



## **Board of Directors**

### **Agenda Item 11**

**Resolution approving the Notice of Funding Availability (“NOFA”) for the Neighborhood Landlord Rental Program (“NLRP”).**

**May 10, 2017**

## Barry Brooks

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**From:** Keith Cunningham  
**Sent:** Monday, May 08, 2017 11:41 AM  
**To:** Buddy Spillers; Willie Rack; Mike T. Anderson; Larry Ferdinand; Elton Lagasse; Donald B. Vallee; Gillis Windham; Thomas Enright, Jr.; Jennifer Vidrine; Tammy Earles  
**Cc:** Barry Brooks; Bradley Sweazy  
**Subject:** Recovery FAQ  
**Attachments:** MF Gap DRAFT FAQs\_05012017.docx; Neighborhood Landlord Draft FAQs\_05012017.docx

Please see attached document as requested by Chairman Spillers.

In preparation for the May 10, 2017 Board of Directors meeting I am attaching FAQ's related to the two flood recovery programs that are on the agenda. The FAQs were prepared in partnership with our Recovery Department and the State Office of Community Development.

Please let me know if you have any questions.

Keith

**E. Keith Cunningham, Jr. | Executive Director**

### **LOUISIANA HOUSING CORPORATION**

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**From:** Keith Cunningham  
**Sent:** Friday, May 05, 2017 2:35 PM  
**To:** Buddy Spillers <[bspillers@mrcdc.com](mailto:bspillers@mrcdc.com)>  
**Subject:** FW: Updated FAQ's



## Neighborhood Landlord Rental Program Frequently Asked Questions

**1. When will applications be taken for this program?**

The Notification for Funding Availability (NOFA) for this program is anticipated to be released on May 15, 2017. Applications will be received from that time through the NOFA deadline.

**2. When will applications be due?**

The deadline for application submittal is June 16 and awards will be announced July 3.

**3. Who will be eligible for funding?**

- Community Housing Development Organization ("CHDO")
- 501(c)(3) or 501(c)(4) Not-For-Profit Organization ("NPO")
- Local Public Housing Authority ("PHA")
- A local development agency ("LDA") that is not a parish or municipality
- A private for-profit property owner ("Residential Rental Property Owner") organized under Louisiana law

**4. What types of structures will be funded?**

Must be a site-built, modular or manufactured home structure with no more than 7 units. Properties with more than 7 units contained within a single structure are not eligible under the program. Manufactured homes are eligible for replacement, not repair, under this program.

**5. Will awards be in the forms of loans or grants?**

Financial assistance will be provided in the form of a loan for permanent financing ("Take-out Commitment") to take out the construction financing necessary for reconstruction, rehab and new construction of properties with 7 or less units. The loan may be fully forgiven at the end of the affordability term if the eligible applicant complies with all tenancy and affordability requirements for the term of the affordability period. Because this loan is not granted until the construction has been completed on the property, an income eligible tenant has been identified and a lease has been signed, the applicant must obtain a bank loan or arrange for other financing for reconstruction or repair in the interim. This means an applicant must either partner with a pre-qualified commercial lender who commits to provide the applicant construction financing and/or fund all development costs with the applicant's own funds for all construction monitored by the LHC. An applicant using non-borrowed funds to finance construction must submit to the LHC a closing docket and arrange to commence construction financing.

The Take-out Commitment will occur on the conversion date, which is the date of initial occupancy by an eligible (low income) tenant following completion of construction or

renovation of a residential housing unit. All assisted units will be restricted to affordable rents during an agreed-upon affordability period.

**6. What is the maximum amount of assistance that will be provided?**

Financial assistance will be provided for eligible unmet needs, after deducting all duplicative assistance such as NFIP proceeds, SBA loans, etc. Eligible applicants may apply for assistance not exceeding \$1.5 million in total, and no eligible applicant may submit more than three (3) complete applications comprising of no more than 7 units on each application.

**7. If I repaired my rental property using my own funding and a tenant is already living in it, will I be eligible for reimbursement under this program?**

No, not at this time. Current program limitations do not allow for reimbursement in this program. The program focus is on creating additional housing stock for residents who have no available rental options.

**8. Will additional dollars be made available once these funds are expended?**

Additional funds would have to come through another Congressional Appropriation for flood relief. Governor Edwards has made securing additional funding from Congress a priority so that as many residents as possible can receive assistance for damages from the 2016 floods.

**9. After application and if accepted when would we receive funds to complete our repairs?**

Landlords will be reviewed for eligibility for the program and the program will determine the eligible award amount for a property after completing a scope of work and duplication of benefits review. If approved, the landlord will receive a contingent award letter. The contingency is based on the completion of the repairs or reconstruction and the landlord entering into a lease with a qualified tenant. Landlords are required to obtain construction financing and/or use personal funds to complete the repairs or reconstruction of their damaged properties. Once the property has been repaired or reconstructed and the landlord has entered into a lease with a qualified tenant, then the program will provide the landlord with the eligible award amount.

**10. We currently have an SBA loan. The funds are not enough to complete the repairs needed to the manufactured home. Can we apply for a loan which will complete the repairs and pay off the SBA loan?**

As required by federal law, an SBA loan is considered to be a duplication of benefits with the funds available through this program. Therefore, when calculating the amount a landlord is eligible to receive, the SBA loan will be deducted from the amount a landlord is eligible to receive from the program. These funds cannot be used to pay down SBA loans. However, if there is a gap in the scope of work to repair or reconstruct the property, then funds from this program can be used to fill that gap for reconstruction or repair to a structure. Keep in mind that for manufactured homes, the program will only be able to provide funding to assist with replacement, not repair costs.

**11. Are properties that were located outside the Special Hazard Flood Zone and did not have**

**flood insurance eligible to participate in this program?**

Yes. A key goal of this program is to assist rental property owners who suffered damage and did not have flood insurance because they were not located in a flood zone and were not required to carry coverage.

**12. Are properties that were located within the Special Hazard Flood Zone and did not have flood insurance eligible to participate in this program?**

Those properties are ineligible for this program.

**13. What are the 10 most impacted parishes?**

Acadia, Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, St. Tammany, Tangipahoa, Vermilion, and Washington parishes were determined to be the 10 most impacted and distressed parishes by the U.S. Department of Housing and Urban Development, which is the source of this funding.

**14. Can the application deadline be pushed back to allow more preparation time for landlords?**

The timelines were put in place to ensure funds are awarded in a timely manner. The application for the program will be on the LHC website by May 15<sup>th</sup>, and the deadline to submit the application will be June 15<sup>th</sup>.

**15. Is the funding intended for hard construction costs only? Does it cover soft costs such as marketing, etc.?**

We understand that some indirect costs will be included in your cost package.

**16. Can non-profit applicants include the cost of acquisition in their application for these funds? Can these dollars be used for acquisition?**

Yes. Costs of acquisition are not 'Eligible Costs' recognized in determining the funding permitted; nevertheless, properties may be acquired in the context of the non-profit transactions. However, this is true only for the non-profit applicants in this program as other applicants must already own the property prior to application (and must have owned the property at the time of the flooding events of March and/or August 2016).

**17. Can the property be outside of a city's city limits?**

The property can be located within one of the 51 federally declared parishes. Keep in mind that 80% of the funding needs to be used within the top 10 impacted parishes (see #13 above).

**18. Can an applicant designate the final units as available only to elderly and/or disabled tenants, and if so, will that affect the scoring process?**

The application process will be on a first come first served basis. A complete application will be needed to be considered for funding. To date there will be no scoring component in the evaluation of applications.

**19. If the property is designated for Section 8 vouchers, is that considered a duplication of benefits as the tenant is already benefiting from federal funding?**

No, this will not be considered a duplication of benefit, though the landlord cannot charge

the tenant more than the allowable prescribed rent depending on the number of bedrooms in the structure.

**20. Is this program only for rehabilitation/repair projects?**

No. Non-profits could convert an empty lot into a new affordable rental structure in this program.

**21. Will environmental reviews be required for construction performed in this program, and if so, who will coordinate?**

Yes. Environmental reviews will be required, and these will be coordinated and funded through LHC.

**21-a. How long will the environmental reviews take to conduct?**

This will occur as projects are deemed ready to proceed in lending process.

**22. Why are properties larger than 7 units being excluded from this program?**

The focus is on providing maximum impact with the small amount of funding that is available, and the policies that were developed were created in order to create the maximum amount of rental housing units quickly.

