



**NORTH
CAROLINA
HOUSING**
FINANCE AGENCY

*Supportive Housing Safe (SH-Safe)
2027 Application Guidelines and Instructions
(Appendices A – H are incorporated herein by reference)*

*Project Description & Site Visit form Deadline:
January 22, 2027*

*Site visits tentatively scheduled the week of
February 8-12, 2027*

*Application Submission Deadline:
May 6, 2027 5:00 pm ET*

For information, please contact SHD Staff at SHDevelopment@nchfa.com

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Introduction

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

The objectives of the SH-Safe are:

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

In the process of administering this program, NCHFA will make decisions and interpretations regarding project applications. Unless otherwise stated, NCHFA is entitled to the full discretion allowed by law in making all such decisions and interpretations. NCHFA reserves the right to amend, modify, or withdraw provisions contained in this application that are inconsistent or in conflict with state or federal laws or regulations. All applications for program funding become the property of NCHFA.

** Area median income is defined using the U.S. Department of Housing and Urban Development annual income estimates. Income limits for North Carolina counties can be found [here](#).*

Section 1. SH-Safe Requirements

1.1 Eligible & Ineligible SH-Safe Funding Project Types

1.1a Eligible uses of funds include:

- New construction
- Acquisition of new construction housing (at NCHFA discretion and approval)
- Acquisition of housing without rehabilitation (at NCHFA discretion and approval)
- Acquisition of housing with rehabilitation
- Rehabilitation of housing

Clarification of eligible project types:

- **New construction with or without acquisition** includes:
 - New construction on empty land or a cleared lot.
 - Adaptive reuse or gut rehabilitation of an existing building, shell, or components of a building where the housing will receive a new certificate of occupancy for attaining current building code.
- **Rehabilitation with or without acquisition** includes:
 - Moderate rehabilitation of housing. The goal of rehabilitation is to be fully functioning by addressing all **critical building components*** that are likely to need replacement or substantial repair within 10 years of project approval as well as address **health and safety needs****.

- Substantial rehabilitation of housing. The goal of rehabilitation is to be fully functioning by addressing all **critical building components*** 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 address **health and safety needs****.

** **Critical building components** include:*

- Exterior finishes (siding, masonry, etc.)
- Doors and windows
- Roofing
- Electrical system (supply, branch wiring, GFCIs, panel box, controls)
- Plumbing system (main valve, supply lines, drain lines, fixtures, water heater)
- Heating and cooling system (HVAC, furnace, controls)
- Foundation and structural supports
- Bathrooms
- Bedrooms
- Kitchens (food refrigeration, food heating, sanitary storage, separation of chemicals and waste from food prep areas)
- Walkways
- Fair Housing and ADA compliant access to facilities and office on property and within housing units and common areas, if applicable

*** **Health and Safety Needs** in rehabilitation requires applicants to address all deficiencies that could directly impact the ability to safely occupy the facility or housing or use it for its intended purpose. Actions must be taken to identify, evaluate, and adequately address issues related to occupancy, including:*

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

1.1b Ineligible uses of funds

Program funds may not be used for:

- Crisis stabilization centers
- Hospice programs
- Rehabilitation with less than four units. Exceptions to this are allowed for:
 - Affordable supportive housing within the partner portfolio where the renovation will bring the development into compliance with state and local building codes, Department of Health and Human Services (DHHS) licensure, or SHDP standards.
 - Re-configuration of emergency or transitional housing to permanent supportive housing.
- New construction of licensed Adult Family Care Homes (2-6 beds) and new construction of licensed Adult Care Homes (7+ beds)
- Projects that intend to apply for Low-Income Housing Tax Credits or are currently within the extended use period
- Supportive services expenses, operating costs, or administrative costs
- Construction or rehabilitation of office space or space for supportive services not in conjunction with housing units
- Refinancing existing mortgages
- Relocation costs
- Rental assistance

1.2 Eligible Populations

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

1.3 Eligible Housing Types – Emergency and Transitional

A project must create a minimum of four (units, bedrooms, beds) to utilize SH-Safe funds.

