

# THE NORTH CAROLINA HOUSING FINANCE AGENCY

## *Supportive Housing American Rescue Plan (SHARP) Program - 2023*

### *Application Instructions Program & Underwriting Guidelines*

**PROJECT DESCRIPTION & SITE REQUEST FORM DUE: MAY 31, 2023**

**APPLICATIONS DUE: FRIDAY, JULY 21, 2023, 5:00PM**

For information, please contact SHD:

[SHDevelopment@nchfa.com](mailto:SHDevelopment@nchfa.com)

*DATE ISSUED: FEBRUARY 13, 2023*

*CLARIFICATION DATES:*

*MARCH 3, 2023*

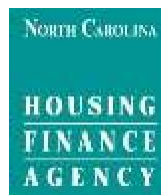
SECTION 1.3.1, APPENDIX B & D: (LAST COLUMN)

*MAY 31, 2023*

SECTION 1.12, SECTION 2.1, APPENDIX F, APPENDIX H.B

*SEPTEMBER 6, 2024*

SECTION 1.20



North Carolina Housing Finance Agency

Post Office Box 28066, Raleigh, NC 27611

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## Introduction

The North Carolina Housing Finance Agency announces the availability of funding for the Supportive Housing American Rescue Plan (SHARP) Program.

The North Carolina Housing Finance Agency was allocated HOME Investment Partnership American Rescue Plan (HOME-ARP) funds from the Department of Housing and Urban Development (HUD) to assist people experiencing homelessness, those at risk of becoming homeless and other vulnerable populations. These funds are intended to reduce homelessness and housing insecurity. NCHFA intends to use HOME-ARP dollars to development non-congregated shelters and develop rental housing through the SHARP program.

In the process of administering the SHARP 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. SHARP Program Requirements

These program application guidelines are made available to help Applicants prepare and submit accurate information for complete and compliant applications. Applicants should understand that this type of guidance is limited by its nature and that staff will apply the Requirements for the Use of Funds in the HOME-American Rescue Plan Program ([CPD 21-10](#)), and any other applicable rules to each specific situation as it is presented.

The SHARP Application Instructions - Program & Underwriting Guidelines, application webinars, and any staff guidance are provided as good faith guidance and assistance, but in all respects the statutes and rules governing HOME-ARP supersede these guidelines.

Prior to applying, nonprofits and local governments must schedule a project description and site visit meeting and receive approval to apply. To request a site visit, please submit the Program Description and Site Visit Request found [here](#). The last day to submit Program Description and Site Visit Request Forms is 5/31/2023 in order to apply for SHARP 2023 funding.

#### **1.1. SHARP Qualifying Populations**

SHARP funds must serve individuals and households in the 4 Qualifying Populations below:

1. "Homeless" as defined by 24 CFR 91.5 Homeless (1), (2), or (3)
2. At Risk of Homelessness as defined by 24 CFR 91.5
3. Fleeing or attempting to flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking or Human Trafficking
4. Other Households with High Risk of Housing Instability and At-Risk of Homelessness

Note: Veterans or their families that are in any of the 4 Qualifying Populations are eligible.

**Detailed definitions of the qualifying populations (QP) can be found in HUD's Notice [CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program](#) and Appendix A below.**

## **1.2. Eligible Project Activities**

Eligible activities include Rental Housing and Non-Congregate Shelter that must include at a minimum 10 SHARP units in the project, as described below:

### **1.3 Rental Housing**

SHARP Rental Housing Development must be structured so that the project is financially viable during the HUD fifteen-year compliance period.

- The number of *SHARP units* are proportional to the amount of *SHARP funding* in the project.
  - All ***SHARP units*** must serve Qualifying Population(s).
  - However, all SHARP rental projects **may** serve QPs in 100% of the units (regardless of the proportion of SHARP funding).
  - If a project has a funding source in addition to SHARP (regardless of the geography), the non-SHARP units are expected to comply with any compliance requirements established by the additional funding source and may not be monitored by NCHFA for compliance.
1. Acquisition, rehabilitation or new construction, of affordable supportive rental housing, which may include single family or multifamily permanent housing, and manufactured housing are permitted uses under SHARP. If manufactured housing, it must be new, real property on a permanent foundation, and meet FHA loan requirements in addition to the SHARP Design Standards. Per HUD Notice CPD-21-10, emergency shelters, hotels and motels (including those currently operating as non-congregate shelter), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories do not constitute rental housing. However, SHARP funds may be used to acquire and rehabilitate such structures into rental housing. Only vacant and unoccupied properties are eligible to apply for SHARP funds. Existing tenants must not be required to relocate so that a project may participate in SHARP.
  2. Capitalized Operating Cost Assistance Reserve – projects are eligible to apply for the establishment and funding of a capitalized operating cost assistance reserve only for SHARP funded QP if they demonstrate a financial need, are not receiving project based rental assistance, and rents are affordable to households earning less than 50% of the area median income. Rental projects can only apply for the capitalized reserve account in conjunction with applying for financing of development hard costs.

## 1.4 Non-congregate Shelter

**SHARP Non-Congregate Shelter (NCS)** projects must be 100% occupied by QPs. Eligible activities for NCS projects include the following:

1. New Construction
2. Acquisition and/or Rehabilitation of existing structures (i.e. motel, hotels, or other facilities) to create NCS.

Additionally, NCS must provide separate, private, overnight sleeping accommodations as temporary shelter for each household (individuals or families) that includes a bedroom and bathroom facilities. Communal kitchen and dining are permissible. NCS does not require occupants to sign a lease or occupancy agreement. Qualifying populations cannot be charged an occupancy fee or other charges to occupy a SHARP NCS unit. In the Application Part 1, NCS SHARP projects must describe how their program design includes a transition plan to assist participants in locating and accessing permanent housing.

1. NCS projects located in geographic areas listed as *eligible and prioritized* in Appendix D which are defined by having no existing general emergency shelter and not being served by a local participating jurisdiction will be given bonus points.
2. NCS projects located in geographic areas listed as *eligible* in Appendix D which are defined by having an existing general emergency shelter and not served by a participating jurisdiction, are eligible to apply for NCS projects but will not be given bonus points.
3. NCS projects located in geographic areas listed as *ineligible* in Appendix D which are defined by being in an area served by a participating jurisdiction, regardless of the presence of a general emergency shelter, will not be eligible.

## 1.5 Additional Construction Definitions for Rental or NCS Projects

1. **New construction** includes:
  - a. New Construction of housing on empty land or a cleared lot.
2. **Rehabilitation** includes:
  - a. Moderate rehabilitation of housing. The goal of rehabilitation is to be fully functioning by addressing all **critical building components\*** (see below) that are likely to need replacement or substantial repair within 5 to 10 years of project approval, as well as **health and safety needs\*\*** (see below).
  - b. Substantial rehabilitation of 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).
  - c. Adaptive Reuse or Rehabilitation of an existing building or shell or components of a building where the housing will receive a new certificate of occupancy for attaining current building code.

**\*Critical building components include:**

1. Exterior Finishes (siding, masonry, etc.)
2. Doors and Windows
3. Roofing
4. Electrical System (supply, branch wiring, GFCI's, panel box, controls)
5. Plumbing System (main valve, supply lines, drain lines, fixtures, water heater)
6. Heating and Cooling System (HVAC, Furnace, Controls)
7. Foundation and Structural Supports
8. Bathrooms
9. Bedrooms
10. Kitchens (food refrigeration, food heating, sanitary storage, separation of chemicals and waste from food prep areas)
11. Walkways
12. 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:

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

### **1.6 SHARP Eligible Applicants**

**The Applicant must:**

1. Demonstrate sound business practices, including a submission of a financial statement audit that is less than 12 months old that includes an opinion from a certified public accounting firm.
2. Demonstrate successful previous experience that includes the following:
  - a. Must have no unresolved audit or monitoring findings and must be in good standing with NCHFA Asset Management, as well as other lenders on existing projects;
  - b. Must disclose all prior projects attempted or completed with details.

3. 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;
4. Submit an operating budget for the current year;
5. Show adequate and consistent levels of operating income from a variety of sources.

When considered as a whole, all the financial information about the applicant (including reference checks by NCHFA) shall demonstrate that the applicant has a strong financial position. NCHFA will consider financial information from numerous sources to assess the stability of applicant for the 15-year loan. Applicants which do not show a strong financial position will not pass threshold review, notwithstanding any other factors in the application.

**Eligible Applicants include:**

If an applicant applies and is awarded SHARP for the *same project* that has already received a Supportive Housing Development Program (SHDP) award and has not received the SHDP Final Commitment Letter, the applicant will have to determine which award will be kept and which will be forfeited. One project cannot keep awards from both SHARP and SHDP. In the event an applicant is awarded SHDP and is later awarded SHARP for the same project, the applicant organization has 10 business days to decide which funding award will be forfeited.

Applicants that have a SHDP awarded project, which is *different* from the potential SHARP project, may be ineligible to apply for SHARP if any of the following apply:

- a. Have not started construction on the SHDP awarded project (defined as having a valid Building Permit and having issued a Notice to Proceed to the General Contractor) before a recommendation for SHARP funding is made to the NCHFA Board of Directors, unless special circumstances apply (as determined by NCHFA);
  - b. Have unresolved audit or monitoring findings with NCHFA Asset Management, and will not have resolved them by SHARP application deadline.
1. Nonprofit Organizations or Nonprofit Developers must have:
    - a. 501(c) (3) designation for at least 3 years.
    - b. A unique entity ID through [Sam.gov](https://sam.gov) at time of application. This is no-cost through the official [Sam.gov](https://sam.gov) site and applicants can register just for the “Financial Assistance Awards Only”.
    - c. A financial statement audit that is less than 12 months old that includes an opinion from a certified public accounting firm.
    - d. Housing development experience that includes developing or operating properties with at least one federal housing program within the previous 7 years. If a nonprofit has not completed a housing development project within this time frame, they must hire a housing development consultant. The housing development consultant must be approved by NCHFA.



- e. A minimum of three years' experience providing supportive housing or providing supportive housing services for the population in the intended project. Note: if the applicant does not have experience serving the QPs in the proposed project, they must partner with an appropriate services provider.

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

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

- 2. Units of local government in North Carolina such as:
  - a. City/County
  - b. Council of Governments
  - c. Public Housing Authority NOTE: SHARP will not fund any project with proposed public housing units (acquisition, new, or rehabilitation)

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

The Application must demonstrate the capacity of the Project Team to successfully develop and operate the proposed project with the HOME-ARP funding. The Project Team must have experience with the following roles and responsibilities to develop and operate the project:

- 1. Housing Development experience in the past 7 years:
  - a. The applicant must have development experience that includes developing and operating properties with at least one federal program from the U.S. Department of Housing and Urban Development (HUD) or U.S. Department of Agriculture Rural Development (RD). If the applicant does not have this experience, they must include on the Project Team a Housing Development Consultant who has experience using federal housing funds. The Development Consultant must be approved by NCHFA.
  - b. Housing development experience is defined as the Applicant and/or Housing Development Consulting having played a key role on a housing development team.
  - c. The Housing Development Consultant may be an individual, nonprofit or for-profit organization, but must have successfully developed on or been a consultant for publicly financed affordable rental housing in the past 7 years.
  - d. The Housing Development Consultant is eligible to work with more than one SHARP applicant during a funding cycle, as long as the consultant (i) does not intend to apply for SHARP in the same cycle, (ii) discloses the multiple representation to all applicants working with the Housing Development Consultant, and (iii) receives written consent from all affected applicants agreeing to the additional work by the consultant, unless special circumstances apply as approved by NCHFA.
  - e. The project must have an executed contract to provide consultant services through final cost certification.

- f. The applicant is required to work with a Housing Development Consultant through approval of the cost certification by NCHFA, but can change consultants, if necessary with approval by NCHFA. Failure to comply with the contracted scope of services and take the advice of the Housing Development Consultant may result in the applicant being ineligible to apply for SHD funding for a period of five years, unless the SHD team has been contacted to arbitrate the issue.
      - g. Final determination on whether an organization is required to work with a Housing Development Consultant will be made by Supportive Housing Development staff.
2. Supportive Services Capacity:
  - a. All Applicants must have a well-defined plan to provide supportive services, as reflected in the Support Services Access Plan (SSAP), which is part of the application.
3. Financial Capacity to provide any equity required to cover start-up expenses and unanticipated costs, and to successfully operate the project.
4. Property Management Experience:
  - a. For SHARP rental projects, experience in managing affordable rental housing with HUD, NCHFA, or USDA or an equivalent program, as approved by NCHFA, within the last 7 years is required.
  - b. For all projects, the management experience must be reviewed and approved by NCHFA prior to Final Commitment Letter.

### **1.8 Community/Market Need for the Project**

The applicant must demonstrate a clear understanding of who the project will assist and show data to support the need for the number of units proposed.

For all NCS projects and rental projects occupied by 100% QPs a third-party market study is not required. Instead, the Applicant must demonstrate that there is unmet need for the type of housing being proposed for the QPs. This can include CoC data, public housing and affordable housing waiting lists, point-in-time surveys, housing inventory count, or other relevant data on the need for housing for the QPs.

For rental projects not 100% occupied by QPs, a third-party market study must be completed. The market study must confirm that the proposed units for non-qualifying populations are achievable and needed in addition to assessing the current market demand in the neighborhood where the project is proposed. In addition to the third-party market study, projects not serving 100% QPs must also demonstrate there is unmet need among the QPs for the type of housing being proposed as described above.

## **1.9 SHARP Priorities & Referral Process**

SHARP projects must accept individuals from all of the Qualifying Populations. NCHFA has not established a state-wide preference among the SHARP qualifying population(s) (QP).

### **Priorities**

While not required, projects may establish priorities among the QPs. If a project elects to prioritize one of the qualifying populations, data verifying the housing need in the community for that QP must be included in the SHARP Application Part 1 and approved by NCHFA. Any priority must not violate fair housing, civil rights and other antidiscrimination requirements, including but not limited to, those listed at [24 CFR 5.105\(a\)](#). A SHARP applicant must ensure that all priorities and referrals abide by the [HOME-ARP Notice CPD-21-10](#).

Priorities are used to establish the order in which applicants are admitted into the NCS or rental project. A priority is not a limitation, as in, it does not outright exclude an individual who qualifies under one of the QPs from applying. Instead projects may prioritize applicants from one QP over applicants in another QP while filling vacancies.

Example: A project prioritizes homeless individuals for a SHARP rental project. The priority gives homeless QP applicants priority for admission to the project. All other eligible QP applicants must be allowed to apply to then be selected in chronological order for any units not currently occupied by homeless individuals.

### **Referral Process**

A SHARP project must use a project-specific waitlist.

Applicants for the SHARP units must be selected in chronological order, to the greatest extent feasible. Applicants for the SHARP units representing the prioritized qualifying population may be admitted prior to applicants from the other QPs. After the prioritized QP applicants are reviewed/accepted, applicants from all other QPs must be accepted in chronological order. Qualified applicants for SHARP units may be referred to the project-specific waitlist from the local CoC, but they must be treated the same as applicants coming from any other referral source.

## **1.10 Supportive Services**

All projects must show access to supportive services appropriate to the qualifying population(s). SHARP applicants will need to complete a Supportive Services Access Plan (SSAP) that describes linkages to support services and partners for the project. Involvement in supportive services cannot be a requirement for tenancy. Participation in supportive services by the tenant must be voluntary.

NCS and Rental Development projects that wish to prioritize literally homeless or chronically homeless, within the homeless qualifying population, are encouraged to collaborate with their local Continuum of Care (CoC).

NCS SHARP projects must verify the program design includes a transition plan to assist participants located and access permanent housing.

## **1.11 Income & Population Restrictions**

1. The SHARP units must only serve households and individuals and households who meet one or more of the Qualifying Population (QP) definitions.
2. For the majority of the QPs, income is not an eligibility criterion. For applicants for SHARP units who qualify under the “other households with high risk of housing instability and at-risk of homelessness” qualifying population, income is a component of their eligibility. Please see Appendix A for more details on income limits by QPs.
3. If the project has a funding source in addition to SHARP, only the number of SHARP units will be monitored for regulatory compliance by the NCHFA. Though additional units may need to be monitored in order to establish and document that there are adequate units in regulatory compliance with the NCHFA requirements. However, the entire property is subject to monitoring for asset management compliance.
4. The SHARP units must be affordable for at least the 15-year term of the loan.
5. For SHARP rental units - Rent and utilities cannot exceed Low-HOME rent. [HOME rent limits](#) are established by HUD. If a tenant or units receives tenant-based or project-based rental assistance respectively, the owner may charge the rent allowable under the Federal or state rental subsidy program.
6. In projects where residents hold a lease and pay rent, the Applicant must use the preferred utility allowance provided by their local Public Housing Authority (PHA).

## **1.12 Site Eligibility Requirements**

1. An environmental review must be performed before any funds, regardless of source, are committed to a project.
2. An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it complies with the National Environmental Policy Act (NEPA) and related laws and authorities. All projects are required to undergo an environmental review to evaluate environmental impacts. The analysis includes both how the project can affect the environment and how the environment can affect the project, site, and end users.
3. HUD's regulations at 24 CFR 58.22 prohibit recipients, developer, and their partners from committing or spending HUD or non-HUD funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environment review once a project has become "federal." This prohibition on "choice-limiting actions" prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions. No "choice limiting activities" shall occur at the site prior to completion of the NEPA Environmental Assessment in accordance with 24 CFR Part 58. Any violation of this provision may result in the denial of funds under the conditional commitment. (See Appendix F for an overview of the Environmental Review Process)
4. Applicants should have site control of the proposed project property at the start of the application process. Site control may 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.
5. HUD 24 CFR 58.22(d) allows for a SHARP applicant to enter into an option to purchase the proposed site **prior** to the completion of the environmental review if the option is contingent upon the completion of the environmental review in accordance with 24 CFR Part 58 and the cost is a nominal portion of the purchase price.
6. SHARP applicants cannot acquire the land **after** they have begun the application process for SHARP **until** the Environmental Review is complete and NCHFA provides approval.
7. The project must meet site and neighborhood standards as shown in the NCHFA Site Criteria Appendix H.
8. The project must be located within the geographic boundaries of North Carolina.
9. There must be documentation of proper zoning evidenced by a letter from local zoning official.
10. There must be adequate infrastructure serving the site.
11. If the site is subject to a zoning Conditional Use Permit or Special Use Permit, the Permit must be issued for sufficient time to allow for project completion and a copy of the Permit must be submitted; or a detailed timeline for the permitting process.

12. Only vacant and unoccupied properties are eligible to apply for SHARP funds. Existing tenants must not be required to relocate so that a project may participate in SHARP.

### **1.13 Site Plan Requirements & Design Standards**

1. Project design must accommodate planned supportive services and be compatible with surrounding properties. Project designs must have visual appeal, a functional floor plan, project amenities, and durable and energy-efficient building components.
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 SHARP Design Standards shown in Appendix I are the minimum requirements for any SHARP projects. Applicants must comply with fair housing laws regarding accessibility and must design units to maximize accessibility for mobility impaired persons.
4. Rehabilitation projects must adhere to NCHFA's HOME Multifamily Rehabilitation Standards found in Appendix M.
5. Plans and specifications must be reviewed and approved by NCHFA. If applicable, a third-party energy consultant must also review before commencing site work or construction.
6. 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.

## **1.14 Energy Efficiency Requirements**

New Construction or Substantial Rehabilitation Projects must comply with NCHFA's Energy Standards described in Appendix J.

All SHARP 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:

1. 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.
2. Inspecting and verifying construction details including: framing, insulation, and air sealing during construction.
3. Verifying and performance testing equipment, ducts, ventilation, and the building envelope.
4. 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. SHARP 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 building 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 J, unless an alternative strategy is designed by the project Energy Consultant and approved by NCHFA.

## **1.15 Rental Housing Financing**

The maximum SHARP award amount for a Rental Housing project is a **total of \$6,000,000**. The minimum amount of SHARP funding for a SHARP rental project is \$500,000.

The maximum SHARP award consists of:

- The maximum amount of SHARP funding for total rental development costs is \$4,000,000.
- The maximum amount of SHARP funding for a capitalized operating cost assistance reserve is \$2,000,000. The capitalized operating cost assistance reserve is only eligible for SHARP units serving Qualifying Populations. Only projects receiving loans for SHARP development costs are eligible for a capitalized operating cost assistance reserve.

If the project requires additional funding, the project needs to secure another source of funds.