**23. Must applicants provide property inspections themselves?**

Existing Non-Affordable Housing properties that will accept a Restoration Affordability Commitment are eligible; these properties will be required to submit a Physical Condition Assessment (PCA) with their application. The LHC is contemplating the following requirement regarding the PCA:

*Physical Condition Assessment* - An inspection report of an existing building or project by an architect or engineer conducted in accordance with Fannie Mae's Capital Needs Assessment Guidance to the Property Evaluation which (i) identifies the age and condition of the building or project and related major systems (including climate control equipment, plumbing and fixtures, cooking and other kitchen equipment, roofs, exterior siding and electrical systems), (ii) specifies the required repair and/or rehabilitation of the buildings and systems (including the estimated costs of each) over at least twenty years following the Placed in Service Date, (iii) estimates the useful remaining life of the project and related major systems following their repair, (iv) specifies the minimum amount which must be deposited to the repair and replacement reserve over twenty years to maintain property quality and habitability standards and (v) either identifies the presence of environmental hazards, such as asbestos, lead paint and mold on the property or contains an Exhibit A Phase I Environmental. Note: No project will be awarded CDBG Funds if hazardous materials are identified without a hazard mitigation plan submitted with the application and costs accounted for such plan in the project budget.

**24. How will applications be scored?**

Applications will be scored based on a formula that prioritizes financial efficiency (the less funds requested relative to the funds for which that transaction is eligible, the higher the score), and the number of flood-impacted units to be restored with the funds.

**25. Is there an application fee?**

No application fee is currently contemplated.

**26. If a for-profit owned the land at the time of the floods, would an infill project qualify?**

Yes

**27. Has a designated lender or lenders been chosen?**

No. Applicants are not required to use specific lenders.

**28. Can a 501(c)4 participate?**

Yes

**29. Are political subdivisions or entities created by the legislature such as Redevelopment Districts eligible?**

Yes

**30. What does it mean that this is an open, noncompetitive process?**

This means that applications will be funded as they are received on a first-come, first-served basis. All projects will be reviewed for completeness and eligibility.

**31. Have affordability timeframes and AMI tiers been decided? Do owners make payments on the loan during the affordability period?**

Those program details have not been finalized yet. We do not expect the period to be longer than 10 years for the units, however. The owner does not make payments on the loan during that time, and as long as they fulfill the agreement in terms of the affordability period and tenant requirements, the loan can be forgiven at the end of the period.

**32. What is the total maximum number of units that could be eligible?**

The total number of units per applicant that could be eligible for this program funding is 21, a maximum of 7 units per up to three applications.

**33. Is there a cap on the number of awards per parish or municipality?**

No. However, 80% of the funding must be spent on the ten (10) most impacted parishes as defined by HUD (see #13).

**34. Are the 10 parishes prioritized by the number of persons impacted?**

HUD's determination of most impacted parishes includes data analysis used to estimate unmet needs in three main categories of damage: housing, economy and infrastructure.

**35. Are Davis-Bacon requirements in place for 1-7 units on this project?**

No, they are not.

**36. Can a for-profit buy land and put units on it in this program?**

No. For-profit owners must have owned the units at the time of the flooding event.

**37. If only some of the units in a structure are vacant, is the entire structure ineligible?**

No. The units that are vacant and have been vacant are eligible.

**38. What are the bonding requirements?**

This program will not contain a bonding requirement. This may be a requirement of the construction financing lender.

**39. Is this a leverage situation, or 100% funding required?**

The intent of the program is to have completed structure with an eligible tenant occupying upon completion. This can be done by providing all funding through a construction loan,

SBA, NFIP, or other private funds to complete.

**40. If a project has 7 units and some are completed and tenants occupy them before others, does a portion of the funding become available or must the funding wait for the entire structure to be completed and occupied?**

No funding will be released until the entire structure is completed.

**41. Will lenders work with owners who cannot get a construction loan?**

LHC will hold a workshop with lenders on May 12<sup>th</sup>. It is the intention of LHC to provide a list of vendors who would like to participate in the program.

**42. What does site control look like for acquisition if non-profits can purchase property?**

This depends on if the non-profit obtains construction financing. If this is the case the lender may control the construction process.

**43. If you have begun the repair work, are you forced to stop work upon application?**

If you have a signed contract and have begun work, you can continue work as long as there are no changes to the contract after the application is submitted to the LHC.

**44. What if you have a lien on the property? Are you able to apply?**

Yes

**45. Is there a deadline on how long you have to complete the property and get it occupied?**

The landlord will be required to sign a commitment form indicating the time in which the property will be completed. This timeline has not been established.

**LOUISIANA HOUSING CORPORATION**

The following resolution was offered by Board Member \_\_\_\_\_ and approved by Board Member \_\_\_\_\_:

**RESOLUTION**

**A resolution approving the Notice of Funding Availability (NOFA) for the Neighborhood Landlord Rental Program (“NLRP”); and providing for other matters in connection therewith.**

**WHEREAS**, the Restore Louisiana Task Force was formed by JBE Executive Order Number JBE 2016-65 to ensure that redevelopment in response to the Great Flood of 2016 was conducted to the highest standards of integrity and quality; and

**WHEREAS**, the Louisiana Housing Corporation (“LHC”) and the State of Louisiana, Division of Administration, Office of Community Development (“OCD”) are partnering agencies under the Restore Louisiana Task Force (“Task Force”) of the Governor and are implementing the directives of the Task Force ; and

**WHEREAS**, the Task Force has recommended the establishment of the Multifamily Restoration Loan Funding program (the “MRLF Program”) to be administered by the Corporation; and

**WHEREAS**, in furtherance of the directives of the Task Force, the Corporation is recommending the release of a Notice of Funding Availability (NOFA) and other program documents for the Neighborhood Landlord Rental Program (“NLRP”).

**NOW THEREFORE, BE IT RESOLVED** by the Board of Directors of the Louisiana Housing Corporation (Board), acting as the governing authority of said Corporation, that:

**SECTION 1.** The Corporation is hereby authorized to proceed with the issuance of the Notice of Funding Availability (“NOFA”) for the Neighborhood Landlord Rental Program (“NLRP”).

**SECTION 2.** The Corporation staff and legal counsel are authorized and directed to prepare the forms of such notices, documents, and/or agreements as may be necessary to award the funding allocated by the U.S. Department of Housing and Urban Development.

**SECTION 3.** The Chairman, Vice Chairman, Executive Director, and/or Secretary of the Corporation are hereby authorized, empowered, and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Corporation, the terms of which are to be consistent with the provisions of this resolution.

This resolution having been submitted to a vote, the vote thereon was as follows:

**YEAS:**

**NAYS:**

**ABSENT:**

And the resolution was declared adopted on this, 10<sup>th</sup> day of May 2017.

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Chairman

Secretary

**STATE OF LOUISIANA**

**PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (Board), do hereby certify that the foregoing two (2) pages constitute a true and correct copy of a resolution adopted by said Board on May 10, 2017, “A resolution approving the Notice of Funding Availability (“NOFA”) for the Neighborhood Landlord Rental Program (“NLRP”); and providing for other matters in connection therewith.”

**IN FAITH WHEREOF**, witness my official signature and the impress of the official seal of the Corporation on this, the 10<sup>th</sup> day of May 2017.

\_\_\_\_\_  
Secretary

(SEAL)

## LOUISIANA HOUSING CORPORATION

### RESTORE LOUISIANA NEIGHBORHOOD LANDLORD RENTAL PROGRAM

The purposes of the Restore Louisiana Neighborhood Landlord Rental Program (“RLNLRP Initiative”) are:

- To repair damaged housing stock in Eligible Parishes that will be made available at affordable rents for households at or below eighty percent (80%) or area median income (“AMI”);
- To produce affordable residential rental housing units outside of a Special Flood Hazard Area (SFHA);
- To revitalize communities damaged by the Great Floods of 2016 by eliminating the blight of vacant properties in order to increase the availability of affordable rental housing for households at or below eighty percent (80%) AMI; and
- To implement the RLNLRP Initiative in a manner that (i) engages Lenders who commit to new construction and/or renovation financing for residential rental properties located in Eligible Parishes, (ii) is most efficient and cost-effective throughout the Eligible Parishes, and (iii) is low-risk to developers (“Eligible Borrowers”) who submit Applications thereby ensuring that the budgeted Take-out Funds for residential rental housing units under the RLNLRP Initiative construct and repair the maximum number of affordable residential rental housing properties in one of the FEMA Disaster Declared Parishes or one of the HUD Designated Most Impacted Parishes (“Eligible Parishes”) as a result of the Great Floods of 2016; provided that properties located in HUD Designated Most Impacted Parishes (“Priority Eligible Parishes”) will receive priority awards of Take-out Funds.

