

# **APPLICATION GUIDELINES**

**For the 2028 cycle of the**

## **Essential Single-Family Rehabilitation Loan Pool (ESFRLP28)**

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# Application Guidelines

## CONTENTS

	PAGE
1. INTRODUCTION .....	3
2. BACKGROUND .....	4
3. FUNDING & SCHEDULE.....	4
3.1 Funding .....	4
3.2 Schedule.....	6
4. ELIGIBILITY REQUIREMENTS .....	6
4.1 Eligible applicants.....	6
4.2 Eligible households.....	7
4.3 Eligible activities .....	7
4.4 Eligible forms of assistance .....	7
5. APPLICATION REVIEW, RANKING & SELECTION PROCESS .....	8
5.1 Threshold review .....	8
5.2 Competitive ranking.....	8
5.3 Agency Board approval .....	9
5.4 Post Approval Documentation.....	9
5.5 Funding award .....	9
6. SPECIAL INSTRUCTIONS FOR THE APPLICATION.....	9
6.1 Requests for Application forms .....	9
6.2 Application deadline .....	9
6.3 Application fee.....	9
6.4 Address .....	10
6.5 Special instructions .....	10

# APPLICATION GUIDELINES

## For the 2028 Essential Single-Family Rehabilitation Loan Pool (ESFRLP28)

### 1. INTRODUCTION

The North Carolina Housing Finance Agency announces the availability of funds under the 2028 cycle of the Essential Single-Family Rehabilitation Loan Pool (“ESFRLP28”). ESFRLP28 is funded through the federal HOME Investment Partnerships Program (“HOME”) and Agency funds. A total of \$9.24 million, up to \$8.4 million in rehabilitation and \$0.84 million in administrative funds, may be available in this cycle.

Nonprofit organizations, local governments and regional councils proposing to serve any of the following thirty-three designated counties are eligible to apply: Alleghany, Anson, Brunswick, Caldwell, Chowan, Clay, Craven, Davidson, Durham, Guilford, Henderson, Hertford, Johnston, Lincoln, Macon, McDowell, Mecklenburg, Moore, Nash, Northampton, Onslow, Orange, Pamlico, Perquimans, Person, Pitt, Rowan, Sampson, Scotland, Stanly, Vance, Washington and Yancey.

The goal of ESFRLP is to make a positive impact on the state's stock of standard affordable housing by encouraging the essential rehabilitation of existing, single-family, owner-occupied housing units occupied by lower-income (less than 80% area median income or AMI) households with one or more elderly, disabled or Veteran fulltime household members or owner-occupied units with lead hazards and a child six years old or younger.

The objectives of ESFRLP are:

- 1) to promote equitable distribution of Program funds across the state;
- 2) to serve elderly, disabled and Veteran households and households with a child at or under the age of six whose health is threatened by the presence of lead hazards, with incomes at or below eighty percent (80%) of area median incomes;
- 3) to facilitate aging in place among elderly and disabled household members of eligible dwelling units through accessibility modifications;
- 4) to promote the long-term affordability and lower operating costs of ESFRLP-assisted units through cost-effective, energy-efficiency measures;
- 5) to facilitate the continued development of rehabilitation management skills among recipient organizations across the entire state; and,
- 6) to ensure that all available program funds are invested within the limited time available.

Under ESFRLP28, successful applicants (hereinafter, “Members”) will be expected to develop and adhere to fair, open and competitive procedures for the procurement of goods and services and for the selection of Program beneficiaries. These Application Guidelines provide an overview of the Program. Additional information on Program and application requirements is contained in the accompanying Application for Funding & Loan Pool Membership.

## **2. BACKGROUND**

2026 marks the thirty-second year since the beginning of the Single-Family Rehabilitation Loan Pool as the Agency's primary program for comprehensive rehabilitation of owner-occupied homes. Since the program's creation, over \$211 million has been committed to rehabilitate over 5,000 homes in the state.

Throughout this period, the program has evolved and changed in response to internal program evaluation and to feedback offered by recipient organizations -- both individually and through user roundtables convened for that purpose. In 2025 we introduced changes to better meet the needs of our partners as they focus on essential and critical repairs. These changes include:

- 1) Renaming the cycles to reflect the ending year of a project (e.g., the ESFRLP28 cycle will begin in July of 2026 and end in December of 2028);
- 2) Moving the following counties to new cycles in a desire to encourage better service to all counties: Avery, Transylvania and Wilkes moved to ESFRLP27; Durham moved to ESFRLP28; Robeson and Stokes moved to ESFRLP29;
- 3) Increasing funding for unit soft costs for the 2027, 2028 and 2029 funding cycles from \$10,000 to a maximum of \$14,000;
- 4) Increasing funding for administrative costs for the 2027, 2028 and 2029 funding cycles from \$4,000 to a maximum of \$7,000;
- 5) Increasing the typical hard cost loan amount from \$40,000 to a maximum of \$70,000 to increase the eligible unit costs and adjust for inflation;
- 6) Increasing the initial Member Set-Aside and decreasing the unit commitment from \$162,000 for three homes to \$182,000 for two homes;
- 7) Eliminating the Member Set-Aside period;
- 8) Increasing the loan forgiveness rate to \$14,000 per year.