### **Rental Housing – Development Match**

- Rental Projects located in geographic areas listed as **Match Required** in Appendix B are defined by being covered by a local participating jurisdiction. The maximum amount of SHARP development funding available to rental projects in these areas is up to \$4,000,000 or 60% of the total development costs, whichever is less. Therefore, SHARP rental projects must have at least a 40% match of the total development costs, (i.e. a project with a \$6,000,000 total development costs would require at least \$2,400,000 match).
- Rental Projects located in geographic areas listed as **No Match Required** in Appendix B which are defined by not being covered by a local participating jurisdiction **are not** required to provide a match, but may provide additional funding. For projects in these areas NCHFA may fund 100% of the project with SHARP up to \$4,000,000 for total development costs.

## **1.16 Rental Housing – Capitalized Operating Cost Assistance Reserve**

SHARP Rental Housing Projects are eligible to apply for a capitalized operating cost assistance reserve if they demonstrate a financial need, are not receiving project based rental assistance, and rents are affordable to households earning up to 50% of the area median income. The reserve funds are only applicable for SHARP units serving qualifying population(s). Rental projects can only apply for the establishment and use of a capitalized operating cost assistance reserve in conjunction with development hard costs. See SHARP Application Part 2 for details on how to calculate the requested capitalized operating cost assistance reserve amount.

Operating costs assistance reserves will be a separate award from the development award. The awarded funds will be held in an interest-bearing capitalized reserve account, to be held by NCHFA acting as the financial institution. Requests from the capitalized operating assistance cost reserve will be made by the owner in a manner and frequency approved by the Agency. Full instructions and agreements will be provided post award. The total capitalized operating cost assistance reserve may be reduced in the



event there is a substantial change in the qualifying population(s) being served or a substantial change in operating costs, as approved by NCHFA. Projects requesting a capitalized operating costs assistance reserve must provide documentation from the local Public Housing Authority and/or local Continuum of Care that no project-based vouchers are available for the proposed project.

After the 15-year compliance period the owner may have the opportunity to maintain access to the remaining operating cost assistance reserve funds, if any, if the project continues to serve qualifying population(s). In the event the project is no longer serving qualifying population(s) after the end of the 15-year compliance period, any remaining funds in the operating cost assistance reserve will be returned to HUD.

### **1.17 Non-Congregate Shelter Financing**

The maximum SHARP award amount for the development of a NCS project is a total of **\$3,000,000**.

- Applications for SHARP NCS projects will only be accepted in geographies listed as *eligible and prioritized* or *eligible* in Appendix D.
- No match is required for NCS projects; however, projects may provide development funding.
- NCHFA may fund 100% of the project.
- A SHARP funded capitalized operating cost assistance reserve is not an eligible use of HOME-ARP funds for NCS. The applicant must demonstrate a funding source for the continuous operations of the project. Details must be included in Part 2 of the SHARP application.

### **1.18 SHARP Loan Underwriting Requirements**

The SHD team will review Part 2 of the application and conduct underwriting for the potential SHARP loan. SHARP requirements are outlined below and must be met to be considered for SHARP funding.

Eligible Project Types must be within the geographic boundaries of North Carolina and must demonstrate a need for SHARP funds based on a project budget detailing sources and uses of funds and projected cash flow include:

#### **Projects must meet the following requirements:**

- a. The SHARP loan must be appropriately sized to determine the amount of SHARP funding necessary to provide quality affordable housing for the project to be financially viable throughout the 15-year compliance period.
- b. There must be documentation of any conditional or firm commitments for other project financing.
- c. There must be documentation in the financial audit of ongoing commitments for operating income or a proven history of fundraising for the proposed use.
- d. Project development costs must be reasonable when compared to other projects funded by similar programs for the type of housing being produced.
- e. For projects which intend to receive project-based rental assistance, a letter from the applicable

rental assistance administrator must be provided. Projects may use Appendix N as a reference for the letter from the applicable rental assistance provider.

- f. Rental projects not receiving project based rental assistance will be underwritten using the low-HOME rent. Rents for SHARP units cannot exceed low-HOME rent unless receiving project-based or tenant-based rental assistance.
- g. Rental properties have a maximum combined developer and consultant's fee of \$13,500 per unit for new construction and substantial rehabilitation and a maximum of \$6,750 per unit for acquisition/moderate rehabilitation, as defined in Appendix I "Design Standards".
- h. For NCS properties, the developer's fee and consultant's fee combined cannot exceed 12% of the development costs (total improved land, construction, and soft costs).
- i. If the property is purchased for greater than the appraised value, only the appraised value can be used in the NCHFA project development budget.
- j. Rental projects requesting a SHARP capitalized operating cost assistance reserve should complete the Operating Cost Assistance Reserve information included in Part 2 of the SHARP application.
- k. Rental properties must fund an Initial Operating Reserve (separate from the Capitalized Operating Cost Assistance Reserve) in the development budget with a minimum of 6-months operating expenses.
- l. Rental properties which fund a rent-up reserve must transfer any excess funds from the reserve to the Replacement Reserve account within three months of the property achieving 100% occupancy.
- m. Included on the expenses tab in Part 2 of the application – the following Replacement Reserves requirements should be used:
  - i. Rental Housing - \$250 per unit per year.
  - ii. Non-Congregate Shelter - \$250 per 750 square feet per year up to a maximum of \$5,000 per year.

### **1.19 Financing Commitment**

Projects awarded for loan financing will receive a conditional commitment letter (CCL) from NCHFA, which will provide a list of items needed for submission and approval to receive a final commitment letter for the financing. Applicants will have 12 months from the date of the CLL to meet the requirements contained in the letter, and receive a final commitment letter. When written commitments for all other project funds have been obtained, and the due-diligence checklist contained in the CCL is satisfied, the applicant will receive a final commitment letter for loan financing along with a HOME-ARP Written Agreement. Please see Appendix O for a summary list of requirements for the final commitment letter and loan closing.

## **1.20 Loan Terms & Types**

- All SHARP financing will be in the form of a 0% interest, construction to permanent mortgage loan, that is forgivable.
- The loan term is 15 years.
  - 1 - 10 years = 0% forgiveness
  - 11 - 15 years = 20 % forgiveness per year, as long as the project remains in compliance. NCHFA will determine forgiveness at year 14 if there are no compliance issues.
- **All loans will include a Loan Agreement, Promissory Note, Deed of Trust, Declaration of Deed Restrictions, and the HOME-ARP Written Agreement.** *NCHFA typically prefers to be in the 1<sup>st</sup> lien position*
- Disbursement requests may be submitted no more than once per month for a minimum of \$500,000. This restriction will not apply to the first and last SHARP development loan disbursements.

### **Disbursement Details:**

- If a borrower elects to take multiple disbursements with no more than one per month, 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.
- SHARP loan disbursement requests must be in an approved format and submitted by the 10<sup>th</sup> 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 SHARP disbursement requested. The amount will be rounded to the nearest \$100.
- The SHARP 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.

## **1.21 Federal Regulations for SHARP**

All SHARP awarded projects must comply with all federal regulatory requirements included in HUD's [CPD-21-10](#). An overview of the HUD Federal Regulations can be found in Appendix F. NCHFA staff will monitor the project throughout development to ensure compliance and require documentation to demonstrate compliance with all applicable federal, state and local regulations.

### **The Federal requirements include, but are not limited to:**

- Environmental Review [24 CFR Part 58](#) must be completed.

- No choice limiting action may be made prior to receiving environmental clearance from NCHFA to move forward with a project.
- Projects that trigger Uniform Relocation and Real Property Acquisition Act (URA) are ineligible to apply for SHARP.
- All projects consisting of 12 or more units with funding that requires Davis Bacon compliance must incorporate Davis-Bacon [24 CFR 92.354](#) wage rates and labor standards monitoring in the development budget. Federal Labor Standards must be included in project-related procurement. If a SHARP project receives HUD funds which trigger Davis Bacon (for example, HOME, CDBG, HOME-ARP) from a local participating jurisdiction, NCHFA may request the local PJ agrees to conduct the Davis Bacon monitoring for the project.
- Section 3 [24 CFR Part 75](#) - requirements must be included in any project-related procurement

that includes \$200,001 or more of covered federal financial assistance.

- Minority & Women Business Enterprises (MWBE) - [24 CFR 92.351](#)
- Procurement must comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at [2 CFR 200](#). All procurement must incorporate federal labor standards.
- All projects and project sites must be accessible to persons with disabilities and have an [Affirmative Fair Housing Marketing Plan](#) (AFHMP).
- Nonprofit and governmental applicants must comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at [2 CFR 200](#).
- Lead-based paint regulations - [24 CFR part 35](#) :
  - Lead-Based Paint poisoning Prevention Act
  - Residential Lead Based Paint Reduction Act
  - State lead-based paint requirement
- New Construction -
  - Section 504: [24 CFR Part 8](#)
  - Title II of the Americans with Disabilities Act: [24 CFR Part 35](#)
  - Fair Housing Act: [24 CFR Part 100](#)
  - [NC State Building Code](#)
- [Conflicts of Interest Policy](#)

## **1.22 Ongoing Compliance Training, Monitoring & Reporting**

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

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

### **A. Supportive Housing Compliance Training:**

- a. NCHFA provides Supportive Housing 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 [here](#).
- b. Owners or Management Agent must attend a training annually.

### **B. Compliance Monitoring & Reporting:**

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

Monitoring areas will include:

- a. The owner's proper operation and maintenance of the property.
- b. The utilization of NCHFA SHARP units. If the property is considering changing the qualifying populations served and/or income restrictions on any of the total number of units in the property, the owner must get approval in writing from NCHFA. If the owner does not get prior written approval and the population or income restrictions have been changed, the property will be out of compliance with the SHARP program requirements.

- c. Tenant incomes and eligibility criteria.
- d. An operating and/or replacement reserve balance is properly maintained.
- e. Adherence to the Tenant Selection Plan.
- f. For rent supported properties, rent affordability, as reflected in the Rent Table of the Deed Restrictions, if applicable.
- g. If a property consists of permanent rental units, occupancy information about all units, not just NCHFA restricted units, must be entered in a timely manner (30 days from move-in) into NCHFA's Rental Compliance Reporting System (RCRS). The Owner or Management Agent must periodically report on unit utilization and household information with data elements determined by NCHFA in a manner and frequency established by NCHFA. These data elements may be updated or revised by NCHFA periodically.
- h. Property insurance requirements are met annually. The insured amount must be greater than or equal to the amount of the SHARP loan amount. For policies less than or equal to \$5,000,000 the deductible should be no more than \$15,000. For policies greater than \$5,000,000 the deductible should be no greater than \$25,000. If this type policy cannot be obtained or afforded, an insurance reserve may be substituted with approval from NCHFA staff.
- i. An audited financial statement or Agency approved alternative must be submitted annually for review.

## Section 2. SHARP Application Instructions

### 2.1 Application Deadline

Applications (Part 1 & 2) are due electronically via the Supportive Housing Development portal by **July 21, 2023 at 5:00 PM.**

- Part 1 includes a narrative, project description, and exhibits, plus preliminary plans including (site plans, elevations, floor 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.

After the Project Description and Site have been approved by NCHFA, potential SHARP applicants will receive directions to complete the SHARP application via the Supportive Housing Development portal. Applications may be submitted earlier than the deadline.

### 2.2 Steps to Apply

Applicants for SHARP must:

1. Submit the Project Description and Site Visit Form (Appendix G)
  - **Deadline to submit forms: May 31, 2023**
  - Submit Project Description and Site Visit Form to [SHDevelopment@nchfa.com](mailto:SHDevelopment@nchfa.com).

Applicants are encouraged to submit the form **as soon as possible** so SHD staff can review the proposed site to determine if it suitable for supportive housing. Previous Project Description & Site Visit Forms that have been approved for the Supportive Housing Development Program (SHDP) must be **re-submitted** for the SHARP funding.

The form is also available on [NCHFA's website](#).

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

2. Conduct Project & Site Review Meeting –
  - A review by SHD staff of each proposed site is required.
  - The site must meet the minimum eligibility site standards, shown in the NCHFA Site Criteria (Appendix H).
  - The SHD staff will review and score the site using the NCHFA Site Criteria.
  - The site review meeting will be an opportunity for applicants to get early feedback on a proposed project and site and to ask specific questions regarding how to complete the application. SHD staff will conduct project and site review meetings either in person or virtually. Sites must be reviewed and approved prior to application submission.

3. Site Approval/Denial Letter -
  - After the site review meeting, the SHD staff will send a site approval or denial letter to Applicant.
  - After the meeting and if the site is approved, complete the SHARP Application Part 1 and Part 2, prior to the July 21, 2023, deadline.
  - If the site is denied, the SHD staff will provide reasons and recommendations for the project site.
4. Submit a full application (Part 1 & Part 2) via an online portal **by Friday, July 21, 2023 at 5:00 PM.**



## **Section 3. Application Review Process**

### **3.1 Review & Selection Procedures**

As part of its due diligence, NCHFA reserves the right to independently verify any information submitted as part of an application under the Program. Applications for the SHARP financing will be reviewed and selected through a four-step process:

- Threshold Review
- Project Ranking
- NCHFA Board of Directors approval
- Loan Award

### **3.2 Threshold Requirements**

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

- All requirements under Section 1 of the Program Guidelines must be met.
- Part 1 and Part 2 of the application must be complete.
- To meet threshold, in addition to the required match for rental projects (if applicable), the following exhibits must be submitted and approved (as applicable):
  - Articles of Incorporation
  - Bylaws
  - IRS Letter for 501 c3 status
  - List of Board of Directors
  - Certified Financial Audit
  - Organizational Budget
  - Developer Experience and Capacity\*
  - Housing Development Consultant Experience\*
  - Housing Development Consultant Contract (signed)

\*Development Experience and Capacity: The applicant must have development experience that includes developing and operating properties with at least one federal program from the U.S. Department of Housing and Urban Development (HUD) or U.S. Department of Agriculture Rural Development (RD). If the applicant does not have this experience, they must include on the Project Team a Housing Development Consultant who has experience using federal housing funds. The Development Consultant must be approved by NCHFA. NCHFA will review the development experience and capacity of the Applicant in instances where SHDP is currently awarded. Lack of capacity may result in not meeting threshold.

- The site must be approved by NCHFA and have met the minimum site standards, shown in Appendix H.

### **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 Ranking**

Projects will be evaluated and scored after the application deadline. All applications that meet or exceed threshold requirements will be evaluated and scored based on the project criteria. Non-Congregate Shelter projects will be ranked against other Non-Congregate Shelter projects. Rental projects will be ranked against rental projects.

All SHARP projects will be scored after the application deadline.

### **3.5 Project Scoring**

#### **Rental Projects:**

The scoring criteria are listed below for a maximum of 295 points for rental projects:

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

All applications will be scored according to the standards in the SHARP Site Criteria (see Appendix H). Standards include site suitability, neighborhood characteristics, intended population to be served, etc.

**2. Organizational Stability and Supportive Services (up to 100 points)**

- a. Organizational Stability (up to 50 points) - Applications will be scored according to the number of years that the organization has been in existence and providing the services and/or housing proposed in the application.
  - 3-5 years – 10 pts
  - 6-10 years – 20 pts
  - 11-14 years – 30 pts
  - 15-19 years – 40 pts
  - 20+ years – 50 pts
- b. Supportive Services Provider Experience serving the proposed population (up to 50 pts)
  - 1 – 2 years – 10 pts
  - 3 - 5 years – 25 pts
  - 6 – 10+ years – 50 pts

### 3. Readiness to proceed with development (Up to 50 points)

#### Rental Projects that listed as *Match Required* Appendix B require 40% match:

These are examples of intended/planned funding sources which will count towards meeting the 40% match requirement for threshold, but are not considered in hand and therefore will not receive points.

- Proof of submittal of applications to funding sources or detailed application plan if additional funding and application cycles do not align with SHARP application deadline.
- Federal Home Loan Bank – must complete the information as indicated in Part 1 of the SHARP application. Must disclose which FHLB applicant will apply to (Atlanta, Pittsburgh, etc.), the application deadline, and the local member bank supporting the FHLB application.
- Pledges

Projects will be scored on the percentage of the development budget in hand.

- 0% -19% of total development costs: 0 pts
- 20% - 29% of total development costs: 25 Pts
- 30% - 40% of total development costs: 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.

#### Rental Projects listed as *No Match Required* in Appendix B do not require 40% match:

Rental projects listed as *No Match Required* automatically receive 50 points

### 4. Housing Need (up to 25 points):

**Description** – The Housing Need project scoring criteria was designed to identify counties with the highest prevalence of rental housing unaffordability for renters with the lowest incomes ( $\leq 30\%$  AMI). It combines two different metrics of housing affordability:

- (1) **affordability** - the percentage of each county's renter population that is extremely low-income ( $\leq 30\%$  AMI) and experiencing severe cost burden; and
- (2) **supply** - the shortage of rental homes affordable and available to extremely low-income households in each county (as measured by the number of affordable and available homes per 100 extremely-low income renter households). A rental home is considered "affordable" if a household spends no more than 30% of their income on rent and utilities. A rental home is considered "available" if it is either vacant or occupied by a household at or below 30% AMI.

Affordability and supply are considered equal when evaluating Housing Need. Each county is placed in one of five groups based on the county's median rent so counties with similar rents are only compared to each other.

**Sources** – The data for Housing Need comes from HUD’s most current Comprehensive Housing Affordability Strategy (CHAS) data, which is derived from the U.S. Census Bureau’s 2019 5-year American Community Survey (ACS) estimates. These data are widely used by local, state and federal governments to quantify housing need—particularly for low-income households—and plan how to strategically deploy housing resources. This analysis used Tables 8, 14B, and 15C. Each county is placed in one of five rent groups, which are generated using median rent data from the 2021 5-year ACS (Table DP04).

<b>25 Points</b>				
Wilkes	Randolph	Jackson	Watauga	Orange
Rutherford	Person	Chowan	Pitt	Mecklenburg
Robeson	Scotland	Wilson	Perquimans	Wake
Surry	Vance	Catawba	Forsyth	Cumberland

<b>20 Points</b>				
Yadkin	Alexander	Clay	Guilford	Durham
Columbus	Cleveland	Rowan	Alamance	New Hanover
Ashe	Sampson	Transylvania	Hoke	Hyde
Warren	Duplin	Lincoln	Lee	Gates

<b>15 Points</b>				
Swain	Davidson	Stanly	Harnett	Onslow
Montgomery	Halifax	Bertie	Granville	Cabarrus
Yancey	Burke	Nash	Gaston	Pasquotank
Caldwell	Madison	Anson	Carteret	Buncombe

<b>10 Points</b>				
Washington	Stokes	Wayne	Haywood	Union
Mitchell	Rockingham	Cherokee	Pender	Camden
Caswell	Martin	Beaufort	Henderson	Iredell
Richmond	Northampton	Hertford	Johnston	Brunswick

<b>5 Points</b>				
Alleghany	Edgecombe	Pamlico	Moore	Craven
Jones	McDowell	Macon	Polk	Dare
Tyrell	Lenoir	Davie	Chatham	Currituck
Graham	Green	Avery	Franklin	
	Bladen			

**5. Bonus Points (up to 20 points) –**

The following projects will receive bonus points:

- **Rental** Projects located in geographic areas listed as *Match Required* in Appendix B, defined by being covered by a local participating jurisdiction, that have **funds in hand over** the minimum 40% already committed will receive the following bonus points:
  - 51% - 60% funds committed: 10 points
  - 61% and above: 20 points

**Non-Congregate Shelter Projects:**

The scoring criteria are listed below for a maximum of 250 points for non-congregate shelter projects:

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

All applications will be scored according to the standards in the SHARP Site Criteria (see Appendix H). Standards include site suitability, neighborhood characteristics, intended population to be served, etc.

**2. Organizational Stability and Supportive Services (up to 100 points)**

- a. Organizational Stability (up to 50 points) - Applications will be scored according to the number of years that the organization has been in existence and providing the services and/or housing proposed in the application.
  - 3-5 years – 10 pts
  - 6-10 years – 20 pts
  - 11-14 years – 30 pts
  - 15-19 years – 40 pts
  - 20+ years – 50 pts
- b. Supportive Services Provider Experience serving the proposed population (up to 50 pts)
  - 1 – 2 years – 10 pts
  - 3 - 5 years – 25 pts
  - 6 – 10+ years – 50 pts

**3. Bonus Points (up to 50 points) –**

The following projects will receive bonus points:

- **Non-Congregate Shelter** Projects located in geographic areas with no existing general emergency shelter not served by a local participating jurisdiction, listed as *Eligible and Prioritized* in Appendix D (50 points).

