



LOUISIANA HOUSING CORPORATION (“LHC”)
NOTICE OF FUNDING AVAILABILITY AND PROGRAM IMPLEMENTATION
GUIDELINES
FOR
MULTIFAMILY PIGGYBACK/CDBG-DR LOAN FUNDING
“PIGGYBACK 2018”

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1. General Program Terms

1.1. Overview

The Louisiana Housing Corporation (“LHC” or “Corporation”) hereby releases this Notice of Funding Availability and Program Implementation Guideline (“NOFA” or “Program Description”) for the preliminary commitment of **\$33,850,000.00** of Community Development Block Grant Disaster Recovery funds (CDBG-DR funds). This NOFA is designed to provide funding for the new construction development or acquisition/rehabilitation of multifamily affordable housing developments that provide affordable housing as stipulated herein. Successful applicants will be able to utilize CDBG-DR funds with 4% Low Income Housing Tax Credits (LIHTC) and LHC Multifamily Revenue Bonds.

This LIHTC-CDBG-DR program, hereinafter referred to as ‘Piggyback 2018’ or ‘the Program’, corresponds with the “Piggyback Program” and is subject to amendments in the State of Louisiana Action Plan for the Utilization of Community Development Block Grant Funds in Response to the Great Floods of 2016. The Program will address long-term housing needs in parishes impacted by the Great Floods of 2016, and is available to fund developments in parishes designated by FEMA as disaster-declared in response to those floods.¹ The Program objective is to create or preserve multifamily rental units primarily using conventional 1st mortgages, CDBG-DR funds (structured as soft first or second mortgages), and equity from the sale of Low Income Housing Tax Credits (LIHTC’s), in 4% transactions with Bond financing. All developments funded through this Program would benefit low- and moderate-income populations. Piggyback 2018 is a competitive program and through its design it permits (a) mixed-income housing (with both market-rate units and units affordable to households with incomes at or below 60% of AMI); and (b) affordable housing (in which all units are affordable to households with incomes at or below 60% of AMI). Further requirements and preferences are enumerated in these Program Implementation Guidelines.

All CDBG-DR Funds will be awarded in the form of a soft cash flow loan payable from Surplus Cash. CDBG-DR Funds will accrue interest at a rate not exceeding the long-term applicable federal rate (AFR) and will be payable from not less than 50% of Surplus Cash so that at the end of the 35-year term of affordability agreement the unpaid balance of such Note is not projected to exceed 80% of the residual value of the project. Any deferred developer fees will be paid from the owner’s share of Surplus Cash in conjunction with the repayment of the soft cash flow loan, preferably within the ten-year credit period for LIHTCs, but not later than the initial fifteen-year compliance period for LIHTCs.

¹ The fifty-one (51) parishes affected by DR-4263 or DR-4277 floods in which FEMA Individual Assistance was available.

1.2. Funding

\$33,850,000.00 in CDBG-DR funds will be made available through this NOFA. The highest scoring projects will be awarded until the funds are exhausted, subject to the provisions governing the two pools (Mixed-Income and General); see §1.11, Pools of Reserved Funds.

An applicant receiving funds under this NOFA will be expected to maintain the fiscal, physical and managerial soundness of the rental housing development receiving the CDBG-DR Funds for the longer of the project's LIHTC compliance period, the 35-year CDBG-DR Use Agreement, or the maturity of any loan or guaranty financing provided by the LHC. Applicants must assure compliance with all federal cross cutting and LHC regulatory and administrative requirements, including but not limited to:

- Implementing the project or program activity as proposed in the submitted application;
- Ensuring compliance with all reporting requirements;
- Managing funds disbursement and accounting;
- Preparing work specifications;
- Conducting inspections;
- Affirmatively marketing;
- Program administration;
- Program documentation;
- Applicant intake; and
- Ensuring that all CDBG-DR and LIHTC requirements are met for the entire affordability period applicable to the project.

1.3. Eligible Uses

CDBG-DR Funds awarded under this NOFA will only reimburse eligible costs incurred to develop a project. No CDBG-DR Funds will be advanced to reimburse a project cost unless the electronic Funds Requisition Form with back-up AIA certification, invoices and receipts are submitted and approved. No funds will be disbursed until all funding commitments and grant agreements are signed, and environmental conditions are satisfied.

The purchase of land is an eligible use of funds under this NOFA; however, in no case will the entire award to an activity under this NOFA be allowed for only the acquisition of land. Purchases from affiliated persons or entities must be supported with an appraisal, acceptable to the LHC in its sole discretion. Construction/Rehabilitation costs must be included as a budgeted item and funds must be drawn on a pari passu basis with other permanent funding sources.

1.4. Ineligible Uses

CDBG-DR will not be disbursed for any costs enumerated at 24 CFR §570.207.

