Louisiana Housing Finance Agency

Special Programs

Tina Powell, Program Administrator
Loretta Wallace, Program Administrator

November 2, 2007

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M E M O R A N D U M

To: Commissioner Larry J. Broussard – Chairman
Commissioner Danette O'Neal
Commissioner Kevin J. Brown
Commissioner Merriell F. Lawson
Commissioner Mark Madderra

From: Tina Powell, Program Administrator
Loretta Wallace, Program Administrator

Date: November 2, 2007

Re: Special Programs Committee

There will be a Special Programs Committee meeting, Wednesday, November 14, 2007 at 10:00 a.m., at Louisiana Housing Finance Agency, Committee Room 2, located at 2415 Quail Drive, Baton Rouge, LA.

Leslie Strahan and Advisory Council Member will discuss:

- Louisiana Housing Trust Fund Guidelines

If you have any questions or concerns, please contact us.

November 2, 2007

Special Programs and Program Initiatives Committee

Notice is hereby given of a regular meeting of the Special Programs and Program Initiatives Committee, to be held on Wednesday, November 14, 2007 at 10:00 a.m., Louisiana Housing Finance Agency, Committee Room 2, located at 2415 Quail Drive, Baton Rouge, LA, by the order of the Chairman.

Preliminary Agenda

1. Call to order, roll call and introduction of guests.

2. Approval of October 10, 2007 Committee Meeting minutes.

4. Discussion/Approval of Louisiana Housing Trust Fund Guidelines

5. Other Business

6. Adjournment

____

Milton J. Bailey, President

If you require special services, please call Barry Brooks at (225) 763-8700 by Friday, November 9, 2007.

Louisiana Housing Finance Agency
Special Programs Meeting Minutes
Wednesday, October 10, 2007
2415 Quail Drive
Committee Room 2
Baton Rouge, LA 70808
10:30 A.M.

Committee Members Present:

Chairman Larry J. Broussard
Commissioner Merriell F. Lawson
Commissioner Danette O'Neal

Committee Members Absent:

Commissioner Kevin J. Brown
Commissioner Mark Madderra

Legal Counsel Present:

Wayne Neveu, Foley & Judell
Leslie Strahan, LHFA

Staff Present:

Loretta Wallace
Tina Powell
Brenda Evans
Diana Thibodaux
Mary Brooks
Yvonne Mathis

Others Present:
(See attached Sign-In Sheet)

Chairman Broussard called the meeting to order at 10:45 a.m. Roll call was taken and a quorum was established. The Chairman then asked for introduction of guests and staff. Chairman Broussard asked for a motion to approve the minutes of the December 13, 2006 Special Programs Committee meeting.

On a motion by Commissioner Danette O'Neal and a second by Commissioner Merriell F. Lawson, the minutes of the December 13, 2006 Special Programs Committee meeting were approved.

Tina Powell gave a HOME Reconciliation Update. At the beginning of the year we were over committed by $10M. In the last month, over committed by a little over $1.9 million. We are now overcommitted into our next allocation by only $262.10.

The money that has been deobligated has now been put into our Single Family Program. While we did do a lot of deobligations and recaptured a lot of money—recaptured in the general sense, that money has been used in our Single Family Program, so we still don't have any HOME money, she stated.

Commissioner O'Neal asked if it was anyone's decision inside of staff who decides whether to take 100% of it and move it and not leave a little bit inside for Special Programs. Ms. Powell replied that the deobligations that we went through, because they are committed by the Board, Mr. Bailey did sign off on. The ones he signed off on were the ones that either had environmental issues and by law could not fund. With our next funding allocations for those programs like TBRA and Rehab, and where we took some of that money, we can put that money back in with our next allocation. We moved 100% of the deobligations over; but not 100% of the funds in the Programs. The Programs are still up and running.

Commissioner O'Neal asked if the uncommitted funds of the Programs are still going on. Ms. Powell responded, no. Uncommitted funds are what we have available to commit. She reiterated that we are overdrawn by $262.10, down from $2 million. We expect more in April.

At this point staff attorney Leslie Strahan opened up a discussion on the Housing Trust Fund Resolution. She acknowledged the presence of Mary Brooks with the Center For Community Change. Loretta Wallace, Program Administrator, is also working on the program.

Ms. Strahan explained the components of the resolutions: 1) Create an Advisory Council, which would make policy, determination and recommendations to the Board; 2) Installation of Members; 3) Adopt Operational Procedures; 4) Action Plan; 5) Leeway to amend the Cooperative Endeavor Agreement.

Chairman Broussard added in terms of the timeline, the intent of the Legislature is to spend the money as expeditiously as possible. The Cooperative Endeavor Agreement says the funds must be expended by June 30, 2008, Ms. Strahan stated. She stressed expended, not allocated, and stated that it would be necessary for the Board to allow staff to amend the language of the Cooperative Endeavor Agreement.

Ms. Strahan stated she spoke with the Treasurer's Office and the initial reaction of the contract monitor was that the expenditure language needed to stay, but they would give us a 6-month extension, to December 30, 2008, to have the money expended. We would have to give that to them in writing, they would have to agree to it in writing and any other necessary approvals.

Board Chairman Woods asked if it is necessary that the Board approve an Action Plan at this point. He stated he is concerned about the timeline. He suggested we not approve it now, but come back at the next Board meeting when we have something more concrete, as opposed to approving something that is nebulous, then come back and refine it. Ms. Strahan stated that the Trust Fund Committee wanted assurance that the group's objectives were agreed upon by the Board of Commissioners to ensure that what the group was proposing was in line with the Board's plans for the fund..

Counsel Wayne Neveu stated it is extraordinarily difficult to spend that amount of money in a year. The Advisory group should take this into account when it meets in the next couple of weeks and reconsider what is the most practical approach. Lengthy discussion followed.

Chairman Broussard stated we need to look at what we can do. If we are going to expect the Legislature to continue funding in this manner, we are going to have to move as quickly as we can; because if we don't prove that we can do it, there will be no more funding.

Chairman Broussard asked Mary Brooks (Center for Community Change) to interject some ideas. Ms. Brooks stated we have already gone through a very impressive process to get to where we are now, with the documents before us. She agrees it will be hard to spend money this quickly; but the one thing we do not want to do is just spend the money, she stated. We have a very unique opportunity with $25 million to build something that will be lasting in Louisiana, and we need to do this right. Many in the groups that were involved in the planning thus far, are involved in development. They knew what they were doing, they talked about it and put something together that really makes sense. We don't want the money just to piggyback on other things. We want to be able to show that with the $25 million LHFA was able to do something truly remarkable for the State of Louisiana, and it positions us to get funding in the future. She feels what we have before us is an excellent step forward toward that, and we do need to move quickly.

On a motion by Commissioner Lawson and seconded by Commissioner O'Neal, the following was approved by the Committee:

APPROVED: **A resolution authorizing the creation of the Housing Trust Fund Advisory Council; authorizing the installation of the membership of the Advisory Council; adopting the Operational Procedures to govern the Advisory Council; approving the Action Plan for the Housing Trust Fund; authorizing the Agency to take steps to amend the Cooperative Endeavor Agreement with the Louisiana Department of Treasury; authorizing Agency staff and counsel to prepare the documents necessary to administer the Housing Trust Fund**.

There being no other business to come before the Committee, on a motion by Commissioner Lawson and seconded by Commissioner O'Neal, the meeting was adjourned at 11:21 a.m.

LOUISIANA HOUSING FINANCE AGENCY

SPECIAL PROGRAMS COMMITTEE MEETING

October 10, 2007

Guest Sign-In Sheet

GUEST NAME	PLEASE PRINT	FIRM
1. Katherine Hoover		Jefferson Parish Office for Citizens With Disabilities N.O. Mayor's Advisory Council for Citizens With Disabilities
2. Marion Beckley		Classic Homes & Services, Inc.
3. KEVIN BOYD		HABITAT FOR HUMANITY
4. IRMA CRY		ST. TAMMANY PARISH
5. Mary Brooks		Center for Community Change
6. Leslie Strahan		LHFA
7. Tina Powell		LHFA
8. Diana Thibodeaux		LHFA
9. Lisa M. Williams		LA Housing Comm. & Econ. Dev. Collaborative
10. MERRIELL F. LAWSON		COMMISSIONER - L.H.F.A.
11. Almetra J. Franklin		La CHDO, Inc.