### **3.6 Approval of SHARP Loan Awards**

The applications ranked the highest (NCS compared to NCS, rental compared to rental) and that are within the amount of funds available to the SHARP 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**

Upon the NCHFA's Board of Directors approval of SHARP project loan awards, SHD staff will contact Applicants and issue SHARP conditional commitment letters to begin the commitment process. If projects are not awarded, SHD staff will issue a letter notifying the Applicant their application was not awarded at this same time

## Section 4. Appendices

### APPENDIX A

#### Qualifying Population Definitions

Established in HUD's [Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program](#).

**"Homeless" is defined by 24 CFR 91.5 Homeless (1), (2), or (3) below:**

- (1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
  - i. An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
  - ii. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
  - iii. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
- (2) An individual or family who will imminently lose their primary nighttime residence, provided that:
  - i. The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
  - ii. No subsequent residence has been identified; and
  - iii. The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;
- (3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
  - i. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act, section 637 of the Head Start Act, section 41403 of the Violence Against Women Act of 1994, section 330(h) of the Public Health Service Act, section 3 of the Food and Nutrition Act of 2008, section 17(b) of the Child Nutrition Act of 1966, or section 725 of the McKinney-Vento Homeless Assistance Act;

- ii. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
- iii. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
- iv. Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;

**At Risk of Homelessness as defined by 24 CFR 91.5 below:**

(1) An individual or family who:

- i. Has an annual income below 30% of median family income for the area, as determined by HUD;
- ii. Does not have sufficient resources or support networks, e.g., family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “Homeless” definition in this section; **and**
- iii. **Meets one of the following conditions:**
  - A. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance
  - B. Is living in the home of another because of economic hardship;
  - C. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
  - D. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;



- E. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;
- F. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
- G. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;

(2) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act, section 637(11) of the Head Start Act, section 41403(6) of the Violence Against Women Act of 1994, section 330(h)(5)(A) of the Public Health Service Act, section 3(l) of the Food and Nutrition Act of 2008, or section 17(b)(15) of the Child Nutrition Act of 1966, or

(3) A child or youth who does not qualify as “homeless” under this section but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act, and the parent(s) or guardian(s) of that child or youth if living with her or him.

Note: Con Plan/CoC definition of At Risk of Homelessness is the same as the HOME-ARP definition.

**Fleeing or attempting to flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking or**

**Human Trafficking includes:**

Definitions of Domestic Violence, Dating Violence, Sexual Assault, and Stalking from (Violence Against Women Act) regulation at 24 CFR 5.2003 below:

Dating violence means violence committed by a person:

- (1) Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
- (2) Where the existence of such a relationship shall be determined based on a consideration of the following factors:
  - i. The length of the relationship;
  - ii. The type of relationship; and
  - iii. The frequency of interaction between the persons involved in the relationship.

*Domestic violence* includes felony or misdemeanor crimes of violence committed by a current or former spouse or intimate partner of the victim, by a person with whom the victim shares a [child](#) in common, by

a person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or [family](#) violence laws of the jurisdiction receiving grant monies, or by any other person against an [adult](#) or youth victim who is protected from that person's acts under the domestic or [family](#) violence laws of the jurisdiction. The term "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship.

*Sexual assault* means any nonconsensual sexual act proscribed by Federal, tribal, or State law, including when the victim lacks capacity to consent.

*Stalking* means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:

- (1) Fear for the person's individual safety or the safety of others; or
- (2) Suffer substantial emotional distress.

Definition of Human Trafficking from Trafficking Victims Protection Act of 2000 • Includes both sex trafficking and labor trafficking include:

According to the [Trafficking Victims Protection Act of 2000](#), or TVPA, human trafficking is a crime involving the exploitation of someone for the purpose of compelled labor or a commercial sex act through the use of force, fraud, or coercion. According to federal law, "a commercial sex act means any sex act on account of which anything of value is given to or received by any person. Anything of value could include food, shelter, protection, gifts, or clothing. Where a person younger than 18 is induced to perform a commercial sex act, it is a crime regardless of whether there is any force, fraud, or coercion." Human trafficking occurs when a trafficker exploits a vulnerable person by using force, fraud, or coercion to make them perform compelled labor or commercial sex. There are two types of trafficking: labor and sex.

**Other households with High Risk of Housing Instability and At-Risk of Homelessness includes:**

- (1) Households who have previously been qualified as homeless as defined in 24 CFR 91.5 (see above definition) and
  - i. are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, **and**
  - ii. need additional housing assistance or supportive services to avoid a return to homelessness.
- (2) Households at greatest risk of housing instability means a household with:
  - i. Annual income  $\leq$ 30% of AMI **AND** is experiencing severe cost burden (paying more than 50% of monthly household income toward housing costs); **OR**
  - ii. Annual income  $\leq$ 50% of AMI **AND** meets one of the following criteria in paragraph (iii) of "At-risk of homelessness" definition at 24 CFR 91.5 (see above definition).

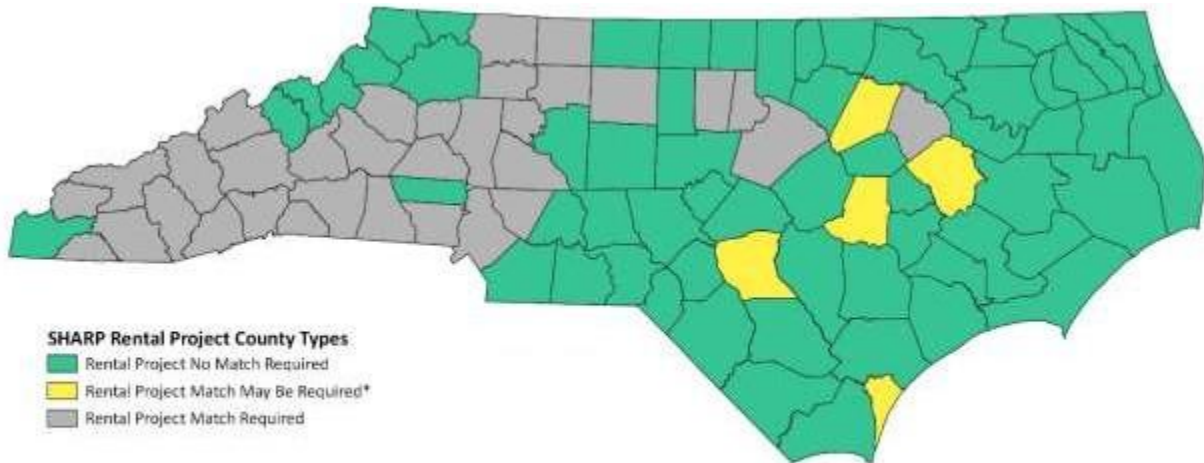
## APPENDIX B

### SHARP Rental Projects Match Requirements by County

<u>No Match Required</u>	<u>No Match Required</u>	<u>Match Required</u>	* Match May Be Required: <i>Rental Projects located in the following municipalities require match. Rental projects in the remainder of the county do <u>not</u> require match.</i>
Alamance County	Lincoln County	Alexander County	Fayetteville (Cumberland County)
Alleghany County	Martin County	Buncombe County	Goldsboro (Wayne County)
Anson County	Mitchell County	Burke County	Greenville (Pitt County)
Ashe County	Montgomery County	Cabarrus County	Wilmington (New Hanover County)
Avery County	Moore County	Caldwell County	Middlesex Town (Nash County)
Beaufort County	Nash County*	Catawba County	Spring Hope Town (Nash County)
Bertie County	New Hanover County*	Clay County	Whitakers Town (Nash County)
Bladen County	Northampton County	Cleveland County	Rocky Mount (Nash County)
Brunswick County	Onslow County	Davie County	
Camden County	Pamlico County	Durham County	
Carteret County	Pasquotank County	Edgecombe County	
Caswell County	Pender County	Forsyth County	
Chatham County	Perquimans County	Gaston County	
Cherokee County	Person County	Graham County	
Chowan County	Pitt County*	Guilford County	
Columbus County	Randolph County	Haywood County	
Craven County	Richmond County	Henderson County	
Cumberland County*	Robeson County	Iredell County	
Currituck County	Rockingham County	Jackson County	
Dare County	Sampson County	Macon County	
Davidson County	Scotland County	Madison County	
Duplin County	Stanly County	McDowell County	
Franklin County	Tyrrell County	Mecklenburg County	
Gates County	Union County	Orange County	
Granville County	Vance County	Polk County	
Greene County	Warren County	Rowan County	
Halifax County	Watauga County	Rutherford County	
Harnett County	Washington County	Stokes County	
Hertford County	Wayne County*	Surry County	
Hoke County	Wilkes County	Swain County	
Hyde County	Wilson County	Transylvania County	
Johnston County	Yancey County	Wake County	
Jones County		Yadkin County	
Lee County			
Lenoir County			

## APPENDIX C

### SHARP Rental Projects Match Requirement Map



Sources: NCHFA analysis of data from EHHS ESG Office, HUD's 2021 HIC, CoC 503 NC Balance of State 2022 HIC, in addition to data shared from members of CoC 506, CoC 509, and CoC 516.

\*Rental projects located in the following municipalities require match: Fayetteville (Cumberland County), Goldsboro (Wayne County), Greenville (Pitt County), Wilmington (New Hanover County), Middlesex Town (Nash County), Spring Hope Town (Nash County), and Whitakers Town (Nash County). Rental projects in the remainder of the county do not require match.

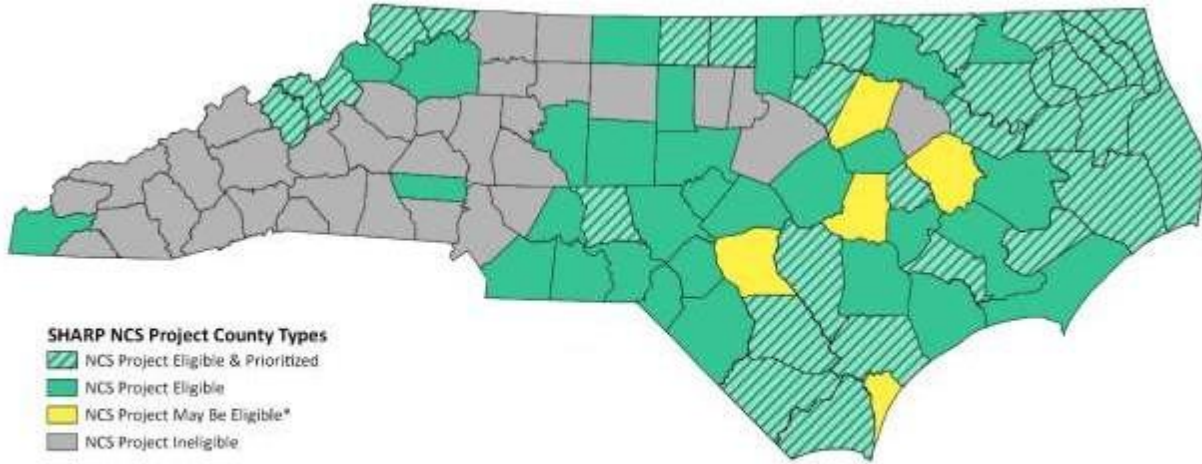
## APPENDIX D

### SHARP Non-Congregate Shelter Project Eligible, Prioritized and Ineligible Counties

NCS Projects Eligible & Prioritized	NCS Projects Eligible	NCS Projects Ineligible	* NCS Projects May Be Eligible: <i>NCS Projects cannot be located these municipalities but may be located in the remainder of the county</i>
Alleghany County	Alamance County	Alexander County	Fayetteville (Cumberland County)
Ashe County	Anson County	Buncombe County	Goldsboro (Wayne County)
Avery County	Beaufort County	Burke County	Greenville (Pitt County)
Bertie County	Brunswick County	Cabarrus County	Wilmington (New Hanover County)
Bladen County	Carteret County	Caldwell County	Middlesex Town (Nash County)
Camden County	Chatham County	Catawba County	Spring Hope Town (Nash County)
Caswell County	Cherokee County	Clay County	Whitakers Town (Nash County)
Chowan County	Craven County	Cleveland County	Rocky Mount (Nash County)
Columbus County	Cumberland County*	Davie County	
Currituck County	Dare County	Durham County	
Duplin County	Davidson County	Edgecombe County	
Franklin County	Granville County	Forsyth County	
Gates County	Halifax County	Gaston County	
Greene County	Harnett County	Graham County	
Hyde County	Hertford County	Guilford County	
Jones County	Hoke County	Haywood County	
Martin County	Johnston County	Henderson County	
Mitchell County	Lee County	Iredell County	
Montgomery County	Lenoir County	Jackson County	
Northampton County	Lincoln County	Macon County	
Pamlico County	Moore County	Madison County	
Pasquotank County	Nash County*	McDowell County	
Pender County	New Hanover County*	Mecklenburg County	
Perquimans County	Onslow County	Orange County	
Person County	Pitt County*	Polk County	
Sampson County	Randolph County	Rowan County	
Scotland County	Richmond County	Rutherford County	
Tyrrell County	Robeson County	Stokes County	
Warren County	Rockingham County	Surry County	
Washington County	Stanly County	Swain County	
Yancey County	Union County	Transylvania County	
	Vance County	Wake County	
	Watauga County	Yadkin County	
	Wayne County*		
	Wilkes County		
	Wilson County		

## APPENDIX E

### SHARP Non-Congregate Shelter Projects Eligible, Prioritized and Ineligible County Map



Sources: NCHFA analysis of data from EHHS ESG Office, HUD's 2021 HIC, CoC 503 NC Balance of State 2022 HIC, in addition to data shared from members of CoC 506, CoC 509, and CoC 516.

\*Non-congregate shelter projects cannot be located in Fayetteville (Cumberland County), Goldsboro (Wayne County), Greenville (Pitt County), Wilmington (New Hanover County), Middlesex Town (Nash County), Spring Hope Town (Nash County), and Whitakers Town (Nash County). The remainder of the county is eligible for a NCS project.

## APPENDIX F

### SHARP Federal Cross Cutting Regulations Overview

NCHFA's Supportive Housing American Rescue Plan (SHARP) program utilizes HOME-American Rescue Plan (HOME-ARP) funds, administered by the Department of Housing and Urban Development (HUD). Projects awarded HOME-ARP funds through the SHARP program must adhere to strict federal regulations. A summary of the most prominent federal requirements can be found below. This document does not fully capture all federal requirements and is only intended to serve as an overview.

#### Environmental Review Process Overview:

- NCHFA awards SHARP funds to project.
- Conditional Commitment Letter is sent with the environmental review included as a condition.
- Developer works with NCHFA to complete the Statutory and Environmental Assessment Checklist including providing documentation to NCHFA as requested.
- NCHFA completes the environmental review and if a Finding of No Significant Impact (FONSI) is made by NCHFA then a combined Notice of Intent to Request of Funds and a FONSI must be published or posted for public comment for 15 days (18 days if posted).
- Note: NCHFA may require mitigation measures for environmental review impacts (such as not developing in a wetland or reducing interior and exterior sound levels). If such mitigation measures are required, the developer must enter into an environmental Memorandum of Understanding.
- After conclusion of the public comment period NCHFA will send a Request for Release of Funds (RROF) to HUD with proof of the published public notice.
- There is a 15-day period for HUD or NCHFA to receive objections to the release of funds.
- After the objection period, HUD will issue an Authority to Use Grant Funds to NCHFA and the environmental review is complete and the developer may commence with choice limiting activities.

Once the application process for the Supportive Housing American Rescue Plan (SHARP) Program, which uses HOME-ARP funds, has begun, 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 or expend HUD or 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.

**Only the following activities may occur prior to the HUD's issuance of the Authority to Use Grant funds:**

1. The **option** to Purchase of real estate, contingent upon environmental review approval.
2. Payment of relocation expenses (if required)
3. Environmental and other studies, resource identification and the development of plans and strategies;
4. Information and financial services;
5. Administrative and management activities;

6. Public services that will not have a physical impact or result in any physical changes, including but not limited to services concerned with employment, crime prevention, child care, health, drug abuse, education, counseling, energy conservation and welfare or recreational needs;
7. Inspections and testing of properties for hazards or defects;
8. Purchase of insurance;
9. Purchase of tools;
10. Engineering or design costs;
11. Technical assistance and training;
12. Assistance for temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair, or restoration activities necessary only to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration;
13. Payment of principal and interest on loans made or obligations guaranteed by HUD;
14. Any of the categorical exclusions listed in [§ 58.35\(a\)](#) provided that there are no circumstances which require compliance with any other Federal laws and authorities cited in [§ 58.5](#).

## **Federal Regulations for HOME-ARP**

Other Federal Regulations apply to the SHARP Program. Please see the timing below for an overview of the associated requirements. All federal requirements associated with SHARP can be found in the [HOME-ARP CPD Notice](#). Please note, additional documents will be required by NCHFA throughout the development process.

### **Prior to Application:**

- Projects that trigger [Uniform Relocation and Real Property Acquisition Act](#) (URA) will not be eligible to apply for SHARP.

### **At Application:**

- Market Study is required for all rental projects not serving 100% qualifying population.
- All projects must submit a [Conflicts of Interest Policy](#).
- For rehabilitation projects of 26 or more units, the developer must determine all work to be performed and the long-term physical needs of the project through a Capital Needs Assessment.\*

### **Prior to Start of Construction:**

- Environmental Review [24 CFR Part 58](#) must be completed
  - No choice limiting action may be made prior to receiving environmental clearance from NCHFA to move forward with a project.
- Projects must adhere with federal fair housing and accessibility regulations including:
  - Section 504: [24 CFR Part 8](#)
  - Title II of the Americans with Disabilities Act: [24 CFR Part 35](#)
  - Fair Housing Act: [24 CFR Part 100](#)
- Section 3 ([24 CFR Part 75](#)) requires recipients of federal financial assistance (projects with more than \$200,000 in federal funds) to offer economic opportunities to low- and very-low income individuals.\*
- Projects with five (5) or more total units must almost have an [Affirmative Fair Housing Marketing Plan](#) (AFFHMP).



**Prior to Start of Construction/Rehab:**

- All projects consisting of 12 or more units funded by SHARP or other federal housing programs (HOME, HTF, etc.) must incorporate Davis-Bacon [24 CFR 92.354](#) wage rates and labor standards monitoring in the development budget. Federal Labor Standards must be included in project-related procurement. \*
- Minority & Women Business Enterprises (MWBE) - [24 CFR 92.351](#) \*
- NCHFA HOME Rehabilitation Standards \*
- Projects must adhere to Lead-based paint regulations - [24 CFR part 35](#):
  - Lead-Based Paint poisoning Prevention Act
  - Residential Lead Based Paint Reduction Act

**Loan Closing:**

- Final reports are due for multiple federal regulations including:
  - Davis Bacon Wage Reports – [29 CFR Part 5](#) \*
  - Minority and Women Owned Business Enterprises HUD Report – [Section 281 of the National Affordable Housing Act](#) \*
  - Section 3 Final Reports – [24 CFR Part 75](#) \*
  - Limited English Proficiency/Language Access Plan

\*Additional NCHFA requirements may be required.

## APPENDIX G

### SHARP Project Description and Site Visit Request Form

(Due by May 31, 2023 – Can be submitted anytime until that date)

Please *email* the completed form or for questions:  
NCHFA Supportive Housing Development Team  
[SHDevelopment@nchfa.com](mailto:SHDevelopment@nchfa.com)

DATE:

1. Address of site under consideration. Submit a separate form for each site if multiple sites.

Project Name	<input type="text"/>
Address	<input type="text"/>
City	<input type="text"/>
Zip Code	<input type="text"/>
County	<input type="text"/>

2. Choose one:

<u>Rental Housing</u>
<u>Non-Congregate Shelter</u>

3. Choose one:

<u>New Construction</u>
<u>Acquisition &amp; Rehabilitation</u>
<u>Rehabilitation Only</u>
<u>Acquisition Only</u>

4. SHARP Projects must serve any Qualifying Population(s) (Appendix A in the SHARP Guidelines):

<u>“Homeless” as defined by 42 CFR 91.5 Homeless (1), (2) or (3)</u>
<u>At Risk of Homelessness as defined by 24 CFR 91.5</u>
<u>Fleeing or attempting to flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking</u>
<u>Other Households with High Risk of Housing Instability and At-Risk of Homelessness</u>

5. Please provide a brief description of the project:

<input type="text"/>
----------------------

**6. Project Information:**

Applicant Organization	
Project Contact Name	
Project Contact Title	
Mailing Address	
City	
Zip Code	
County	
Project Contact Office Email	
Project Contact Telephone	
Project Contact Cell Phone	

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

Primary Project Contact (If different from above):

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

Architect:

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

General Contractor:

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

Property Manager:

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

Housing Development Consultant (As applicable):

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

**8. Owner status**

	Local Government
	Nonprofit Organization
	- Date of IRS 501(c)(3) determination letter

**9. Supportive Services (All Applicants must complete)**

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

**10. Project Description:**

Housing Type	Number of Dwelling Units*	Number of Bedrooms
Single Family detached		
Multifamily		
Non-Congregate Shelter		

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

**11. Proximity to Community Resources:**

Describe proximity of the following community resources to the proposed project site. Provide a **map** of the site which indicates the proximity of each community resource to the site.

