



REQUEST FOR PROPOSALS WAKE COUNTY AFFORDABLE HOUSING DEVELOPMENT PROGRAM (AHDP) 4% LIHTC PROJECTS

STATEMENT OF PURPOSE AND PROGRAM SUMMARY

Wake County's Department of Housing Affordability & Community Revitalization announces the availability of funds under the Affordable Housing Development Program (AHDP) to support the development of affordable housing through use of Low Income Housing Tax Credits (LIHTC). The County seeks qualified developers to submit proposals for the rehabilitation or new construction of multifamily rental projects, including single room occupancy units (SROs). Developments located within Wake County, including within the city limits of Raleigh, are eligible for County funding.

The Wake County AHDP considers LIHTC project applications within three discrete pools of funding, they are:

- **Deeper Affordability 9% LIHTC Projects:**
All projects seeking competitive 9% LIHTC funding, targeting less than 20% of supportive housing units targeting residents with behavioral health needs, meeting baseline requirements set by the NCHFA QAP, providing additional units targeting deeper affordability at 50% AMI and below, and a minimum of 10% units set aside for Wake County Rental Assistance Housing Program (RAHP) holders.
- **4% LIHTC Projects: (enclosed RFP):**
All projects seeking non-competitive 4% LIHTC funding, targeting less than 20% of supportive housing units targeting residents with behavioral health needs, meeting baseline requirements set by the NCHFA QAP, providing additional units targeting deeper affordability at 50% AMI and below, and a minimum of 10% units set aside for Wake County Rental Assistance Housing Program (RAHP) holders.
- **Enhanced Services Housing for Targeted Populations:**
All 9% and 4% LIHTC projects that seek to provide above 20% and up to 50% of units targeted towards special needs populations receiving enhanced supportive services should be noted in the application. Enhanced Services Housing may be prioritized and eligible for additional funding. (*NOTE: Eligible special needs populations are defined in the Wake County Consolidated Plan*)

Wake County has approximately \$10.0 million in funding available in 2020 through the Wake County Capital Improvements Plan (CIP), Home Investment Partnership Program (HOME), and the Community Development Block Grant (CDBG) program. Funds are available to for-profit and

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non-profit developers, or sponsors of rental housing, in the form of loans for permanent financing across the County's two pools:

- Non-Supportive Housing 9% LIHTC Projects: \$4.0 million
- Non-Supportive Housing 4% LIHTC Projects: \$6.0 million

Note: Wake County reserves the right to shift funds between the dedicated funding pools identified above.

Any pre-development or construction financing must be clearly requested in the application.

Applicants to the Wake County Affordable Housing Development Program (AHDP) for non-competitive 4% LIHTC projects must notify Wake County of intent to submit and schedule a pre-meeting before an application is submitted. Contact Mark Perlman at 919-856-5254 or Mark.Perlman@wakegov.com to schedule a pre-meeting. County funding is contingent upon the approval of the proposed development by the Wake County Board of Commissioners.

Wake County will accept 4% LIHTC applications between January 24 and October 1, 2020 if a pre-meeting has been completed, as outlined in the timeline below and consistent with the NCHFA QAP 4% applicant timeline. Once applications are submitted, Wake County will provide a tentative schedule of milestones for application review. The preliminary application submission date will determine when those milestones occur which will follow a timeframe similar to what is outlined below.

Any questions regarding Wake County funds should be addressed to Mark Perlman at 919-856-5254 or Mark.Perlman@wakegov.com.

1) APPLICATION TIMELINE

In lieu of completing a separate application, applicants are required to submit a copy of the full LIHTC application submitted to NCHFA, plus any additional documentation per requirements outlined in sections 2 and 3 of this RFP (**see application checklist at the end of this document**). Key dates in Wake County's AHDP loan application process are summarized below.

Note that the timeline below reflects an initial application submission on January 24th. NCHFA and Wake County will accept 4% applications until **October 1, 2020**. Applications submitted after January 24th will be reviewed by Wake County on a timeline similar to what is represented below.

