

# THE NORTH CAROLINA HOUSING FINANCE AGENCY

## *Supportive Housing Development Program*

### *2022 Program Cycle Application Guidelines & Instructions*

**PROJECT DESCRIPTION & SITE REQUEST FORM DUE: JANUARY 21, 2022**

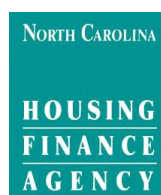
**APPLICATIONS DUE: FRIDAY, MARCH 4, 2022, 5:00PM**

For information, please contact SHDP Staff:

Nancy Bloebaum • (919) 877-5619 • [nbbloebaum@nchfa.com](mailto:nbbloebaum@nchfa.com)

Jennifer Olson • (919) 850-2928 • [jlolson@nchfa.com](mailto:jlolson@nchfa.com)

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North Carolina Housing Finance Agency

Post Office Box 28066, Raleigh, NC 27611

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## Section 1. SHDP Program Requirements

### INTRODUCTION

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

The objectives of the SHDP Program are:

- a. To increase the supply of permanent supportive housing in the most integrated setting appropriate to meet the needs of the proposed populations;
- b. To serve adults and children with special needs earning less than 50% of area median income (AMI); with a preference for those at or below 30% AMI, depending on the type of project;
- c. To provide affordable and accessible housing, including transitional and emergency shelters 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 Olmstead Settlement Agreement between the State of North Carolina and the United States Department of Justice, eligible projects will include the conversion of properties with an active or former Adult Care Home license into independent supportive apartments. The conversion must create Olmstead compliant units (20% of the units must be targeted for persons with disabilities) and must meet all other SHDP requirements.

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.

**The SHDP Program Requirements are outlined below and**

**must be met to be considered for SHDP funding.**

*2022 Supportive Housing Development Program*

## 1.1. ELIGIBLE & INELIGIBLE USES OF SHDP FUNDING

### A. Eligible uses of SHDP funds include:

- New Construction
- Acquisition of Housing or Facility without Rehabilitation
- Acquisition of Housing or Facility with Rehabilitation
- Rehabilitation of Housing or an Existing Facility

### B. Ineligible uses of SHDP funds include:

Program funds may not be used for:

- a. Crisis stabilization centers
- b. Hospice programs
- c. 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, DHHS licensure, or SHDP program standards.
  - (3) the preservation of existing SHDP properties under the SHDP Existing Small Rehab Option
  - (4) re-configuration of emergency or transitional housing to permanent supportive housing,
- d. Supportive services expenses, operating costs, or administrative costs
- e. Construction or rehabilitation of office space or space for supportive services not in conjunction with housing units
- f. Refinancing existing mortgages
- g. Relocation costs
- h. Rental assistance.

## 1.2. ELIGIBLE PROJECT TYPES

**Eligible Project Types within the geographic boundaries of North Carolina and must demonstrate a need for SHDP funds based on a project budget detailing sources and uses of**

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**funds and projected cash flow include:**

1. New construction or Acquisition of permanent supportive housing\*\* which creates at least three new units.
2. Acquisition with Rehabilitation or Rehabilitation only of permanent supportive housing\*\*. This activity does not require an increase in units.
3. New construction of non-licensed apartments must include 25% one-bedroom or smaller units as approved by NCHFA,
4. Acquisition only or Acquisition/Rehabilitation of a licensed facility,
5. New construction or Acquisition/Rehabilitation of substance abuse treatment programs, other transitional housing programs, including, but not limited to children in foster care, children aging out of foster care, re-entry programs for persons released from incarceration.
6. \*Rehabilitation, Replacement or new construction of emergency shelter, which must operate or participate in a rapid rehousing program. This activity does not require an increase in number of beds.
7. \*Rehabilitation, Replacement or new construction of domestic violence shelters (which do not need to participate in rapid rehousing), This activity does not require an increase in number of beds.
8. Preservation of existing SHDP financed properties, which may include needed improvements to the structure for accessibility, energy efficiency and health and safety. This activity does not require an increase in units.
9. Acquisition or Acquisition/Rehabilitation of emergency, or transitional housing into permanent supportive housing\*\*. This activity does not require an increase in units.
10. Adaptive Reuse of existing adult care homes into permanent supportive apartments\*\*
11. Renovation of existing supportive housing to bring the development into compliance with state and local building codes. This activity does not require an increase in units.
12. **For-profit Developers are only allowed to apply** for new construction, acquisition/rehabilitation, or renovation of rental properties which meet the following criteria:
  1. 20% of units will be restricted to persons with disabilities,
  2. the appropriate Local Management Entity/Managed Care Organization (“LME/MCO”) or DHHS provides a written statement of support of the project,
  3. the Owner will notify DHHS or their designee of vacancies in the set-aside units through the Vacancy & Referral (V&R) system and give preference to those referrals for 90 days

on initial lease-up and 30 days on unit turn-over, unless DHHS or their designee releases the unit earlier,

4. the property is not designated for elderly occupancy.

**\*For the Emergency Shelter 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 the Permanent Supportive Housing Projects (non-licensed) must meet the following standards:**

- 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.

**Additional Requirements for Project Types include:**

1. **New construction** includes:

- a. New Construction of facilities or housing on empty land or a cleared lot
- b. Adaptive Reuse or Gut Rehabilitation of an existing building or shell or components of a building where the facility or housing will receive a new certificate of occupancy for attaining current building code

2. **Rehabilitation** includes:

- a. Moderate rehabilitation of housing or an existing facility. The goal of rehabilitation is to be fully functioning by addressing all **critical building components\*** (see below) that are likely to need replacement or substantial repair within 5 to 10 years of project approval, as well as **health and safety needs\*\*** (see below).
- b. Substantial rehabilitation of a facility or housing to be fully functioning by addressing all

**critical building components\*** (see below) that are likely to need replacement or substantial repair within 20 years of project approval and in many cases scope of work may significantly redesign layout to better serve applicant's clients. as well as **health and safety needs\*\*** (see below).

**\*Critical building components include:**

1. Exterior Finishes (siding, masonry, etc.)
  1. Doors and Windows
  2. Roofing
  3. Electrical System (supply, branch wiring, GFCI's, panel box, controls)
  4. Plumbing System (main valve, supply lines, drain lines, fixtures, water heater)
  5. Heating and Cooling System (HVAC, Furnace, Controls)
  6. Foundation and Structural Supports
  7. Bathrooms
  8. Bedrooms
  9. Kitchens (food refrigeration, food heating, sanitary storage, separation of chemicals and waste from food prep areas)
  10. Walkways
  11. Access to facilities and office on property and within housing units and common areas, if applicable

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

1. Ingress/egress (doors, windows, emergency exits, emergency lighting),
2. Known imminent threats to safety (holes in roof, storm/fire damage),
3. Hazards (trip, shock, fall, puncture, cut, drowning, asphyxiation, fire safety, etc.),
4. Air quality or inadequate ventilation (noxious fumes, harmful mold, carbon monoxide, consistent elevated moisture levels)
5. Toxic substances including lead-based paint and friable asbestos,
6. Presence of vermin or pests,
7. Disease prevention through equipment and redesign of space (appropriate spacing of clients, automation of high touch fixtures, filtration, UV treatment, etc.)
8. Structural failure,
9. Non-function items (building features that are present must work appropriately and as an occupant would expect)
10. Harmful levels of noise from traffic, trains, or other sources,
11. Issues related to accessibility deficiencies and incorporation of universal design features, when applicable.



### 1.3. ELIGIBLE POPULATIONS TO SERVE IN PROJECT

Projects awarded and receive a SHDP loan must serve adults or children with one of the following special needs as defined below:

- persons with mental, physical, or developmental disabilities,
- persons experiencing homelessness or imminently at risk of homelessness,
- persons w/substance use disorders,
- children in foster care, youth aging out of foster care or other licensed facilities
- survivors of domestic violence
- and adults reentering the community after being released from correctional facilities.

### 1.4. ELIGIBLE APPLICANTS

**The Applicant must:**

- Demonstrate sound business practices, including an annual audit or certified statement of revenues and expenses;
- Demonstrate successful previous experience that includes the following:
  - Must have no unresolved audit or monitoring finding and must be in good standing with NCHFA Asset Management, as well as other lenders on existing projects;
  - Must disclose all prior projects attempted or completed:
    - List the lenders including local city, county, state, and federal lenders and whether your organization is currently in compliance with the terms of the loans and if has ever been out of compliance.
    - Disclose all unresolved audit or monitoring findings;
    - Disclose all cases in which the applicant (or principal if a for-profit applicant) entered into a workout or deferment, the reasons, provide a description of the plan for resolution, and compliance with deferment plan;
    - Disclose all cases where entered into a foreclosure. For each case provide the property name, the date of the foreclosure, the final disposition, and a description of the circumstances that lead to the foreclosure.