Community Resources	Proximity to Site in miles
Supportive services including medical facilities	
Employment Centers	
Parks and Recreation	
Pharmacy	
Grocery Store	

Will transportation be provided by owner?  Yes  No

Describe how residents will access transportation to community resources (i.e. grocery store, medical, work):

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

**13. Preliminary estimated development budget**

	Amount (\$)
Acquisition	
Construction or Rehabilitation Costs (including contingency)	
Architect Design & Inspection	
Soft Costs	
Housing Development Consultant (as applicable)	
Developers Fee	
<b>Total</b>	

How were the new construction or rehabilitation costs determined?

For rental housing only, do you plan on requesting SHARP Operating Cost Assistance Reserve?  Yes  No

**14. Preliminary Sources of funds**

	Amount (\$)
SHARP Housing Development Funding	
Other:	
Other:	
Other:	
Other:	
Other:	
Other:	
<b>Total:</b>	

## APPENDIX H

### NCHFA Site Criteria

#### Supportive Housing – American Rescue Plan (SHARP)

NCHFA will schedule a site visit (either in person or virtual) to review the site.

NCHFA staff will evaluate the site using the criteria below.

A letter will be sent to the applicant after the site evaluation review to provide site approval or denial.

#### **A. Neighborhood Characteristics**

2. The existing neighborhood and surrounding land uses are compatible with proposed development or rehabilitation.
3. Physical conditions of buildings in neighborhood are in mostly good repair with few vacant structures.
4. There are no concerns about neighborhood safety.
5. The trend and direction of real estate development and area economic health is good and appears to be stable and/or improving.
6. There are no vacant tracts of land within half a mile of site where undesirable use is allowed such as a rock quarry, heavy industry, tracts of land occupied by undesirable uses.
7. There is no concentration of facilities for persons with disabilities in the neighborhood.

#### **B. Site Suitability**

1. Prior to submitting a SHARP application, the applicant may have site control but must have at least the option to have site control.
2. There are no obvious physical or environmental barriers to development that would require extensive site development work.
3. The site has good *proximity* to appropriate community amenities and resources.
4. The site has good *access* to appropriate community amenities and resources (i.e. sidewalks, crosswalk at a light).
5. The site is served by public utilities.
6. The site has good *proximity* to public transportation.
7. The site has good *access* to public transportation.
8. The site is free from excessive traffic or noise.

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

1. The structure is feasible for rehabilitation, including accessibility (see Appendix I).
2. The structure is suitable for the intended use and population served.

## APPENDIX I DESIGN STANDARDS

### **I. Incorporating Energy Efficiency Standards (New Construction, Adaptive Reuse, and Substantial Rehabilitation):**

At a minimum, SHD projects should comply with Advanced Energy Corporation's SystemVision™ Standards for Supportive Housing, or to the standards of an Agency-approved energy-related building certification program, as described in Appendix K.

*Substantial Rehabilitation and Adaptive Reuse projects must comply to the extent that doing so is economically feasible and the scope of work allows.* For instance, if rehab makes areas accessible during the project, those areas should be addressed to the extent feasible. However, areas that will remain inaccessible are not required to be “opened up” to address energy efficiency.

### **II. Meeting Diverse Design Standards:**

Please review the SHD Design standards carefully with your architect, landscape architect, energy consultant, or other project consultants prior to the development of construction drawings or a physical needs assessment (for rehabilitation projects). In the case of a disagreement between the SHD Design standards and NC Building Code, current applicable NC Building Code must be followed.

Any request for waivers to the SHD Design standards should be presented to NCHFA for consideration, in advance whenever possible. Generally, waivers are considered for the basis of excessive costs, conflicts with local code or licensing requirements, or adjustments that may improve the usability, function, accessibility, durability, or long-term financial sustainability for operations of the project. It is expected that errors in construction are corrected and waivers are not considered for correctable mistakes/omissions.

All construction **must meet** applicable federal, state and local building codes. Manufacturer’s instructions must be fully followed for all installations in new construction and rehabilitation. If pursued, energy/green building certification standards must also be considered and included.

Some projects, based on target population, other sources of funding, or licensure, may have additional requirements not listed herein that may exceed or amend the requirements of SHD. It will be up to the project developer to determine these additional requirements. In evaluating design, special consideration must be given to the mission of the project, requirements all funding, the target population, and design requirements to attain and maintain licensure, if applicable.

### **III. Review of Blueprints**

At time of application, at a minimum, a preliminary/draft set of blueprints for the site and building must be submitted electronically and/or a hard paper copy mailed for the preliminary review. NCHFA’s Construction Analyst will conduct a review and provide feedback to the project. The review will be done based on the level of the plans. Once approved as an eligible project, future iterations of the plans must also be provided to NCHFA if the changes pertain to items addressed in the standards and receive written approval by NCHFA.

After award and before the SHD loan final commitment letter is issued, a complete set of final construction drawings and material specifications must be submitted on paper for the final review and approval. Final drawings must be no smaller than 22"x 34". Plans are usually submitted as bound 24" x 36" prints. Plans should include

layout of site including all buildings, amenities, parking, and walkways. An accessible route plan is helpful if available. Architectural plans should denote applicable accessibility details. A detail page with accessible details (such as kitchens, bathrooms, water fountains, ramps, etc.) is recommended for contractors to better insure accessibility details are not missed.

***A set of blueprints must be submitted. More information about how to submit will be provided mid-January.***

A hard copy set of blueprints when final can be mailed to:

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

The building occupancy designation (e.g. R-1, I-2 etc.) and the heated square footage of each unit or building must be shown on the blueprints. The prints must be scalable.

The NCHFA SHD Design Standards from the year of project award will be used in each review process.



## IV. CONSTRUCTION STANDARDS FOR NEW CONSTRUCTION, SUBSTANTIAL REHABILITATION AND ADAPTIVE RE-USE

### A. Exterior Design and Materials

1. It is recommended that building design use different roof planes and contours to break up roof lines. Wide window and door trim are recommended to improve the visual appeal of accent siding. If horizontal banding is used between floor levels, the use of separate color tones for upper and lower levels is recommended. It is recommended that horizontal and vertical siding applications be added to detail dormers, gables, and extended front façade areas.
2. Fiber cement board or brick is preferred as exterior material; all exterior materials must be **durable and low or no maintenance**, including materials in breezeways, stairwells, exterior trim, gable vents, etc. All exterior trim, including fascia and soffits, window and door trim, gable vents, etc. must also be constructed of no or very low maintenance materials.
3. If vinyl siding is used, it must be at least **.044** inch thick.
4. If a non-vinyl band board attaches to and is part of the vinyl siding application, z-flashing must be installed behind, on top of, and below bands.
5. In vinyl siding applications, all exterior lights, electrical outlets, HVAC sub panels, hose bibs, telephone boxes, and cable boxes must be installed in plastic J-boxes or a vinyl component designed for the purpose.
6. All exterior trim, including fascia and soffits, window and door trim, gable vents, etc. must also be constructed of no or very low maintenance materials.
7. Where the eave overhang is less than **18"**, the buildings must include seamless gutters. All water from roof and gutter system must be piped away from buildings and discharged no less than **6'** from building foundation. A drip edge must be installed on all eaves and gable ends. Drip edge must extend **2"** minimum under shingles.
8. All buildings must have a minimum of **12"** exposed brick veneer or other exposed masonry above finished grade level (after landscaping).
9. Breezeway and stairwell ceilings must be constructed of materials rated for exterior exposure. Stairs in breezeways and building stairwells (not to include unit interiors) must have a minimum clear width of **40"** between handrails and be completely under roof cover. Handrails must be  $1\frac{1}{4}$  to  $1\frac{1}{2}$  inches in diameter. A minimum **48"** path of travel is required through building breezeways for properties.
10. Exterior stairs must have a minimum clear width of **48"** and be completely under roof cover.
11. Exterior railings must be made of vinyl, aluminum, or steel (no wood).
12. Shingles, if used, should be algae resistant (AR) with a minimum **30-year** warranty.
13. Every primary exterior entry door shall be protected by a roof of not less than **5' wide by 3' deep**. All primary exterior entries should be well lit.
14. Exterior hallways, corridors or breezeways and interior hallways and corridors may not have a slope greater than 2% in any direction.
15. For newly constructed units, "flat" or built up roofs are not permitted.
16. Building addresses and unit numbers must be identified using clearly visible numbers. Building and unit identification signage must be well lit from dusk till dawn. Building and unit identification signage must be

meet ANSI A117.1 (Section 703).

**B. Doors and Windows**

1. High durability, insulated doors (such as steel and fiberglass) are required at all exterior locations.
2. Single lever deadbolts and eye viewers are required on all main entry doors to residential units. Accessible units should have eye viewer installed between 43" and 51" AFF.
3. Hollow core flush doors are prohibited. Bi-fold doors are prohibited.
4. Exterior doors for Fully Accessible and Type A units must include spring hinges or assisted door closers.
5. Insulated, double pane, vinyl windows with a **U-factor of 0.35 or below** and a **SHGC of 0.30 or below** are required for new construction.
6. Windows must not be located over tub or shower units, with the exception of glass blocks and transom windows.
7. Install a continuous bead of silicone caulk behind all nail fins before installing new vinyl windows per manufacturer's specifications.

**C. Sitework and Landscaping**

1. Provide positive drainage at all driveways, parking areas, ramps, walkways and dumpster pads to prevent standing water.
2. Exterior walkways and clearances shall be a minimum of **48"**.
3. No sidewalks may exceed a 2% cross slope regardless of where located. Provide a non-skid finish to all walkways.
4. Entire lot must be graded so as to drain surface water away from foundation walls. Within the first 10', the grade away from foundation walls must drop a minimum of **6"**.
5. No part of the disturbed site may be left uncovered or unstabilized once construction is complete.
6. Innermost edge of accessible path sidewalks must be at least 6'6" away from edge of curbing
7. Signs identifying accessible parking spaces shall designate the type of space with a minimum 80" distance between the bottom of the sign and the ground. At least one in six accessible spaces must be an accessible van space with signage designating the van space per IBC Section 1106.
8. At least one accessible parking space for every type A unit must be provided with a minimum 8' wide space with a marked 5' transfer path for accessible spaces and 11' wide space for accessible van spaces. Otherwise, Section 208.2 of ADA 2010 should be followed in determining the minimum number of accessible parking spaces needed.

IBC 2015 section 1106 (<https://codes.iccsafe.org/content/IBC2015/chapter-11-accessibility>) should be followed in determining the minimum number of total off-street parking spaces needed.

9. Handicap ramps may not protrude into parking lot. Handicap parking spaces and access aisles may not exceed 2% slope in any direction. Access aisles cannot be installed through vehicular paths of travel.
10. All ramp slopes must meet the requirements of **ANSI A117.1** (Section 405) and ADA 2010. Insure all contractors are aware of slope requirements before pouring concrete or laying asphalt.

- a. 1:50 = Max of 2% for accessible parking, cross slopes, landings, clear space in front of mailboxes,

entries, and trash facilities

- b. 1:20 = Max of 5% for sidewalks and walkways (cross slope must be 2% or less)
- c. 1:12 = Max of 8% for ramps and curb cuts

11. All new construction projects, and if feasible, substantial rehabilitation and adaptive reuse, with **more than 16 units** must also include an on-site office or a room where property management staff can meet with tenants or applicants and maintain property documentation and records.

**D. Interior Design and Materials**

1. All residential units should meet minimum unit size requirements. The square footage measurements below will be for heated square feet only, measured interior wall to interior wall, and do not include exterior wall square footage. Unheated areas such as patios, decks, porches, stoops, or storage rooms cannot be included.

Single Room Occupancy (SRO)	250 square feet
Studio	325 square feet
Efficiency/Tiny Home	400 square feet
1 Bedroom	610 square feet
2 Bedroom	850 square feet
3 Bedroom	1,050 square feet
4 Bedroom	1,200 square feet

Waivers to minimum square footage must be approved by NCHFA and requests must demonstrate that layout will not negatively impact tenants and that the size constraints are justifiable.

- 2. There shall be a minimum of one Type A or Fully Accessible unit, as appropriate, for each unit type (e.g. 1 bedroom, 2 bedroom). **ANSI A117.1** should be referenced for standards for accessibility. For group homes, there must be at least one accessible bedroom and accessible bathroom and other features across the home must support an accessible path and access to tenant-controlled items (thermostats, switches, outlets, laundry, work stations, etc.).
- 3. It is recommended that non-carpet flooring be used throughout the property. If used, carpet and pad must meet FHA minimum standards. Kitchens, dining areas, and entrance areas must be durable non-carpet flooring.
- 4. For ceramic tile applications, tile should be applied over cement backer board rather than directly to drywall.
- 5. Fireplaces are prohibited.
- 6. Residential floors must be separated by sound insulation.
- 7. In all Type A units, a **60"** minimum turning radius is required into and throughout all usable areas of the kitchen, in accessible bathroom, in laundry rooms, and in closets that exceed **48"** in depth. In Type A & Type units, clear floor space must meet the requirements of ANSI A117.1 (Section 305) for all of the fixtures.
- 8. Seal all penetrations through walls and ceiling with appropriate and like sealants to prevent moisture and air leakage.
- 9. The following areas must contain moisture resistant drywall: ceilings and walls of bathrooms, laundry

rooms, mechanical closets, exterior storage closets, and behind kitchen sink base

10. Interior doors must have a minimum of three (3) hinges.
11. Interior hallways must have a minimum width of **40" AFF**.
12. In all types of Type A and Fully Accessible units as well as in the **common areas of all buildings**, any protrusion of **4"** or more that is located between **27" and 80"** of height must have permanently mounted edge detection extending below **27"**. To minimize protrusion, it is recommended that fire extinguishers and water fountains be recessed into the wall. For cluster mailbox units, they may be recessed or mounted so that the bottom edge is detectable below **27"**.

#### E. **Bedrooms**

1. Bedrooms should be sized such that they provide at least **100 SQFT**, excluding closets. 130 SQFT, excluding closets, is the preferred minimum for primary bedrooms. 110 SQFT, excluding closets, is the preferred minimum for secondary bedrooms.
2. Every bedroom must have a closet with a shelf, closet rod and door or curtain. The average size of all bedroom closets in each unit type must be at least **48" wide**.

It is recommended for closet shelves and closet rod holders to be installed in such a way as to allow closets to be lowered to an accessible reach height (below 48") to accommodate varying physical needs of residents.

3. All bedroom closets, interior storage rooms, coat closets, and laundry rooms/closets must have a 4" tall by 8" wide minimum pass-thru grille above doors for air circulation in those areas that do not get conditioned. Closets or rooms deeper than 48" must be served by heating and cooling systems with its own supply diffuser. Accessible closets and pantries deeper than 48" must have a full accessible turn radius.
4. Non-congregate shelter projects must provide each individual or family with an acceptable, individual room to sleep which includes adequate space and security for themselves and their belongings.

#### F. **Bathrooms**

1. Units with 1 bathroom must utilize a shower, not a bathtub unless the project is intended to serve families with children. Units with 2 or more bathrooms must utilize a shower in at least 1 bathroom. Low step/no step showers are the preferred aging in place/universal design option.
2. For accessible units, offset controls are required for transfer showers and tubs. Roll-in showers will have controls located near the hand shower by the wall-mounted bench. Consult **ANSI A117.1** (Section 608) for specifications about grab bars, wheel clearance, and control locations. Any permanently mounted seat for accessible showers must have 12" of clear space behind on the side of the shower bench.
3. All tubs and showers must have slip resistant floors.
4. Whirlpool baths or spas are prohibited.
5. For ceramic tile applications on walls, tile should be applied over cement backer board rather than directly to drywall.
6. All bathroom ceilings and walls must utilize mold and water-resistant wall board.
7. All bathrooms must have a medicine cabinet mounted at an accessible height.

8. All bathrooms must include an exhaust fan rated at 70 CFM (minimum) vented to the exterior of the building using hard ductwork along the shortest run possible.
9. Bathrooms shall have continuous blocking in walls using a minimum of 2x6 with the bottom located 31 inches above the floor around both toilet and shower to allow for future grab-bar installation. Regardless of whether shower/tub surrounds are reinforced, blocking is required in the walls. All accessible bathrooms must have continuous blocking installed.
10. All domestic water line shut off valves must have metal handles, not plastic.
11. Non-congregate shelter projects must have in-unit sanitary facilities that are in proper operating condition and are adequate for personal cleanliness and the disposal of human waste.

**G. Kitchens**

1. New cabinets must include dual side tracks on drawers. Door fronts, styles, and drawer fronts must be made with solid wood or wood/plastic veneer products. Particle board or hardboard doors, stiles, and drawer fronts are prohibited. D-Style, Loop, or Touch controls should be used instead of knob pulls.
2. A pantry cabinet or closet in or near each kitchen must be provided (does not include SRO, studio or efficiency units). Pantry cabinet or closet must be **24"** minimum width. Accessible closets and pantries deeper than 48" must have a full accessible turn radius.
3. All residential units must have either an automatic fire suppression canister mounted in each range hood or a dry chemical fire extinguisher mounted and readily visible and accessible in every kitchen, including a kitchen in any community building, or heat limiting devices permanently installed on ranges that limit burners from reaching temperatures high enough to ignite grease, cloth, or plastic.
4. Anti-tip devices must be installed on all kitchen ranges and be securely fastened.

**H. Laundry Facilities (if provided in individual units)**

1. Washer/Dryer closets must be **36"** minimum depth measured from back wall to back of closet doors.
2. Clothes dryer vent connection must be **2"** maximum above finished floor.
3. All laundry room or washer/dryer closet ceilings and walls must utilize mold- and water-resistant wall board.
4. Accessible units must have a **30" x 48"** clear space in front of washers and dryers. Accessible washers and dryers typically require front-loading machines. Equipment for accessible units must meet accessible reach requirements (front controls, etc.).

**I. Plumbing Provisions**

1. All water heater tanks must be placed in an overflow pan piped to the exterior of the building, regardless of location and floor level. The temperature and relief valve must also be piped to the exterior.
2. Water heaters must be placed in closets to allow for their removal and inspection by or through the closet door, may not be installed over the clothes washer or dryer space. Water heaters required to be elevated above the finished floor must have a water heater stand or wood platform designed for that installations. Water heaters may not be installed in exterior storage closets or in unconditioned spaces.
3. All domestic water line cut off valves must have metal, not plastic, handles.
4. All bathroom faucets, shower heads and toilets must be EPA "Watersense" labeled.
5. Domestic water lines are not allowed in unconditioned attics.
6. Provide lever faucet controls for the kitchen and bathroom sinks.
7. All tub/shower control knobs must be single lever handled. When possible, controls should be offset

towards the entry side of the tub/shower for all tubs and showers. Controls must be offset for accessible tubs.

J. **Electrical Provisions**

1. Exterior lighting is required at **each** unit exterior entry door.
2. Additional exterior light fixtures not specific to a unit will be wired to a “house” panel. The fixtures will be activated by a photo cell placed on the east or north side of the buildings. This shall include all exterior stairways.
3. Switches and thermostats must not be located more than **48”** above finished floor height.
4. Receptacles, telephone jacks, and cable jacks must not be located less than **15”** above finished floor height.
5. Any walk-in closets must have a switched overhead light. A walk-in closet is defined as any closet deeper than **36”** from the back wall to the back of the closet door in the closed position.
6. Initially installed light bulbs in all fixtures in residential units and common areas must be compact fluorescent, LED, or pin-based lighting.