While most of the goals and objectives did not change (i.e., to serve seniors and disabled home owners, to promote aging-in-place, energy-efficiency and lead-safety, etc.), the program definitions, rehabilitation standards and maximum costs per unit have changed in numerous ways in the recent past. Personnel with years of ESFR experience are strongly encouraged to read these application guidelines carefully and work closely with their Agency case managers to ensure compliance with the Program Guidelines.

## **3. FUNDING & SCHEDULE**

### **3.1 Funding**

The total amount of funding available under ESFRLP28 is \$9.24 million. Successful applicants will be allocated a set-aside of \$182,000 for the rehabilitation of eligible units. Additional funds shall be available through the ESFRLP "pool" on a first-come, first-served basis. Funds provided to ESFRLP pool Members will be in the form of administrative funds, conditional reimbursable soft cost grants and rehabilitation loans, accessed on a unit-by-unit basis and subject to adjustment by the Agency based on the partner's performance and/or perceived capacity to complete units in a timely manner.

"Service area" is defined as North Carolina counties excluding the five large CDBG Entitlement cities of Charlotte, Durham, Greensboro, Raleigh and Winston-Salem. Within the service area, eligible homeowners shall be equally eligible to apply for assistance. Members may choose to accept homeowner applications on a first-come, first to qualify, first-served basis from throughout the service area, or to allocate equitable portions of the grant to all eligible localities within the service area. Otherwise, homeowner applications must be rated and prioritized without regard to the applicant's specific locality within the service area.

Program expenditures for hard costs cannot exceed \$70,000 per dwelling unit. The minimum amount of Program funds that can be spent on any assisted dwelling unit is \$5,000.

Under ESFRLP28, hard costs are defined as the reasonable costs of temporary relocation and the reasonable costs of construction labor and materials, construction contractor profit and overhead, etc., necessary to meet the Essential Rehabilitation Criteria which include:

- 1) the more stringent of local minimum housing code or the Essential Property Standard;
- 2) eliminate imminent threats to the health or safety of the occupants, and to the structural integrity of the dwelling unit; and,
- 3) make other eligible improvements to dwelling units such as accessibility and universal design modifications.

ESFRLP soft costs are the reasonable and necessary support costs associated with the rehabilitation of ESFRLP-assisted units. Eligible soft costs under ESFRLP28 are as follows:

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

In Section II.D of the Application you are asked to agree to a matrix of your project budget for soft costs per unit; during the post approval documentation phase, you will be given an opportunity to adjust this budget.

*\* Under ESFRLP, title searches are required for each unit and will be conducted by the Agency. Loan documents will be provided by the Agency and Members are encouraged to have loans closed by an attorney. The Member will also be responsible for coordinating execution of and recordation of the loan documents.*

ESFRLP Administrative funds are limited to ten percent (10%) of the total amount of Program funds allocated to rehabilitation hard costs plus soft costs on each completed rehabilitated housing unit, up to a maximum of \$7,000. For example, if sixty-five thousand dollars (\$65,000) in program funds is used for a unit's rehabilitation hard costs and six thousand dollars (\$6,000) in Program funds is used for necessary and verifiable soft costs, then up to \$7,000 may be used for administrative project costs. These administrative funds may be used for necessary and documented administrative costs, which include:

- 1) general management, oversight and coordination;
- 2) travel and mileage expenses;
- 3) project monitoring;
- 4) indirect costs, overhead costs related to administration of ESFRLP activities; and,
- 5) project related outreach & intake, advertising and public information.

Administrative funds will be available as follows: up to 50% of the maximum available administrative funds may be billed once all loan closing documents have been executed and received in NCHFA offices; the remaining available administrative funds may be billed once a unit is fully completed in the online Portal system. All funds will be held by NCHFA until all required documentation specific to, and necessary for, either a loan closing or the close-out of a unit, has been accurately completed, received and accepted by NCHFA.

