



REQUEST FOR PROPOSALS
WAKE COUNTY AFFORDABLE HOUSING DEVELOPMENT PROGRAM (AHDP)
4% LIHTC PROJECTS
2024 PROGRAM YEAR

STATEMENT OF PURPOSE AND PROGRAM SUMMARY

Wake County's Department of Housing Affordability & Community Revitalization (HACR) 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, with no more than 20% of units set-aside as supportive housing units targeting residents with behavioral health needs, meeting baseline requirements set by the North Carolina Housing Finance Agency (NCHFA) Qualified Allocation Plan (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) voucher holders.
- **Non-Tax Credit Projects:**
Any affordable housing project that does not leverage LIHTC. These include rental projects, homeownership projects, and projects where all or the majority of units target special needs populations receiving enhanced supportive services. (*NOTE: Eligible special needs populations are defined in the Wake County Consolidated Plan*)

Wake County has approximately \$10.0 million in funding available in 2024 through the Wake County Capital Improvements Plan (CIP), Home Investment Partnership Program (HOME),

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Community Development Block Grant (CDBG) program, and American Rescue Plan (ARP) funds. Funds are available to for-profit and non-profit developers, or sponsors of rental housing, in the form of loans for construction-to-permanent or permanent financing. Funding is available for new construction and rehabilitation projects.

Any construction financing must be clearly requested in the application and will only be provided as a construction-to-permanent loan.

Applicants to the 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. Fatima Diallo, Affordable Housing Development and Lending Manager at 919-856-5483 or Fatima.diallo@wake.gov 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 26th and September 30th, 2024, if a pre-meeting has been completed, as outlined in the timeline below and consistent with the NCHFA QAP 4% applicant timeline. Wake County will underwrite 4% funding applications submitted after January 26th, 2024, according to the timeline outlined below.

Any questions regarding Wake County funds should be addressed to Fatima Diallo, Affordable Housing Development and Lending Manager at 919-856-5483 or fatima.diallo@wake.gov.

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 is summarized below.

Wake County will conduct **three rounds of underwriting** during the 2024 cycle. Applicants may submit 4% funding proposals by the following dates:

1. January 26th, 2024
2. June 3rd, 2024
3. September 30th, 2024

Applications will be received on a rolling basis but underwriting and evaluation will not begin until the next deadline. For example, any applications submitted between January 26th and June 3rd will be evaluated together on the timeline beginning June 3rd that is outlined in the schedule below.

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Wake County AHDP 4% Application Timeline and Key NCHFA Dates

December 22nd, 2023	Wake County AHDP 4% RFP Release
January 2nd, 2024, to September 30th, 2024	Staff are available for questions and technical assistance with applications. Please contact Fatima Diallo at 919-856-5483 for County assistance
First Application Round	
January 26 th , 2024	Wake County will begin accepting 4% preliminary applications
January 26th to March 22nd	Staff evaluation of applications submitted by January 26th, 2024.
March 11 th	NCHFA Market Analysis due
March 15th	Best and final application updates requested by Wake County
March 20th	Best and final applications due to Wake County, including all additional documentation requested by Wake County in this RFP
March 22nd	NCHFA site score announcement
April 5th	Final NCHFA market analysis due
April 8th	Funding recommendations communicated to applicants before presentation to the Board of Commissioners
April 15th	Funding recommendations presented to Wake County Board of Commissioners
May 10th	Final NCHFA LIHTC applications due
Second Application Round	
June 3rd	Second round 4% applications due to Wake County
July 12 th	Second round 4% application best and final application updates requested by Wake County
July 19th	Best and final applications due to Wake County
August 12 th	Funding recommendations communicated to applicants before presentation to the Board of Commissioners
August 19th	Funding recommendations presented to Wake County Board of Commissioners
August 2024	Notification of 9% Tax Credits awards and the first round of 4% Tax Credits and Tax-Exempt Bond volume awards from NCHFA
Third Application Round	
September 30, 2024	Third round 4% applications due to Wake County
November 8th	Third round 4% application best and final application updates requested by Wake County
November 15th	Best and final applications due to Wake County

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December 6th, 2024	Funding recommendations communicated to applicants before Board approval
January 6th, 2025	Funding recommendations presented to Wake County Board of Commissioners.

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, by **9:00 am on the date of recommendation to the Board of Commissioners.**
- 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.
- County funds may be used to meet HOME match requirements. In this case, a County-funded development would be required to meet minimal HOME regulations, including but not limited to rent limits, rent increase requests, and construction standards. Please inquire with County staff for more information.
- Annual monitoring of tenant income certification and rent paid for units will be required by Wake County. Wake County will also review and approve rent increases annually, regardless of the funding source used to support a project.

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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 2024 Low-Income Housing Tax Credit Qualified Allocation Plan (QAP) Underwriting Threshold Requirements (§VI.B.) and the Wake County Underwriting Standards. Where underwriting standards differ, the more restrictive standards will apply. 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 and WHLP), local funding through the City of Raleigh or other municipalities in Wake County, project-based vouchers through the Raleigh Housing Authority or the Housing Authority of the County of Wake, 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.

Proposals in those municipalities that offer gap financing for affordable housing **must** request financing from those municipalities, if available. **Proposals within the City of Raleigh must have a request for City of Raleigh funding exceeding the request to Wake County.** Exceptions may be considered in coordination with the City.