K. **Heating, Ventilating and Air Conditioning Provisions; Building Envelope and Insulation**

1. The SHD Energy Efficiency Standards, included in these guidelines as Appendix D, must be followed.
2. Fresh air returns must be a minimum of 12 inches above the floor.
3. Range hoods and micro-hoods must be vented to the exterior of the building with galvanized sheet metal using the shortest possible run.
4. Exterior exhaust vents must be mechanically secured to siding and/or brick veneers.
5. Venting for exhaust fans may not terminate in roof soffits.
6. Total dryer vent run may not exceed 35 feet, including deductions for elbows.
7. Dryer exhaust ducts may not be vented through the roof.

L. **Radon Ventilation**

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

A list of county zones is available at:

[https://www.epa.gov/sites/production/files/2014-08/documents/north\\_carolina.pdf](https://www.epa.gov/sites/production/files/2014-08/documents/north_carolina.pdf)

These systems must have the following components and be approved by the SHD Construction Inspector:

1. Gas permeable layer of aggregate.
2. Plastic sheeting/soil gas retarder.
3. PVC Pipe Vent.

M. **Outside Postal Facilities and Cluster Mailbox Units, if provided**

1. Postal facilities and cluster mailbox units must be located adjacent to available parking and sited such that tenants will not obstruct traffic while collecting mail.
2. Outside postal facilities and cluster mailbox units must have a roof covering which offers residents ample protection from the rain while gathering mail.

3. Postal facilities and cluster mailbox units must include adequate lighting on from dusk to dawn.
4. Configuration of the mail boxes must meet the **2012 NC Accessibility Code**. In front of the cluster mailbox, there must be a weather-protected, traffic-free clear space of at least 30" x 48" with no slope or cross-slope exceeding 2%.
5. Indoor or enclosed mail collection areas must have a 60" minimum turning radius.
6. Sufficient mailboxes, at least one for each unit, must be within accessible reach and height for each Type A unit with controls and access between 15" and 48". At least one mailbox must be within reach range of 15" to 54" for each Type B unit. Accessible mailboxes may not be installed higher than 48" above finished floor and must be centered with a 48-inch clear floor space for a parallel approach.

N. **Common Laundry Room** (if provided)

1. The property must provide washers and dryers for residents, either in each residential unit or in an on-site laundry facility. If a laundry facility is provided, there must be a minimum of 1 washer and 1 dryer per 12 residential units.
2. Per laundry facility, a minimum of 1 washer and 1 dryer must be ADA compliant. Typically, this will require front-loading washer and dryers. All controls (typically front controls) and the space within the washer and dryer must be within an accessible reach range. A 30" x 48" clear floor space must be present centered in front of the designated accessible washers and dryers allowing a parallel approach to both any accessible equipment.
3. The entrance must have a minimum roof covering of **20 SQFT**.
4. A table or countertop on which to fold clothes must be installed. The working surface must be **28" to 34"** above the floor, and must have a **27"** high clear knee space below. The working surface must be a minimum **48" long**, and have a **30" X 48"** clear floor space around it. This table or countertop must meet Accessibility standards.
5. The primary entrance door to the laundry must be of solid construction and include a full height tempered glass panel to allow residents a view of the outside/inside.
6. The laundry room must be positioned on the site to allow for a high level of visibility from residential units or the community building/office.
7. The laundry room must have adequate entrance lighting that is on from dusk to dawn.
8. The laundry facility must be adjacent to the community building or office (if provided) to allow easy access and provide the proper number of Accessible parking spaces. Access to the facility must be along an accessible path either from parking or residential units.

O. **Community / Office Spaces** (If Provided)

1. A community office / meeting space for tenants and service providers must be included on any project of 16 or more units.
2. Any office must be at least **200 SQFT** (inclusive of an Accessible toilet facility) and any maintenance room must be at least **100 SQFT**.
3. Any office must be situated as to allow the site manager a prominent view of the residential units, playground, entrances/exits, and vehicular traffic.
4. A frost-proof exterior faucet must be installed on an exterior wall in a convenient location.

P. **Playground Areas** (If Provided)

1. Wherever possible tot lots and playgrounds should be located away from areas of frequent automobile traffic and situated so that the play area is visible from the office and from the maximum number of residential units.
2. A bench must be provided at any playground(s) to allow a child's supervisor to sit. The bench must be anchored permanently, weather resistant and have a back. An accessible path must be available to any benches or seating areas.
3. Playgrounds must meet Accessibility standards. Walking surface must be an approved material for accessible access. An accessible clear area must be located around equipment with at least one piece of equipment available for interaction. Ramps, if required for access to playground area, must allow for accessible entry (slope, width, handrails depending on height). Playgrounds and other amenities must be on the accessible path. Playground surface materials guidelines and standards include:
  - a. ASTM F1951 (Specification for Determination of Accessibility of Surface Systems)
  - b. ASTM F1292 (Specification for Impact Determination)
  - c. ASTM F1487 (Standard Consumer Safety Performance Specification)
  - d. ASTM F2020 (Standard Specification for Engineered Wood Fiber)
  - e. ASTM F2479 (Specification Guide for Products and Installation of Poured-In-Place Surfaces)

Q. **Exercise Rooms** (If Provided)

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

R. **Universal Design, Visitability, & Aging in Place**

All units funded with SHD should include universal design features in every unit, regardless of accessibility designation. While some layouts and scopes of work may limit incorporation of universal design features, units should support aging in place and the visitability by non-tenants who may need to navigate the space. Universal design features should be included for new construction and to the degree that rehabilitation work allows. For rehab, items that are replaced or built new should prioritize universal design features.

1. Home entry door, bedroom entry and bathroom entry must be a minimum of **32"** clear. A visitable route from an exterior entrance through interior hallways must provide access to these interior entries, and this route must be a minimum of 36 inches clear throughout.
2. Bathrooms shall have continuous blocking in walls using a minimum of 2x6 with the bottom located **31"** above the floor around both toilet and shower to allow for future grab-bar installation.
3. When possible, unit door handles shall use lever style knobs.
4. When possible, cabinet doors and drawers shall use D-style or loop pulls, or have touch open.
5. Where the site and layout allow, incorporate at least one stepless entry.
6. Light switches, electrical outlets, thermostats, fuse boxes/breaker panels, and other controls should be at universal height: between a maximum of **48"** measured to the top (not the centerline) of the device and a minimum of **15"**.



- S. **Broadband** – All new construction projects and any rehabilitation project where installation is made accessible based on the broader scope of work (access gained due to the other work being performed) must wire every unit, including at least the living room and one bedroom for access to broadband internet. If broadband infrastructure connections are available and it is cost-feasible to connect the project to broadband internet, the project must be connected to the broadband infrastructure. Any exceptions to the connection requirement must be documented showing the current location of broadband infrastructure and be approved by NCHFA in writing. Each new or applicable rehab unit must meet the wiring requirement even if the public infrastructure is not yet available to the project site.

Projects with group bedrooms or non-congregate shelter projects must meet this requirement, but may do so by wiring on-site offices and public spaces for broadband internet.

## V. ADDITIONAL PROVISIONS

### **FOR REHABILITATION PROJECTS**

If the SHD Design Standards for rehabilitation projects conflict with the HOME Rehabilitation Standards in Appendix M, projects must adhere with the HOME Rehabilitation Standards.

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

At a minimum any work done must bring the property condition to meet the Department of Housing and Urban Development's Housing Quality Standards (HQS). HUD publishes and updates the HQS inspection form on its website here: <https://www.hud.gov/sites/documents/52580-A.PDF>. In order for a project to be eligible for SHD funding, at a very minimum the scope of work developed through the physical needs assessment must identify, evaluate, and adequately address issues related to occupancy (egress, imminent threats to safety, trip/shock hazards, air quality, vermin/pests, etc.), structure (failing components, etc.), useful life of building systems (replace or repair when necessary), function (building features that are present must work appropriately and as an occupant would expect). As a general rule of thumb, building systems that would reasonably appear to require replacement or significant repair to function another 5 years should be addressed as part of the approved scope of work.

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

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

Where required by building code, permits must be pulled and inspected by local code officials. **All work must be performed in a manner consistent with state and local building codes.** Documentation of permitted work, code

approvals/waivers, and certifications for environmental contractors must be maintained by the project manager and made available for inspection by NCHFA staff.

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

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

Additionally, the following requirements apply to **rehabilitation or adaptive reuse** of existing units.

1. A hazardous material report must be submitted, and must include information on asbestos-containing materials, lead based paint, Polychlorinated Biphenyls (PCBs), underground storage tanks, petroleum bulk storage tanks, Chlorofluorocarbons (CFCs), and other hazardous materials. A plan and projected costs for removal of hazardous materials must also be included.
2. A current termite inspection report must be provided.
3. For **properties built prior to 1978, a lead-based risk assessment** must be conducted as part of the evaluation. Where applicable certified lead-based paint abatement contractors shall be utilized for abatement activities. Contractors engaged in renovation work and stabilization of trim, doors, wall and exterior finishes shall at a minimum be Renovation, Repair, and Painting certified. A list of certified contractors can be found at: <https://schs.dph.ncdhhs.gov/lead/accredited.cfm>

A. **FOR ADAPTIVE RE-USE OF EXISTING STRUCTURES**

1. **Mechanical Systems:** All mechanical systems (including HVAC, plumbing, electrical, fire suppression, security system, etc.) must be completely **enclosed and concealed**. This may be achieved by utilizing existing spaces in walls, floors, and ceilings, constructing mechanical chases or soffits, dropping ceilings in portions of units, or other means. Where structural or other significant limitations make complete enclosure and concealment impossible, the applicant must secure approval from NCHFA prior to installation of affected systems.
2. **Windows:** If original window sashes, frames, and trim are retained, they must be repaired and otherwise upgraded to ensure that all gaps and spaces are sealed so as to be weather tight. All damaged or broken window panes must be replaced. Where original window sashes cannot be retained, replacement sashes must be installed into existing frames. In all cases, windows must be finished with a complete coating of paint.
3. **Floors:** Where possible, wood flooring should be restored to original condition. Where repairs are necessary, flooring salvaged from other areas of the building must be utilized as fill material. If salvaged wood is not available, flooring of similar dimension and species must be used. All repairs must be made by feathering in replacement flooring so as to make the repair as discreet as possible. Cutting out and replacing square sections of flooring is prohibited. Where original flooring has gaps in excess of 1/4 inch, the gaps must be filled with an appropriate filler material prior to the application of final finish.

**Hazardous Materials:** Submit a hazardous material report that provides the results of testing for asbestos-containing materials, lead-based paint, Polychlorinated Biphenyls (PCBs), underground storage tanks, petroleum bulk storage tanks, Chlorofluorocarbons (CFCs), and other hazardous materials. A plan and projected costs for

removal of hazardous materials must also be included. If lead-based paint cannot be entirely removed, it must be stabilized and enclosed.

## **VI. ACCESSIBILITY REQUIREMENTS**

All newly constructed buildings or substantial rehabilitation shall meet the requirements of the Federal Fair Housing Amendments Act of 1988, the Americans with Disabilities Act, the most recent North Carolina State Accessibility Code and the following SHD Design Standards. These SHD standards are drawn from the **2012 NC Accessibility Code and ANSI A117.1** and are included here for emphasis as important items which are often overlooked or which cause confusion.

The decision of whether to follow the Fully Accessible or the Type A requirements depends on the Occupancy Type (e.g. R-1, R-2) designation. Applicants and their architects should consult their county codes enforcement department and any licensure organizations which may require a certain level of accessibility.

Any accessible unit not built to meet Fully Accessible or Type A requirements shall be built to meet Type B. SHD requires that at least one unit of each type in the project be accessible. For projects over 5 units total, at least 5% of units must be mobility accessible and at least 2% must be accessible for persons with visual or hearing disabilities. More information is referenced here about HUD requirement (if applicable) and Fair Housing Requirements: [https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp/physical\\_accessibility](https://www.hud.gov/program_offices/fair_housing_equal_opp/physical_accessibility).

### **A. Common and Living Areas throughout the Building**

1. All common areas such as patios, decks, balconies, carports, terraces and garages must be accessible.
2. Light switches, electrical outlets, thermostats, fuse boxes, and other controls shall be at an accessible height: a maximum of **48"** measured to the **top** (not the centerline) of the device and a minimum of **15"** Above the Finished Floor (AFF) measured to the bottom (not the centerline) of the device. Controls to devices, including touchscreens and motion sensors, must be below **48"** if required for operation.
3. Throughout all common use areas there must be an accessible path of travel a minimum of **36"** wide, with a **40"** wide accessible path in food prep areas.
4. All doors in common use areas must have a minimum **36"** nominal width and a minimum **18"** clear floor space on the pull-side of the door.
5. Doors to Fully Accessible and Type A bedrooms must have a minimum **32"** clear opening when the door is fully open and a **36"** approach. Doors to Type B bedrooms must have a minimum **31¾"** clear opening.
6. The maximum threshold height at any entry door is **½"**, with the exception of **¾"** at a sliding door.
7. Kitchen and bathroom sinks must have lever faucet controls.
8. Receptacles, telephone jacks and cable jacks must not be located less than **15" above** finished floor height as measured to the bottom (not the centerline) of the device.
9. Fully Accessible and Type A units must be designed such that when typically furnished there will still be proper clearances, clear spaces, and maneuvering spaces.

### **B. Kitchens**

At least one kitchen must be Fully Accessible or Type A as appropriate with these features:

1. Faucets must have lever handles.
2. Stove must have Front controls.
3. Minimum **60"** turning radius or equivalent T-turning space in kitchen. (NCHFA recommends the building be designed with a **62"** turning radius to allow for a margin of error during construction.)

4. All range hood functions must have a remote switch at an accessible location.
5. Drawers and cabinet doors must have loop or "D" shape handles or touch controls.
6. Dishwasher must not have rotary controls.
7. Counter top height must not exceed **34"** Above the Finished Floor (AFF). A roll-under work station must be installed, preferably beside the range, with a minimum **30"** width.
8. A wall cabinet is recommended to be mounted over the work station at **48"** maximum above finished floor to the top of the bottom shelf.
9. Kitchen sinks must be at **34"** maximum AFF, be rear-draining, and have sink bottoms insulated or covered with apron if bottom of sink is at or below **29"** AFF.
10. Part of pantry the shelving mounted must be at a maximum of **48"** AFF.
11. The refrigerator must be ADA compliant. Typically, these approved models are side-by-side or small top-freezer types. Doors must open beyond **90** degrees to allow bin removal. All sections of the freezer must be within the accessible reach limits of **48"** maximum height and **15"** minimum height.
12. Kitchen design should include an electrical outlet over any counter more than **12"** in width. A GFCI reset outlet cannot be placed more than **24"** from any countertop edge or within **36"** from any countertop corner. A GFCI reset outlet cannot be placed behind appliances like refrigerators or stoves, or mounted inside cabinets.

C. **Laundry space, if provided**

1. There must be at least one front-loading washer and one front-loading dryer with push controls. If three or more washers and/or dryers are provided, a minimum of two each must meet this requirement.
2. A clear space of minimum **30"** by **48"** must be provided at each appliance.
3. Doors shall be minimum **36"** nominal width.
4. A clear space of **18"** minimum must be provided at the pull side of the latch.
5. If laundry space is provided in each Fully Accessible or Type A unit, it must meet accessibility requirements with the washer and dryer installed.

D. **Bedrooms**

At least one bedroom must be Fully Accessible or Type A with the following features.

In addition to resident bedrooms, if the property has resident staff, at least 1 staff bedroom and one staff bathroom must be Fully Accessible or Type A as appropriate:

1. Any walk-in closet must have a clear path, in and out, of a minimum **36"** width after clothes are hung on all hanger rods.
2. Closets must have a majority of shelving and hanger rods at a maximum of **48"** AFF.
3. A clear space of **18"** minimum must be provided beside any entry door.
4. Entry doors must be **36"** minimum.
5. Any non-walk-in closet shall have a maximum depth of **24"** and a door opening of **36"**.
6. Entry doors must have lever handles.
7. Sliding closet doors must have loop door handles on sliding closet doors, otherwise lever door handles are required.

8. Any permanently installed telephone must include volume control.
9. Fire alarms must include a visual signal.
10. Pocket doors are discouraged. If installed, they must have loop or D style handles and have the proper clearances with the handles installed.

E. **Bathroom**

At least one bathroom must be Fully Accessible or Type A as appropriate with the following features:

1. **60"** turning radius or equivalent T-turn required. (NCHFA recommends the building be designed with a **62"** turning radius to allow for a margin of error during construction.)
2. Reinforced grab bars installed around toilet and tub per NC Accessibility Code building code and ANSI A117.1.
3. Medicine cabinet bottom shelf at **44"** maximum AFF.
4. The reflective edge (not the frame) of all mirrors must be mounted so that the bottom edge of the reflective surface starts no higher than **40"**.
5. Minimum one towel bar at **48"** maximum.
6. Handicap compliant toilet centered **18"** from finished wall.
7. Loop handles on drawers and cabinet doors.
8. Knee space below sink with insulated pipes per building code.
9. Sink height at **34"** maximum AFF.
10. Faucets must have lever handles.
11. Minimum **18"** clear space beside door on the pull side and **12"** clear space on the push side.
12. Door width minimum **36"** nominal.
13. Any linen closet maximum depth **24"** and a minimum door opening of **24"**.
14. Shower or tub seat with a minimum **16"** depth.
15. Tub or shower controls and hand-held shower complying with the **2012 NC Accessibility Code. Reference ANSI A117.1 for the location of shower controls (Section 608)**. Tub controls must be offset in accordance with ANSI A117.1.
16. In roll-in showers the shower head with wand must be installed on a sliding bar and within code required reach ranges by the seat. An additional diverter must be installed to provide water to a shower head on the short shower wall in front of the seat. Hand-held shower must have non-positive shutoff switch.
17. Tub or shower controls within **27"** reach range of seat.
18. Centerline of toilet flange must be a minimum of **18"** to sidewall or edge of adjacent fixture.
19. Minimum depth **36"** clear space at opening to tub or shower.
20. Countertop space in bathrooms for Fully Accessible and Type A units must be equivalent to that of the bathrooms in Type B units.
21. Any modular tub and shower surrounds shall have grab bar reinforcing built directly into the surround at the proper locations. This shall also include one-piece tubs and showers.

22. Any tub or shower with a built-in seat shall have at least **12"** in the clear space beyond the seat to facilitate transfer from the wheelchair to the seat. This includes both roll-in and transfer showers.
23. If roll-in showers are utilized, a minimum **34"** wide roll-in shower with caulked rubber dam installed. For roll-in showers, the shower head with wand must be installed on a sliding bar. **Reference ANSI A117.1 for the location of shower controls (Section 608).**
24. Approaches to roll-in showers must be level, not sloped.

F. **Exterior**

1. The Accessible parking spaces shall be the closest spaces to an accessible entrance and no more than **200'** from that entrance.
2. Sidewalks directly in front of parking spaces must be sufficiently wide to allow the required **48"** width clearance when cars are parked. Parking lot bumpers may be necessary to prevent cars overhanging sidewalk if sidewalks are close to **48"** wide. Travel space around the ramp area in a sidewalk must be **48"** wide.
3. Common use areas like mailboxes, trash receptacles, playgrounds, picnic tables, gazebos, etc. shall be located on the Accessible Path not leaving the property and must meet any applicable **2012 NC Accessibility Code** requirements. **Particular attention should be paid to the slope and materials used within the clear space surrounding common mailboxes and trash/recycling facilities.**

## VII. MODERATE REHABILITATION

If the SHD Design Standards for rehabilitation projects conflict with the HOME Rehabilitation Standards in Appendix M, projects must adhere with the HOME Rehabilitation Standards.

Moderate rehabilitation projects typically are for buildings that may need minor repairs or the replacement of easily accessed hardware and equipment and generally leave walls and other structural items undisturbed.

Moderate rehabilitation projects must meet all applicable Federal, State, and Local building and accessibility standards. Applicants shall make accessibility modifications and energy efficiency improvements which are feasible and cost effective to units. To the degree that moderate rehab work allows access or already requires the replacement of materials, accessibility, universal design, or energy efficiency should to be included as part of the work. For example, if kitchen cabinets are replaced as part of a moderate rehabilitation, new pulls should be D-Style, Loop, or touch controls. If all door knobs will be replaced, they should be replaced with lever style knobs. If all HVAC systems are replaced, accessible duct work should be sealed with mastic and equipment should meet at least the SHD guideline standards. If the rehabilitation calls for replacement across the project, the new hardware or equipment should meet the new construction standards listed in the guidelines.

