



**NORTH  
CAROLINA  
HOUSING**  
FINANCE AGENCY

*Supportive Housing Safe (SH-Safe)*

## *2025 Application Guidelines and Instructions*

*(Appendices A – I are incorporated herein by reference)*

*Project Description & Site Visit form Deadline:*

*January 27, 2025 5:00 pm ET*

*Site visits will occur the week of February 3 – 7, 2025*

*Application Submission Deadline: May 2, 2025 5:00 pm ET*

For information, please contact SHD Staff at [SHDevelopment@nchfa.com](mailto:SHDevelopment@nchfa.com)

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## Introduction

The North Carolina Housing Finance Agency (NCHFA) announces the availability of funding for the Supportive Housing Safe Program ("SH-Safe").

The objectives of the SH-Safe are:

- To serve victims and survivors of human trafficking (HT) with incomes less than 50% of area median income (AMI) with a preference for those at or below 30% AMI
- To provide affordable and accessible emergency and transitional housing with links to appropriate services and supports
- To improve the quality, safety and accessibility of housing for victims and survivors of human trafficking (HT).

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.

## Section 1. SH-Safe Requirements

**The SH-Safe Requirements are outlined below and must be met to be considered for SH-Safe funding.**

### 1.1 Eligible & Ineligible Uses of SH-Safe Funding

#### *1.1a Eligible uses of SH-Safe funds include:*

- New construction with or without site acquisition
- Acquisition of housing or facility without rehabilitation (at NCHFA discretion and approval)
- Acquisition of housing or facility with rehabilitation
- Rehabilitation of housing or an existing facility

Clarification of Eligible Uses:

**1. New construction** includes:

- New Construction of facilities or housing on empty land or a cleared lot
- 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 with or without acquisition** includes:

- 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 10 years of project approval, as well as **health and safety needs\*\*** (see below).

- 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:**

- Exterior Finishes (siding, masonry, etc.)
- Doors and Windows
- Roofing
- Electrical System (supply, branch wiring, GFCI's, panel box, controls)
- Plumbing System (main valve, supply lines, drain lines, fixtures, water heater)
- Heating and Cooling System (HVAC, Furnace, Controls)
- Foundation and Structural Supports
- Bathrooms
- Bedrooms
- Kitchens (food refrigeration, food heating, sanitary storage, separation of chemicals and waste from food prep areas)
- Walkways
- Fair Housing and ADA compliant 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:

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

### 1.1b Ineligible uses of SH-Safe funds include:

Program funds may not be used for:

- Crisis stabilization centers not in conjunction with housing units
- Hospice programs
- New Construction of *licensed Adult* Family Care Homes (2-6 beds) and New Construction of *licensed Adult* Care Homes (7+ beds)
- Projects that have received or intend to receive Low-Income Housing Tax Credits
- Supportive services expenses, operating costs, or administrative costs
- Construction or rehabilitation of office space or space for supportive services not in conjunction with housing units
- Refinancing existing mortgages
- Relocation costs
- Rental assistance

### 1.2 Eligible Populations to Serve in Project

All SH-Safe awarded projects must serve adults or children that are victims/survivors of human trafficking.

### 1.3 Eligible Project Types – Emergency and Transitional

**A project must create a minimum of four units to utilize SH-Safe funds.**

*Eligible Project Types must be within the geographic boundaries of North Carolina and must demonstrate a need for SH-Safe funds based on a project budget detailing sources and uses of funds and projected cash flow. These project types include:*

#### 1.3a Emergency Housing

- New construction, acquisition with or without rehabilitation, or rehabilitation only of emergency housing. The housing must be owned by the applicant or leased from a unit of local government.
  - Rehabilitation only of existing emergency housing within partner portfolio to bring the development into compliance with state and local building codes is exempt from the four (4) unit minimum.
- Must not charge fees or deposits of any kind without prior written approval from NCHFA.

#### 1.3b Transitional Housing

- New construction, acquisition with or without rehabilitation, or rehabilitation only of transitional housing.
  - At the discretion of NCHFA staff, any fees or deposits charged must be reasonable.

### 1.4 Eligible Applicants

The Applicant **must**:

1. Currently serve survivors/victims of human trafficking, domestic violence, or sexual assault.
2. Demonstrate sound business practices.