SPECIAL PROGRAMS

PLEASE PRINT CLEARLY

GUEST NAME	FIRM
12. Joe Green	RSCM, Alexandria, La.
13. Sibal Suarez Holt	RSCM, Alexandria, La
14. Tammy LeBlanc	DHH
15. Yvette L. Jamin	DHH/OAAS
16. Jane Killen	LACAP
17. Wayne J. Neveu	Foley & Judell, LLP
18. Loretta Wallace	Staff
19. Christine Robertson	LISC
20. Charlette Minor	Freddie Mac
21. Brenda Evers	Staff
22. Lucinda Flowers	Unity of Greater NO
23. Mary Brooks	Staff
24. Yvonne Mathews	Staff

LOUISIANA HOUSING FINANCE AGENCY

SPECIAL PROGRAMS/HOME COMMITTEE

Wednesday, October 10, 2007 @ 10:30AM

Guest Sign-In Sheet

GUEST NAME	FIRM
PLEASE, PLEASE PRINT	
1. Carliss Knesel	Hancock Bank
2. KEVIN BOYD	HABITAT FOR HUMANITY
3. Katherine Hoover	Jefferson Parish Office for Citizens with Disabilities + N.O. Mayor's Council Citizens With Disabilities
4. Marion Beckley	Classic Homes & Services Inc. 616 S. Holly St. Bunkie, LA 71322 representing Inter Agency for Aging Coalition-N.O.
5. Yvette [illegible]	DHH / OAAS
6. [illegible]	Community [illegible], Inc.
7. Lisa M. Williams	LA Housing Comm. & Econ. Dev. Collaborative
8. IRMA CRY	ST. TAMMANY PARISH

SPECIAL PROGRAMS/HOME COMMITTEE

PLEASE PRINT CLEARLY

	GUEST NAME	FIRM
9.	[illegible signature]	DHH
10.	Lucinda Flores	Unity of GNO
11.	Ametra J. Fuller	CHDO
12.	Jone Rullen	La cap
13.	Aly John	UGN / CGI
14.	Delores Stewart	St. Mary CAA
15.	Marion Zachary	Scotlandville CDC
16.	Wayne J Neveu	Foley & Judell LLP
17.		
18.		
19.		
20.		
21.		

SPECIAL PROGRAMS/HOME COMMITTEE

PLEASE PRINT CLEARLY

	GUEST NAME	FIRM
22.	Ashley Herad	LANO
23.	Tony Bruning	Alliant Capital
24.	Clarence A. Smith	Mt. Pleasant CDC
25.		
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DRAFT
2007
Louisiana Housing Trust Fund Guidelines

Louisiana Housing Finance Agency

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Louisiana Housing Trust Fund (LHTF)
Overview

The Louisiana Housing Finance Agency (LHFA) seeks to utilize the Louisiana Housing Trust Fund (LHTF) to provide financing for sustainable affordable rental and homeownership housing development by distributing resources through an award process that addresses the mandates of the law, the needs of our customers and the interests of our stakeholders.

1. Types of Housing
   a. LHTF will prioritize supporting the development of smaller multifamily apartments (20 units or less) to provide affordable, accessible, safe, decent and sanitary rental housing. However, this does not exclude the LHTF from funding larger-scale projects.
   b. LHTF will support the development of single-family homeownership opportunities to:
      - Assist qualified homebuyers with incomes up to 80% of the Area Median Income to purchase a home and have the opportunity to build wealth; and
      - Assist in providing stability, continued revitalization, and/or development of neighborhoods.
   c. LHTF will support projects by providing up to 75% of the total development costs to support affordable housing creation:
      - In urban and rural areas
      - With Permanent Supportive Housing for the homeless, persons with disabilities (mental, physical or cognitive), and seniors.
      - For those households with one or more individuals with mental retardation, ad developmental disability, severe and persistent mental illness, mobility impairments, sensory impairments, and adult onset impairment, or a senior.
   d. LHTF will target an equitable distribution of funds across the State of Louisiana using a need-based formula and prioritization to distribute funds across 10 designated regions.

2. Project Characteristics
   a. Select rental projects based on the strength of the market area, including vacancy rates, penetration rates, the condition of other affordable properties in the area, the projected growth rate of the low-income population, and other affordable housing projects recently placed-in-service or currently under development.
   b. Select homeownership projects based on a demonstrated market for the proposed development.
   c. Consider the project's location/site in the selection process.
   d. Consider the project and/or unit amenities in the selection process.
   e. Consider the unique requirements of the population being served in evaluating the project's design and features.
   f. Consider the needs of the community and whether the project appropriately meets those needs.
   g. Demonstrates quality and cost-effective production.

3. Development Team Characteristics

a. Support members of the development team (applicant, developers, contractors and property manager) that demonstrate an ability to meet key responsibilities in a timely and efficient manner.

4. Financial Considerations
   a. Support projects that have demonstrated financial feasibility at all phases of development.
   b. Support projects that demonstrate a need for the LHTF subsidy.
   c. Promote the development of for-sale housing offering below-market financing to homebuyers.

GENERAL INFORMATION

The goal of the Louisiana Housing Finance Agency's (LHFA) Louisiana Housing Trust Fund is to provide financing for eligible affordable housing projects to expand the supply of decent, safe, affordable housing for households up to 80% of the Area Median Income with a focus on serving households at or below 30% of the Area Median Income in the State of Louisiana.

Questions concerning the Louisiana Housing Trust Fund should be directed to LHFA staff:

Loretta Wallace, Program Administrator
Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
(225)763-8700, (888)454-2001, (225)763-8753 FAX
lwallace@lhfa.state.la.us

Eligible/Ineligible Applicants

Eligible Applicants:

- Private For-Profit Developers
- Not-for-profit 501(c)(3) and 501(c)(4) Organizations
- Public Housing Authorities
- Local Governments
- Native American Tribes

Entities receiving an award of LHTF funds must act as the majority/controlling partner, sole owner, or a general partner/managing member during the **entire** construction phase. LHFA must approve any changes to the LHTF-Recipient (applicant) after the construction phase.

Ineligible Applicants: Individuals

Eligible/Ineligible Projects

Eligible Projects: Eligible projects will create affordable housing that will serve households at or below 80% of the Area Median Income and can be one ore more of the following:

- ✓ Renovation, rehabilitation, new construction or a combination. Renovation or rehabilitation must be substantial, must be conducted on units that are vacant at the time of application to the HTF, and the LHFA will eliminate a project from eligibility if the owner of the site vacates existing, occupied units in order to apply for HTF for financing.
- ✓ Rental, including Single-Room Occupancy units, or homeownership.
- ✓ Affordable permanent housing, transitional housing or permanent supportive housing
- ✓ Housing can serve households with seniors, special needs individuals with mental retardation, a developmental disability, severe and persistent mental illness, mobility

impairments, sensory impairments, an adult on-set chronic impairment, or households containing one or more of those characteristics, provided that the applicant supplies a plan with their application to provide sustainable supportive services for at least five years.

Ineligible Projects:
LHTF cannot be used to assist projects that:

- ✓ Are identified as hospitals, nursing homes, sanitariums, lifecare facilities, retirement homes (if providing significant services other than housing are mandatory for residents), employer housing, mobile homes and student housing or a project where services, care or supervision is provided in a congregate manner.

Eligible Uses

LHTF resources may only be applied in the development budget toward non-related third-party acquisition, hard costs associated with new construction or rehabilitation, and soft costs associated with the proposed development. If market rate housing and/or commercial spaces are involved in the proposed development, costs associated with creating the market rate housing and/or commercial spaces cannot be paid using LHTF funds. Development budget line items that can be paid for using LHTF funds include:

- Acquisition of land and/or building(s) (from unrelated parties only);
- Demolition;
- On-site improvements[1];
- Construction and/or substantial renovation/rehabilitation including construction fee (such as permits costs, impact fees, etc.) items, construction contingency, and contractor overhead and profit (excluding costs associated with construction of commercial property);
- Furnishings[2] and appliances;
- Architectural and engineering fees;
- Consultant fees;
- Market Studies, Appraisals, Phase I Environmental Studies;
- Financing Fees; and
- Legal fees.

Other development budget expenses must be covered by sources of financing other than LHTF.