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

## VIII. DEFINITIONS

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

At least one accessible route shall connect all spaces and elements that are a part of the unit. Where only one accessible route is provided, it shall not pass through bathrooms and toilet rooms, closets, or similar spaces (\*Exception: An accessible route is not required to unfinished attics and unfinished basements that are part of the

unit.). All rooms served by an accessible route shall provide a turning space complying with ICC/**ANSI A117.1** Section 304.

Accessible routes shall consist of one or more of the following elements: walking surfaces with a slope not steeper than 1:20 (5%), ramps, elevators, and platform lifts and 1:50 (2%) for lateral slope or clear spaces for entries. Walking surfaces shall comply with ICC/**ANSI A117.1** Section 403. Obstructions (water fountains, signs, fire extinguishers) cannot stick into the route more than 4" without permanently-installed edge detection and may not reduce the minimum space required for the route.

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

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

**Heated Square Feet**: The floor area of an apartment unit, measured interior wall to interior wall, not including exterior wall square footage. Interior walls are not to be deducted, and the area occupied by a staircase may only be counted once.

**Moderate Rehabilitation**: Rehabilitation that leaves most or all wall surfaces in place and may or may not replace mechanical systems.

**Net Square Feet**: Total area, including exterior wall square footage, of all conditioned (heated/cooled) space, including hallways and common areas.

**Substantial Rehabilitation**: Rehabilitation that removes wall surfaces to the studs and all major mechanical systems.

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

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

## APPENDIX J

### SHD ENERGY EFFICIENCY STANDARDS

#### **New Construction Projects**

##### **CERTIFICATION:**

At a minimum, all new construction projects must comply at minimum with Advanced Energy Corporation's **SystemVision™ Residential Supportive Housing Standards** (see Appendix E for standards) or to the standards of an Agency approved energy-related building certification program as verified by an independent, third-party expert who assists with project design, verifies construction quality, and tests completed units. Adaptive re-use and rehabilitation projects must comply to the extent that doing so is economically feasible and, if applicable, as allowed by historic preservation rules.

Applicants are encouraged to attain higher levels of energy efficiency, sustainability and indoor air quality as certified by one of the following nationally recognized building certification programs. NCHFA must review and approve the contract between the applicant and verifier before it will issue a final commitment letter for the project and must receive and approve a Certification from the selected energy efficiency program prior to Loan Closing.

Acceptable programs include:

- 3.4.1. SystemVision™ for Supportive Housing by Advanced Energy (see Appendix E for standards),
- 3.4.2. Home Performance with Energy Star by Advanced Energy (for rehab only),
- 3.4.3. EarthCraft by Southface,
- 3.4.4. Enterprise Green Communities,
- 3.4.5. NGBS Green National Green Building Standard Program,
- 3.4.6. EnergyStar 3.0 Certification (or current standard if different),
- 3.4.7. NCECC HERO Standards Program by Duke Energy Progress,
- 3.4.8. LEED by US Green Building Council.

Programs with project selected standards must document every standard the project will attain, must receive approval from NCHFA, and must reference SystemVision™ as a baseline in designing their certification strategy.

If the applicant wishes to participate in a different energy efficiency certification program, the program must be reviewed and approved by the Agency prior to the issuance of a Final Commitment Letter.

**IN ADDITION, PROJECTS USING NON-COMMERCIAL HVAC SYSTEMS SHOULD USE ONE OF THE FOUR OPTIONS BELOW FOR THE HVAC SYSTEM. ALTERNATIVE OPTIONS SHOULD BE EVALUATED BY THE ENERGY CONSULTANT AND APPROVED BY NCHFA.**



Option	A	B	C	D
<b>Equipment</b>	Package Terminal Heat Pump (PTHP)	Air source Variable Refrigerant Flow (VRF) Heat Pump with built-in humidity control	Air source Heat Pump (conventional) with variable speed air handler and thermostad	Air source Heat Pump (conventional) with ENERGY STAR dehumidifier with humidistat
<b>Controls</b>	Digital non programmable thermostat. Must include outdoor thermostat to restrict electric resistance heating when outdoor air temperatures are above 40° F.	User-friendly, wall-mounted thermostad, e.g. Mitsubishi hardwired MHK1 control.	Thermostad, e.g. Carrier TP-PRH Edge. Must also include outdoor thermostat to restrict electric resistance heating when outdoor air temperatures are above 40° F.	Digital non-programmable thermostat. Must also include outdoor thermostat to restrict electric resistance heating when outdoor air temperatures are above 40° F. Dehumidifier should include built-in humidistat set at 50%.
<b>Manufacturer Examples</b>	<i>First Company, Magic Pak</i>	<i>Mitsubishi, Daikin</i>	<i>Carrier, Tempstar, Goodman</i>	<i>Carrier, Tempstar, Goodman</i>
<b>Recommended Square Footage</b>	450 sq feet up to 1200 sq feet of conditioned space (Note: final sizing must be based on load calculations)	300 sq feet and up of conditioned space (Note: final sizing must be based on load calculations)	750 sq feet and up of conditioned space (Note: final sizing must be based on load calculations)	750 sq feet and up of conditioned space (Note: final sizing must be based on load calculations)
<b>Design Adjustments</b>	Need space on exterior wall for mechanical closet to allow installation of exterior louver/grill.	For ducted or cassette version: dropped ceiling. For wall-hung version: space if mounted above windows. To avoid need for radiation dampers: soffits/furrdowns.	Need to size mechanical closet to accommodate air handler and ducted return.	Need to locate & size mechanical closet to accommodate dehumidifier & its drain.

Option (Continued)	A	B	C	D
<b>Suggested methods to supply units with outside air for required ventilation</b>	Use outside air dampers that are a part of the combination unit.	<p>a. Use ducted outside air system with high/low outside air temperature controls and air cyclers/mixed air controls. (Example: <i>Aprilaire</i> outside air system model #8126)</p> <p>B. Use intermittent bath exhaust fan controlled by a combination timer/light switch. Set to required CFM to meet ventilation requirements.</p>	<p>a. Use ducted outside air system with high/low outside air temperature controls and air cyclers/mixed air controls. (Example: <i>Aprilaire</i> outside air system model #8126)</p> <p>B. Use intermittent bath exhaust fan controlled by a combination timer/light switch. Set to required CFM to meet ventilation requirements.</p>	<p>a. Use ducted outside air system with high/low outside air temperature controls and air cyclers/mixed air controls. (Example: <i>Aprilaire</i> outside air system model #8126)</p> <p>B. Use intermittent bath exhaust fan controlled by a combination timer/light switch. Set to required CFM to meet ventilation requirements.</p>
<b>Pros</b>	The smaller capacity of these units is appropriate for smaller apartments. The location of the condenser within the unit is a benefit in projects where units cannot be ground- or roof- mounted. The systems may be installed with built-in adjustable fresh air dampers. Simple controls.	Wide range of capacities are available. Wide range of installation types are available (ducted, wall-hung and cassette versions). Highly efficient (from SEER 14.5 to 22). These condensing units are smaller than those in conventional systems. Multiple indoor units can be tied to one outdoor unit. Ability to set humidity and temperature set points independently.	Not available with SEER lower than 13. Ability to set humidity and temperature set points independently.	Not available with SEER lower than 13. Simple controls. Ability to set humidity and temperature set points independently.

<b>Option (Continued)</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Cons</b>	Low efficiencies (EER ratings from 9.0-10.0). Mechanical closets must be sealed to eliminate air leakage. A second condensate drain is required. Exterior louvers may not be aesthetically pleasing. Limited static for air flow performance.	Price. Thermostats still being developed to be more user friendly. Low static.	Larger air handler closet required as compared to traditional system. Need careful thermostat selection (ideally temperature and humidity controls are user friendly).	Dehumidifier may require extra space for installation, require extra maintenance, and produce extra noise.
<b>Estimated Costs</b>	\$5,400 per system and up with efficiency of 9.0 EER and 3.0 COP	\$7,800 per system and up with efficiency of 15-22 SEER	\$5,800 per system and up with efficiency of 13 SEER and 7.7 HSPF	\$5,800 per system and up with efficiency of 13 SEER and 7.7 HSPF

## **Rehabilitation Projects**

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

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

All Appliances	Energy Star
Windows	Insulated, double pane, U-factor of 0.35 or below and a SHGC of 0.30
Shingles	Algae resistant (AR) with a minimum 30-year warranty
Faucets, Shower heads and Toilets	EPA "Watersense" labeled
Light Fixtures	Initially installed light bulbs in all fixtures must be fluorescent, LED, or pin-based lighting
Cooling	AC w/furnace: SEER 13 Heat Pump: 15 SEER/8.8 HPSF
Heat	Gas: 90% Efficiency or Greater, Heat Pump: 15 SEER/8.8 HPSF
Insulation	Meet IBC 2012 if framing allows
Insulation – Attic	Meet IBC 2012 if framing allows
Insulation - Floor	Meet IBC 2012 if framing allows
Electric Tank Hot Water Heater	UEF Value of at least 0.93

**TABLE R402.1.1  
INSULATION AND FENESTRATION REQUIREMENTS BY COMPONENT<sup>a</sup>**

CLIMATE ZONE	FENESTRATION U-FACTOR <sup>b</sup>	SKYLIGHT <sup>b</sup> U-FACTOR	GLAZED FENESTRATION SHGC <sup>b,*</sup>	CEILING R-VALUE	WOOD FRAME WALL R-VALUE	MASS WALL R-VALUE <sup>c</sup>	FLOOR R-VALUE	BASEMENT <sup>c</sup> WALL R-VALUE	SLAB <sup>d</sup> R-VALUE & DEPTH	CRAWL SPACE <sup>e</sup> WALL R-VALUE
1	NR	0.75	0.25	30	13	3/4	13	0	0	0
2	0.40	0.65	0.25	38	13	4/6	13	0	0	0
3	0.35	0.55	0.25	38	20 or 13+5 <sup>f</sup>	8/13	19	5/13 <sup>f</sup>	0	5/13
4 except Marine	0.35	0.55	0.40	49	20 or 13+5 <sup>f</sup>	8/13	19	10/13	10, 2 ft	10/13
5 and Marine 4	0.32	0.55	NR	49	20 or 13+5 <sup>f</sup>	13/17	30 <sup>f</sup>	15/19	10, 2 ft	15/19
6	0.32	0.55	NR	49	20+5 or 13+10 <sup>f</sup>	15/20	30 <sup>f</sup>	15/19	10, 4 ft	15/19
7 and 8	>0.32	0.55	NR	49	20+5 or 13+10 <sup>f</sup>	19/21	38 <sup>f</sup>	15/19	10, 4 ft	15/19

For SI: 1 foot = 304.8 mm.

a. R-values are minimums. U-factors and SHGC are maximums. When insulation is installed in a cavity which is less than the label or design thickness of the insulation, the installed R-value of the insulation shall not be less than the R-value specified in the table.

b. The fenestration U-factor column excludes skylights. The SHGC column applies to all glazed fenestration. Exception: Skylights may be excluded from glazed fenestration SHGC requirements in Climate Zones 1 through 3 where the SHGC for such skylights does not exceed 0.30.

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## 1. General

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

## 2. Attic- Ceiling & Knee Walls

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

- 2.1. There shall be a continuous, durable air barrier enclosing the conditioned space. This includes features such as chases, knee walls, soffits, garage interfaces, intersecting walls and dropped ceilings.
- 2.2. Air sealing shall be required at the attic plane - Any visible hole or crack leading from the attic into the building or building cavities shall be sealed (e.g., plumbing penetrations, electrical penetrations, chases, dropped soffits, chimney penetrations, top plate-to-drywall connections, bonus room floors, balloon framing).
- 2.3. Insulation shall be installed at walls and ceilings to manufacturer specifications with no gaps, voids, compression or wind intrusion.
- 2.4. Insulation and the air barrier shall be installed in physical contact with each other.
- 2.5. Accessible attics shall be insulated to R-38 or greater.
- 2.6. Knee walls shall be insulated and backed with support material.
- 2.7. Attic accesses will be insulated to a minimum of R-30. This will require an insulated box be constructed for attic pull-down stairs.

## 3. Exterior Walls - Including Windows & Doors

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

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

## 4. Foundation- Crawl Space and Basement

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

- 4.1. There shall be a continuous, durable air barrier enclosing the conditioned space.
- 4.2. Air sealing shall be required at the subfloor - All penetrations between conditioned and unconditioned space shall be sealed.

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

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

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

- 5.1. All accessible duct connections shall be sealed with a UL-listed bucket mastic product.
- 5.2. All uninsulated ductwork outside the conditioned envelope shall be insulated to R-8.
- 5.3. Replacement heating and cooling systems shall be rated at or above the following efficiencies:

Furnace	90%
AC (w/furnace)	15 SEER
Heat Pumps	15 EER/8.8 HSP

**6. Lighting and Appliances**

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

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

**7. Combustion Safety**

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

## **New Construction Projects**

### **CERTIFICATION:**

At a minimum, all new construction projects must comply at minimum with Advanced Energy Corporation's **SystemVision™ Standards** for Supportive Housing residential projects **or** to the standards of an Agency approved energy-related building certification program as verified by an independent, third-party expert who assists with project design, verifies construction quality, and tests completed units. Adaptive re-use and rehabilitation projects must comply to the extent that doing so is economically feasible and, if applicable, as allowed by historic preservation rules.

Applicants are encouraged to attain higher levels of energy efficiency, sustainability and indoor air quality as certified by one of the following nationally recognized building certification programs. NCHFA must review and approve the contract between the applicant and verifier before it will issue a final commitment letter for the project and must receive and approve a Certification from the selected energy efficiency program prior to Loan Closing.

Acceptable programs include:

- 3.4.9. SystemVision™ for Supportive Housing by Advanced Energy,
- 3.4.10. Home Performance with Energy Star by Advanced Energy (for rehab only),
- 3.4.11. EarthCraft by Southface,
- 3.4.12. Enterprise Green Communities,
- 3.4.13. EcoHome by Southern Energy Management,
- 3.4.14. NGBS National Green Building Standard Program,
- 3.4.15. Higher levels of EnergyStar Certification,
- 3.4.16. HERO Program by Duke Energy Progress,
- 3.4.17. LEED by US Green Building Council.

If the applicant wishes to participate in a different energy efficiency certification program, the program must be reviewed and approved by the Agency prior to the issuance of a Final Commitment Letter.

**IN ADDITION, PROJECTS USING NON-COMMERCIAL HVAC SYSTEMS MUST USE ONE OF THE FOUR OPTIONS BELOW FOR THE HVAC SYSTEM.**

## APPENDIX K

### SystemVision Residential Supportive Housing Standards

Updated 9/1/2022

1. General Requirements
  - 1.1. Building plans must be submitted to Advanced Energy that incorporate all standards into the drawings, details and/or notes. The plans will be reviewed by Advanced Energy for incorporation of standards and project team will be asked to update plans if any items are unclear or missing.
  - 1.2. The general contractor, HVAC contractor and insulation contractor must attend a pre-construction meeting prior to work beginning on project.
2. Air Tightness
  - 2.1. There shall be a continuous, rigid and durable air barrier enclosing the conditioned space. The building plans, and building, shall demonstrate a continuous, unbroken air barrier separating the conditioned space of the building from unconditioned spaces.
  - 2.2. The air barrier will be denoted and labeled as the “air barrier” in the plans on all sections, floor-plans, and appropriate details.
  - 2.3. Living units shall be sealed to reduce air exchange between the apartment and outside as well as the apartment and other adjacent spaces. Unit and/or Building air leakage shall be less than or equal to .30 CFM50 per square foot of conditioned envelope area.
3. Ventilation and Moisture Management
  - 3.1. There must be a whole-house mechanical fresh air ventilation system in compliance with the current effective version of ASHRAE 62.2 for each living unit. Compliant system types include:
    - Supply duct tied into return box or plenum of HVAC system (must contain damper and filter; filter must be easily accessible for service); or
    - Exhaust fan and timing device, wired to run intermittently; or
    - Balanced ventilation (e.g., Energy Recovery Ventilator).
  - 3.2. All common and non-residential space must have a mechanical fresh air ventilation system in compliance with the current effective version of ASHRAE 62.1.
  - 3.3. All bathrooms shall have a fan ducted to the outside which, as installed, exhausts at least 50 CFM intermittently (requires a minimum fan rating of 70 CFM).
  - 3.4. All kitchens shall have a fan ducted to the outside which, as installed, exhausts at least 100 CFM (requires a minimum fan rating of 120 CFM).
  - 3.5. All ventilation ducts in unconditioned spaces, excluding kitchen exhaust ducts, shall be insulated.





- 3.6. Crawl Spaces: Shall be closed and have the following components:
- 3.6.1. A sump pump or drain to daylight with a backflow preventer shall be located at the lowest point of the crawl space.
  - 3.6.2. All air leakage paths from conditioned space to the crawl space, and from the crawl space to outside shall be air sealed.
  - 3.6.3. Vapor/Moisture Barrier
    - 3.6.3.1. Walls: vapor/moisture barrier shall be sealed, mechanically fastened, and run up walls to within 3" of mudsill.
    - 3.6.3.2. Floors- vapor/moisture barrier shall be sealed at all seams, penetrations and to wall vapor/moisture barrier.
  - 3.6.4. Drying Mechanism
    - 3.6.4.1. A stand-alone dehumidifier or supply register with backflow preventer that provides 1 CFM/30SF of floor area.
    - 3.6.4.2. Crawl spaces during construction shall have the following:
      - A vapor/moisture barrier covering the ground.
      - If crawl space vents are used, they will be sealed when construction is complete.
      - If crawl space vents are not used, a drying strategy may be needed during construction.
- 3.7. Slabs: A ground vapor/moisture barrier with a rating of no more than 0.1 perm shall be installed under the slab and have 100% coverage with overlapped seams.
- 3.8. Drainage: Finished grade shall be sloped away from foundation walls or slab. Surface drainage shall be diverted to a storm sewer conveyance or other approved point of collection that does not create a hazard. Lots shall be graded to drain surface water away from foundation walls. The grade shall fall a minimum of 6 inches (152 mm) within the first 10 feet (3048 mm) from the foundation walls. For exceptions, see the NC Residential Building Code Section R401.3.
- 3.9. All buildings must have gutters that empty into lateral piping that discharges water more than 5ft from foundation or utilize an underground catchment system that does not tie into the foundation drain system that deposits water more than 10ft from foundation.

#### 4. Insulation

- 4.1. Insulation shall be installed to the Insulation Institute's or manufacturer's specifications, with no gaps, voids, compression or wind intrusion. Insulation and the continuous air barrier shall be installed in physical contact with each other.



- 4.2. Insulation and the air barrier shall be installed in complete and continuous physical contact with each other. Note that attic insulation may not be “tented” over sprinklers and another acceptable means of freeze protection in accordance with the applicable NFPA 13 is required.
- 4.3. All insulation values at a minimum must meet the 2012 International Energy Conservation Code. Performance or prescriptive path is acceptable.
5. Heating, Air Conditioning, and Ventilation
  - 5.1. For Non-Commercial HVAC Systems: Residential Equipment Minimum Performance Values:
    - Furnaces: at least 90% efficient
    - AC: at least 15 SEER
    - Heat Pumps: at least 15 SEER and 8.8 HSPF
  - 5.2. Heat pumps shall have an outdoor thermostat installed to prevent supplementary heater operation when the heat pump is capable of meeting the load. The lockout shall be set no lower than 35F and no higher than 40F.
  - 5.3. All duct connections shall be sealed with a UL listed “bucket” mastic product.
  - 5.4. Total duct leakage, measured in cubic feet per minute at 25 pascals, shall not exceed the greater of EITHER 3% of the conditioned square footage OR 25 CFM. Building cavities shall not be used as ducts.
  - 5.5. Heating and cooling systems shall be sized to within 6000 Btuh (or closest available size) of the whole home ACCA Manual J room-by-room load calculations. Load calculations shall be done using an ASHRAE or ACCA approved method.

The detailed load calculations showing all inputs and equipment specifications must be submitted to Advanced Energy as part of the plan review process. Physical copy of the AHRI certificate shall be attached to air handler unit or submitted to Advanced Energy prior to the final inspection.
  - 5.6. Total system airflow shall be set between 300-400 CFM per ton in cooling, or set to total system airflow as specified by the manufacturer.
6. Pressure Balancing
  - 6.1. All rooms within the conditioned space – except baths and laundry – shall not exceed +/- 3 Pascals pressure differential with respect to the main body when interior doors are closed and the air handler is operating. Returns, transfer grilles or jump ducts may be required to balance each room in addition to door undercuts.