- Demonstrate team capacity to develop the project scope, project plan, financing plan, construction budget, manage the construction phase, obtain permanent financing, bring the project into service, manage the on-going operations of the project, and ensure the ongoing compliance of the project (this is addressed in Section 1.5)
- Submit the audit/certified financial statements for the previous two fiscal years;
- Submit an operating budget for the current year which demonstrate adequate resources to operate the new project;
- Show adequate and consistent levels of operating income from a variety of sources.

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.

**Eligible Applicants include:**

1) **Previous Applicants from the prior program year**, which passed threshold but were not funded, will be reconsidered in this cycle. These applicants do not need to complete a full application, but must request from SHDP staff and submit:

- SHDP Short Application Part 1
- Updated SHDP Application Part 2

These projects will be ranked and rated under the current year rules and regulations, including any new funding limits.

2) **Applicants that have existing SHDP funded project(s) are eligible.**

However, may be ineligible if have any of the following:

- Have not 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);

- Have unresolved audit or monitoring findings with NCHFA Asset Management, and will not have resolved them by SHDP application deadline;

3) **Applicants that have an existing SHDP awarded project are eligible for increased financing.**

The project is eligible if it meets the below criteria:

- The Project is not complete and occupied, and has a funding gap due to increased costs, unforeseen circumstances, and at the discretion of NCHFA.
- No loan disbursement has been issued for the project.
- All other funding sources already secured for the project must remain in place.

Eligible applicants can apply under the **SHDP Increased Financing Option**. See Appendix K for details and how to obtain an SHDP Increased Funding Application Part 1.

4) **Applicants who want to preserve existing SHDP financed supportive housing –**

SHDP awarded projects are eligible to apply under the **SHDP Existing Small Rehab Option** (see Appendix J for details and how to obtain a Short Application Part 1). NCHFA has established the SHDP Existing Small Rehab Option to assist existing SHDP projects remain in operation as decent, safe and sanitary housing. The intent of this Rehab Option is to provide gap financing for necessary rehabilitation work. The minimum award is \$10,000 and the maximum is \$200,000. If your proposed project is over \$200,000 you will need to complete the full SHDP application.

5) **Nonprofit Organizations or Nonprofit Developers with:**

- 501(c) (3) designation for at least 3 years;
- Two years of audited financial statements;
- A minimum of three years' experience providing supportive housing or supportive housing services for populations for special needs;

- Housing development experience within the previous 7 years. If the nonprofit has not completed a housing development project within this time frame, they must hire a housing development consultant.

A church or primarily religious organization cannot own projects assisted with SHDP Program funds. However, an organization with a 501(c) (3) which is sponsored by a church or religious organization is eligible to apply and own.

If a nonprofit creates a single asset entity to own the project, the managing member of the LLC that is created, must be the nonprofit.

#### 6) For-profit Developers:

- Are **only allowed to apply** for projects which create independent rental units.
- Must have successfully owned and operated multifamily rental housing for a minimum of three years,
- The project must have up to, but no more than 20% of the units are set-aside for persons with disabilities and where the Owner, and the Owner's designated Property Management Company, will accept and give preference to applicants referred by DHHS or their designee. In addition, the Owner will notify DHHS or their designee of vacancies in the set-aside units through the Vacancy & Referral (V&R) system and give preference to those applicants. The units must be held vacant for 90 days at initial rent-up and 30 days on unit turn-over for a referral unless DHHS or their designee releases the unit earlier. The project must have a written statement of support from the local LME/MCO or DHHS.

#### 7) Units of local government in North Carolina.

All projects must **comply with the following restrictions on religious influence**. Organizations may not:

- discriminate against any employee or applicant for employment on the basis of religion;
- discriminate against any person applying for housing on the basis of religion;
- require religious instruction or counseling;
- require attendance at religious services or worship, engage in religious proselytizing or other religious influence in the provision of housing.

### 1.5. PROJECT DEVELOPMENT TEAM CAPACITY

The Application must demonstrate the capacity of the Project Team to successfully develop and operate the proposed project. If the applicant wishes to apply under the regular Supportive Housing Development Program and the SHDP Existing Small Rehab Option, organizational capacity will be further reviewed and recommendations for award for each program will be made at the discretion of NCHFA. The Project Team must have experience with the following roles and responsibilities to develop and operate the project:

➤ **Housing Development experience in the past 7 years:**

- If the applicant, does not have housing development experience, they must include on the Project Team a housing development consultant who does have experience.
- The consultant may be an individual, nonprofit or for-profit organization, but must have successfully developed on or been a consultant for publicly financed affordable rental housing in the past seven years.
- The project must have an executed contract to provide consultant services through final cost certification.
- The applicant is required to work with a consultant through approval of the cost certification by NCHFA, but can change consultants, if necessary with approval by NCHFA. Failure to comply with the contracted scope of services and take the advice of the housing consultant may result in the applicant being ineligible to apply for SHDP funding for a period of five years, unless the SHDP team has been contacted to arbitrate the issue.
- Final determination on whether an organization is required to work with a consultant will be made by Supportive Housing Development Program staff. The consultant must be approved by NCHFA.

➤ **Supportive Services or linkages to supportive services to the proposed target population.**

For non-integrated housing, the property owner and service provider (if not the same entity) must have a well-defined services plan, as reflected in the Supportive Services Access Plan of the application.

➤ **Financial Capacity** to provide any equity required to cover start-up expenses and unanticipated costs and to successfully operate the project.

➤ **Property Management -**

- For rental housing projects, experience in managing subsidized rental housing with HUD, HFA, FHLB or USDA or an equivalent program, as approved by NCHFA, within the last seven years.
- For all projects, the management experience must be reviewed and approved by NCHFA.

## **1.6. COMMUNITY/MARKET NEED FOR THE PROJECT**

The applicant must demonstrate a clear understanding of who the project will assist and show solid data to support the need for the number of units/beds proposed. This section does not apply to applicants under the SHDP Existing Small Rehab Option. For independent apartments NCHFA may request a market study.

## **1.7. SUPPORTIVE SERVICES**

All projects 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 (CoC) and their utilization of ESG funds and rapid re-housing principles. Applicants will need to complete a Supportive Services Access Plan (SSAP) that describes linkages to support services and partners for the project. Involvement in support services cannot be a requirement for tenancy. Participation in supportive services by the tenant must be voluntary. The SSAP does not apply to applicants with integrated housing projects.

## **1.8. INCOME & POPULATION RESTRICTIONS**

It is the preference of the Program that 100% of the units are affordable at 30% AMI, and each project financed will have income restricted units. The number of SHDP income and population restricted units is calculated by the percentage of NCHFA's loan amount to the total development budget of the project (rounded up to the next whole number).

- The SHDP income restricted units should be affordable to residents at or below 50% of Area Median Income (AMI)\*, with a preference for residents at or below 30%, depending on the type of project (Some projects are rent supported, such as independent rental units, and may have a mix of income levels. Other projects are non-rent supported, such as shelters).

- If the property is considering changing the special population served and/or income restrictions on any of the total number of units in the property, the owner must notify and obtain approval from NCHFA.
- Only the number of restricted units at the specified income level will be monitored for regulatory compliance by the NCHFA. Though additional units may need to be monitored in order to establish and document that there are adequate units in regulatory compliance with the NCHFA requirements. However, the entire property is subject to monitoring for asset management compliance.
- The income restricted units must be affordable for at least the term of the loan.
- For Olmstead Projects: the number of population restricted units cannot exceed 20% of total units, but all income restrictions apply.
- If rent is charged, rent and utilities cannot exceed 30% of gross household income (see utility allowance estimations below\*\*).
- Non-licensed projects that charge residents rent, utilities, and program fees cannot exceed 40% of household income without prior NCHFA approval.

\*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: [https://www.huduser.gov/portal/datasets/il/il2021/select\\_Geography.odn](https://www.huduser.gov/portal/datasets/il/il2021/select_Geography.odn)

\*\* Utility Allowance Estimations:

- a. Projects where residents hold a lease and pay rent, must show how utility costs are estimated. Applicants can use the preferred utility allowance provided by their local Public Housing Authority (PHA).
- b. If a project is funded with HOME, it must use one of the seven methodologies detailed on NCHFA's website at <https://www.nchfa.com/rental-housing-partners/rental-owners-managers/policies-and-procedures>.
- c. For new construction projects, or rehabilitation/adaptive reuse where energy efficiency is incorporated, the applicant may use one of the alternate methodologies as well.

### **1.9. 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.

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- The project must meet site and neighborhood standards as shown in the NCHFA Site Evaluation Form Appendix B.
- There must be documentation of proper zoning evidenced by a letter from local zoning official.
- There must be adequate infrastructure serving the site.
- 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 1.2, sites for permanent housing cannot be on the grounds of or immediately adjacent to a state psychiatric facility.

### **1.10. SITE PLAN REQUIREMENTS & DESIGN STANDARDS**

Project 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.

New construction projects with more than 16 units must include an on-site office or a room where staff can maintain files and meet with applicants and residents.

The SHDP Design Standards shown in Appendix C 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. If applicable, a third-party energy consultant must also review 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.