1 *Infrastructure (roads, sidewalks, water/sewer lines on roadways) is considered an off-site improvement and is not an eligible use for LHTF.*

2 *The applicant must provide a detailed budget of furnishings to be purchased which must be reasonable for the intended project. The LHFA reserves the right to review the budget for reasonableness of cost and scope and make adjustments as needed.*

Targeted Populations for Permanent Supportive Housing

For the purposes of these guidelines, LHFA defines target populations as households with at least one member, which has one or more of the following:

- Mental Retardation/Developmental Disabilities (MR/DD)

- Mobility and/or Sensory Impairment
- Adult on-set of a Chronic Impairment
- Severe and Persistent Mental Illness

Projects that are restricted to serving one of these populations may receive additional consideration(s) in these guidelines.

Civil Rights Compliance

Civil Rights Compliance. It is the responsibility of the owner/developer/borrower and any of its employees, agents or sub-contractors, in doing business with LHFA, to adhere to and comply with all Federal Civil Rights legislation inclusive of the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973, and the Americans With Disabilities Act, as well as any state and local Civil Rights legislation, and any required related codes and laws. Should LHFA not specify any requirements, such as design, it is nonetheless the owner's responsibility to be aware of and comply with all non-discrimination provisions relating to race, color, religion, sex, handicap, familial status, and national origin. This includes design requirements for construction or rehabilitation, Equal Opportunity in regard to marketing and tenant selection, and reasonable accommodation and modification for those tenants covered under the Laws.

Good Standing

Program participants will be considered not to be in good standing when one of the following apply to a project in which the entity or individual is involved in an executive capacity (i.e. anything other than as a passive investor or general contractor):

1. Outstanding uncorrected IRS Form 8823.
2. Default on any LHFA loan.
3. Before the issuance of IRS Form 8609, the project has non-compliance issues that would be reported to the IRS if Form 8609 had been issued.
4. Failure to maintain good standing with a Louisiana Office of Community Development program.
5. Deviating from an approved project plan without LHFA approval.
6. Providing false, misleading, or incomplete information on an application or other document required by the LHFA.
7. Disbarment from HUD or other federal agencies.
8. Failure to maintain good standing with the Louisiana Secretary of State.

A designation of not in good standing will result in the entity or individual so designated being unable to participate in the LHTF program until the issues resulting in such designation are resolved. Parties deemed to be not in good standing under any of the above items may, upon submission of additional information, request to remove such designation.

Projects may request that the LHFA waive violations of the good standing policy as described above. Examples of circumstances where a waiver may be issued include when a management company or owner "inherits" uncorrected Forms 8823, or in the event of a casualty loss.

Waivers

Applicants may, with compelling reasons and supporting documentation, request waivers of the Guidelines. LHFA will make best efforts to work with applicants whenever possible. Requests for waivers along with supporting documentation must be submitted in a letter submitted to LHFA after the funding round opens and prior to the submission of the application. Waiver requests may be sent via facsimile or US Mail (no emails) and must include the name and address of the proposed project. The applicant must submit all requests for a waiver for a particular project in one letter.

The LHTF Application

Insert Information on Application Form Here

Anticipated Funding Level and Funding Limits

The LHFA anticipates the receipt of $23.5 million for this funding round. However, final LHTF funding levels are subject to (1) appropriation of funds to LHTF by the State Legislature; (2) allocation by the LHFA Board of Directors; (3) receipt of funds; and (4) any other restrictions imposed by the State of Louisiana

LHTF will provide funding up to the lesser of the (1) per project limits, (2) 75% of the total project costs or (3) the per unit limits, as follows:

Per Project Limits:

- $1,000,000

Per Unit Limits:

- $150,000

Geographic Funding Pools

To encourage diverse geographic distribution of the LHTF, the LHFA will award funds in accordance with use a need-based formula, the Fair Share Formula of the Office of Policy Development and Research, following the ten Regional Homelessness Continuums of Care. The population statistics used will be from the most recent census estimates, however the other need factors will be from the last full census.

Fair Share Formula:

$$\left(0.5\,\frac{Povfam\,(a)}{Povfam\,(TOT)} + \frac{0.1\,FHH\,(a)}{FHH\,(TOT)} + \frac{0.3\,AgePov\,(a)}{AgePov\,(TOT)} + \frac{0.1\,Ocrowd\,(a)}{Ocrowd\,(TOT)}\right) * HTFA$$

Where:

- (a) = the value for the jurisdiction.
- (TOT) = the value for all grantees, entitlement and nonentitlement.
- Povfam = the number of family and elderly person in poverty.
- FHH = the number of female-headed households with children.
- AgePov = the number of housing units older than 50 years and occupied by a poverty household.
- Ocrowd = the number of overcrowded housing units.
- HTFA = Housing Trust Fund Allocation

LHFA reserves the right to award funds first to meet required set-asides, including 30% of the Funds targeted to affordable housing units serving 30% AMI households.

LHFA may elect to move funds from one or more geographic pools and put them in a general pool if (1) an insufficient level of applications were received from a specific pool and/or (2) if the pool has insufficient applications meeting the threshold requirements of the LHTF.

Anticipated Calendar

date	Question and Answer Session on HTF
date	Final RFP is Posted and 2007 Funding Round Begins
date	Questions on the RFP due to the Agency – No further questions will be taken after this date.
date	Funding Applications Due
date	Threshold Cure Period
date	Awards Announced

APPLICATION PROCESS

Application Submission

Applications for LHTF must be submitted as follows:

1. A diskette (or CD ROM) containing the completed Application Forms.

2. One copy of the paper application, including all required attachments, meeting the following criteria:
   - ✓ Use white paper only
   - ✓ Loose-leaf or spiral binder with tabs separating each section of the application corresponding with the enclosed Table of Contents
   - ✓ A Table of Contents in the front of the binder

3. Applications must be received by mail or hand-delivery to the following address:

   Louisiana Housing Finance Agency
   2415 Quail Drive
   Baton Rouge, LA 70808

   Attention: Loretta Wallace, Program Manager

4. Fees: Each LHTF application must be submitted with an application fee according the following schedule:

   Application Fee

Projects with 1 - 4 Units:	$100.00
Projects with 5 - 32 Units:	$1,000.00
Projects with 33 - 60 Units:	$1,500.00
Projects with 61-100 Units:	$2,500.00
Projects with over 100 Units:	$5,000.00

   Reprocessing Fee

   The reprocessing fee is equal to ½ of the application fee and will be required whenever reprocessing changes occur. The applicant must receive approval of the Agency for any reprocessing changes to a project and the fee will be required at the time the reprocessing charges are submitted to the Agency for approval.

   Annual Compliance/Monitoring Fee

   The Minimum Fee by project size; provided that the agency reserves the right to charge such additional amounts at any time as may be required to monitor compliance in accordance with the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto.

   Minimum fee is as follows:

Projects with 1 - 4 Units:	$20.00
Projects with 5 - 16 Units:	$80.00
Projects with 17 - 32 Units:	$160.00

Projects with 33 and over:Amount equal to 50% of units in project times $10.00

If an applicant applied for LHFA financing within the past 12 months and the project has had a Project Feasibility and Market Viability Analysis completed on it in the past 12 months and the applicant has not substantially changed the project, the applicant may request a waiver of the application fee in writing to the Agency.

THRESHOLD REQUIREMENTS

Threshold review is a basic review of the full application to determine if it is complete; all necessary forms, supporting evidence, and fees are included; and the project meets minimum program requirements.

LHFA will complete threshold reviews of applications and offer the applicants the opportunity to correct or "cure" deficiencies in their applications.

Threshold criteria are as follows:

1. Meets LHTF Requirements: The project must be eligible and propose eligible activities as per the requirements outlined in these Guidelines. The project must also comply with all other requirements of the program, including per project funding limits, per unit funding limits, etc.

2. Complete, Organized Application with Application Fee: Applications must be submitted in a three-ring binder, utilizing the index provided with the application and an index tab for each numbered or lettered section. Applications must be complete and consistent with all supporting documentation. Any applications that are incomplete, inconsistent, and/or illegible will be rejected. In addition, the appropriate processing fee must accompany each application. If a check is returned for insufficient funds, the application will be immediately rejected.