1.5. Eligible Projects

All borrowers will be LIHTC single asset entity limited partnerships, which are by definition for-profit entities. General Partners of these LPs may be for- or non-profit entities. A PHA may participate as General Partner. All properties must combine CDBG-DR with 4% LIHTCs, and a bond-financed 1st mortgage.²

Eligible projects are located in a FEMA Disaster-Declared Parish. See §7, Definitions.

Eligible projects may include market-rate units (with some units unrestricted as to rent or initial household income), but must include affordable units (restricted as to rent and initial household income). Set-aside requirements are as follows:

1. Eligible projects must set-aside no fewer than 5% of units as Permanent Supportive Housing (PSH). See §1.12, Permanent Supportive Housing (“PSH”) Set-Aside Requirement. All applicants must select QAP Selection Criteria III.B.(iii), “At least 5% and less than 10% of units serve PSH households with incomes at or below 20% AMI.” See §2.7, QAP Scoring.
2. No fewer than 40% of units must be set-aside at rents at or below 60% of AMI, and reserved for households with household incomes at move-in at or below 60% of AMI, for the duration of the 35-year affordability period.
3. At least 51% of the units must be restricted to rents at or below 80% of AMI, and reserved for households with household incomes, at move-in, at or below 80% of AMI, for the duration of the 35-year affordability period.
4. Eligible projects may be either new construction or acquisition-rehabilitation.
5. Applications may only be submitted for properties located in a FEMA Disaster-Declared Parish. Additional points are available to properties located in HUD Most-Impacted Parishes (see §2.2, HUD Most-Impacted Parish).
6. Notwithstanding any reserve deposit requirement imposed by other funders, this Program will require an initial deposit (from development sources) to the Replacement Reserve Account of \$1,000 per unit, and an Annual Deposit to the Replacement Reserve of \$600 per unit, inflated by 2% annually. This provision supports greater long-term viability, consistent with the 35-year CDBG-DR loan term and period of affordability. See §4, Underwriting Standards and Requirements.

Eligible projects must meet all eligibility requirements of this Program Description, including underwriting requirements. Eligible projects must comply with all application requirements.

1.6. Ineligible Projects

The following properties are Ineligible Projects:

² The bond-financed 1st may be construction-period only, or it may be construction to permanent.

1. Properties not located in a FEMA Disaster-Declared Parish, as stipulated in DR-4263 or DR-4277. See §7, Definitions.
2. Any property not structured as a single asset entity limited partnership.
3. Properties not qualifying for an award of LIHTCs, pursuant to Section 42 of the Internal Revenue Code.
4. Properties deemed non-feasible or non-viable by the LHC, based on its underwriting review.
5. Properties failing to submit a complete and fully responsive application for award of funding, or to respond to questions and concerns put forth by the LHC by the deadline imposed by the LHC for such responses when submitting an inquiry to the applicant.
6. Lease to Own Properties; because of the structure of the (35 year) CBDG 2nd Mortgage, lease-to-own (Year 16) properties will NOT be permitted. This item has been excised from the QAP Scoring Criteria. See Item #3 at §2.7, QAP Scoring.

1.7. Eligible Applicants

All applicants will be LIHTC single asset entity limited partnerships. General partners of these limited partnerships may be for- or non-profit entities. A PHA may participate as general partner.

1.8. Ineligible Applicants

1. Any person or entity on the federal debarred list, or an organization representing such person or entity on that list.
2. Any person or entity (or affiliate thereof) that received notice that they are currently out of compliance with LHC and/or Louisiana Office of Community Development – Disaster Recovery Unit (OCD-DRU) regarding annual audits or who are in arrears on payments of Gap Financing Loans with LHC/OCD-DR financed projects.
3. Any person or entity that currently has a LHC/OCD-DRU financed project with compliance issues that are unresolved for greater than 90 days.

1.9. Funds Available and Maximum Funding

Total funding to be awarded under this NOFA is Thirty Three Million Eight Hundred Fifty Thousand Dollars (\$33,850,000.00). This amount is subject to adjustment by the LHC. Any adjustment will be subject to notification through an amendment to this NOFA.

No CDBG-DR award may exceed the greater of \$100,000 per unit, or \$6,000,000 for projects of greater than 60 units. However, note that applicants are discouraged from requesting high CDBG-DR relative to total development costs through scoring criteria. See §2.1, CDBG-DR Efficiency.

1.10. Non-Assignability of Application and Award

The responding applicant must be a principal of the proposed development with the legal authority to enter the partnership into a legal agreement with the LHC. Any awards made will be made to the established single-asset entity partnership proposed in the application, addressed to the principal of that entity submitting the application. Any assignment of such an award, without the prior, written consent of the LHC will immediately and irrevocably void the award. Any change in the proposed ownership from that which is stipulated in the application will constitute an assignment.

