

**Wake County Housing and Community Revitalization/  
City of Raleigh Community Development Department  
FY2011 Combined Request for Proposals for  
Affordable Rental Housing and Homeownership Development**

**BACKGROUND**

Wake County and The City of Raleigh seek proposals for the development of affordable housing. Projects eligible for Wake County funding must be located within Wake County whereas projects within the city limits of Raleigh may be eligible for funding from Wake County and the City of Raleigh. Rental units must be affordable to individuals and families with incomes that are at or below 40% of the area median family income (AMI) for County-funded units and at or below 60% AMI for City-funded units.

Homeownership developments must be affordable to persons earning at or below 80% AMI for both the City and the County (funds for homeownership developments are only available to nonprofit partners in the form of second mortgage loans going directly to the homeowner at the end of the project or in some cases where specifically requested for development/construction costs). Funds may be used for construction of new housing or acquisition and rehabilitation of existing developments. Funds may not be used for general operating or programmatic expenses, however, Wake County will consider funding the operation of rental units on a case by case basis. All funding awards are contingent upon approval by the Wake County Board of Commissioners and/or the Raleigh City Council.

**ELIGIBLE APPLICANTS**

Funds are available to nonprofit and for profit developers of affordable rental housing. Only nonprofits may apply for the development of homeownership housing.

**ELIGIBLE PROJECTS**

To be eligible, the development must:

- Provide rental housing for families and individuals earning at or below 40% AMI for Wake County funds and at or below 60% AMI for City of Raleigh funds (permanent or transitional housing) or homeownership for families/individuals earning at or below 80% AMI
- Be located in Wake County, including the City of Raleigh
- For rental housing only: within walking distance of a bus line (less than 0.5 miles) or have a transportation plan for residents.
- In order to distribute affordable housing throughout all of Wake County, the County, will limit funding commitments to developments within municipalities that contain less than the County average (3.9%) of subsidized housing. These municipalities are: Apex, Cary, Garner, Holly Springs, Morrisville, and Rolesville.

Municipalities that contain higher than the 3.9% average of affordable housing can override this policy through written notice from the City Manager, Town Manager, or Mayor, if the affordable housing development is wanted in the city or town. These

municipalities are: Fuquay-Varina, Knightdale, Raleigh, Wake Forest, Wendell, and Zebulon.

Developments may be mixed-income. For mixed-income developments, only the portion of the development affordable to households earning less than 40% AMI for the County and 60% for the City will be considered for funding. However, the unit design, neighborhood compatibility and financial feasibility of the entire development will be considered when evaluating applications for funding.

### **PROPOSAL SUBMISSION**

Please submit proposals by using the attached application. Please submit an original with 3 copies of the application form with attachments in a 3-ring binder with tabs separating sections. If you are applying to both Wake County and the City of Raleigh for funding for the same development, you should submit 1 original and 3 copies to the County only. Please contact Amy Cole, Wake County at 856-6318 or [amy.cole@wakegov.com](mailto:amy.cole@wakegov.com) or Aimee Holtsclaw, City of Raleigh, 996-6948 or [aimee.holtsclaw@raleighnc.gov](mailto:aimee.holtsclaw@raleighnc.gov) prior to submitting an application to make sure that funds are still available.

### **EVALUATION OF PROPOSALS**

A review team will evaluate proposals and make funding recommendations to the Wake County Board of Commissioners and/or Raleigh City Council. The review team will use criteria listed in the "Evaluation Criteria" section below to evaluate each application. Any application scoring less than 75 out of the 100 eligible points will not be recommended for funding approval.

### **RIGHT TO REJECT PROPOSALS**

Wake County and the City of Raleigh reserve the right to reject any or all applications received, and to negotiate development features and funding terms in order to best serve the interests of future residents. Any funding recommendation is contingent upon full approval by the Wake County Board of Commissioners and/or Raleigh City Council.

### **DEADLINE FOR SUBMISSION**

This is an open application cycle; applications can be submitted at any time and will be considered until all funds have been allocated for the program year. Please contact Amy Cole, Wake County at 856-6318 or [amy.cole@wakegov.com](mailto:amy.cole@wakegov.com) or Aimee Holtsclaw, City of Raleigh at 996-6948 or [aimee.holtsclaw@raleighnc.gov](mailto:aimee.holtsclaw@raleighnc.gov) prior to submitting an application to make sure that funds are still available.

Deliver proposals:

By Mail:

Wake County Human Services  
Attn: Amy Cole  
P.O. Box 550  
Raleigh, NC 27602

In Person:

Wake County Human Services  
Attn: Amy Cole  
Wake County Office Building  
336 Fayetteville Street, Suite 448  
Raleigh, NC 27601

Any questions or comments regarding this request for proposals should be directed to Amy Cole, (919) 856-6318 or [amy.cole@wakegov.com](mailto:amy.cole@wakegov.com) or Aimee Holtsclaw, (919) 996- 6948 or [aimee.holtsclaw@raleighnc.gov](mailto:aimee.holtsclaw@raleighnc.gov).