3. Evidence of Site Control: The applicant must submit copies of the executed and recorded deed(s) of the current owner, if the property is owned by a general partner or limited partner in the project. If the current owner is not a general partner or limited partner in the project, then one of the following must be submitted to properly evidence site control:
    a. Executed purchase option with date certain performance;
    b. Executed purchase contract;
    c. Executed land contract;
    d. Executed long-term (30 or more years) lease agreement with an executed and recorded memorandum of lease;
    e. Executed option to enter a long-term lease agreement; or
    f. Alternative documentation may be accepted for projects involving tax adjudicated properties or expropriated properties programs from local governments. Please consult LHFA staff to determine documents that will sufficiently evidence site control.

    Each of the site options or contracts may not expire until at least 3 months following the scheduled announcement date for Housing Trust Fund awards. All option agreements relating to the transfer of a site must be included in the application. The items listed above are the minimum required to meet threshold requirements. The LHFA reserves the right to require, as needed, additional documentation that evidences proper site control.

4. Zoning: The applicant must demonstrate that the zoning for each site on which the project will be located allows for the use(s) proposed by the applicant. Thus, at a minimum, the zoning designation for each site must allow residential use. Applicants must submit a letter from the local jurisdiction to confirm the zoning that must include the following:
    a. The actual zoning designation and a description of this designation;
    b. Density and/or lot coverage requirements (if any);
    c. If a conditionally permitted use, an explanation of the conditions to be met for the project to be considered a permitted use; and

    For jurisdictions with no zoning regulations in effect, a letter from the jurisdiction so stating is required.

5. Affirmative Marketing Plan: The applicant must complete an Affirmative Fair Housing Marketing Plan (Form AFHM-98). All items on the form must be completed correctly including all attachments. The applicant must include on the form a description of the outreach, marketing, and advertising methods used in order to affirmatively market the project.

6. 25% Match: Each project must evidence leveraging at least $1 dollar of other permanent financing sources with every $3 of requested LHTF. Match or leverage can come from cash, private or government sources of financing, fees being waived by a local government (such as impact fees), donated materials, and/or volunteer labor. If match of $1 for every $3 being request is not evidenced, the project will not be eligible for LHTF.

7. Evidence of Other Financing Commitments: All non-LHTF construction and permanent financing, grants, equity sources and deferred fees or expenses shall be conditionally committed at the time of application. An executed conditional commitment letter from each source must be included with the application. A conditional financing commitment must contain, at a minimum:
    (a) the amount of financing;
    (b) the interest rate of the loan (or if a grant, indicate a grant);
    (c) the term of the loan;
    (d) the amortization period or other repayment terms for the loan; and
    (e) the contact person's name and telephone number.

    A letter or explanation for all sources must be submitted. For deferred developer's fees, the project developer should submit a brief letter confirming these fees will be available to the project and under what terms and conditions (as indicated above).

    Those applicants seeking funding from a local government, Federal Home Loan Bank, or other public or quasi-public funding source that does not issue a funding decision prior to the LHTF application deadline must substitute a letter of application or letter of intent from the funding source. The letter of application or intent must be signed by the funding source and shall include the name of the project, the number of units, the amount of funding sought, the terms and rates for the funding sought, the anticipated date of funding decision, and a statement that the project is, or will be, considered for funding. For letters of intent, the decision for award of additional funding must occur on or before **March 1st, 2008** or the funding source cannot be considered.

A conditional equity commitment must contain, at a minimum, (a) the amount of Housing Credit equity (net and gross); (b) the pay-in schedule for the equity; (c) the cents per Housing Credit dollar factor used; and (d) the amount of historic equity (if any). The conditional commitment letters must be consistent with the information provided on the applicant's Housing Credit Application to the LHFA and must be signed and dated no more than six months prior to the application deadline.

The LHFA reserves the right to verify any financial commitment(s).

Non-cash commitments must be fully described by the applicant with supporting documentation and reasonable calculations of value.

8. Utility Allowance Information: For Rental Projects, utility allowance information must be submitted consistent with the project design evidencing the approximate monthly cost of utilities for each unit type (1 bedroom, 2 bedroom, etc.)

9. Adherence to HTF Underwriting Standards: Projects must meet certain underwriting standards to pass the threshold review. The project must comply with the following underwriting standards:
    a. Developer fees & overhead and any consultant fees may not exceed the sum of 15% of total rehabilitation and new construction costs minus any reserves (if applicable).
    b. Total soft costs may not exceed 35% of total project costs.
    c. The total permanent financing sources must equal the total project costs at the time of application.
    d. Proposals found to be either financially feasible without a LHTF funding, or to be financially infeasible in any case, will be rejected. Proposals found to be financially feasible with less LHTF funding will be considered for a reduced award.

For Rental Projects, the Net Operating Income (NOI) is calculated according to the following standards, and is then compared to the annual debt service payments to make sure there is positive and adequate debt service coverage throughout the 15-year affordability term. Exceptions to this can be requested for projects serving very low-income (40% AMI or below) sponsored by agencies that can demonstrate the ability to raise private sources of funds using annual funding raising campaigns to subsidize the operating costs of the project.

    a. The hard debt coverage ratio (DCR) must be above 1.15. Owners of projects with a hard debt coverage ratio lower than 1.15 must provide a written explanation from their lender(s) describing the reasons for their willingness to accept a low DCR. The LHFA has discretion to waive this requirement based on documentation provided by the owner. Hard debt coverage is calculated using debt payments due on a firm, amortizing payment schedule from lenders with the right to foreclose if payments are not made in full and on a timely basis.

b. Project must be able to obtain a Hard DCR of 1.15 and fully fund replacement reserves for each year during the 15-year compliance period. For projects with no hard debt, annual income must equal 115% of operating expenses and reserves for each year during the 15-year compliance period.

c. Only rental income will be used in the cash flow analysis. Income from commercial space, fees, and other income will not be considered. Exceptions may be granted for special situations – i.e., existing commercial, long-term lease, documented prior income, etc.

d. The DCR for all debt sources may be no higher than 1.30. If the DCR is too high, the LHTF award will be reduced.

e. The project's annual operating expenses per unit must fall within 10% of the average costs, based on region and project type. Exceptions may be made for projects with special circumstances. Owners must provide persuasive evidence in order to secure a waiver of these standards. ***Does LHFA have such average costs, if so need to apply or revise this standard.***

f. The maximum and minimum annual replacement reserve standards:
   Maximum: $400 per unit
   Minimum: $250 per unit

   For Rural Development and FHA-financed projects, the LHFA will use the reserve limits prescribed by those agencies. Exceptions may be made for projects with special circumstances. Owners must provide persuasive evidence in order to secure a waiver of these standards.

g. The LHFA will assume an annual income increase of 2% and an annual expense increase of 3%.

10. Site Assessment: The applicant must submit the following with the application. LHFA reserves the right to request follow-up information from the applicant if site or surrounding uses are of concern to the LHFA and may reject the project site if the site is deemed unsuitable or inappropriate for the development proposed.

Color Photographs: The applicant must submit 4 color photographs of each site (on paper or disk) as follows:

a. From the east looking towards the site;
b. From the west looking towards the site;
c. From the north looking towards the site; and
d. From the south looking towards the site.

Project/Site Map: The map should be at "street level" and identify nearby roads/highways/streets. In addition, the applicant should identify North, South, East, and West and where the photographer stood to take each picture. Applicant should identify any landmarks, prominent buildings/business, etc.

11. Development Team Review: LHFA must be able to assess the applicant and each member of the development team to determine that each has the capacity to fulfill it's responsibilities within the **applicable** time frame established by the agency and enforced through the funding agreement. Therefore, the applicant must submit the following information:

- Ownership entities: (note, the applicant must be the majority or sole owner) – If a Joint Venture, Limited Partnership or LLC, a joint venturers, general partners and/or managing members must each submit development experience.
    a. Contact name and number;
    b. Resumes of key individuals (executive director, CFO, etc.);
    c. Organizational chart;
    d. Non-profit organizations must include supporting documentation of non-profit status; and
    e. Non-profit applicants must provide a board resolution authorizing the non-profit to apply for the LHTF funds through the Louisiana Housing Finance Agency. The resolution must state the amount being sought, the name of the project for which the funds will be used, and the names of the staff that are authorized to execute legal documents on behalf of the applicant; and
    f. The most recent two audited financials or a statement why audited financials have not been done.
- Developer: (if different than the ownership entity)
    a. Resumes for staff involved in the development phase; and
    b. Company bio
- General Contractor:
    a. Resumes for staff involved in the project
    b. Company bio
- Consultant: (only if the project budget includes consultant fees)
    a. Resume
- Management Company (rental projects)/Sales Agent (for-sale projects):
    a. Resumes for lead staff; and
    b. Company bio.
- Identity of Interest Statement: The applicant must provide a signed statement identifying any identity of interests among the development team members noted above, any other individual/organization involved in the project (architect, engineer, etc.) and the seller of the property, if applicable.