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

1.3a Emergency Housing

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

1.3b Transitional Housing

- Reasonable fees or deposits may be allowed with prior written approval from NCHFA.

- Rehabilitation only of existing transitional housing within partner portfolio to bring the development into compliance with state and local building codes is exempt from the four (4) unit minimum.

1.4 Eligible Applicants

The applicant **must**:

1. Currently serve survivors/victims of human trafficking, domestic violence, or sexual assault.
2. Comply with Fair Housing laws and the Americans with Disabilities Act (ADA).
3. Demonstrate sound financial business practices.
 - a. Have a financial statement audit which includes an opinion from a certified public accounting firm.
 - b. Show adequate and consistent levels of operating income from a variety of sources.
4. Demonstrate successful previous experience that includes the following:
 - a. Must have a history of no unresolved audit or monitoring findings and must be in good standing demonstrating that the project sponsor proactively maintains compliance satisfactory to NCHFA Asset Management, as well as other lenders on existing projects.
 - b. Must disclose all prior projects attempted or completed
 - i. List the lenders – including local city, county, state, and federal lenders – and whether your organization is currently in compliance with the terms of the loans or if your organization has ever been out of compliance.
 - ii. Disclose all unresolved audit or monitoring findings.
 - iii. Disclose all cases in which the applicant (or principal if a for-profit applicant) entered into a workout or deferment, the reasons, a description of the plan for resolution, and compliance with deferment plan.
 - iv. Disclose all cases where the applicant entered into a foreclosure. For each case provide the property name, the date of the foreclosure, the final disposition, and a description of the circumstances that lead to the foreclosure.
5. Engage a NCHFA trained and approved Housing Development Consultant (HDC) unless the applicant has developed a NCHFA SHD funded affordable multi-family housing in the previous 7 years as determined by NCHFA. A list of trained and approved HDCs can be provided. NCHFA strongly encourages organizations to engage the HDC early in the application process.
6. 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 (addressed in Section 1.5).
7. Have a minimum of three years' experience providing supportive housing or providing supportive housing services to survivors/victims of human trafficking, domestic violence, or sexual assault in the intended project with no uncorrected noncompliance issues and be in good standing with the governing regulatory agency.
8. If a single asset entity is created to own the project, the managing member must be the applicant. Additionally, the LLC must be wholly owned by the applicant with prior written approval from NCHFA.

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

Eligible applicants include:

1.4a Existing Partners

Applicants previously funded by any NCHFA supportive housing program are eligible unless:

1. A Final Commitment Letter (FCL) for a prior Supportive Housing award has not been issued. An executed FCL must be in place at time of full application.
 - a. If the existing partner requested cancellation of the loan commitment after the execution of the FCL, the Agency, at its sole discretion, will determine if any penalties will be assessed against the partner, including eligibility to apply for a period of up to 5 years from the date of cancellation.
2. Construction (defined as having a valid Building Permit and having issued a Notice to Proceed to the General Contractor) has not started before a recommendation for funding a subsequent project is made to the NCHFA Board of Directors, unless special circumstances apply (as determined by NCHFA).
3. The current proposed project for rehabilitation is less than 20 years old.
4. The organization has a history of unresolved audit or monitoring findings.
5. The project serving special populations has not completed the extended use period for the Low Income Housing Tax Credit Program.

1.4b Nonprofit Organizations or Nonprofit Developers

Applicants must have active 501(c)(3) designation for at least 3 years.

1.4c Units of local government in North Carolina

Applicants must be a unit of local government including City, County, Public Housing Authority, Community Development Corporation, or Council of Government.

1.5 Project Development Team Capacity

The Application must demonstrate the capacity of the Project Team to successfully develop and operate the proposed project. Within the previous 7 years, the applicant must have developed *SHD funded affordable multi-family housing in North Carolina* or partner with a developer with the applicable experience, or engage a NCHFA trained and approved Housing Development Consultant (HDC). A consultant may assist with the following:

- Create the development budget for the project
- Review funding sources
- Coordinate with architects, the contractor, and others during the construction phase
- Assist with understanding permits, contracts, etc.
- Provide guidance through the successful development and construction of the project and through the final cost certification

- Be the first point of contact if you have questions throughout the process

The organizational capacity will be reviewed and recommendations for award for each program will be made at the discretion of NCHFA.