#### **RLNLRP Initiative**

Under the RLNLRP Initiative, the Louisiana Housing Corporation (“LHC”) will accept an application (“Application”) from an Eligible Borrower who will construct new residential rental housing units (“New Units”) or will renovate residential rental housing units (“Existing Units”) in a project that will not exceed seven (7) residential housing units (“Qualified Project”). An Eligible Applicant either must partner with a pre-qualified commercial lender (“Lender”) that provides the Applicant a firm commitment which will be included in the Application to provide the Eligible Applicant mortgage lien construction financing (“Construction Loan”) of a Qualified Project or must fully fund all development costs of the Qualified Project with the Applicant’s own funds.

The Qualified Project must be located in one of the FEMA Disaster Declared Parishes or one of the HUD Designated Most Impacted Parishes (“Eligible Parish”) as a result of the March 2016 and August 2016 Severe Storms and Flooding.

All construction must comply with Louisiana State Uniform Construction Code (LSUCC), local planning and zoning, and local authorities and jurisdictions. Federal regulations which may pertain to the specific

project such as the Fair Housing and Section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended, also apply. LHC strongly encourages that the 2010 ADA/ABA standard be used when designing accessible units and public facilities.

1. **Occupancy Requirements for Completed Units:** All residential housing units following completion must be occupied by households (“Qualified Households”) at or below eighty percent (“80%”) of area median income (“AMI”).
  
2. **Minimum Affordability Periods:** For Qualified Projects with more than four residential housing units, the RLNLRP Initiative will require a specified number of set aside units (“Set-aside Units”) to be occupied by Qualified Households with lower household incomes based upon the number of residential housing units in a Qualified Project and for an Affordability Period as specified below:

Residential Housing Units	Qualified Household Incomes	Set-Aside Units	Minimum Affordability Period
4 or fewer units	80% AMI and below	None	five (5) years
5 units	80% AMI and below	One (1) for 50% AMI Household	five (5) years
6 units	80% AMI and below	Two (2) for 30% AMI Household	five (5) years
7 units	80% AMI and below	Three (3) for 30% AMI Household	five (5) years

**Eligible Applicant**

An Eligible Applicant may be one of the following entities:

- Community Housing Development Organization (“CHDO”)
- 501(c)(3) or 501(c)(4) Not-For-Profit Organization (“NPO”)
- Local Public Housing Authority (“PHA”)
- A local development agency (“LDA”) that is not a parish or municipality
- A private for-profit property owner (“Residential Rental Property Owner”) organized under Louisiana law

## Timeline

LHC will adhere to the following timeline:

Date	Event
05/15/2017	Application Guidelines published
05/31/2017	Questions submitted by COB on this date will be answered by LHC on or before COB 06/06/2017.
06/09/17	NOFA FAQ's posted
07/3/17	Commitment Letters issued

## Lender Construction Loan Terms

A Lender's Construction Loan may accrue interest at a not-to-exceed rate of interest required by the Lender and as approved by the LHC during construction. A Lender's Construction Loan must provide that:

- (i) the construction of a New Unit or the renovation of an Existing Unit will be completed within a not-to-exceed fixed budget containing all not-to-exceed closing fees and closing costs approved by the Lender and the LHC (the "Approved Budget") and
- (ii) the construction must be completed by a not-later-than completion date ("Completion Date") approved by the LHC and the Lender.

A Construction Loan must be structured with a promissory note ("Construction Note") secured by a mortgage ("Construction Mortgage") that will be negotiated and assigned by the Construction Lender to the "LOUISIANA HOUSING CORPORATION" following completion of construction or renovation of a residential housing unit and upon receipt by the Lender of a guaranteed payment ("Take-out Commitment") by the LHC. All advances by the Construction Lender on the Construction Loan plus unpaid accrued interest on the Construction Loan will be paid by the LHC to the date ("Conversion Date") that the Construction Lender is paid in full and the Construction Loan is assigned by the Lender to the LHC. The Conversion Date will be the later of the date of initial occupancy of the residential rental unit by a Qualified Household or the date the Lender receives payment in full pursuant to the Take-out Commitment.

## Recourse of Construction Loan to Eligible Borrowers with Guarantee by Principals

Construction Loans must be full recourse against Eligible Applicants and further guaranteed by principals of Eligible Applicant having a twenty percent (20%) ownership interest in the Eligible Applicant.

#### **Construction Contractor and Fixed Price Construction Contract**

Applicants must submit with each Application a fixed price construction contract (“**Construction Contract**”) with a Louisiana licensed contractor (“**Contractor**”) who will construct New Units or renovate Existing Units in a Qualified Project at a not-to-exceed fixed contract price. A construction contingency of not more than 10% (“**Contingency**”) may be included in each Approved Budget but such Contingency may not be used during construction or renovation without the express written approval of the LHC.

**Construction Monitoring by Lenders, Oversight and Progress Payments:** Monitoring of construction progress will be the responsibility of the Lender providing the Construction Loan. All construction progress payments by the Lender or the Eligible Borrower to the Contractor may be monitored by the LHC on a prescribed requisition form approved by the Lender and the LHC. All construction progress payments to Contractor must be supported with back-up invoices and receipts. Lender will be required to certify actual costs paid by the Construction Lender with respect to advances to the Eligible Borrower.

#### **Take-Out Commitment Funding Source**

The funding source of the Take-out Commitment by the LHC on the Conversion Date will be up to \$36 million of Community Development Block Grant Funds (“**CDBG Funds**”) made available to LHC by OCD.

#### **Terms of Construction Loan and Conversion to Permanent Loan When Assigned to LHC**

Prior to the Conversion Date, the terms of the Construction Loan will correspond to the terms requirements specified by the Lender. Each Construction Loan will be assigned to the LHC on the Conversion Date and convert to a permanent loan (“**Permanent Loan**”) on the Conversion Date. On and after the Conversion Date, the terms of the Permanent Loan will correspond to the requirements of the LHC. The Construction Loan will convert to a Permanent Loan on the Conversion Date and will mature not later than five (5) years following the Conversion Date.

#### **Loan-to-Value Limits**

The Construction Loan is not required to have a first mortgage lien position; however, the appraised value of the property post-completion may not be less than the combined loan-to-value of the Permanent Loan plus any loan with a lien senior to the Permanent Loan as of the Conversion Date.

#### **Terms of Permanent Loan**

The Permanent Loan will not bear interest and will be subject to principal payments only upon a determination that the Eligible Borrower failed to maintain the property financed by the Permanent Loan as a Qualified Project or that there is a default under the Permanent Loan Document that cannot be cured. If the residential rental units in a Qualified Project remain affordable during the applicable

Affordability Period and if there has been no default findings by the LHC, the Permanent Loan will be forgiven at the end of the applicable Affordability Period.

### **Construction Loan Closing Documentation**

Lenders will be required to execute LHC approved financing documents (“RLNLRP Loan Documents”) at Closing. Lenders will also be required to submit to the LHC (within five Business Days of Closing) a docket (“Closing Docket”) containing all RLNLRP Loan Documents, including Other Required Documents and Proceedings identified in a standard Index of Closing Documents (“Closing Index”) that the LHC will approve in advance of Closing. Similarly, an Applicant using non-borrowed funds to finance construction must submit to the LHC a Closing Docket and arrange to commence construction financing using Other Required Documents and Proceedings identified in the Closing Index that the LHC will approve in advance of Closing.

### **Solicitation of Participating Lenders**

LHC will solicit Lenders for participation in the RLNLRP Initiative by requesting that such Lenders agree to use standard RLNLRP Loan Documents at each Closing. RLNLRP Loan Documents will be prepared and distributed in advance of the Application Period by the LHC. Lenders may only use Loan Documents other than RLNLRP Loan Documents if such Loan Documents are approved by the LHC in advance of the Application Period.

### **Lender Fees and Closing Costs**

An Application must identify all Lender fees to be charged to an Eligible Borrower, including Lender Application Processing Fees, Lender Commitment Fees, Lender Closing Fees, Lender Legal Fees and Lender Construction Monitoring Fees.

### **Property Eligibility Requirements**

To be eligible under the RLNLRP Initiative, a property must be a residential rental property to be repaired, reconstructed or newly constructed and satisfy each of the following criteria:

- Must be a residential rental structure with not-to-exceed 7 units. Properties with more than 7 units contained within a single structure are not eligible under the Program;
- Must be site-built, modular or manufactured home;
- Must be located in one of the Eligible Parishes; and must complete an environmental review.