Subjective Review

LHFA reserves the right to evaluate the strength and capacity of the proposed development team in determining LHTF funding awards. The subjective review will include the following:

- Past Performance: Past experience developing affordable housing using LHFA programs as well as other projects. The quality and success of previous developments will be taken into account. Licensing deficiencies and failure to correct those deficiencies of the primary applicant or any member of the development team will be considered.
- Backlog/Status of Current Projects: Properties presently under construction will be considered in determining the applicant’s ability to complete the project within the timeframe of the funding agreement. LHFA will also evaluate the applicant’s performance on previously funded projects.

- Opportunity Costs: The applicant will not be prevented from accomplishing its other key activities as a result of undertaking this development project.
- Compatibility: The project is consistent with the mission and strategic focus of the applicant.
- Staff Development and Capacity: Each member of the development team must have the capacity meet the responsibilities (ownership, development, construction, management) of all current projects on time and within program requirements and application commitments.
- Financial Capacity: Audited financials will be evaluated to determine the applicant's ability to absorb cost overruns, or increased costs due to construction delays.
- Services Capacity: For projects proposing to provide permanent supportive housing, the development team must show the capacity to provide and sustain permanent supportive services for at least five years. If licensing is required for one or more of the service providers, the provider must meet and continue to meet all licensing requirements.

12. Architectural Submissions: The applicant must submit preliminary plans and specifications that provide a description of the proposed development. All projects should submit the following:

    a. Typical unit plan, including square footage (staff must be able to determine the square footage of the living space, garage, storage, and community/common space);
    b. Building elevation (photographs are acceptable for rehabilitation projects);
    c. Site plan (scattered site projects exempted);
    d. Detailed scope of work (rehabilitation projects only); and
    e. Contractor/Architect Certification

14. Appraisals: Applications must include an appraisal with their application completed by an independent, third-party, appraiser licensed, by the State of Louisiana, that includes a conclusion on the fair market value of land and/or buildings to be acquired for the project in an "as-is" state. The appraisal(s) must be for the land (new construction if acquisition is involved) and/or as-is appraisals for existing structures. The purchase price should be less than or equal to the appraised value. If the purchase price is greater then the appraised value, the applicant must explain why. LHFA reserves the right to limit funding of acquisition costs to the appraised value of the site.

    If land is being donated, an as-is appraisal is not required.

    Appraisals cannot be more than twelve (12) months old at the time of application.

15. Lead-Based Paint Strategy (Rehab projects only): All projects must address any lead-based paint in proposed projects. All projects that involve the demolition and/or renovation of structures built prior to 1978 must submit a lead-based paint strategy that includes the following:

a. Indication of whether or not the property(ies) has(have) been tested for lead-based paint.
b. If the units/buildings have been tested, description of the test results. If the project has not been tested, description of how an estimated cost for testing was derived and confirmation that these costs were incorporated in the project's development budget.
c. Description of how the cost to treat lead-based paint will be covered by the project budget, and how the cost to treat lead-based paint was estimated.
d. Description of the availability of licensed lead testers, contractors and workers in the area, and if there is a shortage of licensed personnel, how might that effect the construction of the project in regards to the timeline and the strategies that will be used to find licensed personnel.

16. Minimum Project Design Requirements:

Projects must include the following design features:

a. Units with more than two bedrooms must include at least one full bath and one half bath, and all full baths must meet physical accessibility standards;
b. All appliances in each unit must be energy-efficient (energy star);
c. Central air conditioning;
d. Added security on sliding glass doors;
e. All entrances and exists must meet ADAAG standards for width and threshold;
f. Cable and phone jacks in the living room and all bedrooms;
g. Bedrooms must be at least 8' X 10' (large enough for a twin bed and a dresser);
h. A project that sets-aside units that serve a unique population (MR/DD, Mobility Impairment, Sensory Impairment, Adult On-Set of a Chronic Condition Severe and Persistent Mental Illness or Seniors) must provide letters of support from local organizations that provides services to the population. The letter must be dated within six months of the LHTF application and include:
   - The name and location of the property;
   - The name of the applicant;
   - The population being served;
   - Support for the project and the applicant; and
   - Acknowledgement that the units are needed and a market does exist.
   - Signed statement from the applicable licensing agency governing the service provider which indicates whether the service provider has any current operating deficiencies and whether the sponsor was involved with a facility that had previously been closed due to licensing deficiencies.
i. At least 5% of rental units in the project must be accessible to persons with mobility impairments. Additionally, at least 3% of units must provide accessibility for households with a member(s) with sensory impairment(s). At least 5% of homeownership units in a homeownership project must be adaptable to households with mobility impairments.

17. Qualified Cost Estimates

Itemized cost estimates from an ***unrelated third party*** are required to substantiate the construction costs in the development budget. To be an unrelated third party, there can be no identity of interest between the organization providing the qualified cost estimates and any organization with an ownership interest, including the developer, the general contractor, any member of the development team, their subsidiaries or affiliates (the project architect may submit the estimate). The estimates must be submitted on letterhead and must be signed by the organization providing estimate.

Estimates must indicate the status of the design process (i.e. preliminary drawings, working drawings with outline specifications, full-scale drawings and specifications, etc.).

If any member of the development team or ownership has an identity of interest with the entity providing the qualified cost estimate, the identity of interest relationship must be disclosed.

RENTAL DEVELOPMENT

Rental Projects

A. <u>Eligible Rental Projects</u>:

Rental development that provides newly constructed or renovated affordable rental units. This may involve new construction, adaptive reuse, or rehabilitation of vacant building(s). This includes traditional multifamily rental projects, transitional housing and Single-Room Occupancy.

Permanent supportive housing or transitional housing for special needs occupants will be considered if the applicant provides supportive services, the services are appropriate to the population being served, and the applicant designates a maximum occupancy period for residents prior to leasing units in the project. The minimum occupancy period for transitional housing is six months.

Rental Housing projects utilizing the 9% Low-Income Housing Tax Credit Program will be required to meet one or more of the following criteria:

a) Because of the Housing Trust Fund subsidies, the project will commit to a deeper affordability and occupancy standard than originally proposed in the project structure at the time of application for 9% housing tax credits.
b) Because of the Housing Trust Fund subsidies, the project will commit to providing some or additional SHP units as compared to the original project structure at time of application for 9% housing tax credits.
c) Because of the Housing Trust Fund subsidies, the project will commit to a higher percentage of accessible units than originally proposed in the project structure at the time of application for 9% housing tax credits.

Additionally, projects using the 9% housing tax credits will not be permitted to utilize HTF funds to fill gaps that already exist in the project financing resulting from such things as (1) reduction in equity, (2) construction cost increases, and/or (3) a deferred developer fee already committed to by the developer in the application for 9% credits.

B. <u>Permanent Supportive Housing Requirements:</u>

Permanent Supportive Housing projects are designed for persons/households having one or more of the following characteristics:

- homeless or those at risk of being homeless;
- developmentally disabled;
- severe and persistent mental illness;
- mobility or sensory impairment;
- alcohol and/or substance abuse problems, or co-occurring disorder;

- adult on-set of a chronic condition;
- seniors
- chronically unemployed (the project owner must provide appropriate employment services);
- or other persons/households that qualify under the HUD Shelter Plus Care Program.

Projects must contain 25 units or less and at least 50% of the units within the housing development must be reserved for occupancy by the targeted population.

A comprehensive service plan that is satisfactory to LHFA and meets all the requirements listed for Permanent Supportive Housing Projects in the Attachments must be submitted with the application. The plan must identify:
- the services to be provided and sustainable for at least five years;
- the anticipated sources of funding for such services;
- assurance services, care of supervision will not be provided in a congregate manner;
- the physical space that will be used to provide such services; and
- the applicant or the contracted (or equivalent relationship) supportive services provider and their experience in providing services to the targeted population.
- the applicant has met all licensing requirements or has contracts with entities that do meet applicable licensing requirements.