### **1.11. ENERGY EFFICIENCY REQUIREMENTS**

New Construction or Substantial Rehabilitation Projects must comply with NCHFA's Energy Standards described in Appendix D. Applicants will be required to enter into a contract with a qualified energy consultant of their choice to insure energy efficiency and building durability. The energy consultant contract must be submitted to NCHFA for approval. Unless granted an exception by NCHFA, all new



construction and substantial rehabilitation projects should work with an energy consultant throughout the project, including during design, framing, insulation installation, construction, equipment commissioning, and post-construction energy performance testing.

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

### **1.12. PROJECT FINANCING REQUIREMENTS**

#### **A. Minimum Amount of Funds**

All projects must at least apply for a minimum of \$50,000 in financing to be eligible for a SHDP loan, except applicants that are applying under the SHDP Existing Small Rehab Program the minimum is \$10,000.

#### **B. Funding Available & Match Requirements**

NCHFA does not fund 100% of the project. Each project will require a portion of the total development budget to have a match of either in-kind services/materials or other funding commitments.

The Amount of Funding available vary based on the location of the proposed project.

- a. In Community Development Block Grant (CDBG) Entitlement Areas\*, the maximum amount of funding available is up to \$800,000 **or** 60% of the total development cost, whichever is less; and must have at least 40% match of the total development cost. (i.e. \$1,000,000 total development cost, would require at least \$400,000 match).
- b. In Non-CDBG Entitlement Areas, the maximum amount of funding available is up to \$900,000 **or** 70% of the total development cost, whichever is less; and must have at least 30% match of the total development cost. (i.e. \$1,000,000 total development cost, would require at least \$300,000 match).

\*See Appendix G for a list of CDBG Entitlement Areas.

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

### **1.13. SHDP LOAN UNDERWRITING REQUIREMENTS**

The SHDP team will review Part 2 of the application and conduct underwriting for the potential SHDP loan.

**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 reasonable debt coverage ratio, based on underwriting assumptions identified in the Application.
- b. There should be documentation of any conditional or firm commitments for other project financing.
- c. There should be documentation (audits, statements of income) of ongoing commitments for operating income or a proven history of fund raising for the proposed use.
- d. Project development costs must be reasonable when compared to other projects funded by the Program for the type of housing being produced.
- e. Rental properties without a project-based source of rental assistance must show evidence of long-term, positive cash flow, when using a 7% vacancy rate, 2% escalation of income, and 3% escalation of expenses.
- f. 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 H. Any funding source with a current waiting list must provide documentation of the number of persons on their list.
- g. Rental properties must fund an Operating Reserve with a minimum of 6 months operating expenses.
- h. Rental properties which fund a rent-up reserve must transfer any excess funds from it to the Replacement Reserve account within three months of the property achieving 100% occupancy.
- i. Rental properties have a maximum combined developer and consultant's fee of \$13,500 per unit for new construction and substantial rehabilitation and a maximum of \$6,750 per unit for acquisition/moderate rehabilitation, as defined in Appendix C "Design Standards".
- j. For properties without rental units, the developer's fee and consultant's fee combined cannot exceed 12% of the development costs (total improved land, construction, and soft costs).
- k. If the property is purchased for greater than the appraised value, only the appraised value can be used in the NCHFA project development budget.
- l. Included on the expenses tab in Part 2 of the application – the following Replacement Reserves requirements should be used:
  - i. Non-licensed Permanent Housing - \$250 per unit per year.

- ii. Emergency or non-licensed shared housing - \$250 per 750 square feet per year up to a maximum of \$5,000 per year.
- iii. Licensed Facility- \$250 per 1,000 square feet per year.

#### **1.14. FINANCING COMMITMENT**

Projects awarded for loan financing will receive a conditional commitment letter from NCHFA. Applicants with a conditional commitment for financing will have 12 months to receive final written commitments for the balance of construction and permanent financing from other sources, and satisfy the due-diligence checklist. When written commitments for all other project funds have been obtained, and the due-diligence checklist is satisfied, the applicant will receive a final commitment letter for loan financing. Please see Appendix E for a full list of requirements for the final commitment letter and loan closing. SHDP financing is permanent, thus will be available at the end of project completion and final cost certification. However, for projects which include property acquisition, NCHFA, at its sole discretion, may allow one draw before project completion to fund or reimburse a portion of the purchase price equivalent to NCHFA's percentage of financing in the total development budget.

#### **1.15. LOAN TERMS & TYPES**

- All SHDP financing will be in the form of a 0% interest, permanent mortgage loan, that is non-forgivable for the original loan term.
- The maximum loan term is 30 years for new construction and 20 years for rehabilitation.
- **All loans will include a Loan Agreement, Promissory Note, Deed of Trust, and Declaration of Deed Restrictions.** *NCHFA typically prefers to be in the 1<sup>st</sup> lien position.*
- Amortizing, Custom Payment, and Deferred loans are available under the Program, depending on the ability of the project to pay debt service. NCHFA prefers to make amortizing or custom payment loans so Program funds can be recycled to fund additional projects.
- Deferred loans with a balloon payment may be refinanced at the end of the initial term for an additional ten years at the request of the borrower and at the discretion of NCHFA, as long as the project continues to be used for a mutually acceptable supportive housing purpose, does not have compliance issues, and the building is in good condition.

## 1.16. COMPLIANCE TRAINING, MONITORING & REPORTING

### A. Compliance Training:

a. NCHFA provides SHDP compliance training several times a year to assist Owners and Management Agents to meet NCHFA requirements. A schedule of training times and locations can be found at:

<https://www.nchfa.com/rental-housing-partners/rental-owners-managers/train-us>.

b. Owners or Management Agent must attend a training annually.

### B. Compliance Monitoring & Reporting:

Monitoring will be conducted by NCHFA Asset Management Team to ensure that SHDP program goals are met. Projects will be monitored based on loan documents and deed restrictions.

Monitoring areas will include:

- a. The owner's proper operation and maintenance of the property.
- b. The utilization of NCHFA restricted units. If the property is considering changing the special population served and/or income restrictions on any of the total number of units in the property, the owner must get approval from NCHFA. If the owner does not get prior approval and the population or income restrictions have been changed, the property will be out of compliance with the SHDP.
- c. Tenant incomes and eligibility criteria.
- d. An operating and/or replacement reserve balance is maintained.
- e. Adherence to the Tenant Selection Plan.
- f. For rental properties, rent affordability, as reflected in the Rent Table of the Deed Restrictions, if applicable.
- g. If a property consists of non-licensed permanent rental units, occupancy information about all units, not just NCHFA restricted units, must be entered in a timely manner (30 days from move-in) into NCHFA's Rental Compliance Reporting System (RCRS). The Owner or Management Agent must periodically report on unit utilization and household information with data elements determined by NCHFA in a manner and frequency established by NCHFA. These data elements may be updated or revised by NCHFA periodically.
- h. Property insurance requirements are met annually. The insured amount must be greater than or equal to the amount of the SHDP loan amount. For policies less than or equal to

\$5,000,000 the deductible should be no more than \$15,000. For policies greater than \$5,000,000 the deductible should be no greater than \$25,000. If this type policy cannot be obtained or afforded, an insurance reserve may be substituted with approval from NCHFA staff.

- i. Financial statements must be submitted annually for review.

## Section 2. SHDP Application Instructions

### 2.1. APPLICATION DEADLINE

- Applications are due electronically by **March 4, 2022 at 5:00 PM.**
- There are two parts to the full application:
  - Part 1 includes a narrative, project description, and up to fourteen exhibits, plus preliminary site plans.
  - Part 2 includes the development budget, sources of funds, income/expenses, and pro forma.
- Prior year Applicants or those applying for the SHDP Existing Small Rehab Option, must request and complete the Short Application Part 1 and the regular SHDP Application Part 2.
- Applicants for the SHDP Increased Financing Option, must request and complete the SHDP Increased Financing Option Application Part 1 and the regular SHDP Application Part 2.
- Both Part 1 and Part 2 must be submitted to have a complete application. Please follow the application email labeling instructions, which will allow for a smooth submission.
- Applications will be accepted and reviewed earlier than the deadline.

### 2.2. STEPS TO APPLY

Applicants for Regular SHDP, the SHDP Existing Small Rehab Option, or the SHDP Increased Financing Option must:

- 1) Submit the Project Description and Site Visit Form (Appendix A) -
  - **Deadline to submit forms: Friday, January 21, 2022**
  - Submit Project Description and Site Visit Forms to both SHDP staff:
    - Nancy Bloebaum, Sr. Supportive Housing Development Specialist, at [nbbloebaum@nchfa.com](mailto:nbbloebaum@nchfa.com)
    - Jennifer Olson, Program Administrator & Strategic Coordinator, at [lolson@nchfa.com](mailto:lolson@nchfa.com)
  - Applicants are encouraged to submit the form as soon as possible so SHDP staff can review the proposed site to determine if it suitable for supportive housing. The form is also available at link below (scroll to the bottom of the page):

*2022 Supportive Housing Development Program*

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

This form does not serve to reserve any funds or commit the Applicant in any way to apply.