### **Environmental Review**

The timeline for an Environmental Assessment (“EA”) level (i.e., requiring a Phase I Report for new construction or rehabilitation) environmental process is 90-120 days from the receipt of a comprehensive environmental review record (“ERR”). The range of time required to completely review an ERR for a given property varies and is largely dependent upon how well the ERR submission is compiled. The stated condition of the property and recognized environmental conditions (“REC”) in vicinity of the project dictate follow-up necessities (i.e., 404 wetlands permits or Phase 2 reports) which further prolong the review process. There is no official HUD timeline for all of the steps of the environmental review process.

The only steps that have associated time constraints are the 8-step process (if applicable has 15 and 7 day notice periods), the FONSI/NOI public notice period prior to submitting the RROF (15-18 days), and the HUD review/comment period prior to the authorization to use grant funds (“AUGF”) which (15-18 days but more often than not) gets extended. Those three steps can take anywhere from 45-60 days if not longer. Please contact the LHC’s Environmental Impact and Labor Compliance Manager for further information on Environmental Reviews as follows:

**Agaha Brass | Environmental Impact & Labor Compliance Manager**  
**LOUISIANA HOUSING CORPORATION**  
[abrass@lhc.la.gov](mailto:abrass@lhc.la.gov) | [www.lhc.la.gov](http://www.lhc.la.gov)  
 Desk: 225.763.8734 | Fax: 225.763.8710 | Cell: 225.436.2782  
 2415 Quail Drive, Baton Rouge, LA 70808  
 twitter: @lahousingcorp | facebook: LouisianaHousingCorp

**Maximum Award**

The maximum amount of RLNLRP Initiative funding is based on the number of units in each building. Final award will be the lesser of the cost of construction or other limits that may be set by the RLNLRP Initiative program guidelines and procedures. The maximum RLNLRP funding allowed by unit type is:

NUMBER OF UNITS PER BUILDING	MAXIMUM RLNLRP TAKE-OUT ASSISTANCE
1 Unit	\$150,000
2 Units	\$250,000
3 Units	\$315,000
4 Units	\$375,000
5 to 7 Units	\$500,000

**Timing of Construction Loan Take-Out**

Execution of the Take-out Commitment will take place on the Conversion Date.

### **Period of Affordability**

The RNLNRP Initiative requires Qualified Households to occupy the residential housing units in a Qualified Project on and after the Conversion Date for period of five complete calendar years (“Affordability Period”). The Affordability Period and percentage of AMI for each Qualified Household in a Qualified Project will be specified in the Take-out Commitment and the Permanent Loan Documents as of the Conversion Date.

### **Maximum RLNLRP Assistance**

Eligible Applicants may apply for assistance not exceeding one million five hundred thousand dollars (\$1,500,000) and no Eligible Applicant may submit more than three (3) Complete Applications.

### **Maximum Take Out Commitment**

LHC will only fund Take-out Assistance on the Conversion Date in an amount not exceeding the aggregate advances on a Construction Loan plus accrued interest to the Conversion Date. Contingency will not be included in the Permanent Loan if not used as approved in writing by the LHC during construction

### **Required Qualified Project Documentation**

#### New construction:

- 1) Site plan
- 2) Floor plan
- 3) Front, side and rear elevations
- 4) Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds
- 5) Preliminary checklist indicating “Green Building” compliance with appropriate standard
- 6) Evidence that project meets zoning requirements
- 7) Evidence that the proposed housing unit is not in a flood hazard area
- 8) Construction Contract

#### Rehabilitation:

1. Site plan
2. Photos of front, rear and sides of exterior
3. Photos of each room
4. Capital needs assessment approved by the Lender or an independent, experienced third party professional, such as an architect or engineer, without any financial interest in ownership of the Qualified Project, must be submitted at the time of application.
5. Proposed compliance alignment of the scope of work with HUD CPD Green Building Retrofit Checklist

6. Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds evidence of commitment and availability of all permanent and duplicative funding sources necessary to complete the project
7. Lead inspection if housing unit is pre 1978
8. Evidence that project meets zoning requirements
9. Evidence that the housing unit is either not in a flood hazard area or is at an elevation one foot (1') above the DFIRM elevation requirement, if the property was substantially damaged (as determined by local code enforcement officials)
10. Vacancy certification
11. Construction Contract

### Minimum Architectural Requirements

#### 1. New Construction

- New construction shall be restricted to site-built or modular homes that meet the local and state building codes.
- Design shall provide for an aesthetically pleasing living facility of average/modest construction that is consistent with the character of the surrounding neighborhood, subject to local and state building codes.

- #### 2. Minimum Internet/Cable Capacity Requirements: All units must be equipped with networks to provide cable television, telephone and internet access in the living area and each bedroom. The following networks (combined or distinct) must be capable of being accessed and activated by tenants: (i) telephone network installed for phones using CAT5e or better wiring, (ii) network for data installed using CAT5e or better, networked from the unit back to a central location or similar configured wireless network and (iii) TV services network using COAX cable. The wiring for such networks should be available to tenants free of charge but tenants may be charged the actual fee incurred by the Taxpayer for activating and making available any services provided directly by the Project or through third party providers. The equivalent of wireless network access is acceptable.

- #### 3. Rehabilitation: Rehabilitation of vacant units shall provide for safe, sanitary, efficient and aesthetically pleasing living facility of average/modest construction upon completion.

The RLNLRP Initiative does not assume responsibility for enforcing or determining compliance with local codes, zoning restrictions and regulations or make interpretations regarding their application in any specific instance. The Qualified Borrower shall be responsible for obtaining all applicable building permits and inspections leading to obtaining a certificate of occupancy and/or final inspection. These items, including a passed program inspection will be a prerequisite to close on any property constructed or rehabilitated through the RLRP Initiative.

### **Underwriting Standards**

Maximum Rents: Qualified Projects must be Income Restricted and Rent Restricted as referenced in the RLNLRP Initiative Applicable Terms below.

Rate of Increase Assumptions for Revenues and Expenses: Revenues may be projected to increase at a rate not in excess of two percent and expenses must be projected to increase at a rate of not less than three percent. With the approval of the LHC, expenses may increase at the rate for revenues.

Cost Reasonableness Analysis: A Cost Reasonableness Analysis is performed on all projects by the LHC Construction Department using information provided and RS Means costing data. The cost of construction submitted by the applicant must fall within twenty percent of the cost obtained by the LHC staff for the project to be considered as cost reasonable. For projects not deemed as cost reasonable to be funded, either such projects must be redesigned or the construction must be competitively bid through a public bid process. In no case will the LHC provide per unit funding in excess of the HUD 234 limits for elevator type projects.

Financial Commitments: If required by the LHC in the event that the Take-out Commitment is less than the Construction Loan, other funding must be backed up with firm enforceable financial commitments at the time of application.

Maximum Award: The maximum award cannot exceed the limits for listed elsewhere in this RLNLRP Initiative Description. Additionally the LHC will underwrite to maximize, to the greatest extent possible, the private subordinate financing of the project. LHC may reduce the award from the amount requested to an amount that maximizes private subordinate financing.

#### **RLNLRP Initiative Applicable Terms**

Affordability Period: As specified in the Take-out Commitment.

Affordable Rents: The rents for each residential rental housing unit by bedroom size published by LHC by parish location for each Qualified Project.

Construction Loan: The loan originated by a Lender to an Eligible Borrower to finance the construction of a New Unit or the renovation of an Existing Unit.

Conversion Date: The later of the date of initial occupancy of the residential rental unit by a Qualified Household or the date the Lender receives payment pursuant to the Take-out Commitment

Eligible Costs: The following constitute Eligible Costs:

1. Development hard costs. Development hard costs are the actual cost of constructing or rehabilitating housing.

2. Related soft costs. Other reasonable and necessary costs incurred by the owner or LHC and associated with the financing or development (or both) of New Units or Existing Units assisted with CDBG Funds.

Eligible Parishes: Acadia, Allen, Ascension, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Catahoula, Claiborne, De Soto, East Carroll, East Baton Rouge, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson Davis, Lafayette, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Ouachita, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Helena, St. James, St. Landry, St. Martin, St. Tammany, Tangipahoa, Union, Vermilion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana and Winn

Great Floods of 2016: One or both of the floods identified by DR-4263 or DR-4277 floods in which FEMA Individual Assistance.

HUD: U.S. Department of Housing and Urban Development ("HUD")

HUD Designated Most Impacted Parishes: The following ten (10) Parishes: Ascension, Acadia, East Baton Rouge, St. Tammany, Lafayette, Vermilion, Livingston, Washington, Ouachita, and Tangipahoa.