If at any time the organization leadership (i.e., primary project contact) changes, an NCHFA trained and approved HDC may be required at the discretion of NCHFA.

1.5a Supportive Services

All Applicants must have a well-defined services plan reflected in the Supportive Services Access Plan (SSAP) which is part of the application. The applicant must provide supportive services or link to an external organization victims and survivors of human trafficking.

1.5b Financials

The Agency will review the financial capacity of the applicant organization to provide any equity required to cover start-up expenses, operating deficits, and unanticipated costs to successfully operate the project.

1.5c Property Management

The owner can choose to self-manage the property and be responsible not only for providing the services, but also for daily operations, or choose to hire a separate fee-managed company to handle operations. The daily management of operations includes Fair Housing/ADA compliance, applicant intake, maintenance, resident concerns, and rent collection (if applicable) for the project. This also includes any reporting requirements for the Agency in addition to other duties as assigned by the owner.

Self-Managed – Owners planning to self-manage must adhere to the following requirements:

1. Have policies in place to maintain separate records for services and housing to ensure there are no HIPAA violations
2. Report to the Agency's Rental Compliance Reporting System (RCRS) timely and accurately (if applicable)
3. Have at least one staff person serving in a supervisory capacity with regard to the project who annually attends the Agency mandatory sponsored trainings (if applicable). Currently required trainings may include Supportive Housing Development Compliance or Targeting Program and Key Assistance Training, as well as a fair housing training. This requirement will only be reviewed at the end of each calendar year.
4. Adhere to rent increase approval requirements. Any organization found to have implemented a rent increase on an existing property without the required Agency approval may be disallowed from serving as management agent for an application.

Information explaining the organizational setup for providing supportive services and management must be provided in the SSAP portion of Part 1 of the Application.

Fee-Managed – The owner must hire a property management company with the following experience:

1. For rental housing projects, experience in managing subsidized rental housing with HUD, HFA, FHLB, USDA, or an equivalent program, as approved by NCHFA, within the last 7 years is required.
2. The Property Management Company's experience must be reviewed and approved by NCHFA Asset Management prior to issuance of the Final Commitment Letter. The management agent must:
 - a. Have at least one similar Supportive Housing project in their current portfolio or requisite experience
 - b. Request Targeting Program Key Rental Assistance timely and accurately (if applicable)
 - c. Report to the Agency's Rental Compliance Reporting System (RCRS) timely and accurately (if applicable)
 - d. Have at least one staff person serving in a supervisory capacity with regard to the project who annually attends the Agency mandatory sponsored trainings (if applicable). Currently required trainings may include Supportive Housing Development Compliance or Targeting Program and Key Assistance Training, as well as a fair housing training. This requirement will only be reviewed at the end of each calendar year.
 - e. Have at least one staff person with regard to the project who has a valid North Carolina real estate license and be registered with the North Carolina Secretary of State (if applicable). A copy of the firm license must be provided.
 - f. Adhere to rent increase approval requirements. Any management agent found to have implemented a rent increase on an existing property without the required Agency approval, may be disallowed from serving as management agent for an application.
3. Any subsequent change after initial approval, must be approved by NCHFA.

1.6 Community Need for the Project

The applicant must demonstrate a clear understanding of who the project will assist and show solid data to support the need for the number of units/beds proposed. Community can include your locality, county, multi-county, or statewide network. Document the need for the proposed housing project by:

1. Identifying the location where your supportive housing services are or will be provided.
2. Listing all other service and/or supportive housing programs which assist the same or similar populations as the proposed project. Describe the utilization and vacancy rate for the programs and explain the need for the proposed project based on those statistics.
3. Providing data showing need in as many of the following forms as appropriate:
 - A waiting list or letter documenting waiting lists from appropriate service providers
 - Records of persons turned away from similar programs
 - Other appropriate data-based sources
4. Describing how the proposed project works in collaboration with the other service and/or supportive housing programs in the community and provide letters of support.