2) Site Review & Meeting –

- A review by SHDP staff of each proposed site is required.
- The site must meet the minimum eligibility site standards, shown in the NCHFA Site Evaluation Form (Appendix B).
- The SHDP staff will review and score the site using the Site Evaluation Form.
- The site review 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. Typically, the SHDP staff would conduct site review visits in person, but due to the pandemic, the site visits will be conducted virtually. Sites must be reviewed and approved prior to application submission.

3) Site Approval/Denial Letter -

- After the site review meeting, the SHDP staff will send a site approval or denial letter to Applicant (SHDP Increased Financing Option sites are approved, however, the Form and virtual meeting are required).
- After the virtual meeting and if the site is approved, complete Part 1 and Part 2 Application, or Short Application Part 1 and Part 2, or SHDP Increased Financing Option Application Part 1 and Part 2 prior to the March 4, 2022 deadline.
- If the site is denied, the SHDP staff will provide reasons and recommendations for the project site.

4) Submit electronically a Full Application (Part 1 & Part 2) **by**

**Friday, March 4, 2022 at 5:00 PM to both SHDP staff listed below:**

Nancy Bloebaum, Sr. Supportive Housing Development Specialist, at  
[nbbloebaum@nchfa.com](mailto:nbbloebaum@nchfa.com)

Jennifer Olson, Program Administrator & Strategic Coordinator, at [jlolson@nchfa.com](mailto:jlolson@nchfa.com).

## Section 3. Application Review Process

### 3.1. REVIEW & SELECTION PROCEDURES

As part of its due diligence, NCHFA reserves the right to independently verify any information submitted as part of an application under the Program. Applications for the *regular* SHDP 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. Loan Award

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

### 3.2. THRESHOLD REQUIREMENTS

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

- a. All requirements under Section 1: Program Requirements must be met.
- b. The applications must be complete (Part 1 & Part 2) or if applicable Short Application Part 1 and Part 2.
- c. The site must be eligible (meet the minimum site standards, shown in Appendix B).

Any deficiency not covered in Section 3.3 below will be cause for denial.

### 3.3. CURABLE DEFICIENCIES

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

### 3.4. PROJECT SCORING

All *regular* SHDP projects will be scored after the application deadline. The scoring criteria are listed below for a maximum of 425 points:



**1. Site (up to 100 points)**

All applications will be scored according to the standards in the SHDP Site Evaluation Form (see Appendix B). Standards include site suitability, neighborhood characteristics, project use on the site, etc.

**2. Housing Development and Organizational Capacity (up to 100 points)**

- a. Housing Development Capacity (up to 50 points) - Applications will be scored according to the number of housing units developed 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 scored 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.
  - 3-5 years – 15 pts
  - 5-10 years – 25 pts
  - 10-15 years – 35 pts
  - 15+ years – 50 pts

**3. Leverage (up to 25 points)**

All applications will be scored against each other; according to the amount of firmly committed matching funds “above” the required ratio of 30% if you are in a CDBG Entitlement area or 40% if you are in a Non CDBG Entitlement area. See Appendix G for CDBG Entitlement Areas.

Firm commitments are considered to be:

- a. Award letters from funding sources.
- b. One-half of the face value of pledges 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 if it’s in the development budget. If it’s not listed in the development budget, it cannot be considered matching funds.

**4. Readiness to proceed with development (up to 150 points)**

Projects will be scored against each other on the percentage of the development budget in hand, including the NCHFA funds requested. In hand commitments will be considered to be:

- a. Award letters from funding sources (worth 100% of their value)

- b. Investment account or bank statements for proof of funds in hand along with a Board of Directors commitment of that funding amount (worth 100% of their value)
- c. Federal Home Loan Bank – as indicated in Part 1 of the application (Atlanta, Pittsburgh, etc.) and the application deadline (worth 100% of their value)
- d. Bank Loan for project (worth 100% of their value)
- e. General Assembly budget appropriations (approved is worth 100% of their value and non-approved worth 50% of their value)
- f. Pledges – worth 50% of their value

**5. Olmstead Bonus Points (up to 50 points) –**

- a. Integrated Apartments (where no more than 20% of the units are set aside for persons with disabilities) in a priority city/county, as listed in Appendix H, with a written statement of support from the regional LME/MCO or DHHS and which agrees to use the NCHFA Vacancy and Referral online system (V&R) to track vacancies and accept DHHS referrals, have a Targeting Unit Agreement (TUA) and will hold the set-aside units vacant for 30 days unless the LME/MCO or DHHS releases the unit earlier will receive (50 points);
- b. Integrated Apartments as defined above, in a priority city/county, as listed in Appendix I, with a written statement of support from the regional LME/MCO or DHHS but without a commitment to use V&R will receive (20 points);
- c. Integrated Apartments as defined above, not in a priority city/county, and has a written statement of support from the regional LME/MCO or DHHS will receive (10 points);
- d. Integrated Apartments as defined above, in any city/county listed in the application will receive (5 points).

**3.5. 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, except that 5% of that year’s SHDP funding pool shall be reserved for SHDP Existing Small Rehab (see Appendix I) applicants, which will be rated and ranked against each other. If any portion of that 5% remains unused,

it will be re-allocated to the SHDP funding pool. NCHFA reserves the option to allocate more than 5% of a year's funding pool to the SHDP Existing Small Rehab if that is necessary to fully fund an application.

Additionally, applications for the SHDP Increased Financing Option do not compete with regular SHDP or SHDP Existing Small Rehab Option applications.

### **3.6. APPROVAL OF SHDP LOAN AWARDS**

All applications that meet or exceed threshold requirements will be scored based on the project criteria. The projects will be ranked according to its total score. The applications ranked the highest and that are within the amount of funds available to the Program will be recommended to NCHFA's Board of Directors for financing approval. NCHFA's Board of Directors makes the final decision on which projects are funded. NCHFA reserves the right to contact other potential funders, interested parties, and service providers during the application review process to verify information in the application.

### **3.7. PROJECT AWARD NOTIFICATION**

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

**SECTION 4. APPENDICES**

APPENDIX A

**Supportive Housing Development Program  
Project Description and Site Visit Request Form**

Please *email* the completed form by January 21, 2022 to:

NCHFA Supportive Housing Development Team:  
Nancy Bloebaum [nbbloebaum@nchfa.com](mailto:nbbloebaum@nchfa.com)  
AND Jennifer Olson [jolson@nchfa.com](mailto:jolson@nchfa.com)

DATE:   
CYCLE APPLYING:

1. Address of site under consideration. For multiple sites, submit a separate form for each site.

Project Name	
Address	
City	
Zip Code	
County	

2. New Construction / Acquisition & Rehabilitation / Rehab of property already owned (Circle one)

3. Please provide a brief project description:

4. Target population

5. Project Information

Applicant Organization	
Contact Name	
Mailing Address	
City	
Zip Code	
County	
Office Email	
Telephone	

Cell Phone	
------------	--

**6. Project Team (if known)**

Property Manager:

<b>Name</b>		<b>Phone</b>	
<b>Email</b>			

Architect:

<b>Name</b>		<b>Phone</b>	
<b>Email</b>			

General Contractor

<b>Name</b>		<b>Phone</b>	
<b>Email</b>			

Housing Development Consultant

<b>Name</b>		<b>Phone</b>	
<b>Email</b>			

**7. Owner status**

	Local Government
	For-profit (for projects with Olmstead units only)
	Nonprofit Organization
	- Date of IRS 501(c)(3) determination letter

**8. Supportive Services ( If Applicable)**

	Owner is the Supportive Service Provider
	Owner has been providing supportive services since (insert date)
	Number of clients currently being served
	Owner is not the Supportive Service Provider. Supportive service provider will be:
	Supportive Service Provider has been providing supportive services since (insert date)
	Number of clients currently being served

**9. Project Description:**

Housing Type	Number of Dwelling Units*	Number of Bedrooms	Number of Beds
Single Family detached			
Multifamily			
Facility			

\*Dwelling Unit = single family house, apartment, or SRO

**10. Access to Services:**

Describe proximity of the following services and facilities to the proposed project site. Provide a map of the site which indicates the proximity of each service to the site.

Service/Facility	Proximity to Site in miles
Supportive services including medical facilities	
Employment Centers	
Parks and Recreation	
Pharmacy	
Grocery Store	

Will transportation be provided by owner?  Yes

No

Describe how residents will access transportation to essential services:

**11. Please attach a preliminary site plan and floor plan if available.**

If the project proposes rehabilitation, please attach an estimate of the rehab scope of work.

