiable need, one disbursement can be made before this date as long as the following criteria are met:

1. NCHFA has reviewed and approved the request;
2. The project has received Certificates of Occupancy or Temporary Certificates of Occupancy for all buildings; and
3. Funds must be used for construction loan payment(s) or for other NCHFA-approved construction related costs.

If two disbursements are made, the first disbursement shall be for no more than 50% of the ISHP loan, pro-rated by the percentage of ISHP set-aside units leased to and occupied by DHHS referrals. (For example, a project with half of its ISHP set-aside units occupied could receive 25% of its ISHP award in a first disbursement.)

NHTF funded projects must request a per-unit subsidy below the HOME maximum per-unit subsidy limit. The current\* limits are as follows:

Section 234 Elevator-type Basic Limit (by BR size) x HCP = HOME Maximum Per-Unit Subsidy Limit  
 (HCP = High Cost Percentage)

**Greensboro, NC HUB - HCP of 244%**

<b>Bedrooms</b>	<b>Elevator-type Basic Limit*</b>	<b>HCP</b>	<b>HOME Maximum Per-Unit Subsidy Limit</b>
0BR	\$61,281	240%	\$147,074
1BR	\$70,250	240%	\$168,600
2BR	\$85,424	240%	\$205,018
3BR	\$110,512	240%	\$265,229
4+BR	\$121,307	240%	\$291,137

\*effective 6/4/18

**NHTF Regulatory Requirements:**

- A U.S. Department of Housing and Urban Development (HUD) environmental clearance review must be completed prior to the issuance of a Certificate of Occupancy or Temporary Certificate of Occupancy.
- The minimum period of affordability for projects requesting NHTF is 30 years.

## 7. Project Ranking

Projects will be competitively ranked against each other after the application deadline. After a project's site is approved by DHHS and the project is scored, it will be ranked against other applications submitted during the same funding cycle. Rating scores for a maximum of 400 points include the following elements:

### A. DHHS Preference (up to 100 points)

Projects will receive points based on the preference of DHHS as it relates to the suitability of the site for occupancy by ISHP participants and the actual or anticipated interest in the site by their current clients as follows:

- First choice: 100 points
- Second choice: 66 points
- Third choice: 33 points

### B. Readiness (Threshold)

The Owner's ability to complete units in a timely manner acceptable to NCHFA will be a threshold requirement for NHTF funding. In a project with multiple buildings, a timeline of when buildings will be delivered must be provided, including the unit/bedroom size breakdown must be included.

### C. Leverage (up to 100 points)

Leveraging of non-federal funding sources is a priority for NHTF. Projects will receive points as follows (federal sources include the Low Income Housing Tax Credit):

- Less than 50 percent federal sources: 100 points
- 50 percent to less than 60 percent: 75 points
- 60 percent to less than 70 percent: 50 points
- 70 percent to less than 80 percent: 25 points

### D. Project based rental assistance (up to 100 points)

Commitment of state, federal or local project-based rental assistance is a priority for projects requesting NHTF. The percentage of units receiving project-based rental assistance will be used as the score for this category.

### E. Use of NHTF funds (100 bonus points)

Projects which are able to meet the requirements of and utilize National Housing Trust Funds will receive 100 points.

## 8. NCHFA Board of Directors Approval

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 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.

## Application Process

1. Owners will submit an email to Jennifer Olson at NCHFA, at [jolson@nchfa.com](mailto:jolson@nchfa.com), proposing a project for consideration for the loan funds by 5 pm on Friday, April 3, 2020. The email must have the ISHP Project Questionnaire attached, the Questionnaire can be found here: [https://www.nchfa.com/sites/default/files/page\\_attachments/ISHPProjectQuestionnaire.docx](https://www.nchfa.com/sites/default/files/page_attachments/ISHPProjectQuestionnaire.docx)
2. Owner will submit a project update through the RTC Application System to update Project Sources and Uses to by 5pm on Friday, April 3, 2020.
3. NCHFA staff will do a threshold review and notify Owners if their application passes threshold.
4. NCHFA will inform DHHS of the ISHP applications received that pass threshold review.
5. DHHS will approve or reject projects based on demand by TCLI clients for housing in that location. DHHS will rank applications in preference order.
6. NCHFA will rate and rank projects and will finalize the list of projects recommended for award.
7. NCHFA staff will re-underwrite the selected projects.
8. The Owner will be sent a notification of selection for NCHFA Board recommendation, along with the amount of ISHP funding proposed, and a deadline to accept or decline the offer. If an offer is declined, the next project on the ranking list will be offered funding.
9. When Owner's responses are received, NCHFA staff will request Board Approval for projects at the December 2019 Board meeting.
10. Once approved by the NCHFA Board, the Owner will be sent a conditional commitment letter.

For more information, interested applicants should contact Margrit Bergholz at [mbergholz@nchfa.com](mailto:mbergholz@nchfa.com) or 919-877-5633 or Jennifer Olson at [jolson@nchfa.com](mailto:jolson@nchfa.com) or 919-850-2928.

## ISHP schedule - 2020

March 20	Publish NOFA and email eligible 4% LIHTC projects about funding availability
April 3	Application email and ISHP Questionnaire due from Owners
April 3	Budget update due in NCHFA on-line application
April 13	Threshold review complete by NCHFA
April 13	Applications that pass threshold review sent to DHHS, DHHS to share with LME/MCOs
April 20	DHHS informs NCHFA of selected projects
April 24	Underwriting complete by NCHFA, ISHP contingent award offers sent to Owners
May 1	Acceptance/rejection of offer amounts due from Owners
June 25	ISHP Recommendations considered by NCHFA Board of Directors
June 25	Owners notified of awards

## **Appendix A**

### **DHHS HIGH DEMAND COUNTIES**

Buncombe  
Forsyth  
Guilford  
Mecklenburg  
New Hanover  
Wake  
Wayne

## 2020 ISHP Project Questionnaire

Property Name	
Property Street Address	
ISHP Loan Amount Requested	
Can project meet requirements of NHTF and is this funding source requested? (See Guidelines)	
Date of Construction start (project not eligible if not started)	
City	
County	
Owner Contact Name	
Owner Contact Email	
Owner Phone Number	
Total Units	
# One Bedroom Units	
# Accessible One Bedrooms	
# Two Bedroom Units	
# Accessible Two Bedrooms	
Other bedroom sizes? Describe number and accessibility.	
Total Budget	
Amount of Federal Funding (including LIHTC)	
Distance to nearest Grocery Store	
Sidewalks entire distance to Grocery Store?	
Public Transportation available?	
Distance to closest bus stop?	
Sidewalks entire distance to Bus stop?	
Number of ISHP units requested (maximum 10)	
Estimated date construction will be completed	
Current Occupancy percentage	
Estimated date of 100% occupancy*	

\* For projects with multiple buildings, please provide a schedule showing the estimated delivery date of each building and its unit composition.