

Rental Preservation Loan Program and Supportive Housing Development Program, a substantial amendment to the 2021-2025 Consolidated Plan

This substantial amendment summary details the program design, intended uses of federal funds and award criteria for the upcoming new Rental Preservation Loan Program (RPLP) and changes to the existing Supportive Housing Development Program (SHDP).

Rental Preservation Loan Program

The Rental Preservation Loan Program (RPLP) will use HOME Investment Partnerships Program (HOME) and national Housing Trust Fund (HTF) funds, along with available state funds, to finance the rehabilitation of rental units for low-income households. The program is designed to preserve existing affordable units and to ensure preservation rehabilitation efforts are available to properties that may otherwise not be competitive in other rental rehabilitation programs in the state. The RPLP will provide long-term financing, in the form of an amortizing or deferred loan, to eligible projects. The goal is to preserve existing affordable housing for households earning up to 80% of area median income (AMI), with a priority on the preservation and creation of units for households earning less than 30% of AMI. Awards through RPLP may include funds for rehabilitation, acquisition, refinancing, and operating reserves and/or assistance. For HTF eligible units, NCHFA may also use up to 33% of HTF funds for operating reserves and/or assistance.

RPLP loans are to be awarded using selection criteria that will include but not be limited to the following:

- Need, scope, quality and design of rehabilitation
- Risk for loss of affordable units
- Local housing needs
- Ability to serve the lowest-income tenants, specifically those at or below 30% of AMI
- Financial structure and long-term viability
- Experience, including performance history, of development team and management agent(s)

An estimated 10% of HOME funds will be used for rental rehabilitation development. An estimated 10% of HTF funds will be used for rental rehabilitation development and no more than 33% of HTF funds will be used for operating reserves and/or assistance. Funding for the full RPLP program may exceed these amounts for subsequent years, based on demand for the program.

For RPLP, developers can receive no more than \$4,000,000 per development for rehabilitation costs. Awards are made as loans and shall require the project to maintain the period of affordability for the full term of the loan, and in no event shall be less than the required minimum period of affordability under the applicable funding source (HOME or HTF) regulations.

Due to the deeper targeting requirements that will accompany the RPLP loan, NCHFA may determine that refinancing of senior debt is necessary for the fiscal fitness of the property. In no event will the pro-rated portion of the refinance proceeds exceed the pro-rated portion of the rehabilitation costs. Additionally, deeper targeting may necessitate using HTF funds for operating reserves and/or assistance to ensure the financial viability of the project.

The initial, funding cycle will be limited in scope and intends to provide funding to rehabilitate an estimated 180 units. The full program seeks to rehabilitate an additional 200 to 400 units, with more definition of these outcomes to be determined after experience is gained from the initial program cycle.

Supportive Housing Development Program

The Supportive Housing Development Program (SHDP) will use HOME Investment Partnerships Program (HOME), national Housing Trust Fund (HTF) funds and/or available state funds, to finance the acquisition, rehabilitation, new construction and/or operating reserves/assistance of eligible developments. SHDP will serve populations of homeless or non-homeless households with special needs earning up to 50% of area median income, with a priority on the preservation and creation of units for households earning less than 30% of AMI. SHDP will provide long-term financing in the form of a 0% interest loan to eligible projects.

SHDP loans are to be awarded using selection criteria that will include but not be limited to the following:

- Project location and site suitability
- Housing development and organizational capacity
- Financial structure and project readiness
- Ability to serve the lowest-income tenants and/or special needs populations

An estimated 45% of HOME will be used for rental development which will be split approximately 10% towards rehabilitation and 35% towards new construction. An estimated 90% of HTF will go towards rental development, including new construction, rehabilitation and operating reserves (up to 33% of funds may be used).

For SHDP, developers can receive no more than \$1,500,000 per development for new construction and rehabilitation costs. Awards are made as loans and shall require the project to maintain the period of affordability for the full term of the loan, and in no event shall be less than the required minimum period of affordability under the applicable funding source (HOME or HTF) regulations.

The SHDP program objectives for HTF- and HOME-funded projects are to provide affordable, quality, safe and accessible housing for persons with low incomes and special needs with links to appropriate services; to increase the supply of permanent supportive housing in the most integrated setting appropriate to meet the needs of the proposed population; and to provide funds to leverage other public and private resources.