The applicant must provide a commitment for rental subsidy for at least 50% of the units. The subsidy must be specifically committed to the project. Sources may include project-based vouchers or other assistance from the local PHA, McKinney-Vento Homelessness grant, or other federal, state or local government sources. The organization providing the subsidy must continue to hold the project in good standing while their funding is in place.

General partners must be non-profit organizations with experience in developing, owning, or managing supportive housing for the homeless and/or special needs individuals/families (seniors, individuals with mental retardation, a developmental disability, severe and persistent mental illness, mobility impairments, sensory impairments, an adult onset chronic impairment, or households containing individuals with one or more of those characteristics). Licensing deficiencies and failure to correct those deficiencies by the primary applicant or service-provider will be considered.

C. Financing Terms – All Rental Projects

Loans:

- 0 % interest rate;
- Loan will mature at the end of the affordability period of 15 years.
- Collateral will be a subordinate mortgage position. LHFA prefers a second or shared second position. If a lower position is necessary, the applicant should indicate so in the application along with an explanation and supporting documentation.
- Payments will be based on 50% of the portion of the project's cashflow that exceeds a $10,000 threshold. For the first 10 years following the project's certificate of occupancy, cashflow will be defined as project income *minus* debt service *minus* operating expenses

minus reserve payments *minus* payments on deferred developer fee note(s). In any year that a payment is made on the deferred developer fee note(s), the project must make a minimum payment to LHTF of $500. At the end of year 10, any balance on the developer's fee note will be excluded from the definition of cashflow. Cashflow in years 11 and later will be defined as project income minus operating expenses minus reserve payments and excluding payments of deferred developer fee note(s), on incentive management fees and/or on partner/partnership held notes. *Any remaining balance on the LHTF loan is due as a balloon payment at the end of the term or upon sale, whichever is first.*

No payments out of cashflow will be required for projects serving 30% of the Area Median Income Households. If the LHTF recipient maintains compliance serving the intended population for 15-years, the LHTF note will be forgiven at the end of the compliance term.

- Loan interest will accrue and repayment obligations will start following the issuance of the final Certificate of Occupancy for the project. For projects with deferred developers fees used as a project source, LHFA will defer payment on the note until the note is paid or up to 48 months following the issuance of the Certificate of Occupancy, whichever is sooner.
- Loans will be made to the LHTF Recipient as the project's owner, general partner, managing member or equivalent. The LHTF Recipient may loan the LHTF funds to the project. If the project has more than one general partner/managing member (or equivalent), LHFA reserves the right to determine which will be the LHTF Recipient.

If the property is sold prior to loan maturity, LHFA may require that all, or a pro-rated amount of, the outstanding principal and accrued interest shall become due and payable.

LHFA reserves the right to allow for the forgiveness of all or a portion of the outstanding debt if, at the end of the affordability period, determination has been made that the property has been maintained as a safe, decent, and sanitary affordable housing project (as defined by the Uniform Physical Conditions Standards or current standards used in the LHFA Program Compliance Office) throughout the term.

D. Project Design Requirements

Affordability Restrictions – Rent Structure: LHTF financing requires that the following rent and occupancy restrictions are reflected in the application and are complied with throughout the entire affordability period. Applicants can apply for financing to provide affordable rental housing for households up to 80% of the Area Median Income. Applicants who commit to a rent structure below 80% of the Area Median Income will be prioritized for funding but also must commit to maintaining a rent structure at the rent level elected in the application.

Affordability Period: LHFA divides rental projects into two phases: construction and long-term affordability. During the construction period, no interest is being accrued nor are any payments due on the LHTF award. The affordability period does not begin until income-eligible applicants occupy all assisted units.

Occupancy Restrictions – Household Occupants: All units will be occupied by households at or below 80% of the Area Median Income. If the developer commits to rents and affordability below 80% AMI, the developer must maintain that level of affordability AND occupancy throughout the affordability term. For example, if the developer commits to rents at 30% of the area median income to score points, those units must also be occupied by households at or below 30% of the area median income. The developer must document the household's income with an application and back-up documentation evidencing the income earned by all adult members of the household. Occupancy qualification is required each time a new household moves into an affordable unit within the project either at initial lease-up or when a unit becomes vacant and is occupied with a new household/tenant.

E. Marketability

Minimum Requirements (must select #1 or #2):

1. Needs Assessment (Market Study)

All rental projects with 21 units or more must submit an independent market study. The market study professional must organize the study using the index and complete the market study checklist (both found in the Attachments). The market study cannot be more than 12 months old at the time of application and must comply with the following requirements:

A market study must include all of the following:

Insert LHFA Market Study Standards Here?

2. Market Support Information:

For projects with 20 or fewer units, the applicant must define the primary market area and explain how this area was determined to be the primary market area. In addition, the applicant must provide detailed data supporting the need for the proposed project. Suggestions include the following, if applicable:

a. For projects that are restricted to a unique population, the applicant may provide letters from supportive service agencies in the area that detail the need for the housing. The letters must include recent supporting data evidencing the need for additional housing among the targeted population.
b. Waiting lists maintained by the applicant for similar projects in the market area evidencing a demand for additional affordable units.
c. A letter from the PHA serving the area, which must include recent supporting data evidencing the need for additional housing among the targeted population. The letter must also include any support provided by the PHA (i.e. referrals or vouchers), and must be dated within six months of the LHTF application.

HOMEOWNERSHP DEVELOPMENT

Homeownership Development

A. <u>Eligible Projects</u>

LHTF funds can be used to fund single-family residential projects. The residential purchase price must support the development cost of the residential portion with no contingent liability for commercial space.

B. <u>Ineligible Projects</u>

LHTF Resources for homeownership may **not** be utilized to allow for the acquisition of mobile homes or multiple units including duplexes, triplexes, etc unless the units will be structured as condominiums or fee-simple townhomes.

The property cannot be transferred to the low/moderate-income buyer with any in-force ground leases or land contracts on the property. Land Trust models may be allowed as an exception with the permission of the LHFA.

C. <u>Project Design Requirements</u>

<u>Homebuyer Information</u>

<u>Affordability Restrictions</u>: The developer must demonstrate that the homes will be immediately sold to qualified homebuyers.

<u>First Mortgages</u>:

- The homebuyer's first mortgage must be at an amount not to exceed a 95% loan to value ratio, excluding mortgages with 0% interest rate.
- Homebuyers must hold Fee Simple Title to the property.
- The homebuyer's mortgage must also be at commercially reasonable terms and rates.
    - i. If the proposed commercial mortgage has a rate greater than 200 basis points higher than the current LHFA Mortgage Revenue Bond program (the unassisted rate), LHFA will deem the mortgage commercially unreasonable.
    - ii. Homebuyers commitment letter must disclose any prepayment penalties.
    - iii. Mortgages must be at a fixed rate affordable over an amortization and term of 30 years. Terms of less than 30 years will be permitted if the interest rate on the first mortgage is 0%.

The LHTF Recipient should contact LHFA should an income-qualified homebuyer demonstrate that a first mortgage is not necessary.

Taxes and Insurance: The LHTF recipient must ensure that the homebuyer will be required by the mortgage lender to escrow for both taxes and homeowner's insurance.

Purchase Price: The purchase price of the homeownership unit must not exceed the appraised fair market value (FMV) of the property. The applicant will be required to submit as-is and after rehabilitation/construction appraisals.

Affordability:

- Household Income: One hundred percent of the homeownership units assisted with LHTF resources must be both affordable to and occupied by households whose income is at or below 80% of the area median income for the Parish where the home is located, as established by HUD. Income verifications cannot be more than six (6) months old at the time of the buyer's purchase. LHTF resources may not be used to assist households with incomes greater than 80% AMI.

- Housing Payment: The housing payment is defined as principle, interest, taxes, insurance and utilities (homeowner's association fees are also included). The housing payment may not exceed 40% of the buyer household's gross monthly income but cannot be any less than 20% of the buyer household's gross monthly income.

  At the time that the buyer purchases the unit, the developer must adjust the level of LHTF affordability assistance required to meet the homebuyer's actual needs and must return any unused LHTF subsidy to LHFA or create additional affordable homeownership units, with ***prior approval*** from LHFA.