### **3.2 Schedule**

Applications for ESFRLP28 funding will be received through **5:00 pm, Friday March 6, 2026**. Applications will be rated according to the criteria described below. Conditional allocations are expected to be announced in June 2026. Written Funding Agreements will be executed beginning July 1, 2026, or after each project's Post-Approval Documentation (PAD) is approved but no later than January 1, 2027. Any awarded project that has yet to deliver all Post-Approval Documentation to NCHFA by January 2, 2027 is subject to cancellation without notice. Members will begin their projects no later than January 1, 2027, after their Funding Agreement is complete and implementation workshops for program administrators and training workshops for rehabilitation specialists are conducted (scheduled for early May 2026). Members are eligible to reserve additional funds, on a unit-by-unit, first-come, first-served basis, from the remaining pool of funds. Members will have two years (no later than December 31, 2028) to complete and close out all units. All loans must be closed and executed by June 30, 2028 to meet this schedule.

## **4. ELIGIBILITY REQUIREMENTS**

### **4.1 Eligible applicants**

Eligible applicants for ESFRLP funds include:

- 1) nonprofit organizations;
- 2) units of local government; and
- 3) regional councils of government.

Recipients of Program funding are directly responsible for the administration of projects being funded, even when contracting with third parties.

Multiple applications from a single applicant could be funded if: 1) they propose to serve different counties; 2) the applicant can demonstrate sufficient experience with housing rehabilitation; and 3) the applicant can document sufficient staff and contractor capacity to execute the projects.

#### **4.2 Eligible households**

Only low-income owner-occupied units with one or more elderly, disabled or Veteran fulltime household member or owner-occupied units with lead hazards and a child 6 years old or younger are eligible for assistance under ESFRLP28. Under ESFRLP, low-income households, as defined by the U.S. Department of Housing and Urban Development (HUD), are those with incomes less than 80% of the county median income. Income limits will be defined using the most recent HUD income estimates, as initially provided by the Agency and updated annually at the HUD website ([www.hud.gov](http://www.hud.gov)).

Members' policies for screening and prioritizing applications for assistance must be contained in concise written policies adopted by the Member, available to the general public and applied uniformly throughout the service area. **Please do not include the Assistance Policy with the application.** (*Refer to section 5.4, "Post Approval Documentation," below.*)

#### **4.3 Eligible activities**

ESFRLP28 funds may be used for financially-feasible, essential rehabilitation of owner-occupied housing, and for associated support functions. Upon completion, housing units rehabilitated under ESFRLP must meet the Essential Rehabilitation Criteria which includes either the more stringent of local minimum housing code standards or the Essential Property Standards (which are provided by the Agency along with Program Guidelines, forms and documents).

Where practicable, new or replacement items should be designed and/or selected with an eye to "universal design" principles. Reasonable measures to strengthen homes against natural disasters such as wild fire, flooding and hurricane force winds are also eligible Program expenditures. Units of potential historical significance may be required to meet the Secretary of the Interior's standards for historic preservation. All units constructed before 1978 will be subject to federal lead-based paint regulations found at 24 CFR part 35 and the North Carolina Renovation, Repair & Painting regulation.

#### **4.4 Eligible forms of assistance**

Assistance provided to eligible owner-occupants under ESFRLP will be offered in the form of loans covering the hard costs (only) associated with the rehabilitation of the unit as a deferred, 0% interest, subordinate mortgage, forgiven at \$14,000 per year until the principal balance is reduced to zero. Soft costs associated with ESFRLP-assisted units will be granted to homeowners.

An ESFRLP loan, or the un-forgiven balance of the loan, will become due and payable to the Agency upon default or transfer of title. However, loans may be assumed by heirs or income-eligible buyers if they use the home as their principal residence. Loan documents shall be provided by the Agency, executed by the homeowner, recorded by the Member prior to

commencement of construction and submitted to the Agency within 5 days of closing. Members will be expected to have adequate procedures to ensure that Program loan documents are properly processed, closed and forwarded to the Agency on a timely basis.

## **5. APPLICATION REVIEW, RANKING & SELECTION PROCESS**

Applications for ESFRLP28 will be reviewed and rated on the basis of applicant capacity to operate the project. A five-step review process will be used: threshold review, competitive ranking, Agency-board approval of conditional allocations, post approval documentation, and execution of Funding Agreements.

### **5.1 Threshold Review**

The threshold review will eliminate any applications which are incomplete, were not received by the deadline, are from ineligible entities, or are not accompanied by the required application fee payment. The threshold review is also meant to eliminate applicants lacking minimal capacity to operate the project. The following factors will be considered:

- 1) the experience of the applicant in undertaking housing rehabilitation projects;
- 2) the past performance of the applicant, if applicable, under other housing rehabilitation programs and/or other Agency-funded projects;
- 3) the overall capacity of the organization, including staffing support, to complete the project. Special attention will be given to the availability of qualified technical staff (rehabilitation specialists) who have recent qualified experience in identifying opportunities for the application of energy-efficiency measures as well as diagnosing the rehabilitation needs of older homes used by older residents and implementing the appropriate measures professionally and efficiently. Lead-based paint certifications and/or other recent training in lead hazard issues are preferred as are recent training for other household environmental hazards. Certification by the Professional Housing Rehabilitation Association of North Carolina will be a plus;
- 4) intake personnel with 1 year of housing counseling experience and /or training is preferred;
- 5) the amount of housing rehabilitation funding presently secured relative to the applicant's recent productivity; and,
- 6) the capacity of units of local government or others proposing to administer the Program through contracted consultants or other third parties will be rated on the combined qualifications and experience of the applicant's designated project staff and the third party's designated project staff.