1.11. Pools of Reserved Funds

There are two pools:

Mixed Income Pool—\$10M: Projects that elect points under QAP Scoring Criterion I.A (Deconcentration Projects) will automatically compete in the Mixed Income Pool. Deconcentration Projects which are not awarded funds in the Mixed Income Pool will automatically compete in the General Pool (see below). Unallocated funds (if any) from the Mixed Income Pool will flow to the General Pool.

To be eligible as a Deconcentration Project, at least 40% of the units and up to 60% of the units must not be low-income units (i.e., 40% to 60% of the units must either be market, or have rent and income restrictions above 60% of AMI). However, see also §1.7, Eligible Applicants, above—in no case may more than 49% of units be unrestricted, or restricted above 80% of AMI.³ See §8 for examples of unit mixes that comply with the affordability requirements of this NOFA.

General Pool—\$23.85M: Projects that do not elect points under QAP scoring criterion I.A. (Deconcentration Projects) will complete only in the General Pool. Deconcentration Projects which are not funded in the Mixed Income Pool, will compete in the General Pool, but will do so without any points awarded for QAP scoring criterion I.A.

1.12. Permanent Supportive Housing (“PSH”) Set-Aside Requirement

Projects must set aside and provide at least 5% of total units for Permanent Supportive Housing (“PSH”). Such mandatory PSH Units are strongly preferred to be one-bedroom units.⁴ Project-based vouchers (rents set at 110% of FMR) are reserved for PSH units in awarded projects and PBV contracts covering PSH units will be awarded to properties receiving an award of CDBG-DR under this Program. However, because such vouchers may only be used for PSH households and because there is no guarantee that PSH households will occupy those units, PSH units must be underwritten at 20% AMI, which is the default level of affordability. Beyond the minimum

³ See Eligibility Criteria, which stipulates the requirement that at least 51% of units be affordable and rent restricted at or below 80% AMI for the entire period of the 35-year CDBG-DR Use Agreement.

⁴ For projects with the mandatory minimum 5% PSH set-aside, one bedroom units are strongly preferred. For projects electing 10% PSH, one bedroom units are required for at least half of the PSH units.

five percent (5%) requirement, properties may elect to set aside ten percent (10%) of their units for PSH households, and doing so earns additional scoring points under this NOFA. See §2.5, Additional PSH. See also §4, Underwriting Standards and Requirements

Note that in addition to the LHC's strong preference for one-bedroom units for the mandatory five-percent PSH set aside, and in addition to the LHC's requirement that half of PSH units be one-bedroom units for properties electing to provide Additional PSH (see §2.5, Additional PSH), the LHC has a strong preference that a significant number of PSH units be accessible to persons with disabilities.

See §9, PSH .

2. Scoring Criteria

2018 Piggyback funds will be included for use as Gap Financing for 4% LIHTC developments utilizing tax-exempt bond financing. The funds will be awarded to developments based on a scored application verified by LHC and using a scoring formula unique to this Program, but which incorporates most of the scoring elements of the Louisiana Housing Corporation (LHC) 2017 Final Qualified Allocation Plan (QAP).⁵

Scoring will primarily rely on the 2017 QAP scoring criteria, with the QAP score of the submitted application serving as part of the overall score in this competition. In addition to the QAP score, applicants may select additional points based on scoring criteria of this NOFA. These additional points are enumerated below.

2.1. CDBG-DR Efficiency

CDBG-DR funds relative to total developmental costs. Projects will earn points based on the ratio. Note, in the event of a tie, the non-rounded score will be used. Each project's point score will be computed as follows:

- TDC (Application Model, 'Sources & Uses' Worksheet, Total Development Costs at Cell F46),
- Minus Gap Financing Loan reservation requested,
- Divided by the TDC,
- Times 20, rounded.

- Example 1 (more CDBG-DR relative to TDC): Project with a TDC of \$12.3M, requesting an award of \$5.56M.
 - \$12.3M TDC; \$5.56M Gap Financing Loan Request
 - $\$12.3M - \$5.56M = \$6.74M \div \$12.3M = .5480$
 - $.5480 \times 20 = 10.95$ points, rounded to 11 points.

- Example 2 (less CDBG-DR relative to TDC): Project with a TDC of \$12.3M, requesting an award of \$1.85M.
 - \$12.3M TDC; \$1.85M Gap Financing Loan Request
 - $\$12.3M - \$1.85M = \$10.45M \div \$12.3M = .8496$

⁵ Most of the scoring criteria from the 2017 QAP are used; a few items from the 2017 QAP are not applicable. Points earned from provisions specific to this NOFA will be combined with points available under the 2017 QAP Scoring Criteria.

- $.8496 \times 20 = 16.99$ points, rounded to 17 points.

2.2. HUD Most-Impacted Parish

Any property located in a HUD Most-Impacted Parish will be automatically awarded five [5] additional points. The following ten (10) Parishes have been designated as HUD Most-Impacted Parishes: Acadia, Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, St. Tammany, Tangipahoa, Vermilion, and Washington.