## Plumbing

6.2. Water heaters shall have a Uniform Energy Factor (UEF) as indicated in the table:

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

6.3. From the water heater, the first three feet of hot and cold pipes shall be insulated to  $\geq$  R-4.

6.4. Toilets shall be 1.3 GPF or less (including dual-flush models). Showerheads shall be 2.25 GPM or less. Kitchen faucets shall be 2.2 GPM or less. Bath faucets shall be 1.5 GPM or less.

## 7. Appliance and Lighting

7.1. If units are supplied with refrigerators and dishwashers, ENERGY STAR labeled models shall be installed.

7.2. All lighting fixtures shall be ENERGY STAR qualified or have fluorescent or LED lamps installed. T-8 tubular and circular fluorescents are acceptable. No incandescent lights shall be used.

7.3. Recessed lights, if used, shall be air tight and insulation contact (IC) rated.

## 8. Combustion Safety

8.1. Any *combustion appliance* inside the conditioned space, other than gas ranges and wood fireplaces, must be direct vent or power vented. Vent free gas logs are not allowed.

8.2. One *hard-wired carbon monoxide (CO) detector* shall be installed per bedroom area in buildings which have any combustion appliance within the conditioned space or which have an attached garage. (minimum 1 per floor).



**APPENDIX L**  
**SAMPLE PROJECT NEEDS ANALYSIS (PNA)**

To be completed by licensed architect, engineer or home inspector  
**REHABILITATION WORK WRITE-UP INSPECTION SHEET**

**PROPERTY ADDRESS: 602 Anywhere Road, Anytown, NC**

**OWNER'S NAME/TENANT'S NAME:**

**SIZE OF STRUCTURE: 50 x 60 3,000 Sq. Ft.**

**PROGRAM:**

**INSPECTION DATE: August 16, 2000**

**CASE #: \_\_\_\_\_**

**SITE WORK:**

Remove all vines, brush from the property. Remove all trees within 10 feet of the building.  
Remove tree stumps. Spec. 02.A.  
Repair window wells and install new metal grates.

**BASEMENT:**

Remove and properly dispose of all trash and refuse from the basement and crawl space.  
Remove existing oil furnace and all ducts. Remove insulation and all abandoned plumbing and electrical work. Spec. 03.D.

**EXTERIOR:**

Replace all damaged or missing wood brackets at roof cornices. New brackets to match existing.  
Replace all damaged or missing fascia and soffit boards to match existing.  
Remove all gutters and downspouts.

**ROOF AND ATTIC:**

Remove rolled tar/gravel roof at front porch and portico. Replace all damaged wood sheathing and install new rolled roof, top with white quartz gravel.  
Repair metal roof at rear. Remove all loose paint, repair metal and apply 1 coat of approved primer with 2 coats of finish paint. Color to be approved by owner.

**FRONT PORCH: 104' WIDE X 9' DEEP**

Replace approximately 30 SQFT of tongue and groove wood flooring. Match existing thickness  
Spec. 07.A.  
Replace approximately 24' of bottom plate. Spec. 07.B.

**REAR ENTRY**

Install wood handicap ramp to door.

Replace light fixture and interior wall switch. Spec 18.D.

### **SYSTEMS**

Replace the entire plumbing system (excluding 2<sup>nd</sup> floor bathroom at front). Replacement to include all cold and hot water supply lines, drain lines, traps, vents and valves. Install new 1 inch line from house to city line. CONTRACTOR TO PAY ALL FEES.

### **UTILITY ROOM: 7'6" WIDE X 13'7" DEEP**

Install gypsum wallboard ceiling. Spec.12.F.

Repair and paint wall and ceiling. Spec.16.(D).2.

### **KITCHEN: 13 Ft 8 WIDE X 9 Ft 5 DEEP**

Replace approximately 20 feet of wood base cabinet. Spec. 15.A

Replace approximately 20 feet of countertop with backsplash. Spec. 15.B.

### **BATHROOM #1: 8' 6" WIDE X 6' 3" DEEP**

Remove sink base cabinet. Do not damage ceramic tiles.

Paint windows, doors and all trim. Spec. 16.E. and F.

### **BATHROOM # 2: 8'6" WIDE X 6'3" DEEP**

Install new vinyl floor covering with trim.

Replace 48 inch mirror above vanity with lights. Spec. 15.F.

### **LIVING ROOM: 12'6" WIDE X 16'8" FEET DEEP**

Refinish floor. Spec. 16.G.

Replace 4 electrical outlets. Spec. 18.B.

### **DINING ROOM 17' WIDE X 13'2" FEET DEEP**

Remove carpet, repair and refinish floor. Spec. 16.G.

Replace 5 electrical outlets. Spec. 18.B.

### **BREAKFAST ROOM: 13'8" WIDE X 12'1" DEEP**

Remove carpet, repair and refinish floor. Spec. 16.G.

Replace 4 electrical outlets. Spec. 18.B.

### **BEDROOM #2: 12'6" WIDE X 13'5" FEET DEEP**

Replace light fixture and wall switch. Spec. 18.D and E.

Remove carpet, repair and refinish floor. Spec. 16.G.

**BEDROOM # 3 13'7" WIDE X 17'5" DEEP**

Install new gypsum wallboard ceiling. Spec. 12.F.

Paint walls and ceiling include closet. Spec. 16.D.(2).

**HALLS - SECOND FLOOR 8'8" WIDE X 40' DEEP**

Repair door to attic and install new keyed lock. Spec 10.B.

Construct chase in bedroom # 6 closet for return air duct. Refer to floor plan.

## Appendix M

### NCHFA HOME Investment Partnership Program (HOME) Multifamily Rehabilitation Standards

States must establish rehabilitation standards that all HOME-assisted housing undergoing rehabilitation must meet at the time of project completion, pursuant to the HOME implementing regulations at [24 CFR 92.251\(b\)](#). The same regulations also apply to HOME-ARP assisted multi-family housing undergoing rehabilitation. The HOME Rehabilitation Standards are designed to outline the minimum requirements for building rehabilitation for all NCHFA HOME and HOME-ARP funded multi-family housing projects. The standards are written to provide guidance to all relevant members of a project development team. All rental projects receiving HOME assistance must conform to all standards outlined in this memorandum.

#### 1. Health and Safety

- a. If housing is occupied at the time of rehabilitation, any life-threatening deficiencies must be identified and addressed immediately. Life-threatening conditions could include but are not limited to:
  - i. Air quality
  - ii. Blocked Egress/Ladders
  - iii. Electrical Hazards
  - iv. Blocked/unusable emergency fire exits
  - v. Missing/damaged/expired extinguishers
  - vi. Ventilation systems including chimney
  - vii. Missing/broken outlets, switches or cover plates
- b. Each owner must provide a narrative describing the existing condition of the property and must identify any life-threatening deficiencies and a plan for addressing such deficiencies prior to the commencement of renovation activities. The owner must describe how residents who will remain in structures under renovation will be assured of safe egress, protection from fire hazards, noxious fumes, exposure to hazardous materials, and loss of security for themselves and their possessions.
- c. All federal, state and local rules, regulations, and guidelines are applicable to all grantees, developers, and contractors. This includes health and safety rules and regulations as mandated by the federal Occupational Safety and Health Administration (OSHA) as well as by the North Carolina Department of Labor (NCDOL).

#### 2. Major systems

- a. Major systems as identified in these standards are: structural support; roofing; cladding and weatherproofing (e.g. windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation and air conditioning.
- b. For any project receiving HOME funds, each project owner's architect must complete a systems checklist identifying each major system, its current condition, the proposed scope of rehabilitation and the expected useful life of the system following rehabilitation.

#### 3. Capital Needs Assessment

- a. For multifamily projects of 26 or more units, the developer or grantee must determine all work that will be performed in the rehabilitation of the housing and long-term physical needs of the project through a Capital Needs Assessment (CAN) of the project.
- b. If the reviewing architects conducting the CNA conclude that the useful life of one or more major systems in the proposed project does not meet the minimum period of affordability, NCHFA will require the owner to establish an appropriately-funded replacement reserve.

#### **4. Lead-Based Paint**

- a. All work undertaken in accordance with these standards shall comply with the Lead Safe Housing Rule (LSHR) at 24 CFR Part 35, implementing Title X of the 1992 Housing and Community Development Act for HOME funded housing programs. This regulation has been in effect since September 15, 2000. The lead-based paint regulation at [24 CFR Part 35](#) consolidates all lead-based paint requirements for HUD-assisted housing.
- b. All work undertaken in accordance with these standards shall comply with all applicable laws and codes of the State of North Carolina, and local codes, ordinances, and zoning requirements that require compliance with the lead-based paint requirements found at [24 CFR part 35](#).

#### **5. Accessibility**

- a. All work undertaken in accordance with these standards must comply with the requirements in 24 CFR 8, which implements section 504 of the Rehabilitation Act of 1973; 24 CFR 35 & 35, which implements the American with Disabilities Act; and 24 CFT 100.205 which implements the Fair Housing Act.
- b. Multifamily rental projects of fifteen units or more that undergo “substantial alterations” must also comply with Section 504’s accessibility requirements. Rehabilitation activities are considered “substantial alterations” when the costs of rehabilitation will be 75 percent or more of the replacement cost of the completed facility, as defined by NCHFA.
- c. For projects considered substantial alterations, the common spaces must be made accessible as well as the same number of units required for new construction:
  - i. A minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments.
  - ii. An additional 2 percent, at a minimum (but not less than one unit), must be accessible to individuals with sensory impairments.
  - iii. For more information about these requirements, see [Section 504](#)
- d. For rehabilitation of multifamily rental projects that do not meet the definition of substantial alterations, the alterations that are made must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with mobility impairments.
- e. Alterations to common spaces must make those areas accessible, to the maximum extent feasible.



## **6. Disaster Mitigation**

- a. To the extent applicable the housing must be improved to mitigate the potential impact of potential disasters (e.g. earthquakes, hurricanes, floods, wildfires) in accordance with state or local codes, ordinances, and requirements, or such other requirements that HUD may establish.

## **7. State and local codes, ordinances, and zoning requirements**

- a. All HOME funded projects must adhere to all applicable State of North Carolina and local codes, ordinances and zoning requirements.

## **8. Minimum Property Occupancy Condition Standards**

- a. After rehabilitation, all HOME-assisted projects and units must be in good repair, decent, safe and sanitary as required in 24 CFR 5.703 (see Uniform Physical Condition Standards or successor program.)

## **9. Broadband Infrastructure**

- a. Any substantial rehabilitation projects, as defined in [24 CFR 5.100](#), with more than 4 units with new commitments made after January 19, 2017, must provide for the installation of broadband infrastructure.
- b. Exceptions may be made under the following circumstances:
  - i. The location of the substantial rehabilitation makes the installation of broadband infrastructure infeasible.
  - ii. The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of the program or activity or in an undue financial burden.
  - iii. The structure of the project being substantially rehabilitated makes installation of broadband infrastructure infeasible.

## **10. Construction Documents and Cost Estimates**

- a. The construction documents must provide sufficient detail to allow NHCFA to review the HOME-funded project's compliance with the HOME Rehabilitation Standards.
- b. NCHFA will review cost estimates for rehabilitation for cost reasonableness.

## **11. Frequency of Inspections**

- a. NCHFA will conduct an initial property inspection for any HOME-assisted rehabilitation projects.
- b. NCHFA will conduct progress and final inspections to ensure all rehabilitation work is done in compliance with the HOME Rehabilitation Standards, and other NCHFA, State and Federal requirements.
- c. As needed, NCHFA may conduct more than one progress inspection.

**APPENDIX N**  
**Sample Housing Authority PBA Letter**

(procurement has not been completed)

Dear \_\_\_\_\_:

In recognition of a need for affordable rental housing in **[name of locality]**, the----- **[name of Housing Authority or Rental Assistance Provider]** is pleased to participate with **[name of applicant and name of project]**.

The \_\_\_\_\_ Housing Authority (“PHA”) **[select one of the following, whichever is applicable]**: (1) is willing to amend its Annual Plan to include project-based voucher assistance as a component of our Section 8 Housing Choice Voucher program by \_\_\_\_\_ **OR** (2) has included project-based voucher assistance as a component of our Section 8 Housing Choice Voucher program in the PHA’s HUD-approved Annual Plan for its fiscal year beginning..... ]

The Selection Policy **[select one of the following, whichever is applicable]**: (1) is stated in the Annual Plan **OR** (2) will be stated in the Annual Plan by \_\_\_\_\_, in accordance with 24 CFR Part 983.51 as well as 24 CFR Part 85 and applicable OMB circulars. **[select one of the following, whichever is applicable]**: (1) This Selection Policy has been reviewed and approved by HUD. **OR** (2) The PHA will submit the Selection Policy to HUD for review and approval.]

**[select one of the following, whichever is applicable]**: (1) The PHA currently has the capacity to convert tenant vouchers to project-based vouchers. **OR** (2) The HA does not currently have the capacity to convert tenant vouchers to project-based vouchers: however, once the advertising and selection process is complete, the HA will seek a waiver from HUD to allow conversion.]

The PHA expects to advertise for proposals in \_\_\_\_\_ and receive responses in ..... The PHA plans to select winning proposal(s) in \_\_\_\_\_ and forward it/them to HUD for review and approval in \_\_\_\_\_.

If your project is selected by the PHA and approved by HUD, the PHA will renew rental assistance contingent upon Congressional funding, and subject to the ongoing compliance requirements for the receipt of project-based voucher assistance.

The current HUD Fair Market Rents (FMR) are listed below by bedroom size.

<u>0 Bedroom</u>	<u>1 Bedroom</u>	<u>2 Bedrooms</u>	<u>3 Bedrooms</u>	<u>4 Bedrooms</u>
\$	\$	\$	\$	\$

The PHA maintains a utility chart for units to determine the utility amount that must be subtracted from the FMR to determine the Contract Rent for the units. Approved rents can range up to 90% to 110% of FMR, depending upon the PHA’s Rent Comparability study per 24 CFR Part 983.256 and the PHA’s Voucher Payment Standards.

Rents receive annual adjustments that are generally less than 1%. Moreover, the households receiving project-based assistance must be able to convert to tenant-based after one year. The unit the family occupied will continue to receive PBA, but the family will have the option of exercising housing choice at that time. The PHA will provide tenant-based vouchers to the household as required by 24 CFR Part 983 as amended by Federal Register notice dated January 16, 2001.

No resident will pay more than 30% of its income toward rent and utility expenses. The point of contact for this project will be **[staff name, phone number, and email]**

**[Name and Signature of Housing Authority or Rental Assistance Provider]**

## APPENDIX O

### Required Documentation for Final Commitment Letter and Loan Closings

**IMPORTANT! Projects are funded with federal HOME funds and are subject to specific federal requirements which prohibit any “choice limiting actions” (such as signing a construction contract) before an Environmental Review is completed and HUD has issued an Authority to Use Grant Funds (Form HUD-7015.16).**

#### Required for Issuance of Final Commitment Letter:

##### For All Projects:

1. The following plans must be submitted. Drawings must be to scale, using the minimum required scale as detailed below; the size for all design documents is 24”x36”. Documents must be prepared by an engineer or architect licensed to do business in North Carolina and the SHD Design Standards for the applicable type of building must be made part of and included in the design plans for the project.
  - A. Site Plan: A site plan must be provided that indicates the following:
    - a. Location of, and any proposed changes to, existing buildings, roadways, and parking areas.
    - b. All existing site and zoning restrictions including setbacks, right of ways, boundary lines, wetlands and any flood plains.
    - c. Existing topography of site and any proposed changes including retaining walls.
    - d. The finished floor elevations for all buildings.
    - e. Landscaping and planting areas (a plant list is not necessary). If existing site timber or natural areas are to remain throughout construction, the area must be marked as such on the site plans.
    - f. Locations of site features such as playground(s), gazebos, walking trails, refuse collection areas, postal facilities, site entrance and handicapped parking signage.
  - B. Floor Plans
    - a. Include floor layouts using a minimum scale of  $1/16'' = 1'$  for each building; identifying the location of units, common use areas and other spaces.
    - b. Plans must comply with the SHD Design Standards for the applicable type of building.
    - c. Include drawing(s) showing the elevations for each type of cabinetry for accessible units in kitchens, bathrooms and laundry rooms, as applicable.
    - d. Show dimensioned floor plans for all unit types using a minimum scale of  $1/4'' = 1'$ .
    - e. Indicate net building square footage and heated square footage.
    - f. For projects involving renovation and/or demolition of existing structures, show proposed changes to building components and design and also describe removal and new construction methods.
    - g. For projects involving removal of asbestos and/or lead based paint removal, show general notes identifying location and procedures for removal.
  - C. Elevations for New Construction
    - a. Minimum scale for elevations is  $1/16'' = 1'$ .

- b. Include front, rear and side elevations of all building types.
  - c. Identify all materials to be used on building exteriors.
  - D. Construction Specifications.
2. Architectural plans and specifications approved by NCHFA Construction Inspection Staff.
  3. Energy efficiency features in plans and specifications must be approved by the contracted third-party energy efficiency consultant/rater.
  4. Copies of final/firm commitment letters, or similar documentation, for all other sources of funding. A letter of intent or conditional commitment letter will not be accepted in lieu of a firm commitment.
  5. Copy of Construction Contract.
  6. Environmental Assessment.
  7. Architect's Certificate of Compliance.
  8. For Rental Housing where tenants hold a lease:
    - Property manager selected.
    - Management Plan
    - Tenant Selection Plan
    - Lease agreement
    - Affirmative Fair Housing Marketing Plan.
- For Non-Congregate Shelter
- Copy of resident program agreement
  - Copy of house/program rules

In addition to the above items, the following must be submitted based on project type:

**For New Construction:**

1. Contract with building program third party verifier or consultant for energy efficiency.

**For Substantial Rehabilitation:**

1. Trade-item breakdown of costs in construction budget

**For Acquisition only or Acquisition/Moderate Rehabilitation:**

1. Specifications for all appliances or systems that will be replaced.
2. Project needs assessment, prepared by qualified third party
3. Copy of construction contract, if applicable

## **Required before initial Permanent Loan Closing:**

1. Evidence of site ownership
2. Legal Description of the subject property
3. Borrower's Resolution
4. Operating/Partnership Agreement or Bylaws
5. Signature Block of the Borrower
6. Current Property Survey
7. Copies of documents evidencing any other financing:
  - a. For Loans – Copy of Promissory Note, Deed of Trust, Loan Agreement and any other recorded documents.
  - b. For Grants – Copy of Grant Agreement and recorded documents, if any
8. Current Construction Loan Balance Statement
9. Evidence of insurance meeting NCHFA standards (examples attached below)
10. Lender's Title Insurance Policy (with applicable endorsements):
  - a. Comprehensive Endorsement
  - b. Affirmative Coverage re: Mechanics and Materialmen's Liens
  - c. Zoning Endorsement
  - d. Access Endorsement
  - e. Separate Tax Lot Endorsement
  - f. Future Advances Endorsement
  - g. Copies of Encumbrances on Schedule B to Title Policy
11. Certification of Energy Efficiency Program, if applicable

## **Required prior to Final Disbursement of Funds:**

1. All original loan documents received
2. Final Title Insurance Policy
3. Final Cost Certification
4. Evidence of Funded Reserve Accounts (if any)
5. Certificate of Occupancy
6. As-built Survey
7. Any other required federal documents such as Section 3, MBE/WBE, Rental Completion and Davis Bacon reports

*This Closing Agenda is subject to any terms and conditions contained in NCHFA's Final Commitment Letter and such other conditions as Lender may impose and will be modified to fit the scope of each project (i.e., items may be added or deleted). Additional Agenda Items may be added in the course of document review and preparation in anticipation of closing.*

## Insurance Requirements

So long as this Agreement is in effect, or any of the Loan remains outstanding or unpaid, Borrower shall keep or cause to be kept in full force and effect the following types of insurance coverage in a form satisfactory to Lender:

### I. COVERAGE REQUIREMENTS

A. **Construction Phase.** During any period of construction on the Property, Borrower must carry, or cause to be carried, the following insurance:

1. **All-Risk Builder's Risk Insurance:**

a. **Coverage Amount:** Equal to the face amount of the construction contract(s), including providing for one hundred percent (100%) of the full replacement cost of work in place and materials stored at or upon the property. For rehabilitation projects, the building value is to be included in the Builder's Risk policy or under a separate policy.

b. **Deductible(s):** None.

c. **Lender Interest:** Loss Payee and Mortgagee

2. **Commercial General Liability Insurance:**

a. **Coverage Amount:** Must be "per project" or "per location," and provide on an "occurrence" basis against claims for "personal injury" liability and liability for death, bodily injury and damage to property, products and completed operations, in limits satisfactory to Lender with respect to any one occurrence and the aggregate of all occurrences per project. The amount of coverage shall be in a minimum amount of \$1,000,000.00 for bodily injury and property damage for any single occurrence and \$2,000,000.00 aggregate per location or project.

b. **Deductible(s):** Deductibles shall be in an amount satisfactory to Lender, but in no event should be greater than the following:

For policies less than or equal to \$5,000,000, no deductible greater than \$15,000 per occurrence.