**12. Preliminary estimated development budget**

Acquisition	
Construction or Rehabilitation Costs	
Architect Design & Inspection	
Soft Costs	
Housing Development Consultant	
Developers Fee	
<b>Total</b>	

**13. Preliminary Sources of funds**

	Amount (\$)
SHDP	
Other	
Other	
Other	
Other	
<b>Total</b>	

**APPENDIX B**  
**NCHFA Site Evaluation Form**  
**Supportive Housing Development Program**

Project Name: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

Project Address/City/County: \_\_\_\_\_

Project Type:      \_\_\_\_\_ New Construction      \_\_\_\_\_ Acquisition/Rehabilitation      \_\_\_\_\_ Rehabilitation Only

Site Reviewed By: \_\_\_\_\_ Date: \_\_\_\_\_

If the applicant has other NCHFA-funded properties, are they in good standing with NCHFA asset management? \_\_\_

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 any other category, is evaluated at the discretion of NCHFA SHDP staff, depending on the type of project. A letter will be sent to the applicant after the site evaluation review.

	<u>Yes</u>	<u>No</u>
<b>A. <u>Neighborhood Characteristics</u></b>		
1. <b>The existing neighborhood and surrounding land uses are compatible with proposed development.</b>	_____	_____
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>B. <u>Site Suitability</u></b>		
1. <b>There are no obvious physical or environmental barriers to development that would require extensive site development work.</b>	_____	_____
2. The site has good proximity to appropriate community amenities and services.	_____	_____
3. The site has good access to appropriate community amenities and services?	_____	_____
4. The site is served by public utilities.	_____	_____
5. The site has good proximity to public transportation.	_____	_____
6. The site has good access to public transportation.	_____	_____



7. The site is free from excessive traffic or noise. \_\_\_\_\_

**C. Rehabilitation and Adaptive Reuse of Existing Building**

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. Properties where residents receive Medicaid Home and Community Based Services**

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>

## APPENDIX C

### SHDP DESIGN STANDARDS

#### I. New Construction - SHDP Projects with more than 16 Permanent Housing Units:

Multifamily, independent rental projects with more than 16 units which are new construction, 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 <https://www.nchfa.com/rental-housing-partners/rental-developers/qualified-allocation-plan/2019-qualified-allocation-plan-gap> but SHDP projects are exempt from the standards found in section II.H, II.I, IV., V.A, and VIII.. New construction projects with more than 16 units must include an on-site office or a room where property management staff can meet with tenants or applicants and maintain property documentation and records.

#### II. New Construction - Incorporating Energy Efficiency Standards:

At a minimum, new construction SHDP projects must comply 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 D. Substantial Rehabilitation and Adaptive Reuse projects must comply to the extent that doing so is economically feasible.**

SHDP projects consisting of new construction housing units must enter into contracts with an approved energy consultant to assist in incorporating energy efficiency, durability, moisture management, and indoor air quality strategies where feasible. While not every recommendation of the energy consultant may be implementable due to conflicting design requirements or facility usage, wherever feasible and especially when recommendations are easily implementable or low cost, it is expected that they will be included in the construction or rehabilitation of the project. Other projects must consult with NCHFA to determine what energy efficiency standards can be met.

#### Meeting Program Standards and Applicable Codes or Licensed-Facility Design Requirements:

**All other SHDP projects must comply with the following program design standards, which are based on the LIHTC Design Standards. Please review carefully with your architect, landscape architect, energy consultant, or other project consultants prior to the development of construction drawings or a physical needs assessment (for rehabilitation projects).**

**Any request for waivers to the SHDP Design standards should be presented to NCHFA for consideration, in advance whenever possible. Generally, waivers are considered for the basis of excessive costs, conflicts with local code or licensing requirements, or adjustments that may improve the usability, function, accessibility, durability, or long-term financial sustainability for operations of the project.**

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 other sources of funding, may have additional requirements not listed herein that may exceed or amend the requirements of the SHDP Program. It will be up to the project developer to determine these additional requirements. Special consideration must be given to the mission of the project, requirements related to other funding, the proposed population being served, and design requirements to attain and maintain licensure, if applicable.

### Review of Blueprints

At time of application, a set of blueprints for the site and building must be submitted electronically or a hard paper copy mailed for the preliminary review. NCHFA's Construction Analyst will conduct a review and provide feedback to the project.

After award and before the SHDP loan final commitment letter is issued, a complete set of final construction drawings and material specifications must be submitted on paper for the final review and approval. Final drawings must be no smaller than 22"x 34". Typically plans submitted are 24" x 36".

An electronic set of blueprints can be emailed to Nancy Bloebaum at [nbbloebaum@nchfa.com](mailto:nbbloebaum@nchfa.com) and Jennifer Olson at [jlolson@nchfa.com](mailto:jlolson@nchfa.com).

A hard copy set of blueprints for the site and building can be mailed to:

NC Housing Finance Agency  
SHDP - Attention: Josh Burton  
3508 Bush Street  
Raleigh, NC 27609

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.

### Design Standards:

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. All exterior trim, including fascia and soffits, window and door trim, gable vents, etc. must also be constructed of no or very low maintenance materials.
3. If vinyl siding is used, it must be at least **.044** inch thick.
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"** minimum under shingles.

5. All buildings must have a minimum of **12"** 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. Stairs in breezeways and building stairwells (not to include unit interiors) must have a minimum clear width of 48 inches between handrails and be completely under roof cover. Breezeway and building handrails must be 1 ¼ to 1 ½ inches in diameter. A minimum **48"** path of travel is required through building breezeways for properties.
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"** 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' wide by 3' deep**.
14. For newly constructed units, "flat" or built up roofs are not permitted.

B. Doors and Windows

1. High durability, insulated doors (such as steel and fiberglass) are required at all exterior locations.
2. Single lever deadbolts and eye viewers are required on all main entry doors to residential units. Accessible units should have eye viewer installed between 43" and 51" AFF.
3. Hollow core flush doors are prohibited. Bi-fold doors are prohibited.
4. Exterior doors for Fully Accessible and Type A units must include spring hinges.
5. 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.
6. Windows must not be located over tub or shower units, with the exception of glass blocks and transom windows.
7. Install a continuous bead of silicone caulk behind all nail fins before installing new vinyl windows per manufacturer's specifications.

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. Entire lot must be graded so as to drain surface water away from foundation walls. Within the first 10', the grade away from foundation walls must drop a minimum of **6"**.

5. No part of the disturbed site may be left uncovered or unstabilized once construction is complete.
6. Innermost edge of accessible path sidewalks must be at least 6'6" away from edge of curbing
7. Signs identifying accessible parking spaces shall designate the type of space with a minimum 80" distance between the bottom of the sign and the ground.
8. At least one accessible parking space for every type A unit must be provided with a minimum 8' wide space with a marked 5' transfer path for accessible spaces and 11' wide space for accessible van spaces. Otherwise, Section 208.2 of ADA 2010 should be followed in determining the minimum number of accessible parking spaces needed. IBC 2015 section 801 should be followed in determining the minimum number of total off-street parking spaces needed.
9. At least one in six accessible spaces must be an accessible van space with signage designating the van space.

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 2020 QAP unless approved by NCHFA. There shall be a minimum of one Type A or Fully Accessible unit, as appropriate, for each unit type (e.g. 1 bedroom, 2 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 SQFT**.
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 feet wide**. It is recommended for closet shelves and closet rod holders to be installed in such a way as to allow closets to be lowered to an accessible reach height to accommodate varying physical needs of residents.
3. All bedroom closets, interior storage rooms, coat closets, and laundry rooms/closets must have a 4 inch tall by 8 inch wide minimum pass-thru grille above doors for air circulation in those areas that do not get conditioned. Closets or rooms deeper than 48 inches must be served by heating and cooling systems with its own supply diffuser.

F. Bathrooms

1. Units with 1 bathroom are advised to utilize a shower, not a bathtub. Units with 2 or more bathrooms must utilize a shower in at least 1 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"** 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, or heat limiting devices permanently installed on ranges that limit burners from reaching temperatures high enough to ignite grease, cloth, or plastic.
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 exterior 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"** 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

*2022 Supportive Housing Development Program*

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

L. Radon Ventilation

Passive, “stack effect” systems radon ventilation systems are required for all new construction projects in counties in Zone 1 or 2, and recommended in all new construction despite location.

A list of county zones is available at:

[https://www.epa.gov/sites/production/files/2014-08/documents/north\\_carolina.pdf](https://www.epa.gov/sites/production/files/2014-08/documents/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 and Cluster Mailbox Units, if provided

1. Postal facilities and cluster mailbox units must be located adjacent to available parking and sited such that tenants will not obstruct traffic while collecting mail.
2. Outside postal facilities and cluster mailbox units must have a roof covering which offers residents ample protection from the rain while gathering mail.
3. Postal facilities and cluster mailbox units must include adequate lighting on from dusk to dawn.
4. Configuration of the mail boxes must meet the **2012 NC Accessibility Code**.
5. At least one mailbox must be within accessible reach and height for each Type A unit with controls and access between 15” and 48”. At least one mailbox must be within reach range of 15” to 54” for each Type B unit.

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 1 washer and 1 dryer per 12 residential units.
2. Per laundry facility, a minimum of 1 washer and 1 dryer must be ADA compliant.
3. The entrance must have a minimum roof covering of **20 SQFT**.
4. A table or countertop on which to fold clothes must be installed. The working surface must be **28” to 34”** above the floor, and must have a **27”** high clear knee space below. The working surface must be a minimum **48” long**, and have a **30” X 48”** 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. Access to the facility must be along an accessible path either from parking or residential units.