1.7 Supportive Services

All projects must show access to supportive services appropriate to the intended population. All applicants will need to complete a Supportive Services Access Plan (SSAP) that describes linkages to support services and partners for the project. The SSAP is included in Part 1 of the application.

Involvement in supportive services cannot be mandated as a condition for tenancy. If involvement in a structured program in conjunction with housing is necessary, the client must be informed of and consent to the program requirements.

1.8 Income Restrictions

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

- All units must be affordable to residents at or below 30% of Area Median Income (AMI)*. Exceptions may be considered up to 50% of AMI at NCHFA discretion and approval.
- The entire property is subject to monitoring for Asset Management compliance.
- All units must be affordable for at least the term of the loan.
- If rent is charged, no more than 30% of the targeted household income must be charged for rent and utilities (see 1.8a Utility Allowance Estimations).

1.8a Utility Allowance Estimations

- Projects where residents hold a lease and pay rent must show how utility costs are estimated and provide the appropriate documentation. Applicants can use the preferred utility allowance provided by their local Public Housing Authority (PHA).
- For new construction projects or rehabilitation/adaptive reuse where energy efficiency is incorporated, the applicant may use one of the alternate methodologies as well. Appropriate documentation is also required.

1.9 Site Eligibility

- The project must meet site and neighborhood standards as shown in the NCHFA Site Criteria (Appendix B).
- The Application process begins with the submittal of the Project Description and Site Visit Form (PDSV).
- Applicants must have site control of the proposed project property at the time of complete application deadline unless the date is extended by NCHFA. Site control can be exhibited through an option to purchase, a purchase contract, an executed deed, or a NCHFA-approved lease (land and/or improvements) of at least as long as the requested loan term. Land must not be acquired after the application process has begun without first consulting with NCHFA.
- In established neighborhoods with active Homeowners Associations (HOA), the applicant must provide written documentation showing there are no restrictive covenants that would not allow the type of housing proposed at complete application, unless written approval is granted by NCHFA.
- No action may be taken on the site (i.e., digging holes, cutting down trees or paving) once the application process has begun. Applicants must consult NCHFA before taking any actions that physically impact the site.
- There must be documentation of proper zoning evidenced by a letter from local zoning official. A project will not be recommended for award without proper zoning.
- If the site is subject to a Conditional Use Permit or Special Use Permit, the Permit must be issued prior to the SH-Safe funding award.
- There must be adequate infrastructure serving the site.

1.10 Site Plan Requirements & Design Standards

- Project designs must accommodate planned on-site supportive services and be compatible with surrounding properties. Project designs must have visual appeal, a functional floor plan, project amenities, and durable energy-efficient building components.
- All applicants who are proposing types of buildings that are new to the organization, significant expansions of services, or new services are expected to visit similar projects with their architect in order to develop building designs that will adequately meet all of the proposed service needs of the project, including:
 - Safety, security, and planned controlled access to public, shared, and private spaces
 - Storage for resident's possessions, particularly for staged intake (as appropriate)
 - Hot room for bed bug treatment (as appropriate)
 - Cleaning strategy and storage (as appropriate)
 - Offices for on-site staff, shared supportive services from the community, or health care
 - Food preparation, food storage, and delivery for food, cleaning supplies, and general supplies
 - Appropriately sized kitchens (if food is provided to residents)
 - Trash and recycling (must be accessible if clients/tenants take out trash)
- 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.
- The SHDP Design Standards (Appendix D) are the minimum requirements for any SHDP project applying in the current program year. Applicants must comply with Fair Housing laws and Americans with Disabilities Act, regarding accessibility and must design units to maximize accessibility for mobility impaired people.
- At a minimum, for new construction, adaptive reuse, and significant rehabilitation projects, 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, shower/tub controls, switches, outlets, laundry, work stations, etc.). More fully accessible units may be necessary to adequately meet the needs of the target population. Should this requirement conflict with licensing or other design requirements for a project, at NCHFA's discretion, NCHFA may review and approve alternate plans.
- Plans, specifications, and materials used in projects must comply with Building Material Quality Standards (Appendix E).
- As a minimum standard for design and energy efficiency, all new construction projects and rehabilitation projects must meet the applicable standards listed in the Supportive Housing Energy Efficiency Guidelines (Appendix F).
- Plans and specifications must be reviewed and approved by NCHFA. The following is requested for each building constructed or rehabbed:
 - Scaled Site Plan showing, at a minimum, proposed building footprint, driveways, and parking areas (site plan)
 - Elevation of front of building
 - Elevation of side of building