3. Demonstrate successful previous experience that includes the following:
  - a. Must have a history of no unresolved audit or monitoring findings and must be in good standing demonstrating that the project sponsor proactively maintains compliance satisfactory to NCHFA Asset Management, as well as other lenders on existing projects
  - b. Must disclose all prior projects attempted or completed:
    - i. 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.
    - ii. Disclose all unresolved audit or monitoring findings.
    - iii. 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.
    - iv. Disclose all cases where the applicant 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.
4. 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).
5. Submit the most recent financial statement audit which includes an opinion from a certified public accounting firm, and is within 12 months of the end of the Applicant's fiscal year. If the Applicant's fiscal year does not align with the above statement, the applicable fiscal year is at the Agency's discretion.
6. Submit the applicant's organizational operating budget for the current year.
7. Show adequate and consistent levels of operating income from a variety of sources as determined by North Carolina Housing Finance Agency.

***When considered as a whole, all the financial and organizational information about the applicant (including reference checks by NCHFA) shall demonstrate that the applicant has a strong financial and organizational capacity. NCHFA will consider financial and organizational information from numerous sources to assess the stability of applicant for the length of the 20-year loan.***

**Eligible Applicants Include:**

*1.4a Existing Partners*

Applicants previously funded with any NCHFA supportive housing program are eligible except if any of the following are true:

1. Have not been issued a Final Commitment Letter for a prior Supportive Housing Award. An executed Final Commitment Letter must be in place at time of full application
2. 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)

3. Have a history of unresolved audit or monitoring noncompliance findings
4. Are applying for SHDP, including SH-Rehab, for the same project in the same funding cycle

#### *1.4b Nonprofit Organizations or Nonprofit Developers*

Applicants must:

1. Have active 501(c) (3) designation for at least 3 years
2. Submit the most recent financial statement audit which includes an opinion from a certified public accounting firm, and is within 12 months of the end of the Applicant's fiscal year. If the Applicant's fiscal year does not align with the above statement, the applicable fiscal year is at the Agency's discretion.
3. Have affordable housing development experience in North Carolina within the previous 7 years as determined by NCHFA. If the nonprofit has not completed an affordable housing development project within this time frame, they must hire a Housing Development Consultant (HDC). NCHFA strongly encourages nonprofit organizations without development experience to engage the HDC early in the application process. The HDC must be approved by NCHFA.
4. Have a minimum of three years' experience providing supportive housing or providing supportive housing services for the population in the intended project with no uncorrected noncompliance issues and be in good standing with the governing regulatory agency.
  - a. Note: if the applicant does not have experience serving the special needs population in the proposed project, they must partner with appropriate service providers.

**If a nonprofit creates a single asset entity to own the project, the single asset entity must be wholly owned by the nonprofit applicant.**

#### *1.4c Units of local government in North Carolina*

Examples include City, County, Public Housing Authority, Council of Government. Applicants must:

1. Submit the most recent financial statement audit which includes an opinion from a certified public accounting firm, and is within 12 months of the end of the Applicant's fiscal year. If the Applicant's fiscal year does not align with the above statement, the applicable fiscal year is at the Agency's discretion;
2. Have affordable housing development experience in North Carolina within the previous 7 years as determined by NCHFA. If the unit of local government has not completed an affordable housing development project within this time frame, they must hire a Housing Development Consultant (HDC). NCHFA strongly encourages units of local government without development experience to engage the HDC early in the application process. The HDC must be approved by NCHFA;
3. Have a minimum of three years' experience providing supportive housing or providing supportive housing services for the population in the intended project with no uncorrected noncompliance issues and be in good standing with the governing regulatory agency.
  - a. Note: if the applicant does not have experience serving the special needs population in the proposed project, they must partner with appropriate service providers.



## 1.5 Project Development Team Capacity

The Application must demonstrate the capacity of the Project Team to successfully develop and operate the proposed project. As part of the application, an organizational chart must be provided to show all staff and volunteer positions for the organization.

Within the previous seven (7) years the Applicant or the Housing Development Consultant must have affordable housing development experience in North Carolina or partner with a developer with the applicable experience. If the applicant wishes to apply through Supportive Housing Development, the organizational capacity will be further reviewed and recommendations for award for each program will be made at the discretion of NCHFA. Housing development experience is defined as the Applicant and/or Housing Development Consultant having played a key role on affordable housing development team.