O. Community / Office Spaces, If Provided

1. Any office must be at least **200 SQFT** (inclusive of an Accessible toilet facility) and any maintenance room must be at least **100 SQFT**.
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. An accessible path must be available to any benches or seating areas.
3. Playgrounds must meet Accessibility standards. Walking surface must be an approved material for accessible access. An accessible clear area must be located around equipment with at least one piece of equipment available for interaction. Ramps, if required for access to playground area, must allow for accessible entry (slope, width, handrails depending on height).

Q. Exercise Rooms, If Provided

1. Exercise rooms must arrange equipment to allow at least a 32" clear space to the side of each type of equipment for side transfer.
2. Exercise rooms require a larger clear space of at least 36" x 48" to allow for movement within the space.

## II. A. ADDITIONAL PROVISIONS FOR REHABILITATION PROJECTS

The SHDP Program also provides funding for projects where a building must be moderately or substantially rehabilitated before use. Applicants must be prepared to evaluate the existing building and coordinate with architects, rehabilitation specialists, local government code officials, licensure authorities (if applicable), and others as needed to develop a detailed scope of work and plan for rehabilitation.

At a minimum any work done must bring the property condition to meet the Department of Housing and Urban Development's Housing Quality Standards (HQS). HUD publishes and updates the HQS inspection form on its website here: <https://www.hud.gov/sites/documents/52580-A.PDF>. In order for a project to be eligible for SHDP funding, at a very minimum the scope of work developed through the physical needs assessment must identify, evaluate, and adequately address issues related to occupancy (egress, imminent threats to safety, trip/shock hazards, air quality, vermin/pests, etc.), structure (failing components, etc.), useful life of building systems (replace



or repair when necessary), function (building features that are present must work appropriately and as an occupant would expect). As a general rule of thumb, building systems that would reasonably appear to require replacement or significant repair to function another 5 years should be addressed as part of the approved scope of work.

A **Physical Needs Assessment** must be completed by a qualified professional (see **Appendix F**) and all deferred maintenance must be addressed in the rehabilitation, as reviewed and approved by NCHFA. Any HVAC units, appliances, windows or other energy rated items which are replaced must meet NCHFA's current energy standards. All common use areas must be fully accessible to those with disabilities in compliance with all applicable State and Federal laws and regulations.

A final inspection will be completed by NCHFA Inspection staff before SHDP loan closing to ensure all work items are complete and the condition of the building addressed by the scope of work meets or exceeds HQS standards. Essentially, the work performed must meet or exceed the initial scope of work with consideration for any change orders. Applicants must notify NCHFA of all significant adjustments to the scope of work after approval, and NCHFA must acknowledge and agree to all change orders that would fail to meet SHDP Design Standards or are clear significant changes to a previously approved scope of work. Justification must be provided for change orders that are substantial to the scope of work and updated drawings may be required if the layout of the building changes. Please notify assigned NCHFA project manager and Josh Burton by e-mail at [jdburton@nchfa.com](mailto:jdburton@nchfa.com).

Where required by building code, permits must be pulled and inspected by local code officials. **All work must be performed in a manner consistent with state and local building codes.** Documentation of permitted work, code approvals/waivers, and certifications for environmental contractors must be maintained by the project manager and made available for inspection by NCHFA staff.

Rehabilitation projects must meet all applicable Federal, State, and Local building and accessibility standards. Applicants shall make accessibility modifications and energy efficiency improvements which are feasible and cost effective to units and, if applicable, as allowed by historic preservation rules.

At a minimum, any component of the building which is replaced, must meet the new construction design standards. To whatever degree feasible and accessible, building systems adjacent to or made accessible by replacement should be brought up to the new construction design standards. For example, if wallboard is replaced, insulation if insufficient should be brought to the current standard while accessible.

Additionally, the following requirements apply to substantial rehabilitation of existing units.

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.
3. For properties built prior to 1978, a lead-based risk assessment must be conducted as part of the evaluation. Where applicable certified lead-based paint abatement contractors shall be utilized for abatement activities. Contractors engaged in renovation work and stabilization of trim, doors, wall and exterior finishes shall at a minimum be Renovation, Repair, and Painting certified. A list of certified contractors can be found at: <https://schs.dph.ncdhhs.gov/lead/accredited.cfm>

## II.B. ADDITIONAL PROVISIONS FOR ADAPTIVE RE-USE OF EXISTING STRUCTURES (Property smaller than 16 units)

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:** If original window sashes, frames, and trim are retained, they 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:** Where possible, wood flooring should be restored to original condition. 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. If lead-based paint cannot be entirely removed, a

## 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"**

Above the Finished Floor (AFF) measured to the bottom (not the centerline) of the device. Controls to devices, including touchscreens and motion sensors, must be below **48"** if required for operation.

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"**, 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" 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"** Above the Finished Floor (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"** 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.
  12. Kitchen design should include an electrical outlet over any counter more than **12"** in width. A GFCI reset outlet cannot be placed less than **36"** from any countertop corner.
- C. Laundry space, if provided
1. There must be at least one front-loading washer and one front-loading dryer with push controls. If three or more washers and/or dryers are provided, a minimum of two each must meet this requirement.
  2. A clear space of minimum **30"** by **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. Minimum one towel bar at **48"** maximum.
  5. Handicap compliant toilet centered **18"** from finished 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 AFF.
  9. Faucets must have lever handles.
  10. Minimum **18"** clear space beside door on the pull side and **12"** clear space on the push side.
  11. Door width minimum **36"** nominal.

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. Centerline of toilet flange must be a minimum of **18"** to sidewall or edge of adjacent fixture.
17. Minimum depth **36"** clear space at opening to tub or shower.
18. Countertop space in bathrooms for Fully Accessible and Type A units must be equivalent to that of the bathrooms in Type B units.
19. Any modular tub and shower surrounds shall have grab bar reinforcing built directly into the surround at the proper locations. This shall also include one-piece tubs and showers.
20. Any tub or shower with a built-in seat shall have at least **12"** in the clear space beyond the seat to facilitate transfer from the wheelchair to the seat.
21. If roll-in showers are utilized, a minimum **34"** 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 directly in front of parking spaces must be sufficiently wide to allow the required **48"** width clearance when cars are parked. Parking lot bumpers may be necessary to prevent cars overhanging sidewalk if sidewalks are close to **48"** wide. 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 not leaving the property and must meet any applicable **2012 NC Accessibility Code** requirements. **Particular attention should be paid to the slope and materials used within the clear space surrounding common mailboxes and trash/recycling facilities.**

#### IV. REQUIREMENTS FOR MODERATE REHABILITATION

Moderate Rehabilitation projects must meet all applicable Federal, State, and Local building and accessibility standards. Applicants shall make accessibility modifications and energy efficiency improvements which are feasible and cost effective to units.

A **Physical Needs Assessment** must be completed by a qualified professional (see **Appendix F**) and all deferred maintenance must be addressed in the rehabilitation, as reviewed and approved by NCHFA. Any HVAC units, appliances, windows or other energy rated items which are replaced must meet NCHFA's current energy standards. All common use areas must be fully accessible to those with disabilities in compliance with all applicable State and Federal laws and regulations.

## V. DEFINITIONS

**Accessible Route:** Accessible routes shall comply with ICC/ANSI A117.1 Section 1002.3.

At least one accessible route shall connect all spaces and elements that are a part of the unit. Where only one accessible route is provided, it shall not pass through bathrooms and toilet rooms, closets, or similar spaces (\*Exception: An accessible route is not required to unfinished attics and unfinished basements that are part of the unit.). All rooms served by an accessible route shall provide a turning space complying with ICC/ANSI A117.1 Section 304.

Accessible routes shall consist of one or more of the following elements: walking surfaces with a slope not steeper than 1:20 (5%), ramps, elevators, and platform lifts and 1:50 (2%) for lateral slope or clear spaces for entries. Walking surfaces shall comply with ICC/ANSI A117.1 Section 403. Obstructions (water fountains, signs, fire extinguishers) cannot stick into the route more than 4" and may not reduce the minimum space required for the route.

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

**AFF:** Distance above the finished floor (e.g. measuring from the top of the tile in the bathroom)

**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.

**Turning Space:** Turning spaces are required in each room (except for private administrative space, but recommended if staff or volunteers may require accessible access). This space can be circular or T-shaped. The turning space can include knee and toe clearances under sinks, water fountains, work stations, counters, shelves, etc.

**Type A Unit:** A Type A dwelling unit is designed and constructed to provide accessibility for wheelchair users throughout the unit, and as such, is considered more accessible than a Type B dwelling unit. The technical requirements for the interior of Type A units are in Section 1003 of ICC A117.1.