- Floor layouts for each type floor or building, as applicable, using a minimum scale of 1/16" = 1', identifying the location of units, common use areas and other spaces.
- All projects, except a moderate rehab project, must have a third-party energy consultant. The energy consultant must:
 - Review the plans and specifications before commencing site work or construction
 - Conduct review of framing, air sealing, and insulation before sheetrock
 - Conduct performance testing of building envelope and confirm function and installation of designed equipment (HVAC, combustion appliances, ventilation, energy generation, and moisture management)
- Construction or rehabilitation work should not begin until a Final Commitment Letter is issued.
 - If construction commences prior to the issuance of the Final Commitment Letter, the applicant/borrower must submit all due diligence and receive the Final Commitment Letter no later than 6 months from the date of award or the award may be rescinded at the discretion of the Agency.
- The Borrower is responsible for promptly informing NCHFA of any changes or alterations which deviate from the final plans and specifications approved by NCHFA at any point after the award is made. In particular, owners must not take action on any material change in the site layout, floor plan, elevations, or amenities without written authorization from NCHFA. This includes changes required by local governments to receive building permits.

1.11 Energy Efficiency Requirements

New Construction or Rehabilitation projects must comply with NCHFA's Supportive Housing Energy Efficiency Standards (Appendix F).

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

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

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

While not every recommendation of the energy consultant may be implementable due to conflicting design requirements, licensure, or facility usage, wherever feasible – and especially when recommendations are easily implementable or low cost – it is expected that they 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.

New construction and substantial rehabilitation projects using non-commercial grade HVAC systems must use an HVAC system reviewed and approved by the project Energy Consultant. For moderate rehabilitation projects, replacement equipment must meet or exceed the efficiency requirements from the Supportive Housing Energy Efficiency Guidelines (Appendix F).

1.12 Project Financing Requirements

1.12a Funding Range

All projects must apply for a minimum of \$100,000 in financing to be eligible for a SH-Safe loan. The amount of funding available per project is up to \$2,000,000 or 85% of total development cost, whichever is less.

1.12b Funding Available & Match Requirements

NCHFA does not fund 100% of the project. Fifteen percent (15%) of the total project cost must be matched. Each project will require a portion of the total development budget to have a match of either in-kind services/materials, land donation, or other funding commitments. No more than 50% of the total match may be in in-kind services/materials unless prior written approval is granted by the Agency. **At time of application, documentation of at least half of the required committed match must be submitted.**

Examples of the 15% match are:

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

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

1.12c Property (Land and/or Building) Value as Match

- No appraisal is required when the costs for the acquisition of property is not included in Application Part 2.
- The property value on the Development Budget cannot exceed the tax value unless an appraisal is submitted.
- For properties purchased within the past twelve months, the tax value will be used unless other purchase documentation is provided.
- For property valued **under \$500,000**, an official tax record can be used if the applicant is using the property as part of the match or is seeking reimbursement for the property.
- An appraisal is required for property valued **greater than \$500,000** if the acquisition of the property is included in Application Part 2.

NCHFA will reimburse what was actually paid up to the appraised amount.