### *1.5a Project Team Experience and Housing Development Consultant*

**The Project Team must have experience with the following roles and responsibilities within the previous 7 years to develop and operate the project:**

1. If the applicant does not have affordable housing development experience, they must include on the Project Team a Housing Development Consultant (HDC) approved by NCHFA. NCHFA strongly encourages nonprofit organizations without the affordable housing development experience to engage a HDC early in the application process.
2. The HDC may be an individual, nonprofit or for-profit organization, but must have successfully developed or played a key role on a housing development team for publicly financed affordable housing.
3. The HDC is eligible to work with more than one SH-Safe applicant during a funding cycle, if the other parties are notified and in agreement.
4. The project must have an executed contract to provide consultant services through final cost certification.
5. The applicant is required to work with a HDC through approval of the cost certification by NCHFA, but can change HDCs, if necessary, with approval by NCHFA. Failure to comply with the contracted scope of services and take the advice of the HDC may result in the applicant being ineligible to apply for Supportive Housing Development funding for a period of five years, unless the Supportive Housing Development team has been contacted to arbitrate the issue.
6. Final determination on whether an organization is required to work with a HDC will be made by Supportive Housing Development staff. **The HDC must be approved by NCHFA.**
7. If the HDC intends to apply as an applicant for the same SH-Safe cycle of funding, they are ineligible to provide housing development consultation services for another project.

### *1.5b Supportive Services*

**All Applicants** must have a well-defined services plan, as reflected in the Supportive Services Access Plan (SSAP), which is part of the application. The applicant may provide a linkage to supportive services through an external organization serving the proposed population.

### 1.5c Financials

The financial capacity of applicant organization to provide any equity required to cover start-up expenses, operating deficits, and unanticipated costs and to successfully operate the project will be reviewed. Additionally, it is important to show adequate and consistent levels of operating income from a variety of sources, satisfactory to North Carolina Housing Finance Agency. Examples of consistent operating income could be fundraising, grants, local or private funds, etc.

### 1.5d Property Management

Property Management Company Experience (if applicable)

1. The Property Management Company experience must be reviewed and approved by NCHFA Asset Management prior to issuance of the Final Commitment Letter.
2. The management agent must have at least one similar Supportive Housing project in their current portfolio or requisite experience.
3. Any subsequent change after initial approval, must be approved by NCHFA.

If planning to self-manage, information must be provided in the Supportive Services Access Plan (SSAP) portion of Part 1 of the application.

### 1.6 Community 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. Community can include your locality, county, multi-county, or statewide network.

### 1.7 Supportive Services

All projects must show access to supportive services appropriate to the intended population. All applicants will need to complete a Supportive Services Access Plan (SSAP) that describes linkages to support services and partners for the project. The SSAP is included in Part 1 of the application. Participation in supportive services cannot be mandated as a condition for tenancy. If involvement in a structured program in conjunction with housing is necessary, the client must be informed of and consent to the program requirements.

### 1.8 Income Restrictions

Each project financed will have income restricted units. All units must be affordable as described below:

1. All units must be affordable to residents at or below 30% of Area Median Income (AMI)\*. Exceptions may be considered up to 50% of AMI at NCHFA discretion and approval.
2. The entire property is subject to monitoring for asset management compliance.
3. All units must be affordable for at least the term of the loan.
4. If rent is charged, no more than 30% of the targeted household income must be charged for rent and utilities (see utility allowance estimations in section 1.8a below).
5. Non-licensed projects that charge residents rent, utilities, and program fees cannot exceed 40% of targeted 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.nchfa.com/rental-housing-partners/rental-owners-managers/income-limits>

### 1.8a Utility Allowance Estimations

1. 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).
2. 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

1. The project must meet site and neighborhood standards as shown in the NCHFA Site Criteria (Appendix B).
2. The Application process begins with the submittal of the Project Description and Site Visit Form (PDSV).
3. Applicants must have site control of the proposed project property at the time of Complete Application deadline unless the date is extended by NCHFA. 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. Land must not be acquired after the application process has begun without first consulting with NCHFA.
4. No action may be taken on the site (e.g. digging holes, cutting down trees or paving) once the application process has begun. Applicants must consult NCHFA before taking any actions (see Section 2.1) that physically impact the site.
5. There must be documentation of proper zoning evidenced by a letter from local zoning official. A project will not be recommended for award without proper zoning.
6. If the site is subject to a Conditional Use Permit or Special Use Permit, the Permit must be issued prior to SH-Safe funding award.
7. There must be adequate infrastructure serving the site.