2.3. Rent-Burdened Parish

Rent Burdened Parishes are parishes identified in the LSU Public Administration Report 'Housing Needs Assessment of Louisiana', identified as having a computed ratio of monthly gross rent to monthly household income of equal to or greater than 45%. Such parishes are considered Rent Burdened for purposes of this NOFA, and properties located in these parishes will automatically be awarded three [3] additional points in the competitive scoring. The identified parishes are East Carroll, Natchitoches, Lincoln, Claiborne, Bienville, De Soto, East Baton Rouge, Evangeline, St. Helena, St. Landry, and Madison.

2.4. Incremental Affordability

Projects in which the ratio of units set aside at 50% AMI to units set aside at 60% AMI is equal to or greater than 1:3, or 33.33%

- For example, if a project has 8 units at 50% AMI and 25 units at 60% AMI, the ratio of 50% units to 60% units is 8:25, which is 32%, which is not equal to or greater than 1:3, or 33.33%, and points would not be earned.
- For example, if a project has 9 units at 50% AMI and 24 units at 60% AMI, the ratio of 50% units to 60% units is 9:24, which is 37.5%, which is equal to or greater than 1:3, or 33.33%, and the property would earn points for Incremental Affordability.

For eligibility, for every three units at 60%, at least one unit must be at 50%. Projects selecting Incremental Affordability will earn an additional four [4] scoring points under this NOFA. See §8, Examples of Affordability Mixes Which Comply with the Requirements of this NOFA for illustrations of this set aside option.

2.5. Additional PSH

As stipulated at §1.12, Permanent Supportive Housing ("PSH") Set-Aside Requirement, all properties must select QAP Scoring Criterion III.B.(iii): "At least 5% and less than 10% of units serve PSH households with incomes at or below 20% AMI". All projects will be awarded six (6) points for this required selection. In addition, projects may additionally agree to set aside at least ten percent (10%) of units as PSH (i.e., five percent in addition to the required five percent), and doing so will earn three [3] additional scoring points under this NOFA. See §8, Examples of Affordability Mixes Which Comply with the Requirements of this NOFA for illustrations of this set aside requirement.

Projects selecting additional points for Additional PSH are limited in this NOFA to properties in which at least half of the PSH units are one bedroom units, and in which the application contains letter of support from the PSH Executive Council asserting that the additional PSH is necessary and that the additional PSH units in the proposed property are likely to be filled through referrals. The letter of support must be requested no later than February 15th 2018, and the request must be made to Nicole Sweazy at nsweazy@lhc.la.gov. All PSH units (10% of units for those properties selecting this criterion) will be awarded PSH Project Based Vouchers. For these properties, half of the PSH units will be underwritten at 20% AMI, but the remaining PSH units will be underwritten at the PSH Voucher rent. See §4, Underwriting Standards and Requirements.

2.6. Non-Scattered Site Vacant Properties

Any non-scattered site property which is 100% unoccupied as of the date of the publication of this Program Description will be awarded three [3] additional scoring points. Note that QAP Scoring Criteria I.C. awards points for vacant scattered site properties. Consistent with the QAP requirements for awarding of points for vacant scattered site properties, applications for vacant non-scattered site properties must:

- Submit letter from local jurisdiction that all residential units have been vacant for at least 90 days and are likely to remain vacant because the units are substandard.
- The Capital Needs Assessment must evidence inspection of all vacant units.
- The market study must directly address the causes of vacancy and the specific need for the available unit sizes in the market.
- Points are NOT allowed in this category for a vacant lot which previously was the site of a multifamily property. Note that this is different from the allowability of points for vacant sites under QAP Scoring Criteria I.C., applicable to scattered site properties.

2.7. QAP Scoring

In addition to the points outlined above all projects will earn points according to the 2017 Qualified Allocation Plan Selection Criteria (see 2017 QAP (04/12/17), Exhibit B, and see the Selection Criteria Worksheet in the Electronic Application Model). Note the following:

1. Selection of Points under QAP scoring criterion I.A.(i) automatically enters the project to compete as a Deconcentration Project in the Mixed Income Pool (see §1.11, Pools of Reserved Funds). Projects which are not funded in the Mixed Income Pool automatically compete in the General Pool, but do so without any points earned under Section I.A.(i).
2. Pursuant to scoring criterion I.A. an application for a Deconcentration Project earns points for selecting one of the following:
 - 4 points – when the percentage of low-income units does not exceed 60% of total residential units; or
 - 8 points – when the percentage of low-income units does not exceed 50% of total residential units; or

- 10 points – when the percentage of low-income units does not exceed 40% of total residential units.
3. No points should be selected or will be awarded for Lease-to-Own arrangements; applicants may not select I.D.(ii), I.F.(ii).
 4. Selection of Points under III.B.(iii). Note that all properties are required to provide at least five-percent (5%) of units as PSH units. Accordingly, all applicants must select QAP Scoring Criterion III.B.(iii); note that pursuant to the QAP rules, only one selection is permitted for §III.B of the QAP Scoring Criteria.