Identity of Interest: An identity of interest is construed to exist when:

1. There is any financial interest of the Developer or Owner in the Builder or any financial interest of the Builder in the Developer or Owner.
2. Any officer, director or stockholder or partner of the Developer or Owner who is also an officer, director or stockholder or partner of the Builder.
3. Any officer, director, stockholder or partner of the Developer or Owner has any financial interest in the Builder; or any officer, director, stockholder or partner of the Builder has any financial interest in the Developer or Owner.
4. The Developer or Owner advances any funds to the Builder.
5. The Developer or Owner supplies and pays, on behalf of the Builder, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by a Developer or Owner in connection with its obligations under the construction contract.
6. The Developer or Owner takes stock or any interest in the Builder compensation as consideration of payment.
7. There exists or comes into being any side deals, arrangements, contracts or undertakings entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents, except as approved by the LHC or the Corporation.

8. Any relationship (e.g., family) existing which would give the Builder or Developer or Owner control or influence over the price of the contract or the price paid to any subcontractor, material supplier or lessor of equipment.
9. Any member of the Development Team advances any funds to the Developer or Owner at any point prior to an allocation.

For purposes of determining an identity of interest between parties not identified in (i) through (ix), such parties will be identified as either the Developer and Owner or the Contractor as appropriate to establish the identity of interest. The Corporation may reduce any allowable costs where an Identity of Interest has been found among the parties to transactions involving the sale, development and/or operation of the project.

Income Restricted: During the Affordability Period, residential housing units may only be rented to a Qualified Household

Ineligible Applications: Applications will be deemed ineligible if any of the following conditions exist at the time of application submission:

1. Any person and/or entity on the federal debarred list or an organization representing such person or entity is on the list.
2. Any person and/or entity that received notice that they are currently out of compliance with LHC regarding annual audits or who are in arrears with other LHC financed projects.
3. Homeownership Developments proposed by entities that currently have unsold properties funded by LHC CDBG Funds.
4. Any person or entity that currently has a LHC financed project with compliance issues that are unresolved for greater than ninety days.
5. Two or more projects previously awarded financing by LHC that are currently incomplete.
6. Any applicant not in compliance with any other LHC or OCD disaster program.

Ineligible Costs: No RLNLRP Funds may be used:

1. to purchase land from a person or person that has an identity of interest with the Eligible Borrower.
2. for development, operations or modernization of public housing financed under the 1973 Act (Public Housing Capital and Operating Funds).
3. for the cost of acquiring land that was purchased prior to the receipt of RLNLRP Project funding
4. to refinance any loan.

LHC: Louisiana Housing Corporation.

OCD: State of Louisiana, Division of Administration, Office of Community Development.

Permanent Loan: The provisions of the Construction Loan on and after the Conversion Date that reflect the repayment terms to OCD following payment to the Lender in accordance with the Take-out Commitment and following the assignment and negotiation of the Construction Loan to OCD.

Priority Allocation: A Take-out Commitment to a Qualified Project with seven (7) residential housing units in which the household income for one of the residential housing units does not exceed 30% of area median income published by HUD.

Priority Eligible Parishes: HUD Designated Most Impacted Parishes

Qualified Household: A tenant household in which no member is related to the Applicant and for which household income does not exceed the lower of 80% of AMI published by HUD as adjusted by family size or such lower amount for Set-aside Units as provided for in an Application for a Take-out Commitment.

Qualified Project: A project not in excess of seven (7) residential housing units located in an Eligible Parish and in which each residential housing unit is a Qualified Unit on a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with CDBG Funds as a single undertaking located within a five mile radius of each other within a single governmental entity (if located within a city, town, or other similar political subdivision then all sites must be within the same political subdivision for rental projects. If located outside of a local jurisdiction then all sites must be within the same Parish. The project includes all the activities associated with the site and building.

Qualified Unit: A residential rental unit that is Income Restricted and Rent Restricted

Rent Restricted: Rent charged a Qualified Household during the Affordability Period may not exceed Affordable Rents.

Take-out Funds: CDBG Funds of Thirty-six Million Dollars

Vacant Unit: A residential housing unit that does not have a tenant occupant. In order to be eligible for the RLNLRP Initiative, all the units contained in the Application must have been vacant by February 14, 2017. A landlord may not intentionally

displace a tenant prior to application to the RLNLRP Initiative in order to be able to apply to the RLNLRP Initiative.

### **RLNLRP Loan Documents at Closing**

RLNLRP Loan Documents and Other Documents and Proceedings required at Closing are identified in the form of the Index of Closing Documents attached hereto as **Exhibit A**.

### **Requirements and Order of Submission**

1. Submit one original and one copy of the Application along with one electronic copy (USB flash drive) including all required attachments and documentation individually scanned and attached. The USB flash drive shall contain the application in Microsoft Excel format (2007 Version or above) and all required attachments and documentation for the application in Adobe .pdf format.
2. Applicable fees required by the Lender.
3. The application must be submitted in the following order and style:
  - a. Application Checklist;
  - b. Complete hardcopies of application with each section and attachment individually labeled and tabbed; and
  - c. Complete electronic copy the application with each section and attachment individually scanned and labeled. Application and attachments on USB flash drive shall contain be in Microsoft Excel format (2007 Version or above) and all required attachments in Adobe .pdf format.

### WHERE TO SUBMIT

Each proposal and accompanying documentation shall be submitted in a sealed envelope. The outside of the envelope must be address as follows:

Louisiana Housing Corporation  
Housing Production  
2415 Quail Drive  
Baton Rouge, Louisiana 70808  
Re: The RLNLRP Initiative  
Must include: Applicant/Company Name & Return Address

### METHODS OF SUBMISSION

Applicants assume the risk of the delivery method chosen, including delivery via private courier or the U.S. mail.

### QUESTIONS AND COMMUNICATION

LHC will consider written inquiries from applicants regarding the RLNLRP Initiative. Inquiries will only be considered if they are submitted in writing to [rrodriguez@lhc.la.gov](mailto:rrodriguez@lhc.la.gov). Inquiries shall clearly reference the section of the RLNLRP Initiative for which the applicant is inquiring or seeking clarification. Any and all

written inquiries from applicants submitted in writing to rrodriguez@lhc.la.gov will be deemed to require an official response.

It is the sole responsibility of the applicant to inquire into and clarify any item of the RLNLRP Initiative that is not understood. The Corporation also reserves the right to decline to respond to any inquiry that will cause an undue burden or expense for LHC.

It is the strict policy of the LHC that prospective respondents to this the RLNLRP Initiative refrain from initiating any contact or communication, direct or indirect, with LHC staff or members of the Louisiana Housing Corporation's Board of Directors with regard to the competitive selection of applicants. Any violation of this policy will be considered as a basis for disqualification from consideration.

The LHC will produce public records in accordance with LA R.S. Title 44.

DRAFT

LOUISIANA HOUSING CORPORATION

NOTICE OF FUNDING AVAILABILITY

RESTORE LOUISIANA NEIGHBORHOOD LANDLORD RENTAL PROGRAM

RELEASE DATE: May \_\_, 2017

The Louisiana Housing Corporation (“LHC”) in partnership with the State of Louisiana, Division of Administration, Office of Community Development (“OCD”) is establishing the Restore Louisiana Neighborhood Landlord Rental Program (“RLNLRP Initiative”) to provide assistance to an applicant (“Applicant”) who will construct new residential rental housing units (“New Units”) or will renovate existing residential rental housing units (“Existing Units”) located in areas adversely affected by the floods identified by DR-4263 or DR-4277 in which FEMA Individual Assistance (“Great Floods of 2016”). Under the RLNLRP Initiative, LHC will accept applications from Applicants who will construct New Units or will renovate Existing Units in a project with not more than seven (7) residential housing units (“Qualified Project”) located in one of the parishes declared to be disaster areas (“Eligible Parish”) as a result of the Great Floods of 2016.

**GOALS AND OBJECTIVES**

The purposes of the RLNLRP Initiative are:

- To repair damaged housing stock in Eligible Parishes that will be made available at affordable rents to low income households;
- To produce affordable residential rental housing units outside of a Special Flood Hazard Area (SFHA);
- To revitalize communities damaged by the Great Floods of 2016 by eliminating the blight of vacant properties in order to increase the availability of affordable rental housing for low income households; and
- To implement the RLNLRP Initiative in a manner that (i) engages Lenders who commit to new construction and/or renovation financing for residential rental properties located in Eligible Parishes, (ii) is most efficient and cost-effective throughout the Eligible Parishes, and (iii) is low-risk to developers (“Eligible Borrowers”) who submit Applications thereby ensuring that the budgeted Take-out Funds for residential rental housing units under the RLNLRP Initiative construct and repair the maximum number of affordable residential rental housing properties in the Eligible Parishes; provided that properties located in the Eligible Parishes that were most adversely affected (“Priority Eligible Parishes”) will receive priority.