### 1.10 Site Plan Requirements & Design Standards

1. Project design must accommodate planned on-site 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.
2. 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.
3. The SHDP Design Standards (Appendix D) are the minimum requirements for any SH-Safe project applying in the current Program Year. Applicants must comply with Fair Housing laws and Americans with Disabilities Act, regarding accessibility and must design units to maximize accessibility for mobility impaired people.
4. Plans, specifications, and materials used in projects must comply with Building Material Quality Standards (Appendix E).

5. Certain energy efficiency standards must be met by all projects. Details are specified in the Energy Efficiency Guidelines (Appendix F).
6. As a minimum standard for design and energy efficiency, all new construction projects must reference SystemVision Standards (Appendix G) and incorporate as a minimum standard for energy efficiency. Projects may exceed these standards.
7. Plans and specifications must be reviewed and approved by NCHFA.
8. All projects, except a moderate rehab project, must have a third-party energy consultant. The energy consultant must also review the plans and specifications before commencing site work or construction.
9. Construction or Rehabilitation work should not begin until a Final Commitment Letter is issued.
  - a. In the event construction is started prior to the issuance of a Final Commitment Letter, applicant must submit all due diligence and receive the Final Commitment Letter within 6 months or the award will be rescinded.
10. 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 (Appendix F).

All SH-Safe projects must enter into contracts with a NCHFA-approved energy consultant to assist in incorporating energy efficiency, moisture management, durability, and indoor air quality strategies where feasible. The energy consultant contract must be submitted to NCHFA for approval. Energy consultants are building scientists who approach the building as a system of interacting parts. Energy consultants perform these critical roles:

- Feedback on design considerations for: energy efficiency, moisture management, comfort, air sealing, combustion safety, ventilation, proper insulation installation, equipment commissioning, attic/crawlspace design, indoor air quality, and more.
- Inspecting and verifying construction details including: framing, insulation, and air sealing during construction.
- Verifying and performance testing equipment, ducts, ventilation, and the building envelope.
- Identifying issues that may impact energy performance or other cause other issues in the home.

Energy consultants must have current applicable energy-related credentials (HERS, BPI, LEED, etc.) applicable to the project and relevant experience on similar projects. SH-Safe projects must have a contract with an energy consultant that specifies the energy related responsibilities for the project.

While not every recommendation of the energy consultant may be implementable due to conflicting design requirements, licensure, 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. Unless granted an exception by NCHFA, all new construction and substantial rehabilitation projects must 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 F, unless an alternative strategy is designed by the project Energy Consultant and approved by NCHFA.

## 1.12 Project Financing Requirements

### 1.12a Funding Range

All projects must apply for a minimum of \$100,000 in financing to be eligible for a SH-Safe loan. The Amount of Funding available per project is up to \$2,000,000.

### 1.12b Funding Available & Match Requirements

Fifteen percent (15%) of the total project costs must be matched. Each project will require a portion of the total development budget to have a match of either in-kind services/materials, land donation, or other funding commitments.

Examples of the 15% match are:

- Local/County Government
- Organizational Funds
- Foundations/grants
- Other sources that do not incur debt payments

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

### 1.12c Land Donation as Match

- If the applicant is using the land as part of their Match, or seeking funding for the land, an official Tax Value Record can only be used if the value is under \$500,000. If the Tax Value is less than the amount listed in the Development Budget, the amount listed on the Tax Value will be used if an appraisal is not submitted.
  - Tax value will be used unless purchase was made within the previous twelve months.
- No appraisal is needed when the project does not include any costs for land or building acquisition in the Development Budget or in the sources (if using the amount for Match).
- There must be an appraisal for any land or building acquisition value greater than \$500,000 that is included in the Development Budget or used as Match.