3. Gap Financing Terms

CDBG-DR financing will be in 1st or 2nd lien, repayable equal to 50% of Surplus Cash⁶ with the balance due at term, in thirty-five (35) years. There will be no deferral of amounts due based on the deferred developer fee.^{7,8} Loans will become due upon the earlier of (a) maturity at 35 years; (b) sale or refinancing of the property;⁹ or (c) acceleration as the result of material noncompliance with the terms of the loan.

Applicants will be required to submit audited annual financial statements that include a Surplus Cash computation as defined by LHC and as established in the Loan Agreement. Surplus Cash is a balance sheet measurement that subtracts short-term obligations from available cash. If Surplus Cash were positive, it would be distributed in the following order of priority:

1. One-half toward the CDBG-DR Gap Financing Loan.
2. Any remaining amount to the applicant.

3.1. Interest Rate and Residual Value

The CDBG-DR Gap Financing loan will be at 0% interest. The developer may request 1% interest, or interest at the AFR, but this will be permitted only if the projected balance when the Gap Financing Loan matures at Year 35 is projected by the LHC in its underwriting analysis to be less than 80% of residual value, based in interest accrual, and repayments from projected Surplus Cash. Note that default interest may be charged, pursuant to the terms of the Legal Documents.

3.2. Legal Documents

2018 Piggyback loans will be structured around standard-form legal documents, including an Award Acceptance Agreement, Loan Agreement, Note, Mortgage, Regulatory Agreement, Subordination Agreement, Completion Guaranty, Operating Deficit Guaranty, and Guaranty of Non-Recourse Carve-Outs. It is anticipated that these template legal documents will be posted no later than forty-five (45) days prior to the deadline for submission of applications under this NOFA.

Unless the application contains a summary of specific provisions which the applicant requests be amended, in submitting an application in response to this NOFA the applicant asserts its agreement with the terms and requirements set forth in these legal documents. The submission of a request for amendment or modification of provisions is not binding on the LHC, and it

⁶ Note, it will only be in 1st lien if the underwriting determination is that the property cannot support a permanent 1st mortgage.

⁷ The deferred developer fee must be projected in the underwriting to be recoverable from the developer's portion of Surplus Cash, within 15 years. The developer fee will be reduced to accommodate this restriction, if required.

⁸ The loan will be at 0% interest. The developer may request 1% interest, or interest at the AFR, but this will be permitted only if the projected balance of the Gap Financing Loan at Year 35 is less than 80% of residual value.

⁹ Due on sale or refinancing, unless the LHC, in its sole discretion, agrees to resubordinate to new financing.

reserves the right to make any award of funds contingent on closing without modification of the legal documents.

4. Underwriting Standards and Requirements

The underwriting standards and requirements of the QAP, as reflected in the QAP document and the electronic application model, will apply to projects under this NOFA. However, the following additional provisions will apply.

4.1. Replacement Reserve Deposit Requirements

Notwithstanding any reserve deposit requirement imposed by other funders, this Program will require an initial deposit (from development sources) to the Replacement Reserve Account of \$1,000 per unit, and an Annual Deposit to the Replacement Reserve of \$600 per unit, inflated by 2% annually. This provision supports greater long-term viability, consistent with the 35-year CDBG-DR loan term and period of affordability. See §1.5, Eligible Projects.

Replacement Reserves will be subject to controls as stipulated in the Legal Documents. See §3.2, Legal Documents.

4.2. Operating Deficit Reserve Requirements

Piggyback 2018 does not impose Operating Deficit reserve requirements, but will recognize reasonable establishment of such reserves from development funds, as required by other funding partners. As enumerated in the Legal Documents, any reserves released from the account for purposes other than curing operating deficits as defined in the Loan Agreement must be in the form of a payment against the Gap Financing Loan.

4.3. Lease-Up Reserve Requirements

Piggyback 2018 does not impose Lease-Up reserve requirements, but will recognize reasonable establishment of such reserves from development funds, as proposed by the applicant. All uses of such funds must appear in the audit of the partnership in the year the project is placed in service.

4.4. Rents

AMI-based rents must be underwritten at the lesser of (a) the maximum net rent (gross rent less applicable utility allowance) for the set-aside applicable to the unit; or (b) the market rent as established in the Market Study.

PSH units must be underwritten as follows:

- For projects with 5% PSH: All units are underwritten at 20% AMI, notwithstanding that all PSH units will be awarded PSH PBV Contracts.
- For projects with 10% PSH: Half of the PSH units are underwritten at 20% AMI; and the remaining PSH units are underwritten at rent levels corresponding with the PSH PBV contract rents.

Market units must be underwritten at the market rent established in the Market Study.