Wake County AHDP 4% Application Timeline and Key NCHFA Dates

| | |
|--|--|
| December 13th, 2019 | Wake County AHDP 4% RFP Release. |
| December 13 th , 2019 to October 1 st , 2020 | Staff are available for questions and technical assistance with applications. Please contact Mark Perlman at 919-856-5254 for County assistance. |
| January 24 th , 2020 | Wake County will begin accepting 4% preliminary applications. |

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| | |
|--|--|
| January 27 th to March 23 rd | Staff evaluation of applications. |
| March 13 th | NCHFA Market Analysis due. |
| March 23 rd | Best and final application updates requested by Wake County. |
| March 27 th | NCHFA site score announcement. |
| April 3 rd | Best and final applications due to Wake County, including all additional documentation requested by Wake County in this RFP. |
| April 13 th | Final NCHFA market analysis due. |
| April 20 th | Funding recommendations presented to Wake County Board of Commissioners; funding decisions communicated to applicants before Board approval. |
| May 15 th | Final NCHFA LIHTC applications due. |
| August | Notification of Tax Credit Awards from NCHFA. |
| October 1, 2020 | Final deadline for 4% preliminary applications. |

Note: Dates subject to revision; any changes will be communicated by Wake County through email notification and RFP amendments posted on the Wake County website.

2) MINIMUM REQUIREMENTS FOR WAKE COUNTY CONSIDERATION

All applicant projects to Wake County’s 4% LIHTC AHDP program must meet all applicable threshold requirements of the NCHFA QAP. The following are additional Wake County-specific minimum requirements that must be met above and beyond criteria outlined in the QAP. In cases where Wake County’s criteria below and the QAP contradict, Wake County criteria supersede the QAP.

- Located within Wake County.
- Include the construction of new units or the rehabilitation of existing units, including the conversion of existing units to single room occupancy (SRO) or efficiency units.
- Existing properties must be vacant, presently occupied by low-income families that meet program income requirements, or if resident relocation is required, projects must incorporate relocation expenses in the project application development budget.
(Note: Tenants cannot be asked to relocate in anticipation of applying for County funds).
- Secured site control at the time of application. Staff will review applications that are in the re-zoning process; however, staff will not recommend an applicant for Board of Commissioner approval if the site is not properly zoned for its intended or proposed use. Zoning must be in place, with proper documentation provided, in-line with the milestone schedule established by Wake County with the project applicant.
- If the project is HOME-funded, at least 20% of the units must be set-aside for households at or below 50% AMI (refer to Attachment 1 for maximum HOME program rents). If HOME funds are combined with federal LIHTC, additional requirements may apply per the NCHFA application. *(Note: All County funds are used to meet HOME match requirements; therefore, all*

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County-funded developments will be required to meet minimal HOME REGULATION. Please inquire with County staff for more information.)

- Every unit is subject to maximum HOME-funded rent limits designed to help make rent affordable to low-income households. Rents must be no more than the HOME Program rent limits (less tenant-paid utilities) OR the market rent of comparable housing, whichever is less. Refer to Attachment 1 for maximum HOME program rents.
- Annual monitoring of tenant income certification and rent paid for units will be required by Wake County.

EVALUATION CRITERIA

Wake County will evaluate applications based on Project Viability and adherence with Wake County Policy Goals, across the following criteria:

| Criteria | Points |
|-----------------------------------|------------|
| Project Viability | |
| a) Financial Feasibility | 30 |
| b) Development Quality | 10 |
| c) Development & Management Team | 10 |
| Wake County Policy Goals | |
| d) Target Populations | 10 |
| e) Deeper Affordability Targeting | 30 |
| f) Location | 10 |
| TOTAL | 100 |

Project Viability

a) Financial Feasibility (30 points)

Preference is given to projects that have a *high probability of moving forward and leverage other sources of financing*. Wake County will review each project’s development pro forma for accuracy and reasonableness according to the NCHFA QAP Underwriting Threshold Requirements (§VI.B.) and the Wake County Underwriting Standards, evaluating and underwriting each application on a case by case basis. Reasonableness of pro forma assumptions will be a significant factor in determining County funding. Any project/applicant that receives a County funding commitment and returns to the County requesting payment modifications or an increased loan amount may be required to reapply during the next funding cycle.

Projects that have secured or seek to leverage funds from other sources, where eligible, will be given preference, and may include NCHFA programs (e.g. RPP), local funding through the City of Raleigh or other municipalities in Wake County, as well as leveraging private debt. Projects that have commitments of other funding at the time of application are preferred. Letters of support from other funding sources should be provided in this application.

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Land and building values will be confirmed by an appraisal provided by the applicant in coordination with Wake County's final application deadline indicated above. After the project has been completed, the developer must furnish the County with a cost certification. For developments funded with tax-credits, the cost certification must be consistent with the requirements of NCHFA for its federal LIHTC allocations.