***The Agency will reimburse what was actually paid up to the appraisal amount.***

## 1.13 SH-Safe Loan Underwriting Requirements

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

**Projects must meet the following requirements:**

1. The project's operating pro-forma must show a reasonable cash flow, based on underwriting assumptions identified in the application.
2. There should be documentation of any conditional or firm commitments for other project financing.
3. There should be documentation in the audit of ongoing commitments for operating income or a proven history of fund raising for the proposed use.
4. Project development costs must be reasonable when compared to other projects funded by the Program for the type of housing being produced.
5. 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.
6. Rental properties must fund an Operating Reserve with a minimum of 6 months operating expenses. Accounts must be:
  - a. Held by NCHFA or a 3<sup>rd</sup> party approved or required by NCHFA
  - b. In an FDIC insured account
  - c. Investment accounts, including brokerage accounts, shall not be permitted without express written approval by NCHFA
7. If a rental property chooses to fund a rent-up reserve they must transfer any excess funds from it to the Replacement Reserve account.
8. The developer's fee and Housing Development Consultant's fee combined cannot exceed 12% of the development costs (total improved land, construction, and soft costs).
9. General requirements cannot exceed 6% of hard costs.
10. Contractor overhead and profit cannot exceed 10% of total hard costs including general requirements.
11. If the property is purchased for greater than the appraised value, only the appraised value can be used in the NCHFA project development budget.
12. Included on the expenses tab in Part 2 of the application – the following Replacement Reserves requirements increased by 4% annually each year must be used:
  - a. Non-licensed Permanent Housing New Construction- \$250 per unit per year.
  - b. Non-licensed Permanent Housing Rehabilitation - \$350 per unit per year.
  - c. Emergency or non-licensed shared housing - \$250 per 750 built square feet per year up to a maximum of \$5,000 per year.
  - d. Licensed Facility - \$250 per 1,000 square feet per year.

**1.14 Financing Commitment**

SH-Safe will not fund more than one project per applicant per funding cycle.

Projects awarded for loan financing will receive a Conditional Commitment Letter from NCHFA. Applicants with a conditional commitment for financing will have 18 months to receive final written commitments for the balance of construction and permanent financing from other sources, and submit the due-diligence checklist items to NCHFA for approval.

***After award, any changes or revisions made to the development budget listed in part 2 must be communicated to the Agency timely.***

Please see Appendix I for the full list of requirements to obtain the Final Commitment Letter. SH-Safe 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 acquisition (land or building) purchase price equivalent to NCHFA's percentage of financing in the total development budget.

NCHFA at its sole discretion will determine the funding source that best suits each project, taking into consideration the funding sources available.

### 1.15 Loan Terms & Types

All SH-Safe financing will be in the form of a 0% interest, construction to permanent mortgage loan, that is forgivable for the original loan term.

If a borrower elects to take multiple disbursements, the SH-Safe proposed development budget (Application Part 2) must account for construction lending origination fees and interest through a third-party construction lender. NCHFA will reimburse the third-party construction lender for costs already incurred after receipt of the construction loan statement.

- Excluding the first and the last SH-Safe development loan disbursements, the loan will be disbursed no more than one request per month and for not less than \$200,000 per disbursement. The first draw is at loan closing and the last draw is after final cost certification.
- Disbursements during construction are contingent upon the submission of the construction loan statement from the construction lender and soft cost invoices.
- SH-Safe loan disbursement requests must be in an approved format and submitted by the 10th of each month for processing and disbursements by the end of the month.
- The total value of the construction loan statement and soft cost invoices must meet or exceed the SH-Safe disbursement requested. The amount will be rounded to the nearest \$100.
- The SH-Safe loan disbursements must be used to pay down the construction loan from the construction lender.

If a borrower elects to take a single disbursement of funds, the loan will be closed and proceeds disbursed after receipt and approval of the final cost certification.

- The maximum loan term is 20 years for new construction and rehabilitation.
  - 1 - 15 years = 0% forgiveness
  - 16 - 20 years = 20 % forgiveness per year, as long as the project remains in compliance. NCHFA will determine forgiveness at year 19 if there are no compliance issues.
- **All loans will include a Loan Agreement, Promissory Note, Deed of Trust, and Declaration of Deed Restrictions.** *NCHFA anticipates being in the 1<sup>st</sup> lien position.*

### 1.16 Ongoing Compliance Training, Monitoring & Reporting

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

1. Discriminate against any employee or applicant for employment on the basis of religion;
2. Discriminate against any person applying for housing on the basis of religion;

3. Require religious instruction or counseling;
4. Require attendance at religious services or worship, engage in religious proselytizing or other religious influence in the provision of housing.