1.13 SH-Safe Loan Underwriting Requirements

Projects must meet the following requirements:

1. The project's operating pro-forma must show a reasonable cash flow based on underwriting assumptions identified in the application.
2. There should be documentation of any conditional or firm commitments for other project financing.
3. The most recent financial statement audit which includes an opinion from a certified public accounting firm (or Agency approved alternative) and has been completed within 12 months of the end of the applicant's fiscal year must be included. If the applicant's fiscal year does not align with the above statement, the applicable fiscal year is at the Agency's discretion.
4. The audit should document ongoing commitments for operating income or show a proven history of fundraising for the proposed use.
5. Project development costs must be reasonable when compared to other projects funded by the program for the type of housing being produced.
6. Rental properties without a project-based source of rental assistance must show evidence of long-term, positive cash flow when using a 7% vacancy rate, 2% escalation of income, and 3% escalation of expenses.
7. Projects which intend to receive Project-Based Rental Assistance must provide a letter from the applicable rental assistance administrator. Projects may use Appendix J as a reference for the letter from the applicable rental assistance administrator.
8. Rental properties must fund an Operating Reserve with a minimum of 6 months operating expenses.
 - a. Accounts must be held by NCHFA or a 3rd party approved by NCHFA.
 - b. Account must be in an FDIC insured account.
 - c. Investment accounts, including brokerage accounts, shall not be permitted without written approval by NCHFA.
9. If a rental property chooses to fund a rent-up reserve they must transfer any excess funds from it to the Replacement Reserve account.
10. Properties have a maximum Developer Fee and Housing Development Consultant Fee of \$50,000 each for new construction and substantial rehab projects. Properties have a maximum Developer Fee and Housing Development Consultant fee of \$25,000 each for acquisition and/or moderate rehab projects.
11. General Requirements cannot exceed 6% of hard costs.
12. Contractor Overhead and Profit cannot exceed 10% of total hard costs, including general requirements.
13. Construction Contingency at application must be 15% of total construction/rehab contract amount.
14. If the property is purchased for greater than the appraised value, only the appraised value can be used in the NCHFA project development budget.

15. The below Replacement Reserves must be included on the expenses tab in Application Part 2 and increase by 4% annually:
- Non-licensed Transitional Rental Housing New Construction: \$250 per unit per year
 - Non-licensed Transitional Rental Housing Rehabilitation: \$350 per unit per year
 - Emergency or Non-Licensed Shared Housing: \$250 per 750 square feet per year up to a maximum of \$10,000 per year
 - Licensed Facility: \$250 per 1,000 square feet per year

1.14 Financing Commitment

SH-Safe will not fund more than one project per applicant per funding cycle. Additionally, if the applicant has a previous SHD award, the criteria in 1.4a must be met before a recommendation for funding for a subsequent project is made to the NCHFA Board of Directors, unless special circumstances apply (as determined by NCHFA).

Projects awarded for loan financing will receive a Conditional Commitment Letter from NCHFA. Applicants with a conditional commitment for financing will have 18 months to receive final written commitments for the balance of construction and permanent financing from other sources, and submit the due-diligence checklist items to NCHFA for approval. A Phase I Environmental Review/Environmental Assessment will be required to be completed within 6 months of the Final Commitment Letter being issued unless prior written approval is granted by the Agency.

After award, any changes or revisions made to the Development Budget listed in Application Part 2 must be communicated timely to the Agency.

Please see Appendix H for the full list of requirements to obtain the Final Commitment Letter. SH-Safe financing is construction to permanent. A final cost certification performed by a CPA will be due before the final disbursement can be made.

1.15 Loan Terms & Types

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

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

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

- The total value of the construction loan statement and soft cost invoices must meet or exceed the SH-Safe disbursement requested. The amount will be rounded to the nearest \$100.
- The SH-Safe loan disbursements must be used to pay down the construction loan from the construction lender.

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

The loan term is 20 years for new construction and rehabilitation.

- 1 - 15 years = 0% forgiveness
- 16 - 20 years = 20 % forgiveness per year, as long as the project remains in compliance. NCHFA will determine forgiveness at year 19 if there are no compliance issues.

All loans will include a Loan Agreement, Promissory Note, Deed of Trust, and Declaration of Deed Restrictions. NCHFA will hold first lien position unless prior written approval is granted by the Agency.