For policies greater than \$5,000,000, no deductible greater than \$25,000 per occurrence.

c. **Lender Interest:** Additional Insured

The liability insurance must be in the form of an Acord 25 Certificate of Liability Insurance. Such insurance shall name Lender as an additional insured and have an Additional Insured Endorsement as well as an endorsement for 30 days' Notice of Non-Renewal or Cancellation, except for 10 days' notice for non-payment of premium.

3. **Worker's Compensation Insurance:**

- a. Coverage Amount: Such amount as is required by North Carolina Law and to the extent necessary to protect any third party and the mortgaged premises against worker's compensation claims.
- b. Deductible(s): No greater than \$10,000 per occurrence.
- c. Lender Interest: None

4. **Flood Insurance:** If at any time any portion of any structure on the Property is insurable against Casualty by flood and is located in a Special Flood Hazard Area under the Flood Disaster Protection Act of 1973, as amended, a flood insurance policy, in a form acceptable to Lender, is required.

- a. Coverage Amount: An amount at least equal to the outstanding principal balance of the loan, or the maximum amount of insurance available with respect to the project under the National Flood Insurance Act, whichever is less.
- b. Deductible(s): Deductibles shall be in an amount satisfactory to Lender, but in no event should be greater than the following:

For policies less than or equal to \$5,000,000, no deductible greater than \$15,000 per occurrence.

For policies greater than \$5,000,000, no deductible greater than \$25,000 per occurrence.

- c. Lender Interest: Additional Insured

Borrower shall provide Lender with a Flood Certification indicating whether or not the Project is in a designated flood zone.

5. **General Contractor Coverage:** In addition to the foregoing, during any period of construction on the Property, Borrower shall cause the General Contractor to provide and maintain comprehensive (commercial) general liability insurance and workers' compensation insurance for all employees of the General Contractor meeting, respectively, the requirements of items 2 and 3, above.

B. **Permanent Insurance (after construction).**

1. **Commercial Property Insurance:** When the project is eligible for such insurance, commercial property insurance for the benefit of the Lender must be provided regarding the mortgaged premises (including all fixtures and personal property and including all risks of direct physical loss, including loss by fire, lightning, collapse and other risks which at the time are included under "extended coverage" endorsements).

- a. Coverage Amount: Equal to one hundred percent (100%) of the full replacement cost of the improvements.
- b. Deductible(s): Deductibles shall be in an amount satisfactory to Lender, but in no event should be greater than the following:

For policies less than or equal to \$5,000,000, no deductible greater than \$15,000 per occurrence.

For policies greater than \$5,000,000, no deductible greater than \$25,000 per occurrence.

- c. Lender Interest: Mortgagee and Loss Payee



The property insurance must be in the form of an Acord 28 Evidence of Commercial Property Insurance. Such insurance shall name Lender as Mortgagee and Loss Payee, and have an endorsement for 30 days' Notice of Non-Renewal or Cancellation, except for 10 days' notice for non-payment of premium. The notice of cancellation requirement must be specifically stated on the evidence of property insurance.

**2. Commercial General Liability Insurance:**

a. Coverage Amount: Must be "per project" or "per location," and provide on an "occurrence" basis against claims for "personal injury" liability and liability for death, bodily injury and damage to property, products and completed operations, in limits satisfactory to Lender with respect to any one occurrence and the aggregate of all occurrences per project. The amount of coverage shall be in a minimum amount of \$1,000,000.00 for bodily injury and property damage for any single occurrence and \$2,000,000.00 aggregate per location or project.

b. Deductible(s): Deductibles shall be in an amount satisfactory to Lender, but in no event should be greater than the following:

For policies less than or equal to \$5,000,000, no deductible greater than \$15,000 per occurrence.

For policies greater than \$5,000,000, no deductible greater than \$25,000 per occurrence.

c. Lender Interest: Additional Insured

The liability insurance must be in the form of an Acord 25 Certificate of Liability Insurance. Such insurance shall name Lender as an additional insured and have an Additional Insured Endorsement as well as an endorsement for 30 days' Notice of Non-Renewal or Cancellation, except for 10 days' notice for non-payment of premium.

**3. Worker's Compensation Insurance:**

a. Coverage Amount: Such amount as is required by North Carolina Law and to the extent necessary to protect any third party and the mortgaged premises against worker's compensation claims.

b. Deductible(s): No greater than \$10,000 per occurrence.

c. Lender Interest: None

**4. Flood Insurance:** If at any time any portion of any structure on the Property is insurable against Casualty by flood and is located in a Special Flood Hazard Area under the Flood Disaster Protection Act of 1973, as amended, a flood insurance policy, in a form acceptable to Lender, is required.

a. Coverage Amount: An amount at least equal to the outstanding principal balance of the loan, or the maximum amount of insurance available with respect to the project under the National Flood Insurance Act, whichever is less.

b. Deductible(s): Deductibles shall be in an amount satisfactory to Lender, but in no event should be greater than the following:

For policies less than or equal to \$5,000,000, no deductible greater than \$15,000 per occurrence.

For policies greater than \$5,000,000, no deductible greater than \$25,000 per occurrence.

c. Lender Interest: Additional Insured

Borrower shall provide Lender with a Flood Certification indicating whether or not the Project is in a designated flood zone.

5. **Fidelity Insurance:** For any project collecting rents, fidelity or crime policies must provide that the insurance company will provide protection to the insured against loss of project money, securities and property through any criminal or dishonest acts committed by any employee. A Blanket Crime Policy or a Fidelity Bond (position bond) is acceptable in a form satisfactory to the Lender.

- a. Coverage Amount: An amount at least equal to three (3) months' gross cash flow.
- b. Deductible(s): No greater than \$10,000 per occurrence.
- c. Lender Interest: None

## **II. POLICY REQUIREMENTS.**

1. **Insurance Company:** Each policy of insurance shall be issued by one or more insurance companies each of which meet the following criteria:

- a. A.M. Best Company financial and performance rating: "A-" or better.
- b. Licensed: By the State of North Carolina to conduct the business of insurance in North Carolina.

2. **Policy Coverage:** Each policy shall provide that such policy shall:

- a. Cancellation: Policy may not be cancelled or modified without at least thirty (30) days prior written notice to Lender (the clause shall not state that the insurer will "endeavor" to send such notice or that no liability attaches to the insurer for failure to send such notice).
- b. Negligence of Borrower: Policy shall provide that any loss otherwise payable thereunder shall be payable notwithstanding any act or negligence of Borrower which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment.
- c. Agency Loss Payee/Mortgagee/Additional Insured Clause:

The policy shall list the Lender's name and address exactly as:

North Carolina Housing Finance Agency, ISOA, ATIMA,  
P.O. Box 28066, Raleigh NC 27611-8066  
APN: «Loan.AgencyProjectNumber»

## **DELIVERY OF POLICIES, RENEWALS, NOTICES, AND PROCEEDS.**

Borrower shall:

- 1. cause all insurance policies (including any policies not otherwise required by Lender) which can be endorsed with standard non-contributing, non-reporting mortgagee clauses making loss payable to Lender (or Lender's assigns) to be so endorsed;
- 2. promptly deliver to Lender a copy of all renewal and other notices received by Borrower with respect to the policies and all receipts for paid premiums;

3. deliver evidence, in form and content acceptable to Lender, that each required insurance policy has been renewed not less than fifteen (15) days prior to the applicable expiration date, and (if such evidence is other than an original or duplicate original of a renewal policy) deliver the original or duplicate original of each renewal policy (or such other evidence of insurance as may be required by or acceptable to Lender) in form and content acceptable to Lender within ninety (90) days after the applicable expiration date of the original insurance policy;
4. provide immediate written notice to the insurance company and to Lender of any event of loss;
5. execute such further evidence of assignment of any insurance proceeds as Lender may require; and
6. provide immediate written notice to Lender of Borrower's receipt of any insurance proceeds under any insurance policy required above and, if requested by Lender, deliver to Lender all of such proceeds received by Borrower to be applied by Lender in accordance with this Agreement.

#### LENDER'S ONGOING INSURANCE REQUIREMENTS.

Borrower acknowledges that Lender's insurance requirements may change from time to time. All insurance policies and renewals of insurance policies required by this Agreement shall be:

7. in the form and with the terms required by Lender;
8. in such amounts, with such maximum deductibles and for such periods required by Lender; and
9. issued by insurance companies satisfactory to Lender.

BORROWER ACKNOWLEDGES THAT ANY FAILURE OF BORROWER TO COMPLY WITH THE REQUIREMENTS SET FORTH ABOVE SHALL PERMIT LENDER TO PURCHASE THE APPLICABLE INSURANCE AT BORROWER'S COST. SUCH INSURANCE MAY, BUT NEED NOT, PROTECT BORROWER'S INTERESTS. THE COVERAGE THAT LENDER PURCHASES MAY NOT PAY ANY CLAIM THAT BORROWER MAKES OR ANY CLAIM THAT IS MADE AGAINST BORROWER IN CONNECTION WITH THE MORTGAGED PROPERTY. IF LENDER PURCHASES INSURANCE FOR THE MORTGAGED PROPERTY AS PERMITTED HEREUNDER, BORROWER WILL BE RESPONSIBLE FOR THE COSTS OF THAT INSURANCE, INCLUDING INTEREST AT THE DEFAULT RATE AND ANY OTHER CHARGES LENDER MAY IMPOSE IN CONNECTION WITH THE PLACEMENT OF THE INSURANCE UNTIL THE EFFECTIVE DATE OF THE CANCELLATION OR THE EXPIRATION OF THE INSURANCE. THE COSTS OF THE INSURANCE SHALL BE ADDED TO BORROWER'S TOTAL OUTSTANDING BALANCE OR OBLIGATION AND SHALL CONSTITUTE ADDITIONAL INDEBTEDNESS. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF INSURANCE BORROWER MAY BE ABLE TO OBTAIN ON ITS OWN. LENDER WILL CANCEL ANY INSURANCE PURCHASED, BUT ONLY AFTER RECEIVING EVIDENCE THAT BORROWER HAS OBTAINED INSURANCE, MEETING THE REQUIREMENTS STATED HEREIN, AS REQUIRED BY THIS AGREEMENT AND OTHER LOAN DOCUMENTS.

#### APPLICATION OF PROCEEDS ON EVENT OF LOSS.

10. Upon an event of loss, Lender may, at Lender's option:
  - a. hold such proceeds to be applied to reimburse Borrower for the cost of Restoration (in accordance with Lender's then-current policies relating to the Restoration of similar multifamily residential properties); or
  - b. apply such proceeds to the payment of the Indebtedness, whether or not then due; provided, however, Lender shall not apply insurance proceeds to the payment of the Indebtedness and shall permit Restoration if all of the following conditions are met:

*Borrower immediately notified Lender of the casualty giving rise to the claim;*

*No Event of Default has occurred and is continuing (or any event which, with the giving of written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing);*

*Lender determines that the combination of insurance proceeds and amounts provided by Borrower will be sufficient funds to complete the Restoration;*

*Lender determines that the Net Cash Flow generated by the Mortgaged Property after completion of the Restoration will be sufficient to support a debt service coverage ratio not less than the debt service coverage ratio immediately prior to the event of loss, but in no event less than 1.15x (the debt service coverage ratio shall be calculated on a thirty (30) year amortizing basis (if applicable, on a proforma basis approved by Lender) in all events and shall include all operating costs and other expenses, Imposition Deposits, deposits to Collateral Accounts, and Mortgage Loan repayment obligations);*

*Lender determines that the Restoration will be completed before the earlier of (1) one year before the stated Maturity Date, or (2) one year after the date of the loss or casualty; and*

*Borrower provides Lender, upon written request, evidence of the availability during and after the Restoration of the insurance required to be maintained by Borrower pursuant to this Agreement.*


*All proceeds of property damage insurance shall be issued in the form of joint checks to Borrower and Lender;*

*Borrower shall deliver to Lender evidence satisfactory to Lender of completion of the Restoration and obtainment of all lien releases;*

*Borrower shall have complied to Lender's satisfaction with the foregoing requirements on any prior claims subject to this provision, if any; and*

*Lender shall have the right to inspect the Mortgaged Property (subject to the rights of tenants under the Leases).*

11. If Lender elects to apply insurance proceeds to the Indebtedness in accordance with the terms of this Agreement, Borrower shall not be obligated to restore or repair the Mortgaged Property. Rather, Borrower shall restrict access to the damaged portion of the Mortgaged Property and, at its expense and regardless of whether such costs are covered by insurance, clean up any debris resulting from the casualty event, and, if required or otherwise permitted by Lender, demolish or raze any remaining part of the damaged Mortgaged Property to the extent necessary to keep and maintain the Mortgaged Property in a safe, habitable, and marketable condition. Nothing in this Section shall affect any of Lender's remedial rights against Borrower in connection with a breach by Borrower of any of its obligations under this Agreement or under any Loan Document, including any failure to timely pay Monthly Debt Service Payments or maintain the insurance coverage(s) required by this Agreement.



## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b>  	<b>CONTRACT NUMBER</b>	
	<b>PHONE</b>	<b>FAX</b>
<b>MAILING ADDRESS</b>	<b>EMAIL ADDRESS</b>	
<b>INSURERS AFFORDING COVERAGE</b>		<b>NAIC #</b>
<b>INSURED</b>  <span style="color: red; font-weight: bold;">BORROWER NAME</span>	<b>INSURER A:</b>	
	<b>INSURER B:</b>	
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	

**COVERAGES**

**CERTIFICATE NUMBER:**

**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

POL. LTR.	TYPE OF INSURANCE	AOC#	AOC#	POLICY NUMBER	POLICY EFF. (MM/DD/YYYY)	POLICY EXP. (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  <small>GEN'L AGGREGATE LIMIT APPLIES PER POLICY</small> <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROTECT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> LOC						EACH OCCURRENCE \$ <span style="color: red;">1,000,000</span> PRODUCTS-COMPROP AGG \$ GENERAL AGGREGATE \$ <span style="color: red;">2,000,000</span> PRODUCTS - COMPROP AGG \$ COMMERCIAL GENERAL LIABILITY \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMMERCIAL GENERAL LIABILITY \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<b>UMBRELLA/LIB</b> <input type="checkbox"/> OCCUR <b>EXCESS/LIB</b> <input type="checkbox"/> CLAIMS-MADE USD <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ USD \$
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY WORKER OR PARTNER/EXECUTIVE OR CONTRACTOR OCCASIONALLY (Employing by HR) T.Y.M. <input type="checkbox"/> N/A T.Y.M. (GRADE WORK) (DESCRIPTION OF OPERATIONS below)						<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER \$ \$L EACH ACCIDENT \$ \$L DISEASE - EA EMPLOYEE \$ \$L DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Project Name and Property Address:

Certificate holder is also an additional insured.

<b>CERTIFICATE HOLDER</b> <span style="color: red;">North Carolina Housing Finance Agency, ISAQA, ATIMA</span> <span style="color: red;">P.O. Box 28066</span> <span style="color: red;">Raleigh, NC 27611-8066</span> APN: _____	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE:
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ACORD 25 (2014/01)

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Example 2

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

Name of Person or Organization: North Carolina Housing Finance Agency, ISOA, ATIMA

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule as an insured but **only with respect to liability** arising out of your operations or premise owned by or rented to you.

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<b>ACORD EVIDENCE OF COMMERCIAL PROPERTY INSURANCE</b>		DATE (MM/DD/YYYY)
THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.		
<small>PRODUCER NAME, CONTACT PERSON AND ADDRESS</small> <small>PHONE (A/C, No. Ext.)</small> <small>FAX</small> <small>LOCAL NO.</small> <small>EMAIL ADDRESS</small>		<small>COMPANY NAME AND ADDRESS</small> <small>NAIC NO.</small>  <div style="text-align: center; color: red; font-weight: bold;">INSURANCE COMPANY MUST BE ADMITTED IN NORTH CAROLINA</div>
<small>CODE</small> <small>AGENCY CUSTUMER USE</small> <small>NAMED INSURED AND ADDRESS</small>  <div style="text-align: center; color: red; font-weight: bold;">BORROWER</div>	<small>SUB CODE</small>  <small>LOAN NUMBER</small>  <small>POLICY NUMBER</small>  <small>EFFECTIVE DATE</small> <small>EXPIRATION DATE</small> <small>CONTINUED UNTIL TERMINATED IF CHECKED</small>	<small>IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH</small>  <small>THIS REPLACES PRIOR EVIDENCE DATED:</small>
<small>ADDITIONAL NAMED INSUREES</small>		
<small>PROPERTY INFORMATION (Use additional sheets if more space is required)</small> <small>LOCATION/DESCRIPTION</small> <div style="text-align: center; color: red; font-weight: bold;">PROJECT NAME PROJECT ADDRESS</div>		
<small>COVERAGE INFORMATION</small> <small>CAUSE OF LOSS FORM</small> <small>BASIC</small> <small>BROAD</small> <input checked="" type="checkbox"/> <small>SPECIAL</small> <small>OTHER</small>		
<small>COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$</small> <small>DED:</small>		
	<small>YES</small>	<small>NO</small>
<small>BUSINESS INCOME / RENTAL VALUE</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<small>BLANKET COVERAGE</small>		<small>IF YES, indicate amount of insurance on properties identified above: \$</small>
<small>TERRORISM COVERAGE</small>		<small>Attach signed Disclosure Notice / DDC</small>
<small>IS COVERAGE PROVIDED FOR CERTIFIED ACTS ONLY?</small>		<small>IF YES, SUB LIMIT: DED:</small>
<small>IS COVERAGE A STAND ALONE POLICY?</small>		<small>IF YES, LIMIT: DED:</small>
<small>DOES COVERAGE INCLUDE DOMESTIC TERRORISM?</small>		<small>IF YES, SUB LIMIT: DED:</small>
<small>COVERAGE FOR MOLD</small>		<small>IF YES, LIMIT: DED:</small>
<small>MOLD EXCLUSION (IF YES, specify organization's form used)</small>		
<small>REPLACEMENT COST</small>	<input checked="" type="checkbox"/>	
<small>AGREED AMOUNT</small>		
<small>CONSUERANCE</small>		<small>IF YES, %</small>
<small>EQUIPMENT BREAKDOWN (if Applicable)</small>		<small>IF YES, LIMIT: DED:</small>
<small>LAW AND ORDINANCE - Coverage for loss to undamaged portion of building</small>		<small>IF YES, LIMIT: DED:</small>
<small>- Demolition Costs</small>		<small>IF YES, LIMIT: DED:</small>
<small>- Incr. Cost of Construction</small>		<small>IF YES, LIMIT: DED:</small>
<small>EARTHQUAKE (if Applicable)</small>		<small>IF YES, LIMIT: DED:</small>
<small>FLOOD (if Applicable)</small>		<small>IF YES, LIMIT: DED:</small>
<small>WIND / HAIL (if Separate Policy)</small>		<small>IF YES, LIMIT: DED:</small>
<small>PERMISSION TO WAIVE SUBROGATION PRIOR TO LOSS</small>		
<small>REMARKS - Including Special Conditions (Use additional sheets if more space is required)</small>  <div style="border: 1px solid black; height: 30px;"></div>		
<small>CANCELLATION</small> <small>THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW <u>30</u> DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.</small>		
<small>ADDITIONAL INTEREST</small>		
<small>NAME AND ADDRESS</small>  <div style="color: red; font-weight: bold;">North Carolina Housing Finance Agency, ISAOA, ATIMA P.O. Box 28066 Raleigh, NC 27611-8066 APN:</div>	<small>LENDER SERVICING AGENT NAME AND ADDRESS</small>  	
<input checked="" type="checkbox"/> <small>MORTGAGEE</small> <input checked="" type="checkbox"/> <small>LOSS PAYEE</small>	<small>AUTHORIZED REPRESENTATIVE</small>	
<small>ACORD 28 (2003/15)</small>		
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