Funds available from Wake County are generally used to fund project permanent financing gaps, but are also available for pre-development or construction financing, if requested in the initial application submission. Unless the application states otherwise, the County assumes that the drawdown of its funds will take place after completion and lease-up of the units as a source of permanent financing. The terms of the County funds will be negotiated consistent with the following guidelines:

- Permanent financing (**pre-development or construction financing must be requested in the application and will be considered on a case-by-case basis**)
- Maximum total loan to value: 95% of appraised value
- Interest Rate: 0%-2%, depending on project need
- Term: 20/30/40 years
- Affordability period: 30 years or length of loan term, whichever is **longer**
- Repayment: Annual
- Lien: First or subordinate with conditions
- Right of First Refusal

b) Development Quality (10 points)

Projects will be evaluated based upon the quality of the project design, material selection and site considerations. This evaluation of project development quality will heavily consider the quality of the applicant team's past projects.

- The building design and use are compatible with the surrounding environment and existing neighborhood.
- The overall building design is attractive and well thought out and is characterized as possessing "architectural appeal."
- Material selections are of good quality, designed for normal maintenance and can be expected to perform well over the long-term.
- The site is suitable for the proposed development without additional major geotechnical, environmental or utility infrastructure expenditures.
- Subsidized units located within a larger development should be of comparable size and quality to the market rate units.

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c) Development and Management Team (10 points)

Consideration will be given to the capacity and experience of the development and management team, including:

- Applicant should highlight experience maintaining long-term affordability for projects, beyond the 30-year federal compliance period.
- If applicant has not completed a past project in Wake County, applicant should clearly demonstrate a successful track record completing multiple high quality LIHTC projects outside of Wake County.
- Developers with prior experience in Wake County will be evaluated on those experiences in addition to history of loan repayment.
- Evaluation of the creditworthiness and financial management of the developer or sponsor to ensure acceptable financial capacity to carry the project forward. The financial capability of the developer to contribute equity and successfully obtain construction and permanent financing will be evaluated.
- The property manager's experience will be evaluated, and a review of local and state projects will be performed.
- Preference will be given to management plans that offer continuous on-site management.
- Plans to address the supportive service needs of tenants will be evaluated.

Applicants that have not previously received funds from the Wake County Affordable Housing Development Program should submit letters of reference from up to three public lenders from which they have received funding in the past, confirming that the developer is in good standing and all projects are well-maintained and constructed in a timely manner.

Wake County Policy Goals

d) Target Populations (10 points)

Family, Elderly, and Special Needs Projects

Wake County seeks to generate a mix of family, elderly, and special needs projects across the County through the AHDP; however, to align with Wake County's long-term policy objectives and resident needs, the AHDP process will give preference to developments providing special needs units above the minimum required by the NCHFA QAP, and developments targeting general family households.

Rental Assistance Housing Program (RAHP) Voucher Holders

Applicants must set aside at least ten-percent (10%) of units to be prioritized for Wake County Rental Assistance Housing Program (RAHP) voucher holders; projects that set aside additional units for RAHP will receive additional points. All RAHP voucher holders come with County-provided case management support. Attachment 3 includes additional detail on RAHP, including:

- RAHP rents;
- An overview of RAHP voucher holder populations;

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- Detailed compliance requirements for landlords who accept RAHP voucher holders, including what participation may be required;
- Process requirements for prioritization of RAHP voucher holders.

Enhanced Services Plan

All projects must include an enhanced services plan which details how enhanced services will be provided and paid for within the project, as needed. Failure to include an enhanced services plan will result in a points deduction. See Attachment 4 for a sample enhanced services plan. Enhanced Services housing includes, but is not limited to, housing for:

- Formerly homeless;
- Veterans;
- Mentally, developmentally, and physically disabled persons;
- Persons with HIV/AIDS;
- Bridge housing and Low Barrier Housing access;
- Single Room Occupancy (SRO) housing;
- Other special needs populations as defined in the 2015-2020 Wake County Consolidated Plan.

Note that **no more than 20% of units may be set-aside for mentally and developmentally disabled persons, or for populations with behavioral health needs.**

e) Deeper Affordability Targeting (30 points)

Preference will be given to 4% proposals that offer a portion of total units to individuals or households earning at or below 50% AMI. Awards for applications that only meet the baseline affordability requirements set forth in the NCHFA QAP (§IV.2.B.2 Tenant Rent Levels and RPP), and do not propose deeper affordability, will be capped at \$25,000 per unit, to be evaluated on a project-by-project basis. Refer to Attachment 1 for AMI levels in the Raleigh-Cary MSA.

Note: Wake County will show preference to 4% projects that demonstrate access to other sources of state, local, and other funding, in addition to Wake County.