#### *1.16a Compliance Training:*

- NCHFA provides SH-Safe 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>.
- Owners or Management Agent must attend a training annually.

#### *1.16b Compliance Monitoring & Reporting:*

Monitoring will be conducted by the NCHFA Asset Management Team to ensure that SH-Safe goals and regulatory requirements are met. Projects will be monitored based on loan documents and deed restrictions for continued and consistent program compliance.

Monitoring areas will include:

- The owner's proper operation and maintenance of the property.
- The utilization of NCHFA restricted units. If the population or income restrictions have been changed, the property will be out of compliance with SH-Safe.
- Tenant incomes and eligibility criteria.
- An operating and/or replacement reserve balance is properly maintained.
- Adherence to the Tenant Selection Plan.
- For rental properties, rent affordability, as reflected in the Rent Table of the Deed Restrictions, if applicable.
- 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.
- Property insurance requirements are met annually. The insured amount must be greater than or equal to the amount of the SH-Safe 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.
- An audited financial statement or Agency approved alternative must be submitted annually for review.

## Section 2. SH-Safe Application Instructions

### 2.1 Steps to Apply

Applicants for SH-Safe must:

1. Submit the Project Description and Site Visit Form (Appendix A) to [SHdevelopment@nchfa.com](mailto:SHdevelopment@nchfa.com) for Agency staff to schedule the site visit.
  - a. **Deadline to submit forms: January 27, 2025**



- b. If the proposed project includes rehabilitation, applicants must submit the SHD Property Inspection Form (Appendix C). Projects which have contracted with an architect or engineer to conduct an ASTM E2018-15-compliant Property Condition Assessment may submit the assessment provided it meets the minimum requirements of the inspection form (Appendix H). All rehab projects must provide a scope of work that provides unit level detail. An example can be found in Appendix H. If awarded, rehab contracts should provide a level of detail that meets or exceeds the scope of work.
  - c. Applicants are encouraged to submit the form as soon as possible so SHD staff can review the proposed site to determine if it is suitable for supportive housing. The form is also available at <http://www.nchfa.com/Nonprofits/SHDsupportivehousing.aspx>
  - d. Submittal of the Project Description and Site Visit form is considered the start of the application process. This form does not serve to reserve any funds or commit the Applicant in any way to apply.
  - e. After the submission to the Agency of the Project Description and Site Visit Request form for SH-Safe, owners/developers and any participant in the development **may not take any choice limiting activities**; acquire, demolish, move, rehabilitate, convert, lease, repair or construct property, or commit non-Federal funds with respect to any eligible property, until the environmental review process has been completed. These actions could have an adverse environmental impact **or** limit the choice of reasonable alternatives, thus disqualifying the entire development. Any violation of this provision may result in the denial of funding or recapture of funding at a future date.
2. Site and Project Review & Meeting
- a. A project description and site review by SHD staff for each proposed project and site is required.
  - b. The site must meet the minimum eligibility site standards, shown in the NCHFA Site Criteria (Appendix B).
  - c. The project and 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.
  - d. The Project and site must be reviewed and approved prior to *complete* application submission.
3. Site and Project Approval/Denial Letter
- a. After the site review meeting, the SHD staff will send a site approval or denial letter to Applicant.
  - b. If the proposed project includes rehabilitation, the letter will also detail additional inspections if needed.
  - c. After the meeting and if the site and project are approved, complete Part 1 and Part 2 Application, and submit by the May 2, 2025 deadline.
  - d. If the site or project are denied, the SHD staff will provide reasons and recommendations for the project site or project.

## 2.2 Application Deadline

Complete applications are due electronically through the SHD Portal by **May 2, 2025 at 5:00 PM**.

There are two parts to the *complete* application:

- Part 1 includes a narrative, project description, and exhibits, plus preliminary site plans.
- Part 2 includes the development budget, sources of funds, income/expenses, and pro forma.
  - *Both Part 1 and Part 2 must be submitted to have a complete application.*
- **Applications may be submitted earlier than the deadline.**

## Section 3. Application and Award 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 SH-Safe financing will be reviewed and selected through the following process:

- Project Description and Site Visit approval,
- Threshold review,
- Review of the Supportive Services Access Plan (SSAP)
- Project ranking,
- NCHFA Board of Directors approval, and
- Loan Award.