1.16 Construction Requirements

- 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
- Radon Testing readiness: See Appendix D.
 - All new construction projects are encouraged to include passive radon management systems in their designs. All new construction projects in EPA radon zones 1 and 2 must include passive radon management as part of the design. These systems can be converted to active systems if needed at a future date.
- 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](#)
 - Currently applicable [NC State Building Code](#) including energy efficiency code and accessibility code
- It is highly discouraged to locate SHDP funded buildings within the 100 year (AE) [flood risk zone](#). Flood risk zones can change with flood events and due to development near and upstream from project sites. The site work and foundation **must** be designed to reduce risk to the structure for occupancy and for ongoing use for critical community services. Elevating the build site and ensuring that the site slopes away from improvements is expected for all new construction projects. Adjacent site uses should be considered if stormwater, run off, or bulk moisture from adjacent sites might empty on to project site.

1.17 Ongoing Compliance Training, Monitoring & Reporting

1.17a Compliance Training

- NCHFA provides SHDP compliance training several times per year to assist owners and management agents with meeting NCHFA requirements. A schedule of training times and locations can be found [on our website](#).
- Owners or management agents must attend a training annually.

1.17b Compliance Monitoring & Reporting

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

Monitoring areas will include:

- The owner's proper operation and maintenance of the property
- The utilization of NCHFA restricted units
- Tenant incomes and eligibility criteria
- An operating and/or replacement reserve balance is properly maintained
- Adherence to the Tenant Selection Plan as approved by the Agency (if rental)
- For rental properties, rent affordability, as reflected in the Rent Table of the Deed Restrictions, if applicable
- If a property consists of non-licensed transitional rental units, the occupancy information about all units, not just NCHFA restricted units, must be entered in a timely manner (30 days from move-in) into the 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.
- Property insurance requirements are met annually. The insured amount must be greater than or equal to the amount of the SH-Safe loan amount. For policies less than or equal to \$5,000,000 the deductible should be no more than \$15,000. For policies greater than \$5,000,000 the deductible should be no greater than \$25,000. If this type of policy cannot be obtained or afforded, an insurance reserve may be substituted with approval from NCHFA staff.
- An audited financial statement or Agency approved alternative must be submitted annually for review.

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

1. Discriminate against any employee or applicant for employment on the basis of religion
2. Discriminate against any person applying for housing on the basis of religion
3. Require religious instruction or counseling
4. Require attendance at religious services or worship or engage in religious proselytizing or other religious influence in the provision of housing.

Section 2. SH-Safe Application Instructions

2.1 Project Description and Site Visit

1. Submit the Project Description and Site Visit Form (Appendix A) to SHdevelopment@nchfa.com for Agency staff to schedule the site visit.
 - a. **Deadline to submit forms: January 22, 2027**
 - b. Submittal of the Project Description and Site Visit form is considered the start of the application process. This form does not serve to reserve any funds or commit the applicant in any way to apply. Applicants are encouraged to submit the form as soon as possible so SHD staff can review the proposed site to determine if it is suitable for supportive housing.
 - c. If the proposed project includes rehabilitation, applicants must submit the SHD Property Inspection Form (Appendix C). It is essential that rehabilitation projects evaluate the project's needs comprehensively. Projects which have contracted with an architect or engineer to conduct an ASTM E2018-15-compliant Property Condition Assessment may submit the assessment provided it meets the minimum requirements of the inspection form (Appendix G). All rehab projects must provide a detailed scope of work that provides unit level detail. An example can be found in Appendix G. If awarded, rehab contracts should provide a level of detail that meets or exceeds the scope of work.
2. Site and Project Review & Meeting
 - a. A project description and site review by SHD staff for each proposed project and site is required.
 - b. The site must meet the minimum eligibility site standards, shown in the NCHFA Site Criteria (Appendix B).
 - c. The project and site review meeting will be an opportunity for applicants to get early feedback on a proposed project and site and to ask specific questions.
 - d. The Project and site must be reviewed and approved prior to *complete* application submission.
3. Site and Project Approval/Denial Letter
 - a. After the site review meeting, the SHD staff will send a site approval or denial letter to Applicant.
 - b. If the proposed project includes rehabilitation, the letter will also detail additional inspections if needed.
 - c. If the site or project are denied, the SHD staff will provide reasons and recommendations for the project site or project.