Finally, the threshold review will eliminate applications proposing to serve the large five CDBG Entitlement cities of Charlotte, Durham, Greensboro, Raleigh and Winston-Salem under ESFRLP.

### **5.2 Competitive ranking**

Where more than one eligible entity applies to serve a given county service area, applications will be ranked according to capacity; only one entity will be funded, therefore a deeper review of capacity indicators will occur. Capacity indicators to be considered include: 1) staff and/or



consultant qualifications and experience; 2) recent performance under other housing rehabilitation grants; and 3) the accuracy and completeness of the ESFRLP application.

### **5.3 Agency Board of Directors approval**

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

### **5.4 Post Approval Documentation**

Applicants approved by the Board will receive conditional award letters and be asked to complete a Post Approval Documentation packet to provide supplemental documentation prior to publicly announcing the availability of funds. An “Assistance Policy”, referred to in section 4.2 above, will be among the requested-supplemental documentation.

### **5.5 Funding award**

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

## **6. SPECIAL INSTRUCTIONS TO THE APPLICANT**

### **6.1 Requests for Application forms**

The ESFRLP28 Application form may be acquired from the Agency website [www.nchfa.com](http://www.nchfa.com) after January 16, 2026. An application webinar will be held on January 27, 2026.

### **6.2 Application deadline**

A PDF of the application per funding request must be **received** electronically by the Agency no later than **5:00 pm, on Friday, March 6, 2026**. Send all applications to [ESFRLPapplications@NCHFA.com](mailto:ESFRLPapplications@NCHFA.com). See the applicable Special Instructions in Section 6.5. Additionally, see section 6.3 for the application fee which must be mailed to the Address in Section 6.4.

If you choose to deliver a hard copy of the application by mail or hand, you must use the Address in Section 6.4 and follow all applicable Special Instructions in Section 6.5. An original application must be **received** by the Agency no later than **5:00 pm, on Friday, March 6, 2026**.

### **6.3 Application fee**

For each grant applied for, the application must be **accompanied** by a **non-refundable application fee**. Application fees must be paid by a check made payable to the North Carolina Housing Finance Agency. The application fee for ESFRLP28 is \$75.

## **6.4 Address**

All mailed or hand-delivered applications must be delivered to:

Home Ownership: Rehabilitation Group  
Attn: Gloria Moore  
North Carolina Housing Finance Agency  
3508 Bush Street  
Raleigh, North Carolina 27609-7509

## **6.5 Special Instructions**

- 1) Applications should be typed or printed legibly in ink. Dollar amounts should be rounded to the nearest dollar. All applications should be signed and dated in ink on the "Certification" page by the applicant's chief administrative official as listed on the application under I.B.1. No applications will be accepted by FAX. See below for email transmission requirements.
- 2) All applications should be submitted on the form provided. Except where attachments are requested, you are encouraged to confine your responses to the provided space.
- 3) Hard copy applications should be fastened at the upper left corner by a single staple or binder clip. Covers, ring binders, and folders are discouraged, as are attachments or exhibits which are not specifically requested.
- 4) All attachments should be clearly marked in the upper right-hand corner according to the instructions in the application. The attachments should be attached in the order that they were requested, at the back of the application following page 5.
- 5) If you choose to electronically submit your application you must meet the following requirements:
  1. The application fee (see 6.3) must still be delivered by mail or by hand;
  2. Both the application and the application fee must be received in the Agency offices by the deadline or the application may not be considered.
  3. The application may be signed with either a wet or a digital signature. A digital signature provides an audit trail to confirm the authenticity of the signature that must be delivered through a third-party certification software such as DocuSign or SignNow.
  4. The format for an electronic document must be a legible, color PDF not to exceed 40 MB.
  5. It is the responsibility of the Applicant to confirm receipt of electronically submitted applications.
  6. Electronic delivery email must have the following subject line: "Application for ESFRLP28 Funding– [X County] by [your organization name]". Applications without the proper subject line content may not be considered for funding.
  7. Send all electronic delivery applications to the following email: [ESFRLPapplications@nchfa.com](mailto:ESFRLPapplications@nchfa.com)