4.5. 1st Mortgage Sizing

The initial debt service coverage ratio (“DSCR”) of the proposed 1st mortgage may not exceed 1.20 unless a larger initial DSCR is required to ensure that the DSCR does not drop below 1.0 during the term of the proposed 1st mortgage.

4.6. PSH Underwriting

Projects must set aside and provide at least five-percent (5%) of total units for Permanent Supportive Housing (“PSH”). Such mandatory PSH Units are strongly preferred to be one-bedroom units.¹⁰ Project-based vouchers (rents set at 110% of FMR) are reserved for PSH units in awarded projects and PBV contracts covering PSH units will be awarded to properties receiving an award of CDBG-DR under this Program. However, because such vouchers may only be used for PSH households and because there is no guarantee that PSH households will occupy those units, PSH units must be underwritten at 20% AMI, which is the default level of affordability.

Beyond the minimum five percent (5%) requirement, properties may elect to set aside ten percent (10%) of their units for PSH households (i.e., an *additional* five-percent (5%)), and doing so earns additional scoring points under this NOFA. See §2.5, Additional PSH.

For Additional PSH properties, half of PSH units must be one-bedroom units.

For Additional PSH properties, All PSH units (10% of units for those properties selecting this criterion) will be awarded PSH Project Based Vouchers.

For Additional PSH properties, half of the PSH units will be underwritten at 20% AMI, but the remaining PSH units will be underwritten at the PSH Voucher rent.

All properties should endeavor to dedicate a number of accessible units as PSH units.

4.7. Performance Bond

Each funded application that receives an award of CDBG-DR Funds may be required to post a performance bond during the period of construction sufficient to cover the CDBG-DR Funds award or provide proof of minimum net financial resources as indicated below.

In lieu of a performance bond, demonstration of minimum net financial resources is an option for a person or entity alone or in combination with other persons or entities having net assets equal to the applied for CDBG-DR Fund Loan **and** who has unrestricted liquid assets at least equal to 10% of the applied for CDBG-DR Fund Loan. Applicants must provide proof through submittal of certified audited financials, if so requested by the LHC.

¹⁰ For projects with the mandatory minimum 5% PSH set-aside, one bedroom units are strongly preferred. For projects electing 10% PSH, one bedroom units are required for at least half of the PSH units.

5. Threshold Requirements

5.1. Overview

1. Applicants must complete and submit the LHC LIHTC electronic application by no later than **Friday, March 16th at 4:00 CST**. Applicants must provide the required performance bond or provide proof of minimum financial requirements at start of construction.
2. Applicants must include a narrative describing the project. A project must be feasible and viable with an award of CDBG-DR Funds.
3. Projects with multiple environmental issues which cannot be addressed timely and cost-effectively will cause the award of CDBG-DR Funds to be canceled.

5.2. Capital Needs Assessment – Rehabilitation Projects Only

A capital needs assessment must be submitted for all rehabilitation projects.

5.3. Changes to Project After Award

Any changes to a project, including but not limited to unit count and configuration, after a notice of award under this NOFA must be approved in advance by the Corporation in writing. Changes made without the prior written approval of the Corporation will result in the cancelation of the project and the recapture of all awarded funds.

5.4. Strictly Enforced Deadlines

For awards under this NOFA, LHC will **strictly adhere** and impose deadlines for committing and expending funds based upon the activity proposed and other information provided in the application. Any funds not committed or expended within the timeframes included in the loan agreement documents will be recaptured by the Corporation. Projects must adhere to the following:

1. Awards for Soft Funds may be terminated at any time prior to the award expiration date due to the absence of program/project productivity. Funds advanced prior to the termination of a project (whether voluntary or involuntary) must be repaid to the LHC.
2. Applicants must adhere to the project schedule included in the application submission and satisfy placed in service requirements outlined in Section 42 of the Internal Revenue Code.

NOTE: IF ANY OF THE ABOVE REFERENCED TIMELINES/REQUIREMENTS ARE NOT MET IT WILL RESULT IN AN AUTOMATIC RESCISSION OF THE CONDITIONAL COMMITMENT.

5.5. Payment of Developer Fee

Fifty percent (50%) of the reimbursable portion of the developer fee will be paid at project completion. The remaining fifty percent (50%) will be paid once all “CDBG-DR” assisted units have been initially leased to eligible tenants.

5.6. Completed Projects

Projects are considered complete only after all units identified in a single project are at 100% construction and certificates of occupancy have been issued, and the project sponsor complied with all conditions precedent to the final release of CDBG-DR, as stipulated in the legal documents.

5.7. Regulatory Authority and Requirements

All applications under this NOFA are governed by the 2017 Qualified Allocation Plan, Section 42 of the Internal Revenue Code and 24 CFR Part 570. Modification of federal statutes or regulations governing the CDBG-DR Program by Congress, the Department of Housing and Urban Development (HUD), the state legislature, or LHC may become effective immediately and apply to the activities funded under this NOFA.