### 3.2 Threshold Requirements

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

1. Currently serve victims/survivors of human trafficking, domestic violence, or sexual assault.
2. The site and project must have been approved by NCHFA and have met the minimum site standards, shown in Appendix B.
3. Part 1 and Part 2 of the *complete* application must be complete. Exhibits 1-4 must be submitted to meet threshold. Threshold requirements are not curable. All Applicants need to submit documents that meet the below intent.
  - a. Articles of Incorporation (or equivalent)
  - b. Bylaws (or equivalent)
  - c. IRS Letter for 501 c3 status – (Nonprofit)
  - d. List of Board of Directors (or equivalent)
  - e. Organizational Chart
  - f. Certified Financial Audit showing financial stability
  - g. Organizational Budget
  - h. Operational Income Strategy
  - i. Developer Experience and Capacity or
  - j. Housing Development Consultant Experience and
  - k. Housing Development Consultant Contract (signed)

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

### 3.3 Curable Deficiencies

- A curable deficiency is a missing, incorrect, or incomplete exhibit or worksheet not listed above as threshold items.
- 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 requirements under Section 1 of the Program Guidelines **must** be met. All SH-Safe projects will be scored after the application deadline. The scoring criteria are listed below for a maximum of 280 points:

#### *Project and Site (up to 100 points)*

All applications will be scored according to the standards in the SH-Safe Site Criteria (see Appendix B). Standards include site suitability, and neighborhood characteristics. The site will be reviewed along with the SSAP that is submitted in Part 1 to determine appropriateness of services.

#### *Organizational and Supportive Service Capacity (up to 130 points)*

Organizational Stability (up to 50 points) - Applications will be scored according to the number of years that the organization has been in existence.

- 3-4 years – 10 pts
- 5-6 years – 20 pts
- 7-8 years – 30 pts
- 9-10 years – 40 pts
- 11+ years – 50 pts

#### Supportive Services Provider experience serving human trafficking population (up to 50 pts)

- 1-2 years – 30 pts
- 3-5 years – 40 pts
- 6+ years – 50 pts

#### Supportive Services Provider experience serving domestic violence or sexual assault (up to 30 pts)

- 1-2 years – 10 pts
- 3-5 years – 20 pts
- 6+ years – 30 pts

#### *Readiness to Proceed with Development (up to 50 points)*

These are examples of intended/planned funding sources which will count towards meeting the 15% match requirement for threshold. Pledges and proof of submitted applications are not considered in hand and therefore will not receive points.

- Capital campaign
- Cash on hand
- Pledges
- Proof of submittal of applications to funding sources or detailed application plan

- Federal Home Loan Bank – must complete the information as indicated in Part 1 of the SH-Safe application. Must disclose which FHLB applicant will apply to (Atlanta, Pittsburgh, etc.), the application deadline, and the local member bank supporting the FHLB application.

It is an expectation that projects will have a percentage of the development budget committed or in hand at application. Projects will be scored using the criteria below.

- 0% - 4% of total development costs: 0 pts
- 5% - 9% of total development costs: 25 pts
- 10% - 15% of total development cost: 50 pts

In hand funding commitments will be considered to be:

- Award letters from funding sources
- Investment account or bank statements for proof of funds in hand along with a Board of Directors commitment of that funding amount
- Bank Loan interest/commitment letter for project
- Approved General Assembly budget appropriations In Hand Commitments will be considered a month past the application deadline.

\*In Hand Commitments must be submitted no later than the deadline for submission of follow-up information as defined by NCHFA.

### 3.5 Project Ranking

Projects will be evaluated and scored after the application submission deadline. All applications that meet or exceed threshold requirements will be evaluated and scored based on the project criteria. After a project is scored, it will be ranked against the other applications submitted in the same funding cycle.

### 3.6 Approval of SH-Safe Loan Awards

The applications ranked the highest, and are within the funding sources and amounts 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 after review, rating, and ranking. Upon approval of SH-Safe project loan awards, SHD staff will contact Applicants and issue SH-Safe award letters to begin the commitment process. If projects are not awarded, SHD staff will issue a letter to the Applicant at this same time.

After award notification, a Conditional Commitment Letter will be issued with more details.