Total funding available for the RLNLRP is \$36 million for loans and costs to implement the program. This program is funded through the Community Development Block Grant Disaster Recovery Program (CDBG-DR) from the U.S. Department of Housing and Urban Development.

The NOFA is expected to address a portion of the rental housing needs of the State by soliciting Applicants to undertake affordable housing development and rehabilitation in an Eligible Parish.

Under the RLNLRP Initiative, the Louisiana Housing Corporation (“LHC”) will accept an application from an Eligible Borrower who will construct new residential rental housing units or will renovate residential rental housing units in a Qualified Project that will not exceed seven (7) residential housing units. The Qualified Project must be located in one of the parishes declared to be disaster areas as a result of the Great Floods of 2016.

An Applicant either must (i) partner with a pre-qualified commercial lender (“Lender”) that provides the Applicant a firm commitment which will be included in the Application to provide the Eligible Applicant mortgage lien construction financing (“Construction Loan”) of a Qualified Project or (ii) fully fund all development costs of the Qualified Project with the Applicant’s own funds.

#### **LENDER CONSTRUCTION LOAN TERMS**

A Lender’s Construction Loan may accrue interest at a not-to-exceed rate of interest required by the Lender and as approved by the LHC during construction. A Lender’s Construction Loan must provide (i) that the construction of a New Unit or the renovation of an Existing Unit will be completed within a not-to-exceed fixed budget containing all not-to-exceed closing fees and closing costs approved by the Lender and the LHC (the “Approved Budget”) and (ii) that the construction must be completed by a not-later-than completion date (“Completion Date”) approved by the LHC and the Lender. A Construction Loan must be structured with a promissory note (“Construction Note”) secured by a mortgage (“Construction Mortgage”) that will be negotiated and assigned by the Construction Lender to the “LOUISIANA HOUSING CORPORATION” following completion of construction or renovation of a residential housing unit and upon receipt by the Lender of a guaranteed payment (“Take-out Commitment”) by the LHC. All advances by the Construction Lender on the Construction Loan plus unpaid accrued interest on the Construction Loan will be paid by the LHC to the date (“Conversion Date”) that the Construction Lender is paid in full and the Construction Loan is assigned by the Lender to the LHC. The Conversion Date will be the later of the date of initial occupancy of the residential rental unit by a Qualified Household or the date the Lender receives payment in full pursuant to the Take-out Commitment.

#### **RECOURSE OF CONSTRUCTION LOAN TO ELIGIBLE BORROWERS WITH GUARANTEE BY PRINCIPALS**

Construction Loans must be full recourse against Eligible Applicants and further guaranteed by principals of Eligible Applicant having a twenty percent (20%) ownership interest in the Eligible Applicant.

## **CONSTRUCTION CONTRACTOR AND FIXED PRICE CONSTRUCTION CONTRACT**

Applicants must submit with each Application a fixed price construction contract (“**Construction Contract**”) with a Louisiana licensed contractor (“**Contractor**”) who will construct New Units or renovate Existing Units in a Qualified Project at a not-to-exceed fixed contract price. A construction contingency of not more than 10% (“**Contingency**”) may be included in each Approved Budget but such Contingency may not be used during construction or renovation without the express written approval of the LHC.

## **CONSTRUCTION MONITORING BY LENDERS, OVERSIGHT AND PROGRESS PAYMENTS**

Monitoring of construction progress will be the responsibility of the Lender providing the Construction Loan. All construction progress payments by the Lender or the Eligible Borrower to the Contractor may be monitored by the LHC on a prescribed requisition form approved by the Lender and the LHC. All construction progress payments to Contractor must be supported with back-up invoices and receipts. Lender will be required to certify actual costs paid by the Construction Lender with respect to advances to the Eligible Borrower.

## **TAKE-OUT COMMITMENT FUNDING SOURCE**

The funding source of the Take-out Commitment by the LHC on the Conversion Date will be up to \$36 million of Community Development Block Grant Funds (“**CDBG Funds**”) made available to LHC by OCD.

## **TERMS OF CONSTRUCTION LOAN AND CONVERSION TO PERMANENT LOAN WHEN ASSIGNED TO LHC**

Prior to the Conversion Date, the terms of the Construction Loan will correspond to the terms requirements specified by the Lender. Each Construction Loan will be assigned to the LHC on the Conversion Date and convert to a permanent loan (“**Permanent Loan**”) on the Conversion Date. On and after the Conversion Date, the terms of the Permanent Loan will correspond to the requirements of the LHC. The Construction Loan will convert to a Permanent Loan on the Conversion Date and will mature not later than five (5) years following the Conversion Date.

## **LOAN-TO-VALUE LIMITS**

The Construction Loan is not required to have a first mortgage lien position; however, the appraised value of the property post-completion may not be less than the combined loan-to-value of the Permanent Loan plus any loan with a lien senior to the Permanent Loan as of the Conversion Date.

## **TERMS OF PERMANENT LOAN**

The Permanent Loan will not bear interest and will be subject to principal payments only upon a determination that the Eligible Borrower failed to maintain the property financed by the Permanent Loan as a Qualified Project or that there is a default under the Permanent Loan Document that cannot be cured. If the residential rental units in a Qualified Project remain affordable during the applicable Affordability Period and if there has been no default findings by the LHC, the Permanent Loan will be forgiven at the end of the applicable Affordability Period.

## **OCCUPANCY REQUIREMENTS FOR COMPLETED UNITS**

All residential housing units following completion must be occupied by households at or below eighty percent ("80%") of area median income ("AMI"). For Qualified Projects with more than four residential housing units, the RLNLRP Initiative will require a specified number of set aside units to be occupied by Qualified Households with household incomes lower than 80% AMI.

The NOFA will be posted to the LHC website no later than 4:30 P.M. C.S.T. on Monday, May 15, 2017. LHC strongly encourages, but does not require, that all potential applicants attend the RLNLRP NOFA Orientation Workshop, scheduled for [REDACTED], 2017, at 10:00 A.M. C.S.T., at the headquarters of the Louisiana Housing Corporation (2415 Quail Drive, Baton Rouge, Louisiana 70808).

If you require special services or accommodations, please submit request via e-mail to Ray Rodriguez at [rrodriguez@lhc.la.gov](mailto:rrodriguez@lhc.la.gov).

## **APPLICATIONS FOR AWARDS ARE ISSUED ON A FIRST-COME BASIS.**

All RLNLRP funds will be in the form of a forgivable loan. The Permanent Loan will not bear interest and will be subject to principal payments only upon a determination that the Eligible Borrower failed to maintain the property financed by the Permanent Loan as a Qualified Project or that there is a default under the Permanent Loan Document that cannot be cured. Qualified Projects will be subject to different Periods of Affordability on the basis of formula that extend the term of the Affordability Period for Qualified Projects with residential rental housing units serving Qualified Households at higher percentages of AMI. If the residential rental units in a Qualified Project remain affordable during the applicable Affordability Period and if there has been no default findings by the LHC, a percentage of the Permanent Loan will be forgiven at the end of each year of the applicable Affordability Period.

## **CONSTRUCTION STANDARDS**

All construction must comply with Louisiana State Uniform Construction Code (LSUCC), local planning and zoning, and local authorities and jurisdictions. Federal regulations which may pertain to the specific project such as the Fair Housing and Section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended, also apply. LHC strongly encourages that the 2010 ADA/ABA standard be used when designing accessible units and public facilities.

## **OCCUPANCY REQUIREMENTS FOR COMPLETED UNITS**

All residential housing units following completion must be occupied by households ("Qualified Households") at or below eighty percent ("80%") of area median income ("AMI").

## **MINIMUM AFFORDABILITY PERIODS**

For Qualified Projects with more than four residential housing units, the RLNLRP Initiative will require a specified number of set aside units ("Set-aside Units") to be occupied by Qualified Households with

lower household incomes based upon the number of residential housing units in a Qualified Project and for an Affordability Period as specified below:

<b>Residential Housing Units</b>	<b>Qualified Household Incomes</b>	<b>Set-Aside Units</b>	<b>Minimum Affordability Period</b>
4 or fewer units	80% AMI and below	None	five (5) years
5 units	80% AMI and below	One (1) for 50% AMI Household	five (5) years
6 units	80% AMI and below	Two (2) for 30% AMI Household	five (5) years
7 units	80% AMI and below	Three (3) for 30% AMI Household	five (5) years

**FUNDING LIMITS PER PROJECT AND PER ELIGIBLE APPLICANT**

Eligible Applicants may apply for assistance not exceeding one million five hundred thousand dollars (\$1,500,000) and no Eligible Applicant may submit more than three (3) Complete Applications. A waiting list of unfunded projects will be maintained by LHC from applications submitted under this NOFA for a period of six months.