This NOFA does not include the text of all applicable regulations that may be important to a particular project. For proper completion of the application, LHC strongly encourages potential applicants to consult the federal CDBG-DR Program regulations, and other federal cross-cutting regulations. Applicants should also consult the State’s Uniform Construction Code.

5.8. Site Development Requirements

Construction that is financed by CDBG-DR Funds must meet all applicable State and local building codes along with appropriate zoning ordinances in effect at the time of project completion.

5.9. Insurance Requirements

Insurance requirements for projects are governed by the State of Louisiana Office of Risk Management Procedures Manual for Insurance Language in Contracts and Indemnification Agreements, Revised December 2015, Exhibit D. This Exhibit is appended for reference to this NOFA, See §10, Insurance Requirements. The entire procedures manual can be found at the following URL: <http://www.doa.la.gov/orm/PDF/Contract%20Manual%20-%20Dec%202015.pdf>

5.10. Housing Choice Opportunities

Projects awarded CDBG-DR Funds must comply with Title VI of the Civil Rights Acts of 1964, the Fair Housing Act, Section 504, Executive Order 11063 and HUD regulations issued pursuant thereto so as to promote greater choice of housing opportunities.

5.11. Uniform Relocation and Real Property Acquisition Act

If CDBG-DR Funds are proposed to pay for acquisition costs and activities, the Applicant must follow the procedures of the Uniform Relocation and Real Property Acquisition Act to acquire the project site. The procedures must be followed prior to the site acquisition. CDBG-DR Funds cannot be used to pay or reimburse an applicant for site acquisition activities that do not comply with the requirements of the Uniform Act. In no case will CDBG-DR be used to pay for URA related costs; other sources must be applied to these costs.

5.12. Cross Cutting Federal Requirements

All applicants shall comply with the following:

- Environmental clearance;
- Uniform Residential Requirements as applicable;
- Lead Based Paint
- Section 3

5.13. Davis Bacon Prevailing Wage Compliance

If CDBG-DR Funds are awarded for rehabilitation, renovation or new construction the project budget costs must be based on the prevailing wage residential rates.

5.14. Uniform Physical Property Condition Standard

Housing that is constructed or rehabilitated with CDBG-DR Funds must meet all applicable local codes, rehabilitation standards, zoning and related ordinances at the time of project completion. If there are no such standards or code requirements, the housing must meet the Uniform Physical Property Condition Standard for the entire affordability period.

5.15. Accessibility Requirements

All funded projects must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined at 24 CFR 100.201, and must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619). These requirements must be met for the entire affordability period.

5.16. Green Building Standard for Replacement and New Construction

Borrowers must meet the Green Building Standard for: (i) All new construction of residential buildings and (ii) all replacement of substantially damaged residential buildings. Replacement of residential buildings may include rehab in which there are changes to structural elements such as flooring systems, columns, or load bearing interior or exterior walls.

All new construction must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (i) ENERGY STAR (Multifamily High-Rise), (ii)

Enterprise Green Communities; (iii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), (iv) ICC–700 National Green Building Standard, (v) EPA Indoor AirPlus (ENERGY STAR a prerequisite), or (vi) any other equivalent comprehensive green building program acceptable to HUD.

For rehabilitation, applicants must follow the guidelines specified in the [HUD CPD Green Building Retrofit Checklist](#). When older or obsolete products are replaced as part of the rehabilitation work, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances. For example, if the furnace, air conditioner, windows, and appliances are replaced, the replacements must be ENERGY STAR-labeled or FEMP-designated products; WaterSense-labeled products (e.g., faucets, toilets, showerheads) must be used when water products are replaced. Rehabilitated housing may also implement measures recommended in a Physical Condition Assessment (PCA) or Green Physical Needs Assessment (GPNA).

5.17. Nondiscrimination Requirements

The Sponsor agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and Contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Sponsor agrees not to discriminate in its employment practices, and will render services under this Contract without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, veteran status, political affiliation, or disabilities.

6. Application Submission

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.

6.1. Application Fees

The following fees are charged in connection with this NOFA and due with the submission of an application:

- Application Fee
- Analysis Fee
- Market Study Fee

Reprocessing fees will be charged in the event a reprocessing is required, as defined in the QAP. The Credit Award fee and Subsidy Layering/PIS fee will be charged and payable upon issuance of a Credit Award, only. The \$40 per unit fee will be charged and invoiced only to awarded applications. Those properties that are submitting an application for this current NOFA and have submitted the same project with consistent income demographics in a LHC QAP within the last 6 months are not required to submit the \$4,500 fee. They may, however, elect to pay the fee if they wish to have a new study done.