Additional points and funding will be awarded to projects that target deeper affordability.

Projects with the highest relative number of total units serving individuals or households at the lower AMI levels will receive the full allocation of points for this scoring category. Projects may tie. All other projects will receive points relative to the top point recipient, based on the relative number of affordable units provided. Additional funding may be awarded based on the following guidelines:

- Up to \$30,000 per unit for 50% AMI units
- Up to \$50,000 per unit for 40% AMI units
- Up to \$80,000 per unit for 30% AMI units

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All projects that accept Wake County funding for deeper affordability targeting will be asked to commit to project rents at specified AMI levels. See Attachment 5 for example potential funding allocations based on various project income mix.

Note on Income Averaging Approach: Projects may implement the “income averaging” approach to determine program mix, per guidance provided in the NCHFA QAP. Units above 60 percent of the AMI are not eligible for AHDP subsidy. See Attachment 5 for example potential funding allocations based on various project income mixes utilizing income averaging.

f) Location (10 points)

Wake County has policy objectives of **de-concentrating poverty** and **locating affordable housing in areas of opportunity**. Proposed developments will be evaluated based on their proximity to the following factors:

- Existing and proposed affordable housing;
- Existing and proposed transit;
- Existing amenities, specifically schools, public facilities, and grocery stores.

Developments with high location scores may be eligible for additional subsidy.

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4) APPLICATION SUBMISSION CHECKLIST

This sheet should be used as a coversheet for your proposal with all attachments in the order as listed below. To be considered complete, the proposal must include the following supporting documents:

- Non-refundable application fee of \$100 made payable to Wake County Department of Housing Affordability & Community Revitalization
- Cover letter briefly describing the proposed project, population to be served and the specific amounts requested from Wake County
- Copy of NCHFA application and 30-year proforma
- Signed, notarized affidavit of no conflict of interest or a statement of disclosure of conflict of interest (see Attachment 2)
- Location map clearly indicating the project site
- Site plan for project site (survey, plat or tax map)
- Evidence of site control (deed, contract of sale, option to purchase or other evidence acceptable to the County)
- Evidence of appropriate zoning for proposed project
- Outline plans and specifications, including at a minimum: elevations, floor plans and a site plan
- Resume or other qualifications of the developer or sponsor, including a list and description of previous projects with current vacancy rates
- Audited financial statements of the developer or sponsor for the past 2 years, including tax identification number
- Letters of support from other agencies and funding sources with whom you intend to collaborate
- Applicants that have not previously received funds from the Wake County Affordable Housing Development Program (AHDP) should submit letters of reference from up to three public lenders from which they have received funding in the past.
- Enhanced services plan, including services to be provided, provider of services, history of providing services to the proposed population, and annual budget for the delivery of supportive services (example in Attachment 4)
- Appraisal (required for all acquisitions)
- Phase I environmental assessment
- Crime report for the property and a ½ mile radius for the previous year

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5) PROPOSAL REVIEW

To be considered for funding, all applications must include the original application and two (3) hard copies with all attachments, and one (1) electronic copy should be forwarded to the following person and address:

Mr. Mark Perlman, Lending Analyst
Wake County Department of Housing Affordability & Community Revitalization
336 Fayetteville St., 4th Floor Room 421
PO Box 550
Raleigh, NC 27602
919-856-5254

Reminder: Applications must be preceded with a pre-meeting scheduled with Mark Perlman.

Electronic submissions must not be on optical media, i.e. compact discs. Flash drives and submissions via file sharing applications such as Dropbox will be accepted.

Applications will be reviewed for completeness and eligibility. All eligible proposals will be ranked according to the criteria stated in this Request for Proposals. **Any application scoring less than 75 out of the 100 eligible points will not be recommended for funding approval.** All sources of financing must be identified before a commitment letter will be issued. All sources of financing must be secured before closing. Commitments will be valid for 18 months from the date of approval if LIHTC are awarded.

Should any project that the County commits funding return to the County with requests for additional funds, payment changes, changes in terms of funding commitment, units produced or any other substantial change to the original commitment, the developer will be required to resubmit an application in the next Request for Proposals for the changes to be considered.

6) APPLICATION FEE

Applicants must submit a \$100 non-refundable application fee in the form of a check made payable to the Wake County Department of Housing Affordability and Community Revitalization.

7) RIGHT TO REJECT PROPOSALS

Wake County reserves the right to reject any and all proposals received as a result of the Request for Proposals or to negotiate on the terms of the funds so as to best serve the interests of Wake County.