**SOLICITATION OF PARTICIPATING LENDERS**

LHC will solicit Lenders for participation in the RLNLRP Initiative by requesting that such Lenders agree to use standard RLNLRP Loan Documents at each Closing. RLNLRP Loan Documents will be prepared and distributed in advance of the Application Period by the LHC. Lenders may only use Loan Documents other than RLNLRP Loan Documents if such Loan Documents are approved by the LHC in advance of the Application Period.

**LENDER FEES AND CLOSING COSTS**

An Application must identify all Lender fees to be charged to an Eligible Borrower, including Lender Application Processing Fees, Lender Commitment Fees, Lender Closing Fees, Lender Legal Fees and Lender Construction Monitoring Fees.

**PROPERTY ELIGIBILITY REQUIREMENTS**

To be eligible under the RLNLRP Initiative, a property must be a residential rental property to be repaired, reconstructed or newly constructed and satisfy each of the following criteria:

- Must be a residential rental structure with not-to-exceed 7 units. Properties with more than 7 units contained within a single structure are not eligible under the Program;
- Must be site-built, modular or manufactured home;
- Must be located in one of the Eligible Parishes; and
- Must complete an environmental review.

## ENVIRONMENTAL REVIEW

The timeline for an Environmental Assessment (“EA”) level (i.e., requiring a Phase I Report for new construction or rehabilitation) environmental process is 90-120 days from the receipt of a comprehensive environmental review record (“ERR”). The range of time required to completely review an ERR for a given property varies and is largely dependent upon how well the ERR submission is compiled. The stated condition of the property and recognized environmental conditions (“REC”) in vicinity of the project dictate follow-up necessities (i.e., 404 wetlands permits or Phase 2 reports) which further prolong the review process. There is no official HUD timeline for all of the steps of the environmental review process.

The only steps that have associated time constraints are the 8-step process (if applicable has 15 and 7 day notice periods), the FONSI/NOI public notice period prior to submitting the RROF (15-18 days), and the HUD review/comment period prior to the authorization to use grant funds (“AUGF”) which (15-18 days but more often than not) gets extended. Those three steps can take anywhere from 45-60 days if not longer. Please contact the LHC’s Environmental Impact and Labor Compliance Manager for further information on Environmental Reviews as follows:

**Agaha Brass | Environmental Impact & Labor Compliance Manager**

### **LOUISIANA HOUSING CORPORATION**

[abrass@lhc.la.gov](mailto:abrass@lhc.la.gov) | [www.lhc.la.gov](http://www.lhc.la.gov)

Desk: 225.763.8734 | Fax: 225.763.8710 | Cell: 225.436.2782

2415 Quail Drive, Baton Rouge, LA 70808

twitter: [@lahousingcorp](https://twitter.com/lahousingcorp) | facebook: [LouisianaHousingCorp](https://www.facebook.com/LouisianaHousingCorp)

## CONSTRUCTION LOAN CLOSING DOCUMENTATION

Lenders will be required to execute LHC approved financing documents (“RLNLRP Loan Documents”) at Closing. Lenders will also be required to submit to the LHC (within five Business Days of Closing) a docket (“Closing Docket”) containing all RLNLRP Loan Documents, including Other Required Documents and Proceedings identified in a standard Index of Closing Documents (“Closing Index”) that the LHC will approve in advance of Closing. Similarly, an Applicant using non-borrowed funds to finance construction must submit to the LHC a Closing Docket and arrange to commence construction financing using Other Required Documents and Proceedings identified in the Closing Index that the LHC will approve in advance of Closing.

An applicant receiving funds under this NOFA will be expected to maintain the fiscal, physical and managerial soundness of the affordable rental housing development receiving the RLNLRP Funds for the period of affordability. Applicants must comply with all federal cross cutting and LHC regulatory and administrative requirements referenced in RLNLRP Loan Documents.

## INELIGIBLE USES

No RLNLRP Funds may be used:

- 1) to purchase land from a person or person that has an identity of interest with the Eligible Borrower.

- 2) for development, operations or modernization of public housing financed under the 1973 Act (Public Housing Capital and Operating Funds).
- 3) for the cost of acquiring land that was purchased prior to the receipt of RLNLRP Project funding
- 4) to refinance any loan.

## **PARTICIPATING LENDERS**

Participating Lenders must agree to use standard RLNLRP Loan Documents at each Closing. RLNLRP Loan Documents will be prepared and distributed in advance of the Application Period by the LHC. Lenders may only use Loan Documents other than RLNLRP Loan Documents if such other Loan Documents are approved by the LHC in advance of the Application Period.

## **LENDER FEES AND CLOSING COSTS**

An Application must identify all Lender fees to be charged to an Eligible Borrower, including Lender Application Processing Fees, Lender Commitment Fees, Lender Closing Fees, Lender Legal Fees and Lender Construction Monitoring Fees.

## **PROPERTY ELIGIBILITY REQUIREMENTS**

To be eligible under the RLNLRP Initiative, a property must be a residential rental property to be repaired, reconstructed or newly constructed and satisfy each of the following criteria:

- Must be a residential rental structure with not-to-exceed 7 units. Properties with more than 7 units contained within a single structure are not eligible under the Program;
- Must be site-built, modular or manufactured home;
- Must be located in one of the Eligible Parishes; and
- Must complete an environmental review.

## **ENVIRONMENTAL REVIEW**

The timeline for an Environmental Assessment ("EA") level (i.e., requiring a Phase I Report for new construction or rehabilitation) environmental process is 90-120 days from the receipt of a comprehensive environmental review record ("ERR"). The range of time required to completely review an ERR for a given property varies and is largely dependent upon how well the ERR submission is compiled. The stated condition of the property and recognized environmental conditions ("REC") in vicinity of the project dictate follow-up necessities (i.e., 404 wetlands permits or Phase 2 reports) which further prolong the review process. There is no official HUD timeline for all of the steps of the environmental review process.

The only steps that have associated time constraints are the 8-step process (if applicable has 15 and 7 day notice periods), the FONSI/NOI public notice period prior to submitting the RROF (15-18 days), and the HUD review/comment period prior to the authorization to use grant funds ("AUGF") which (15-18 days but more often than not) gets extended. Those three steps can take anywhere from 45-60 days if not longer. Please contact the LHC's Environmental Impact and Labor Compliance Manager for further information on Environmental Reviews as follows:

**Agaha Brass | Environmental Impact & Labor Compliance Manager**

**LOUISIANA HOUSING CORPORATION**

[abrass@lhc.la.gov](mailto:abrass@lhc.la.gov) | [www.lhc.la.gov](http://www.lhc.la.gov)

Desk: 225.763.8734 | Fax: 225.763.8710 | Cell: 225.436.2782

2415 Quail Drive, Baton Rouge, LA 70808

twitter: [@lahousingcorp](https://twitter.com/lahousingcorp) | facebook: [LouisianaHousingCorp](https://www.facebook.com/LouisianaHousingCorp)

### **ORIENTATION WORKSHOP**

LHC strongly encourages, but does not require, all potential applicants to attend the RLNLRP NOFA Orientation Workshop, scheduled for May \_\_, 2017, at 10:00 A.M. C.S.T., at the headquarters of the Louisiana Housing Corporation located at 2415 Quail Drive, Baton Rouge, Louisiana 70808. The workshop will cover the requirements of the NOFA, including how to submit applications and information necessary for a successful application submission.

### **APPLICATIONS**

This NOFA does not commit the LHC to award any contract nor to pay any costs incurred in the preparation or delivery of applications. Furthermore, the LHC reserves the right to accept or reject, in whole or in part, any and all applications submitted, and/or to cancel this NOFA. The LHC also reserves the right to ask for additional information or conduct interviews from/with any Applicant and/or all Applicants as may be necessary or appropriate for purposes of clarification. LHC reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. Any such revisions will be formalized by the issuance of an amendment to this NOFA.

### **INELIGIBLE APPLICATIONS**

Applications will be deemed ineligible if any of the following conditions exist as of May 19, 2017:

- 1) Any person and or entity on the federal debarred list or an organization representing such person or entity is on the list.
- 2) Any person and or entity that received notice that they are currently out of compliance with LHC regarding annual audits or who are in arrears with other LHC financed projects.
- 3) Homeownership Developments proposed by entities that currently have unsold properties funded by LHC HOME Funds.
- 4) Any person or entity that currently has a LHC financed project with compliance issues that are unresolved for greater than 90 days.
- 5) Projects previously awarded financing by LHC.