## EVALUATION CRITERIA

**\*In order to be considered for funding, applications must score a minimum of 75 out of 100 available points**

### **Total Points= 100**

- **Unit design and neighborhood compatibility (20 points):** Proposals will be evaluated on how well the units blend into the existing community. These criteria include: attractive design, sensitive to the natural environment, connections (pedestrian and vehicular) to nearby amenities, such as schools, shopping, parks, greenways and/or places of employment. Please submit representative floor plans and elevations and conceptual site plans with the proposal. All new construction must meet or exceed Energy Star guidelines. For acquisition/rehabilitation, Energy Star guidelines should be used and met where feasible. All City of Raleigh proposals will be encouraged to embrace all possible sustainability measures to include: conservation and protection of environmental resources, green building (LEED standards), water conservation, tree conservation, recycling of construction and residential waste, energy efficiency, integration/use of local pools of low-income labor, etc. City of Raleigh proposals will also be subject to the City of Raleigh's Scattered Site Policy.
- **Developer experience (20 points):** The review team will consider the developer's experience and track record for developing well-built (especially affordable) housing. The developer should provide descriptions or existing developments (with pictures and locations), with the number of vacancies and number of people on the waiting list (if applicable).
- **Financial feasibility, leveraging and market (20 points):** Developers must demonstrate that the project is financially feasible with proposed funding sources. Proposals with evidence of commitments from other funding sources will be preferred to those without commitments.
- **Cost Reasonableness (20 points):** The cost of developing the units must be reasonable. This includes, but is not limited to the cost per unit, overall cost per square foot, subsidy per unit, land cost, architect's fee, on and off site costs, developer's fee, number of units added to the affordable housing stock.
- **Supportive services plan (20 points):** The supportive services plan must be appropriate for the intended recipients, funded at a reasonable level and on-going for the lifetime of the development.

## LOAN TERMS

- Development and/or permanent financing
- Interest rate: 0-2% depending on project cash flow and targeted population
- Term: up to 30 years
- Repayment: annually or monthly
- Lien position: first or subordinate with conditions

#### **UNDERWRITING ASSUMPTIONS FOR RENTAL DEVELOPMENTS:**

- Vacancy allowance: 7%
- Annual rent increase: 3%
- Annual operating income increase: 3%
- Annual operating expense increase: 4%
- Debt coverage ratio must be at 1.15 or greater for the entire term of the loan
- Replacement reserve: \$250/unit/year for new construction, \$300/unit/year for existing
- Operating costs: \$3,000-\$4,500/unit/year
- The developer is responsible for paying all legal fees associated with the project, including the City and County legal fees.

#### **FEE LIMITS:**

- Builder's overhead is 2% or less of net construction costs
- Builder's profit is 8% or less of net construction costs
- Architect's fees are 6% or less of net construction costs (for both design and inspection)
- Developer's/consultant's fee is 8% or less of total development costs and must be reasonable for the project being proposed.
- Management fee 7% or less

#### **REQUIRED ATTACHMENTS**

Please see the Attachment 1 for a comprehensive checklist of all required attachments. In addition, see below for other submittal requirements.

- An application fee of \$100 must be submitted with the application; checks should be made out to Wake County HCR.
- Applicants must submit an original with 3 copies of the application with attachments. Please provide all necessary information when submitting your application.

***Attachment 1***

**APPLICATION SUBMISSION CHECKLIST/**

**REQUIRED ATTACHMENTS:**

- Nonrefundable application fee of \$100 payable to Wake County HCR
- Cover letter briefly describing the proposed project, population to be served and the amount of funds requested from Wake County and/or City of Raleigh.
- Completed, signed application
- Signed, notarized affidavit of no conflict of interest or a statement of disclosure of conflict of interest.
- Location map
- Site plan for project site
- Evidence of site control (deed or executed offer to purchase)
- Evidence of proper zoning for proposed project
- Preliminary plans and specifications
- Qualifications of the developer and project manager (if different)
- List of properties owned, vacancies and waiting list size for each property
- Most recent audited financial statements for the developer
- Description of supportive services offered to tenants, including provider of services, history of providing services to the proposed population, and annual budget for the supportive service delivery
- A short narrative describing how Energy Star will be used in this development. If the development will be newly constructed, Energy Star guidelines must be used.
- If the development is the rehabilitation of an existing building, Energy Star must be used for replacement items where feasible.
- An appraisal of the property not more than one year old
- Phase I environmental assessment
- Letter of support from the municipality where the property is located (for applications for Wake County funds) signed by the Town Manager or Mayor
- Crime report for the property and a ½ mile radius for the previous year

**In addition, nonprofits must provide:**

- By-laws
- Articles of incorporation
- 501(c)3 determination letter
- Copy of NCHFA Supportive Housing Development Program application, if applicable
- Current year operating budget for the developer
- List of board members with terms
- Copies of the minutes from the most recent 3 board meetings
- Commitment letters or letters of support from construction lenders and other sources of permanent financing

*Attachment 2*

**INCOME LIMITS AND MAXIMUM HOUSING EXPENSE**

*Income Limits*

*May 2011*

	<b>Family Size</b>					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Percent of Area Median Income</b>						
<b>Extremely Low - 30%</b>	\$16,600	\$18,950	\$21,300	\$23,650	\$25,550	\$27,450
<b>40%</b>	\$22,080	\$25,240	\$28,400	\$31,520	\$34,080	\$36,600
<b>Low - 50%</b>	\$27,600	\$31,550	\$35,500	\$39,400	\$42,600	\$45,750
<b>60%</b>	\$33,120	\$37,860	\$42,600	\$47,280	\$51,120	\$54,900
<b>Moderate - 80%</b>	\$44,150	\$50,450	\$56,750	\$63,050	\$68,100	\$73,150
<b>100%</b>	\$55,200	\$63,100	\$71,000	\$78,800	\$85,200	\$91,500

**\*\*Maximum Housing Expense (Rent or Mortgage + Utilities) should be no more than 30% of a household's income.**