2.2 Application Submission

Complete applications are due electronically through the SHD Portal by **May 6, 2027 at 5:00 PM ET**. There are two parts to the complete application, Application Part 1 and Application Part 2. Both Part 1 and Part 2 must be submitted to have a complete application. **Applications may be submitted earlier than the deadline.**

2.2a Application Part 1

In the Application Part 1, the applicant will provide an organizational narrative, proposed project description in detail, and required exhibits including, preliminary site plans.

2.2b Application Part 2

The Application Part 2 is an Excel spreadsheet providing the development budget, sources of funds, project income (rents & mandatory fees), project expenses, and pro forma.

Section 3. Application Review and Award Process

3.1 Application Review & Selection Procedures

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

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

Although there is no allocation of funds by region, it is still the objective of NCHFA to achieve statewide distribution of Program funds.

3.2 Threshold Requirements

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

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

- j. Housing Development Consultant Contract (signed)
- k. Preliminary building project plans

Any deficiency not specifically covered in Section 3.2 may be cause for rejection of the application at the Agency's discretion.

3.3 Curable Deficiencies

- A curable deficiency is a missing, incorrect, or incomplete exhibit or worksheet not listed above as threshold items.
- Applications that are found to have curable deficiencies (either by the applicant or NCHFA) will be permitted to submit the missing information within a specified time period.

3.4 Project Scoring

All requirements under Section 1 of the Program Guidelines **must** be met. All SH-Safe projects will be scored after the application deadline. The scoring criteria is listed below for a maximum of 280 points:

Project and Site (up to 100 points)

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

Organizational Stability (up to 50 points)

Applications will be scored according to the number of years that the organization has been in existence.

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

Supportive Services Provider Experience Serving Human Trafficking Population (up to 50 pts)

Applications will be scored according to the number of years that the organization has been providing services to victims/survivors of human trafficking.

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

Supportive Services Provider Experience Serving Domestic Violence or Sexual Assault (up to 30 pts)

Applications will be scored according to the number of years that the organization has been providing services to victims/survivors of domestic violence or sexual assault.

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

Readiness to Proceed with Development (up to 50 points)

Projects will be scored against each other on the percentage of the development budget in hand. In hand commitments* will be counted as:

- Award letters from funding sources (worth 100% of their value)
- Investment account or bank statements showing proof of funds in hand along with a Board of Directors commitment or resolution of that funding amount (worth 100% of their value)
- Bank permanent loan interest/commitment letter for project (worth 100% of their value)
- Proof of submittal of applications to funding sources (50% of their value)
- Federal Home Loan Bank intent. This information must be included in Part 1 of the SHDP application, and it must be disclosed which FHLB applicant will be applied to (Atlanta, Pittsburgh, etc.), the application deadline, and the local member bank supporting the FHLB application (worth 50% of their value)
- General Assembly budget appropriations (approved is worth 100% of their value and non-approved worth 50% of their value)
- Pledges received during the construction period (worth 50% of their value). If funded, in order to get the Final Commitment Letter, future pledges can only be accepted in an agency approved format.

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

If a significant portion of the total development costs are not committed at application, the project may be disqualified at the Agency's sole discretion.

3.5 Project Ranking

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

3.6 Approval of SH-Safe Loan Awards

The applications ranked the highest and within the amounts available to the Program will be recommended to NCHFA's Board of Directors for financing approval. NCHFA's Board of Directors makes the final decision on which projects are funded. NCHFA reserves the right to contact other potential funders, interested parties, and service providers during the application review process to verify information in the application.

3.7 Project Award Notification

Applications will be taken to the first available Board meeting to review and consider for award. Upon approval of SH-Safe project loan awards, SHD staff will contact applicants and issue SH-Safe award letters to begin the commitment process. If projects are not awarded, SHD staff will issue a letter to the applicant at this same time.

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