**WHERE TO SUBMIT**

Each Application proposal and accompanying documentation shall be submitted in a sealed envelope. The outside of the envelope must be address as follows:

Louisiana Housing Corporation  
Housing Production  
2415 Quail Drive  
Baton Rouge, Louisiana 70808  
Re: Restore Louisiana Neighborhood Landlord Rental Program (

**Must include: Applicant/Company Name & Return Address**

**METHODS OF SUBMISSION**

Applicants assume the risk of the delivery method chosen, including delivery via private courier or the U.S. mail. Be advised that applications arriving after the June 30, 2017, 4:00 P.M. C.S.T. application deadline, whether via personal delivery, U.S. mail, Federal Express, UPS, or other comparable method of delivery, will not be accepted for any reason.

**IMPORTANT DATES AND DEADLINES**

- NOFA and application published and posted to LHC website** May 15, 2017, 4:30 P.M. C.S.T.
- RLNLRP NOFA Orientation Workshop** May \_\_, 2017, 10:00 A.M. C.S.T.
- Deadline to submit written inquiries to LHC** May 31, 2017, 4:30 P.M. C.S.T.
- Deadline for LHC to post FAQ in response to written inquires** June 6, 2017, 3:30 P.M. C.S.T.

NOTE: LHC reserves the right to revise this schedule. Any such revision will be formalized by the issuance of an amendment to the NOFA.

Written agreements, signed by the applicants, not received by the LHC within 7 days.

**QUESTIONS AND COMMUNICATION**

LHC will consider written inquiries from applicants regarding the NOFA. Inquiries will only be considered if they are submitted in writing to HOME@lhc.la.gov by the deadline for submission of written inquiries set forth above. Inquiries shall clearly reference the section of the NOFA for which the applicant is inquiring or seeking clarification. Any and all written inquiries from applicants submitted in writing to HOME@lhc.la.gov will be deemed to require an official response.

In addition to written responses to individual inquiries, an official response to each inquiry, along with the actual inquiry, will be posted by at 3:30 P.M. C.S.T. on June 6, 2017, in the form of a Frequently Asked Questions Addendum (FAQ) at <http://www.lhc.la.gov>.

It is the sole responsibility of the applicant to inquire into and clarify any item of the NOFA that is not understood. The Corporation also reserves the right to decline to respond to any inquiry that will cause an undue burden or expense for LHC. As mentioned above, the LHC will post all inquiries with answers on its website, <http://www.lhc.la.gov>.

It is the strict policy of the LHC that prospective respondents to this NOFA refrain from initiating any contact or communication, direct or indirect, with LHC staff or members of the Louisiana Housing Corporation's Board of Directors with regard to the competitive selection of applicants. Any violation of this policy will be considered as a basis for disqualification from consideration.

The LHC will produce public records in accordance with LA R.S. Title 44.

## DEFINITIONS

- Affordability Period: As specified in the Take-out Commitment.
- Affordable Rents: The rents for each residential rental housing unit by bedroom size published by LHC by parish location for each Qualified Project.
- Application: The electronic application form for the RLNLRP posted to the LHC website by May 15, 2017.
- Construction Loan: The loan originated by a Lender to an Eligible Borrower to finance the construction of a New Unit or the renovation of an Existing Unit.
- Conversion Date: The later of the date of initial occupancy of the residential rental unit by a Qualified Household or the date the Lender receives payment pursuant to the Take-out Commitment
- Eligible Costs: The following constitute Eligible Costs:
1. Development hard costs. Development hard costs are the actual cost of constructing or rehabilitating housing.
  2. Related soft costs. Other reasonable and necessary costs incurred by the owner or LHC and associated with the financing or development (or both) of New Units or Existing Units assisted with CDBG Funds.
- Eligible Parishes: Acadia, Allen, Ascension, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Catahoula, Claiborne, De Soto, East Carroll, East Baton Rouge, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson Davis, Lafayette, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Ouachita, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Helena, St. James, St. Landry, St. Martin, St. Tammany, Tangipahoa, Union,

Vermilion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana and Winn

Great Floods of 2016: One or both of the floods identified by DR-4263 or DR-4277 floods in which FEMA Individual Assistance.

HUD: U.S. Department of Housing and Urban Development (“HUD”)

HUD Designated  
Most Impacted  
Parishes:

The following ten (10) Parishes: Ascension, Acadia, East Baton Rouge, St. Tammany, Lafayette, Vermilion, Livingston, Washington, Ouachita, and Tangipahoa.

Identity of Interest: An identity of interest is construed to exist when:

1. There is any financial interest of the Developer or Owner in the Builder or any financial interest of the Builder in the Developer or Owner.
2. Any officer, director or stockholder or partner of the Developer or Owner who is also an officer, director or stockholder or partner of the Builder.
3. Any officer, director, stockholder or partner of the Developer or Owner has any financial interest in the Builder; or any officer, director, stockholder or partner of the Builder has any financial interest in the Developer or Owner.
4. The Developer or Owner advances any funds to the Builder.
5. The Developer or Owner supplies and pays, on behalf of the Builder, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by a Developer or Owner in connection with its obligations under the construction contract.
6. The Developer or Owner takes stock or any interest in the Builder compensation as consideration of payment.
7. There exists or comes into being any side deals, arrangements, contracts or undertakings entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents, except as approved by the LHC or the Corporation.
8. Any relationship (e.g., family) existing which would give the Builder or Developer or Owner control or influence over the price of the contract or the price paid to any subcontractor, material supplier or lessor of equipment.
9. Any member of the Development Team advances any funds to the Developer or Owner at any point prior to an allocation.

For purposes of determining an identity of interest between parties not identified in (i) through (ix), such parties will be identified as either the

Developer and Owner or the Contractor as appropriate to establish the identity of interest. The Corporation may reduce any allowable costs where an Identity of Interest has been found among the parties to transactions involving the sale, development and/or operation of the project.

Income Restricted: During the Affordability Period, residential housing units may only be rented to a Qualified Household

Ineligible Applications: Applications will be deemed ineligible if any of the following conditions exist at the time of application submission:

1. Any person and or entity on the federal debarred list or an organization representing such person or entity is on the list.
2. Any person and or entity that received notice that they are currently out of compliance with LHC regarding annual audits or who are in arrears with other LHC financed projects.
3. Homeownership Developments proposed by entities that currently have unsold properties funded by LHC CDBG Funds.
4. Any person or entity that currently has a LHC financed project with compliance issues that are unresolved for greater than ninety days.
5. Two or more projects previously awarded financing by LHC that are currently incomplete.
6. Any applicant not in compliance with any other LHC or OCD disaster program.

Ineligible Costs: No RLNLRP Funds may be used:

- 5) to purchase land from a person or person that has an identity of interest with the Eligible Borrower.
- 6) for development, operations or modernization of public housing financed under the 1973 Act (Public Housing Capital and Operating Funds).
- 7) for the cost of acquiring land that was purchased prior to the receipt of RLNLRP Project funding
- 8) to refinance any loan.

LHC: Louisiana Housing Corporation.

OCD: State of Louisiana, Division of Administration, Office of Community Development.

Permanent Loan: The provisions of the Construction Loan on and after the Conversion Date that reflect the repayment terms to OCD following payment to the Lender in accordance with the Take-out Commitment and following the assignment and negotiation of the Construction Loan to OCD.

Priority Allocation: A Take-out Commitment to a Qualified Project with seven (7) residential housing units in which the household income for one of the residential housing units does not exceed 30% of area median income published by HUD.

Priority Eligible

Parishes: HUD Designated Most Impacted Parishes

Qualified Household: A tenant household in which no member is related to the Applicant and for which household income does not exceed the lower of 80% of AMI published by HUD as adjusted by family size or such lower amount for Set-aside Units as provided for in an Application for a Take-out Commitment.

Qualified Project: A project not in excess of seven (7) residential housing units located in an Eligible Parish and in which each residential housing unit is a Qualified Unit on a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with CDBG Funds as a single undertaking located within a five mile radius of each other within a single governmental entity (if located within a city, town, or other similar political subdivision then all sites must be within the same political subdivision for rental projects. If located outside of a local jurisdiction then all sites must be within the same Parish. The project includes all the activities associated with the site and building.

Qualified Unit: A residential rental unit that is Income Restricted and Rent Restricted

Rent Restricted: Rent charged a Qualified Household during the Affordability Period may not exceed Affordable Rents.

Take-out Funds: CDBG Funds of Thirty-six Million Dollars

Vacant Unit: A residential housing unit that does not have a tenant occupant. In order to be eligible for the RLNLRP Initiative, all the units contained in the Application must have been vacant by February 14, 2017. A landlord may not intentionally displace a tenant prior to application to the RLNLRP Initiative in order to be able to apply to the RLNLRP Initiative.