## APPENDIX D

### SHDP ENERGY EFFICIENCY STANDARDS

#### *New Construction Projects*

##### **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:

- 3.4.1. SystemVision™ for Supportive Housing by Advanced Energy,
- 3.4.2. Home Performance with Energy Star by Advanced Energy (for rehab only),
- 3.4.3. EarthCraft by Southface,
- 3.4.4. Enterprise Green Communities,
- 3.4.5. EcoHome by Southern Energy Management,
- 3.4.6. NGBS National Green Building Standard Program,
- 3.4.7. Higher levels of EnergyStar Certification,
- 3.4.8. HERO Program by Duke Energy Progress,
- 3.4.9. 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
<b>Equipment</b>	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 thermostad	Air source Heat Pump (conventional) with ENERGY STAR dehumidifier with humidistat
<b>Controls</b>	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 thermostad, e.g. Mitsubishi hardwired MHK1 control.	Thermostad, 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%.
<b>Manufacturer Examples</b>	<i>First Company, Magic Pak</i>	<i>Mitsubishi, Daikin</i>	<i>Carrier, Tempstar, Goodman</i>	<i>Carrier, Tempstar, Goodman</i>
<b>Recommended Square Footage</b>	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)
<b>Design Adjustments</b>	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
<b>Suggested methods to supply units with outside air for required ventilation</b>	Use outside air dampers that are a part of the combination unit.	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) B. Use intermittent bath exhaust fan controlled by a combination timer/light switch. Set to required CFM to meet ventilation requirements.	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) B. Use intermittent bath exhaust fan controlled by a combination timer/light switch. Set to required CFM to meet ventilation requirements.	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) B. Use intermittent bath exhaust fan controlled by a combination timer/light switch. Set to required CFM to meet ventilation requirements.
<b>Pros</b>	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.

<b>Option (Continued)</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Cons</b>	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.
<b>Estimated Costs</b>	\$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

## **Rehabilitation Projects**

Rehabilitation projects shall incorporate energy efficiency components to the extent that doing so is economically feasible and, if applicable, as allowed by historic preservation rules.

At a minimum, any component of the building which is replaced, must meet the following standards:

All Appliances	Energy Star
Windows	Insulated, double pane, U-factor of 0.35 or below and a SHGC of 0.30
Shingles	Algae resistant (AR) with a minimum 30-year warranty
Faucets, Shower heads and Toilets	EPA "Watersense" labeled
Light Fixtures	Initially installed light bulbs in all fixtures must be compact fluorescent, LED, or pin-based lighting
Cooling	AC w/furnace: SEER 13 Heat Pump: 14 SEER/8.2 hspf
Heat	Gas: 90% Efficiency or Greater, Heat Pump: 14 SEER/8.2 hspf
Insulation – Exterior Walls	R5
Insulation – Attic	R38
Insulation - Floor	R25
Electric Tank Hot Water Heater	UEF Value of at least 0.93

### **1. General**

- 1.1. Where feasible, the Department of Energy Single Family Work Specifications (see Standard Work Specifications at <https://sws.nrel.gov/>) shall be referenced.
- 1.2. All major structural and durability concerns must be addressed.

### **2. Attic- Ceiling & Knee Walls**

*When made easily accessible by rehabilitation and when applicable Or when a related building component is replaced it shall be replaced according to this standard:*

- 2.1. There shall be a continuous, durable air barrier enclosing the conditioned space. This includes features such as chases, knee walls, soffits, garage interfaces, intersecting walls and dropped ceilings.
- 2.2. Air sealing shall be required at the attic plane - Any visible hole or crack leading from the attic into the building or building cavities shall be sealed (e.g., plumbing penetrations, electrical penetrations, chases, dropped soffits, chimney penetrations, top plate-to-drywall connections, bonus room floors, balloon framing).

- 2.3. Insulation shall be installed at walls and ceilings to manufacturer specifications with no gaps, voids, compression or wind intrusion.
- 2.4. Insulation and the air barrier shall be installed in physical contact with each other.
- 2.5. Accessible attics shall be insulated to R-38 or greater.
- 2.6. Knee walls shall be insulated and backed with support material.
- 2.7. Attic accesses will be insulated to a minimum of R-30. This will require an insulated box be constructed for attic pull-down stairs.

### **3. Exterior Walls - Including Windows & Doors**

*When made easily accessible by rehabilitation and when applicable Or when a related building component is replaced it shall be replaced according to this standard:*

- 3.1. There shall be a continuous, durable air barrier enclosing the conditioned space. This includes features at garage & storage interfaces and attached porches.
- 3.2. Air sealing shall be required at the exterior walls - Windows, doors, and any visible hole or crack leading from the building to the exterior shall be weather-stripped or sealed.
- 3.3. When installed insulation shall be to manufacturer specifications with no gaps, voids, compression or wind intrusion. Insulation shall be insulated to R5 or greater.
- 3.4. When installed, insulation and the air barrier shall be in physical contact with each other.
- 3.5. Replacement windows, if installed, shall be ENERGY STAR labeled. At a minimum, replacement windows shall be insulated, double pane, U-factor of 0.35 or below and a SHGC of 0.30.

### **4. Foundation- Crawl Space and Basement**

*When made easily accessible by rehabilitation and when applicable Or when a related building component is replaced it shall be replaced according to this standard:*

- 4.1. There shall be a continuous, durable air barrier enclosing the conditioned space.
- 4.2. Air sealing shall be required at the subfloor - All penetrations between conditioned and unconditioned space shall be sealed.
- 4.3. Insulation shall be installed and/or fixed in floors to manufacturer specifications with no gaps, voids, or compression.
- 4.4. For vented crawls, floors must be insulated to meet code. For closed crawl spaces, foundation wall or floors shall be insulated to code.
- 4.5. Insulation and the subfloor shall be installed and/or fixed to be in physical contact with each other.
- 4.6. All crawl spaces shall have a 100 percent ground cover as required by the NC building code.
- 4.7. Buildings with crawl spaces that show signs of standing water shall not be included in the program unless drainage is a part of the scope of work.

### **5. Heating & Cooling- Equipment & Ductwork**

*When made easily accessible by other rehabilitation Or when a related building component is replaced it shall be replaced according to this standard:*

- 5.1. All accessible duct connections shall be sealed with a UL-listed bucket mastic product.
- 5.2. All uninsulated ductwork outside the conditioned envelope shall be insulated to R-8.

5.3. Replacement heating and cooling systems shall be rated at or above the following efficiencies:

Furnace	90%
AC (w/furnace)	13 SEER
Heat Pumps	14 SEER/8.2 hspf

## 6. Lighting and Appliances

- 6.1. All light fixtures shall utilize compact fluorescent lamps (CFLs), light emitting diodes (LEDs) or Pin bulbs.
- 6.2. Appliances (e.g. refrigerator, dishwasher, clothes washer), if installed, shall be ENERGY STAR labeled.
- 6.3. New water heaters shall have a Minimum UEF as indicated in the table:

Water Heater Type:	Minimum UEF Value
Electric Tank	.93
Gas Tank	.60
Gas Tankless	.61
Heat Pump	Any

## 7. Combustion Safety

- 7.1. If existing gas equipment will remain atmospherically vented and scope of work includes air-sealing of the building envelope, BPI protocol or other combustion safety testing protocol must be completed to verify appliances are not backdrafting into the building.
- 7.2. Buildings containing vent-free gas logs or gas/kerosene space heaters shall not be retrofitted until units are permanently removed.
- 7.3. If gas equipment is replaced and gas appliances are installed inside of the conditioned space, other than gas ranges, the new appliances shall be direct-vent or power-vented.
- 7.4. If any gas appliances remain inside the building envelope, one carbon monoxide (CO) detector shall be installed outside of each bedroom or sleeping area and according to manufacturer specifications.

## APPENDIX E

### 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 (as listed in the Conditional Commitment Letter) the following must be submitted and approved by NCHFA:

#### For New Construction

1. Contract with building program third party verifier or consultant for energy efficiency.
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. Energy efficiency features in plans and specifications must be approved by the contracted third-party energy efficiency consultant/rater.
  5. Copies of other Financing Documents.
  6. Copy of Construction Contract.
  7. Phase I Environmental Review.
  8. For Permanent Housing where tenants hold a lease:
    - property manager selected.
    - Management Plan
    - Tenant Selection Plan
    - Lease agreement
    - Affirmative Fair Housing Marketing Plan.

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

- Copy of resident program agreement
- Copy of house/program rules

### **For Substantial Rehabilitation:**

1. 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" x 36"**. 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 C.
  - 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.
2. Architectural plans and specifications must be approved by NCHFA Construction Inspection Staff.
  3. Energy efficiency features in plans and specifications must be approved by the contracted third-party energy efficiency consultant/rater.
  4. Copies of other Financing Documents
  5. Copy of Construction Contract
  6. Trade-item breakdown of costs in construction budget
  7. Phase I Environmental Review
  8. For Permanent Housing where tenants hold a lease:
    - property manager selected.
    - Management Plan
    - Tenant Selection Plan
    - Lease agreement
    - Affirmative Fair Housing Marketing Plan.