- Buyer's Contribution: Each participating homebuyer must contribute a minimum of $500 of his or her own resources to the downpayment. The $500 buyer's contribution can be met with:
  - Family gifts and/or
  - Use of an Individual Development Account program and/or
  - Sweat equity contributed to one or more homes in the project.

  This contribution must be used for downpayment. The applicant must identify, at application, how closing costs will be covered.

- Closing Costs: Applicants must provide an estimate of the anticipated closing costs and must detail who will be responsible for these costs.

Homebuyer Counseling: A minimum of X hours of homebuyer counseling must be provided for each household prior to purchasing a unit in the proposed development. The homebuyer counseling curriculum must include the following topics:

ENTER CURRICULUM HERE?

Applicants must demonstrate that a potential homebuyer has completed homebuyer counseling as noted above ***before*** they purchase the home. LHFA will not release its mortgage and/or approve a buyer until the applicant provides documentation from the organization providing the counseling for each homebuyer. Documentation from this organization must demonstrate that (1) the potential homebuyer has successfully completed the course and (2) the course has covered the areas previously noted.

An ***experienced*** provider must provide homebuyer counseling. LHFA reserves the right to request information about the organization(s) or individual(s) that will be providing homebuyer counseling.

D. Financing Terms

LHTF funds may be used as *development subsidy* and/or *affordability subsidy*.

Development Subsidy:

A development gap is defined as the difference between the cost to build and the fair market value (aka sale price). Funds used as development subsidy are considered to be a loan, but will be forgiven if the project is completed as described in the application.

Development subsidy cannot exceed 50% of the pro-rated LHTF award or $20,000 per unit, whichever is less. Exceptions to this will be reviewed on a case-by-case basis when the applicant can demonstrate (1) that permanent financing is available at a below market rate (for example through the USDA) so that additional affordability subsidy is not necessary; and (2) the applicant must demonstrate the need for the additional development subsidy. Applicants using LHTF funds as development subsidy only must agree to either place a deed restriction or allow LHFA to place a restrictive covenant on the home for up to 15 years, depending on the amount of development subsidy used on the home.

Affordability Subsidy

LHTF funds used as affordability subsidy will be provided to the buyer in the form of a fully forgivable loan. Collateral will be a subordinate second mortgage on each home sold. LHFA will allow a shared subordinate second position with any other government entity providing funding. LHTF funds used towards affordability subsidy are subject to recapture**.**

The LHTF assistance is passed on to the homebuyer as a non-interest-bearing loan. Recaptured funds are to be returned to LHFA via the fund recipient (applicant). Therefore, the applicant must require the homebuyer to notify the organization of the intention to sell the property and the fund recipient must make a determination of whether funds must be recaptured and returned to LHFA. The LHTF loan will be based on the amount of affordability subsidy provided to the buyer.

E. Underwriting Requirements

LHTF funds may used to provide assistance to families between 30% and 80% of the AMGI.

Housing Counseling Fees: The project budget can include up to $750 per unit (which will not be counted as part of the developer's fee percentage) payable to an experienced housing counseling provider at the closing on each LHTF-assisted homebuyer unit.

Real Estate Broker Fees: Reasonable real estate broker fees will be considered an eligible development budget expense. LHFA will require supporting documentation from the applicant to support the expense, especially where the applicant serves as the developer and sales agent and collects fees for both services.

F. Determining Development Subsidy and Affordability Subsidy – Example

$100,000 = cost to build
$ 90,000 = Fair Market/Appraised Value ("as-built" or "as-completed")
$ 60,000 = Buyer's First Mortgage + Buyer's Contribution to Downpayment

- Total LHTF subsidy in the project is $40,000 for this unit, assuming no other grant subsidies from other sources.
- $10,000 of that subsidy is considered "development subsidy" (costs to build/rehab the unit minus Fair Market/Appraised Value).
- $30,000 of that subsidy is considered "affordability subsidy - the difference between the Fair Market Value/Appraised Value and the Buyer's first mortgage and contribution to the downpayment. " The recapture requirements apply to this subsidy.

LHFA'S SECOND MORTGAGE MUST BE FILED WITH THE PARISH RECORDER'S OFFICE. All or part of the loan amount per home would be forgivable over a 15-year period as follows:

- ✓ 100% of the loan amount per home will be forgiven prorata during a 15-year period.
- ✓ The portion of the LHFA loan not forgiven must be returned to LHFA only upon sale of the property. If the property is sold for less than the total principal balance (primary loan + LHFA loan), based on an appraisal, LHFA will waive repayment of any shortfall owed to LHFA.

The unit must be the principle residence of the homebuyer for the entire 15-year affordability period.

Any LHTF funds not eligible for development subsidy and not used as affordability subsidy must be returned to LHFA.

G. Foreclosure

In the event of foreclosure repayment of the LHTF funds will be based on shared net proceeds, which may allow the homebuyer to recover some or all of any downpayment and/or capital improvement investments. Net Proceeds are the sales price minus loan repayment (for loans with a priority lien position) and closing costs. The net proceeds may be divided proportionally as follows:

$$\frac{\text{LHTF Investment}}{\text{LHTF Investment + Homeowner Investment}} \times \text{Net Proceeds} = \text{LHTF to be recaptured}$$

$$\frac{\text{Homeowner Investment}}{\text{LHTF Investment + Homeowner Investment}} \times \text{Net Proceeds} = \text{amount to homeowner}$$

H. <u>Refinancing or Subsequent Sale</u>

It is the LHTF-Recipient's responsibility to work with homebuyers who wish to refinance their homes, and subsequently request LHFA to subordinate its mortgage position to the new primary lender. The rate and terms offered by the new lender must be consistent with the requirements outlined in these guidelines. The LHTF-Recipient should ensure that the homebuyer knows how to contact them for such issues. LHFA will review these requests on a case-by-case basis and may impose conditions on the refinance.

LHFA will not subordinate its position for homebuyers who wish to refinance and take "cash out" at closing. In addition, LHFA will not subordinate to a home-improvement loan, unless that loan is being taken out to address health and safety issues in the home.

COMPETITIVE REVIEW CRITERIA

Priorities

Once a project has met Threshold by the end of the Cure Period, LHTF Funds will be awarded based upon a competitive review process subject to the LHFA's evaluation of capacity of the development team to meet the timeframe for expenditure of funds and subject to the LHFA's review of the market data provided under the Threshold Section.

Applications passing the Threshold standards will be scored in accordance with the competitive criteria outlined below. Applications will be divided among 8 geographic regions and awards will be made to the highest scoring applications up to the funding limit per geographic region. If a region does not have sufficient applications, funds will be moved into a general pool and the highest ranking projects will be funded out of the general pool.

In addition, LHFA will make all best efforts to ensure that at least 30% of the Housing Trust Fund is awarded to projects with units serving households at or below 30% of the Area Median Income as long as sufficient projects, meeting Threshold and serving households at 30% of the Area Median Income are submitted.

Projects with the following characteristics will be awarded points:

Up to:

25 Points: Rural Projects: Projects located outside of designated Metropolitan Statistical Areas (MSAs).

20 Points: Permanent Supportive Housing:

10 Points: Projects with 11 - 25% of units in the project for Permanent Supportive Housing with Services
20 Points: Projects with 26 - 50% or more of units for Permanent Supportive Housing with Services.

20 Points: Accessible Units:

10 Points for Projects with 6 - 10% of Units Designed as Handicapped Accessible or Accessible for Households with Sensory Impairment
20 Points for Projects with 11%- 25% of Units Designed as Handicapped Accessible or Accessible for Households with Sensory Impairment

10 Points: Aging in Place: Add definition – Homebuilder's Association (HBAA)?

25 Points: Leveraging:

1 Point Per 1% Additional Leveraging: Projects providing additional leveraging above the 25% Match required will be provided incentives as follows:

1 Point – Match = 26%
2 Points – Match = 27%
up to 25 points for 50% Match

20 Points: <u>Small Projects:</u>

10 Points: Projects with 5 to 20 Units
20 Points: Projects with 1 to 4 Units

* NOTE: More than one project submitted by the same developer in the same market that are substantially similar in structure will be considered one project for purposes of point-scoring.