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

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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 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:

- Construction-to-Permanent or Permanent financing **(construction financing must be requested in the application)**
- Maximum County loan-to-value: 90%
- Interest Rate: 0%-2%, depending on project need, loan size, and repayment terms
- Term: 20 to 40 years
- Affordability period: 30 years or length of loan term, whichever is longer – **all projects funded by Wake County must maintain affordability for a minimum of 30 years.**
- Repayment: Annual
 - Wake County strongly prefers fixed and fully amortizing repayment schedules. Variable repayment schedules with or without balloon payments will be accepted. Wake County will not accept cash-flow basis repayment schedules unless cash-flow basis subordinate debt is explicitly required by the first mortgage lender, as evidenced in a commitment letter, LOI, or other documentation. Repayment preferences are reflected in project scoring.
- Lien: Subordinate with conditions
 - Wake County prioritizes taking the highest possible lien position. After commitment, lien position changes must be approved by the Board of Commissioners.

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 mixed-income 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.
- 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.
- 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.

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 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

Note that the required RAHP voucher set-aside is separate from the NCHFA Key Program set-aside or any other special needs population set-aside. Inquire with staff for more information.

Services Plan

All projects not targeting special needs populations must include a services plan that describes how property management will provide services or connect very low-income residents with services. Failure to include a services plan will result in a points deduction. The services plan must be reasonable, achievable, and aligned with what will actually be implemented if awarded funding. See attachment 5 for a sample services plan.

Enhanced Services Plan (Projects with Special Needs Population Set-Asides)

All projects with set-asides for special needs populations 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 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
- Other special needs populations as defined in the 2020-2025 Wake County Consolidated Plan

Including the required Key Program and RAHP Program units does not meet the definition of Enhanced Services housing. 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.**

Access for Renters with Barriers

Projects may be eligible for points if they include a “Second Chance” or other policy or plan to allow potential access for prospective tenants with barriers such as bad credit or a criminal history. Any policy or plan submitted must comply with Fair Housing laws. Refer to Attachment 6 for a sample Second Chance policy. Contact HACR staff for further guidance.

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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% Area Median Income (AMI). Awards for applications that only meet the baseline affordability requirements set forth in the NCHFA QAP (§IV.B.2 Tenant Rent Levels and RPP), and do not propose deeper affordability, will be capped at \$40,000 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 \$45,000 per unit for 50% AMI units
- Up to \$65,000 per unit for 40% AMI units
- Up to \$95,000 per unit for 30% AMI units

All projects that accept Wake County funding for deeper affordability targeting will be asked to commit to project rents at specified AMI levels.

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.

The amounts provided above are a guideline. Funding awards are made at the County’s discretion. Wake County will provide only the funding required for project feasibility.

Contact Wake County HACR staff with questions about subsidy limits.

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 – proposed projects in areas that do not have a concentration of existing or proposed affordable housing will be evaluated more favorably
- Existing and proposed transit

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- Existing amenities, specifically schools, public facilities, and grocery stores
- Locations in Areas of Opportunity as defined by the Wake County Analysis of Impediments to Fair Housing

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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, the specific amounts requested from Wake County, and a request for funding to be available during construction (if applicable)
- Copy of NCHFA application
- Complete financial model including detailed sources and uses of funds and a pro forma model for the term of the County loan
- 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 or of rezoning in process
- 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
 - Unaudited statements will be accepted for review if audited statements are not available
- Letters of support or acknowledgement 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.
- Services Plan (example in Attachment 5) if applicable.
- If applicable, 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 enhanced services (example in Attachment 4)
- Land appraisal (for all new construction projects); as-is and as-renovated appraisal for all acquisitions and renovations
- Phase I environmental assessment
- Crime report for the property and a ½ mile radius for the previous year

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In addition to the above, non-profit organizations partnering with developers must provide:

- Organization by-laws
- Articles of incorporation
- 501(c)3 determination letter
- Current year operating budget
- List of board members with terms
- Commitment letters or letters of support from financing sources and developer partners

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5) PROPOSAL REVIEW

To be considered for funding, one (1) electronic copy of the application package should be submitted to AHDP.applications@wake.gov. Steps for submission are:

1. Complete a pre-meeting with Wake County HACR staff.
2. **No later than one week before an application deadline**, submit an email to AHDP.applications@wake.gov confirming intent to submit, with the following information:
 - a. Project Name
 - b. Developer
 - c. Name and email address of contact person who will submit the electronic application
 - i. **Applications submitted by anyone other than the indicated contact person will not be accepted.**
3. Email the application to AHDP.applications@wake.gov. **The subject line must read “2024 AHDP Application – Project Name – Developer Name”** and adhere to the following requirements:
 - a. Application materials should be attached to the email with document names listed in the body of the email.
 - b. Acceptable file types are PDF and current versions of Microsoft Office (Word, Excel, PowerPoint) files **only**.
 - i. **Emails containing Rich Text Format (.RTF) or compressed file formats (.zip) will be rejected.**
 - c. Application emails exceeding 150MB or otherwise restricted to a smaller email attachment size by the applicant’s email service should be broken up into multiple emails **or** submitted using an online filesharing service such as Dropbox.
 - i. **Filesharing links must be sent from the application contact person’s email address and use the appropriate subject line to be accepted.** Document links sent directly from the filesharing service **will be rejected.**
 - ii. If utilizing multiple emails, please indicate the order in the email Subject line (# of #).

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. Application fee checks should be mailed to:

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**Affordable Housing Development Program Application
Attn: Bailey Ulm
Wake County Department of Housing Affordability & Community Revitalization
336 Fayetteville St., 4th Floor Room 440
PO Box 550
Raleigh, NC 27602
919-856-5284**

Checks must be received or postmarked no later than the applicable application deadline.

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 12 months from the date the commitment letter is fully executed 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) 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.