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

- Copy of resident program agreement
- Copy of house/program rules

### **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. Evidence of other financing
4. Copy of construction contract, if applicable
5. For Permanent Housing where tenants hold a lease:
  - property manager selected.
  - Management Plan
  - Tenant Selection Plan
  - Lease agreement
  - Affirmative Fair Housing Marketing Plan.

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

- Copy of resident program agreement
- Copy of house/program rules

### **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, if applicable

### **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 Mortgagee/Loss Payee and must provide for thirty (30) days notice prior to cancellation. Notification of 10 days will be given for non-payment of premium.
- 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 F**

**SAMPLE PROJECT NEEDS ANALYSIS (PNA)**

To be completed by licensed architect, engineer or home inspector

**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' WIDE X 9' DEEP**

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

Replace approximately 24' 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 2<sup>nd</sup> 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 G**

### **NORTH CAROLINA CDBG ENTITLEMENT AREAS**

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

APPENDIX H

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 I

### **DHHS PRIORITY CITIES/COUNTIES**

City/County

Charlotte/Mecklenburg

Raleigh/Wake

Wilmington/New Hanover

Greensboro/Guilford

Asheville/Buncombe

Durham/Durham

Winston-Salem/Forsyth

Gastonia/Gaston

Fayetteville/Cumberland

Burlington/Alamance

Greenville/Pitt

Lumberton/Robeson

Goldsboro/Wayne

Morganton/Burke

Statesville/Iredell

Concord/Cabarrus

High Point/Guilford

Wilson/Wilson

Chapel Hill/Orange

Hendersonville/Henderson

## APPENDIX J

### SHDP EXISTING SMALL REHAB OPTION

#### Introduction

NCHFA has established the SHDP Existing Small Rehab Option to assist existing SHDP awardees remain in operation as decent, safe and sanitary housing. The intent of this Option is to provide gap financing for necessary rehabilitation work. The minimum award is \$10,000 and the maximum is \$200,000.

This Option is open to properties which have an active SHDP award where the SHDP Deed restrictions are in effect and the property is subject to regular NCHFA monitoring. Organizations seeking more than one award for the SHDP Existing Small Rehab Option will be dependent on the capacity of the organization and at the discretion of NCHFA. A *Short Application Part 1* is available for this Option which can be obtained from the program staff listed on the cover page. Applicants must have one of the following:

1. existing physical condition monitoring findings;
2. a major building system or component has failed or is in danger of failure;
3. the property is vacant, not as a result of mismanagement as determined by NCHFA, and efforts to find a new tenant or new ownership entity have failed because of functional obsolescence; or
4. the property is being converted from an emergency or transitional facility to permanent housing.

The replacement reserve balance for the project will be considered when reviewing the cost of the rehabilitation. After review, NCHFA will determine if funds from the replacement reserve should be utilized in conjunction with the SHDP Existing Small Rehab Option funds. Upon receipt of the full application (Short Application Part 1 and Part 2), the SHDP Construction Analyst will meet with the applicant and inspect the property to verify and amend, if necessary, the rehabilitation scope.

To the extent the borrower is unable to obtain other funding (such as City or County), the Program will provide funding for a portion or all of the rehabilitation costs to address NCHFA-identified monitoring findings and, at a minimum, to bring the property up to the Department of Housing and Urban Development's Housing Quality Standards ("HQS") <https://www.hud.gov/sites/documents/52580-A.PDF> After application, NCHFA will evaluate the scope of rehabilitation proposed and approve or amend the scope at our discretion. Applicants who do not bring any matching funds to the project must provide a letter from their unit of local government stating that no funding is available for that activity.

The rehabilitation will be funded with up to four construction draws, with a minimum of \$3,000 requested per draw, the funds requested in each draw must show supporting documentation in the form of invoices or paid receipts which specify the address at which the work was completed and is subject to Agency construction inspection prior to release of funds. Ten percent (10%) of the award amount will be held by NCHFA until a Final Cost Calculation is completed by NCHFA staff; this will match invoices and cancelled checks for all the costs of the rehabilitation. If the rehabilitation is completed for less than the estimated amount, NCHFA will reduce its total funding award.

A final inspection will be completed by the SHDP Construction Analyst before the last funds are released to ensure all work items are complete and the condition of the building addressed by the scope of work meets or exceeds HQS standards. Where required by building code, permits must be pulled and inspected by local code officials. Copies of local government inspection results must be maintained and provided to NCHFA upon request. All work must be performed in a manner consistent with state and local building codes. At a minimum, all areas addressed by NCHFA funding must function appropriately and pose no imminent risks to health or safety of the occupants and eliminate threats to the structure (i.e. likely moisture intrusion or access for pests).

#### **Eligible Applicants**

Entities eligible to apply for SHDP Existing Small Rehab Option financing are recipients of an existing SHDP award which is actively being monitored by NCHFA.

The applicant must demonstrate sound business practices, as reflected in their annual audit, and show adequate and consistent levels of operating income from a variety of sources. The applicant must be in good standing with NCHFA Asset Management, relating to regulatory compliance with NCHFA, and the project must meet the current SHDP Program Guidelines. 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. Applicants which do not show a strong financial position will not pass threshold review, notwithstanding any other factors in the application.

#### **Project Development Team Capacity**

The Application must demonstrate the capacity of the project development team to successfully oversee and manage the proposed rehabilitation project. If the applicant cannot demonstrate adequate capacity to manage the proposed rehabilitation, NCHFA reserves the right to require that a third-party consultant be retained as a condition of our financing.

### **Loan Underwriting Requirements**

NCHFA will evaluate the current financial condition of the Applicant and its real estate holdings. The Applicant 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 reasonable debt coverage ratio, 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. No developer fee is allowed.
- e. A ten percent (10%) contingency must be included in the rehabilitation budget.
- f. If the property is not currently funding a Replacement Reserve, it must start doing so with the origination of the new loan. NCHFA Replacement Reserve Requirements are:
  - i. Non-licensed Permanent Housing - \$250 per unit per year.
  - ii. Emergency or non-licensed shared housing - \$250 per 750 square feet per year up to a maximum of \$5,000 per year.
  - iii. Licensed Home or Facility- \$250 per 1,000 square feet per year.

### **Rehabilitation Standards**

The rehabilitation must meet the following requirements:

- a. Address all outstanding NCHFA physical condition monitoring findings.
- b. Upgrade the building to decent, safe and sanitary condition to eliminate any deficiencies identified in the HUD Housing Quality Standards inspection.
- c. Repair or replace major building systems or components in danger of failing in the next five years. 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.

**A copy of a completed HUD HQS Inspection Form (52580-A) must be included in with the application, showing the current condition of the property.** (See below for link to this form.)

<https://www.hud.gov/sites/documents/52580-A.PDF>

### **Energy Efficiency Requirements**

Rehabilitation projects are not required to meet an overall energy efficiency standards. However, if any components of the building are replaced or if they are made easily accessible by the work performed, these replaced and easily accessible components must meet Rehabilitation Project Energy Standards listed in Appendix D of these SHPD Program Guidelines and Instructions.

### **Loan Terms**

All assistance will be in the form of a non-forgivable, 0% interest, secured, 10-year permanent mortgage loans.

### **Types of Loans**

Amortizing and deferred loans are available, 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 10 years. **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.

### **HUD Housing Quality Standards (HQS)**

Upon completion of work, at a minimum, buildings must be rehabilitated to meet HUD Housing Quality Standards as reflected in current version of the HUD form 52580-A. This form is available at:

<https://www.hud.gov/sites/documents/52580-A.PDF>

## APPENDIX K

### SHDP INCREASED FINANCING OPTION

#### Introduction

NCHFA has established as a one-time option for this cycle only, the *SHDP Increased Financing Option* to assist awarded SHDP projects that have a funding gap due to increased costs, unforeseen circumstances, and at the discretion of NCHFA.

The project is eligible if it meets the below criteria:

- The Project is not complete and occupied, and
- No loan disbursement has been issued for the project.
- All other funding sources already secured for the project must remain in place.

The Amount of Funding available varies based on the location of the proposed project.

- a. In Community Development Block Grant (CDBG) Entitlement Areas\*, the maximum amount of funding available is up to \$800,000 or 60% of the total development cost, whichever is less; and must have at least 40% match of the total development cost. (i.e. \$1,000,000 total development cost, would require at least \$400,000 match).
- b. In Non-CDBG Entitlement Areas, the maximum amount of funding available is up to \$900,000 or 70% of the total development cost, whichever is less; and must have at least 30% match of the total development cost. (i.e. \$1,000,000 total development cost, would require at least \$300,000 match).

\*See Appendix G for a list of CDBG Entitlement Areas.

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

An *SHDP Increased Financing Application Part 1* is available for this Option which can be obtained from the program staff listed on the cover page. In addition, an updated Part 2 must also be submitted. A full application is required, which includes SHDP Increased Financing Application Part 1 and Part 2.

All 2022 SHDP application guidelines are applicable for the SHDP Increased Financing Option.