25 Points: <u>Affordability:</u>

1 Point per 5% below 80% AMI: Projects with average rent or housing payment structures affordable to Households Under 80% Area Median Income:

1 Point – 75% AMI
2 Points – 70% AMI
up to 25 Points – 35% AMI

60 Points: <u>Readiness to Proceed</u>

20 Points for Projects with all other Sources of Financing Committed (includes Construction and Permanent Financing)
10 Points for Projects Providing Written Evidence of Site Access to Electric, Water/Sewer, and Phone Services
10 Points for Projects with Complete Architectural Drawings and Specifications (Work Specifications only for Renovation Projects)
10 Points for Projects with a Completed Site Survey
10 Points for Projects with Building Permits

10 Points: <u>Developer Based in Louisiana and/or in the Community Being Served by the Proposed Project</u>

5 Points for Projects where the Applicant is based in Louisiana (must have a physical address and operation open on a regular basis located in the State of Louisiana)
10 Points for Projects where the Applicant is based in the Parish in which the project is located (must have a physical address and operation open on a regular basis in the Parish in which the project is located to qualify).

Review and Appeal Process

- LHFA staff will review the request and notify the LHTF-Recipient by mail of its decision.
- The LHTF-Recipient may formally appeal a negative decision by submitting a letter to LHFA stating its reason for the appeal. The LHFA's Multi-Family Committee will review the appeal and a formal response will be issued to the LHTF-Recipient.

Fill in Any Other Process for Appeals

The LHTF Advisory Council will review the mathematical point totals for applications as needed, but will not be involved in evaluating applications themselves to avoid conflicts of interest that Council members may have with particular proposals and/or applicants.

Closing/Drawing the LHTF Funds

Environmental Review: Applicants awarded funds from the Louisiana Housing Trust Fund will be required to produce a satisfactory Environmental Site Assessment before the award can be closed (or within x days/months of the date of the award?). If the LHFA staff review of the Phase I ESA indicates a need for further studies or remediation plans to ensure that the project, as-built/renovated will not cause health or safety issues to residents or neighbors of the project, the applicant will be required to supply such information before LHTF can be committed to the project.

Phase I Environmental Review: Applicants will need to obtain a written Transaction Screen Process (ASTM E1528) Study or complete Phase I Environmental Site Assessment (ASTM 1527-05). The report must be completed by a qualified, licensed environmental review firm.

Construction may not begin until the environmental review process has been completed.

LHFA will retain up to 10% of the LHTF award until the project is complete. LHTF Funds will be disbursed as follows: Reimbursement? Upon Submission of Invoices? One Lump Sum or Max of X Number of Disbursements?

Post-LHTF Award – Changes to the Project

The LHTF-Recipient is required to notify LHFA immediately and request approval of any changes that occur in the project at ***any time during construction or during the affordability period***. Such changes include, but are not limited to, changes in the development team (developer, general contractor, sales agent/management entity, etc.); changes in the number of units or unit mix; changes to the target population, etc.

The number of units in the project must remain constant from date of application to the date the project is occupied. If the number of units is reduced, the owner must notify LHFA immediately. LHFA reserves the right to reduce the amount of the LHTF funding award accordingly.

Owners may appeal this reduction. In order to appeal, owners must demonstrate all of the following within the two weeks of notification of the reduction:

i. The reason(s) for the loss of units and/or square footage must have been beyond the control of, and could not have been reasonably foreseen, by the owner. Evidence from a third party (i.e. city, planning commission, etc.) must be provided.
ii. The reason(s) that costs did not decrease must have been beyond the control of the owner. Detailed letters from the contractor and/or construction lender, etc., describing the costs of the project, must be submitted. It must be certified by the owner that the developer could not have anticipated any of the cost overruns. Simply underestimating costs is not sufficient. Specific unanticipated circumstances must have occurred.
iii. The developer fee has not yet been paid, and will agree to defer a portion of their developer fee proportionate to the number of units lost for a period of ten years.
iv. The owner must provide letters from ALL permanent financing sources (banks, cities, equity providers, etc.) stating that no additional funds are available.

All appeals will be considered on a case-by-case basis.

Compliance and Monitoring Plan

LHFA's Monitoring and Compliance Plan

HOME PY 2007 - 2008 STATEMENT OF BOARD ACTIVITIES
As of 10/31/07

Amount Carried from Program Year 2006:	**-$10,985,506.02**			
Adjustment to Balance due to uncommitted funds for PY 07 & earlier	**$12,661,610.16**			
Sub-total		**$1,676,104.14**		
Program Income for PY 2007	**$274,121.19**			
Adjustment to PY 2005 PI	**$62,607.45**			
Adjustment to PY 2004 PI	**$21,792.03**			
Total Program Income for PY		**$358,520.67**		
Amount Allocated for PY 2006:	**$15,192,040.00**			
Less Administrative Fees:	**($1,500,874.90)**			
Total PY 2006 Funds Available		**$13,691,165.10**		
Total Available to be Committed:			**$15,725,789.91**	

Board Date	Project or Activity Name or Description	Board Amount Authorized		
4/07	**2007 Single Family Bond Issue**	**$6,000,000.00**		
10/07	**2007A Single Family Bond Issue**	**$4,195,000.00**		
	2007B Single Family Bond Issue	**$4,195,000.00**		
10/07	**Owner-occupied Rehab Program & TBRA**	**$500,000.00**		
Total Committed in PY 2007			**($14,890,000.00)**	
Balance of Funds left to be authorized by Board				**$835,789.91**

HOME STATEMENT OF BOARD ACTIVITIES FOR PY 2007 - 2008,
PROJECTS WITH FUNDS DEOBLIGATED OR UNCOMMITTED FROM APRIL 1, 2007 THROUGH OCTOBER 31, 2007

PROJECT NAME	IDIS NUMBER	WHEN	DEOBLIGATED IN IDIS	UNCOMMITTED	DISPOSITION	REASON
Courtside Apartments	6690	7/6/2007	$373,863.00		Deobligated	Funded in 1/05. No activity or response.
Southern Woods	7120	7/13/2007	$410,000.00		Deobligated	Withdrew application for funds.
ADDI - 2004	2003-226			$8,000.00	Uncommitted	Cancelled part of Single Family ADDI issue
Opportunity Homes	7536	8/22/2007	$330,000.00		Deobligated	Tainted funds. Started project before
Acadian Apartments	6163	9/26/2007	$124,186.00		Deobligated	Developer didn't use all of the funds
Country View Apartments	6164	9/26/2007	$2,500.00		Deobligated	Developer didn't use all of the funds
Contempo	6166	9/26/2007	$1,253.00		Deobligated	Developer didn't use all of the funds
Clio Village	7525	9/26/2007	$ 2,808,749.00		Deobligated	Environmental clearance.
2006 Series B		9/26/2007		$191,704.87	Uncommitted	
2006 Series C		9/26/2007		$334,851.94	Uncommitted	
2006 Series D		9/26/2007		$773,240.35	Uncommitted	
TBRA		9/26/2007		$2,500,000.00	Uncommitted	
REHAB		9/26/2007		$1,333,320.00	Uncommitted	Rehab
SERIES 2005 A		9/26/2007		$696,641.00		
MarK to Market		9/26/2007		$2,000,000.00	Uncommitted	Mark to Market
Woodland Commons	7118	10/17/07	$374,091.00		Deobligated.	Started construction before environmental clearance
Abbey Glen	7147	10/17/07	$399,210.00		Deobligated.	Started construction before environmental clearance
TOTAL DEOBLIGATIONS			$4,823,852.00	$7,837,758.16	TOAL UNCOMMITTED FUNDS	
TOTAL DEOBLIGATONS AND COMMITMENTS			$12,661,610.16			

HOME PY 2007 - 2008 STATEMENT OF BOARD ACTIVITIES,
As Of 10/31/07

Board Date	Project Name or Description	Board Amount Authorized	
	(Represents 2007 Funding Round including Agency Costs)		
4/07	**2007 Single Family Bond Issue**	$6,000,000.00	
10/07	**2007A Single Family Bond Issue**	$4,195,000.00	
10/07	**2007B Single Family Bond Issue**	$4,195,000.00	
10/07	**Owner-occupied Rehab Program & TBRA**	$500,000.00	
	TOTAL COMMITTED FOR PY 2007 - 2008		**$14,890,000.00**