Application Fees

1-4 units	\$100
5-32 units	1,000
33-60 units	1,500
61-100 units	2,500
Over 100 units	5,000

Analysis Fees

1-4 units	\$100
5-32 units	1,000
33-60 units	1,500
61-100 units	2,500
Over 100 units	5,000

Market Study Fees

Market Study Fee	\$4,500
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Reprocessing Fee

1-4 units	\$50
5-32 units	\$500
33-60 units	\$750
61-100 units	1,250
Over 100 units	2,500

Credit Award

5% of Credit Reserved

Return/Reallocated

5% of Reallocated Credits

Subsidy Layering/PIS cost

Subsidy Layering Review	1/4 Analysis Fee
PIS Review	\$250

Annual C&M Fee

Per Unit	\$20
5-16 units	\$80
17-32 units	\$160
Over 33 units	Minimum fee is equal to \$5.00 per unit

Fees-Subject to confirmation that the following fees are consistent with provisions of Louisiana law, the fees described below shall apply:

Per unit	\$40
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Application and Analysis Fees and the Market Study Fee must be addressed as follows:

Louisiana Housing Corporation
Housing Production
2415 Quail Drive
Baton Rouge, Louisiana 70808
Re: 2018 Piggyback CDBG NOFA
Must include: Applicant/Company Name & Return Address

6.2. Requirements and Order of Submission

Submit a completed LIHTC Electronic Underwriting Application, CDBG-DR Supplemental Application, and all support documentation required by the 2017 QAP.

All electronic documents, including the application to be submitted on a CD-ROM

6.3. Deadline to Submit

Applications must be received by the LHC, in their entirety, by no later **than Friday, March 16, 2018 at 4:00 P.M. C.S.T.**

The Application must be addressed as follows:

Louisiana Housing Corporation

2415 Quail Drive

Baton Rouge, Louisiana 70808

Re: Piggyback 2018 Program

Must include: Applicant/Company Name & Return Address

Note the application fee deadline is also Friday, March 16, 2018 at 4:00 P.M. C.S.T. However, the application fees are due to the address at §6.1, Application Fees.

6.4. 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 application deadline, whether via personal delivery, U.S. Mail, FedEx, UPS, or other comparable method of delivery, will not be accepted for any reason. Applications must be submitted using the 2017 Underwriting Application using the instructions provided on the LHC website.

6.5. Important Dates and Deadlines

NOFA published and posted to LHC website	Friday, December 15 th , 2017, 4:00 P.M. C.S.T.
Deadline to submit written inquiries to LHC	Friday, January 12 th , 2018, 4:00 P.M. C.S.T.
Posting of FAQ in response to written inquires	Friday, January 19 th , 2018, 4:00 P.M. C.S.T.
Application Deadline	Friday, March 16 th , 2018, 4:00 P.M. C.S.T.
Award of Applications	Wednesday, May 9 th , 2018, 4:00 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.

6.6. Questions and Communication

LHC will consider written inquiries from applicants regarding this NOFA. Inquiries will only be considered if they are **submitted in writing to disasterrecovery@lhc.la.gov by the deadline for the 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 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 the deadline above 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.

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.

7. Definitions

Terms not specifically defined herein have the meaning given to them in LHC's 2017 Qualified Allocation Plan (QAP) available on LHC's website at: <http://www.lhc.la.gov/page/archives>

- **Applicant** - A taxpayer or developer submitting an application to this NOFA.
- **Completed Projects** - Projects are considered complete only after all units are a 100% construction complete and certificates of occupancy have been issued.
- **Construction Completion** - All necessary title transfer requirements and construction work have been performed and the final drawdown of CDBG-DR Funds has been disbursed for the project.
- **Corporation** – The Louisiana Housing Corporation (LHC).
- **FEMA Disaster-Declared Parishes.** The following fifty-one (51) parishes affected by DR-4263 or DR-4277 floods in which FEMA Individual Assistance was available: Acadia, Allen, Ascension, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Catahoula, Claiborne, DeSoto, East Baton Rouge, East Carroll, 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. Note that ten of these parishes were also designated by HUD as Most-Impacted (see below).
- **HUD Designated Most-Impacted Parishes.** The following ten (10) Parishes: Acadia, Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, St. Tammany, Tangipahoa, Vermilion, and Washington. Note that these ten parishes were also FEMA Disaster-Declared Parishes (see above).
- **LHC** – Louisiana Housing Corporation (LHC).
- **Entity/ Organization** – A legal body (non-profit, for-profit, local units of government) that will have legal ownership of the project and property before and after project completion. A developer may contract with an entity or be a part of a development team.
- **Project** – A site or sites together with any building or buildings located on the site(s) that are under common ownership, management, accounting and financing and are to be assisted with CDBG-DR Funds as a single undertaking located within a single governmental entity.
- **Responsible Entity** – Any body of general government that has jurisdiction over the area in which a project is located, and exercises authority over land use issues in that jurisdiction (24 CFR § 58.2) which may include participating jurisdictions, state recipients, or insular areas responsible for conducting environmental reviews.
- **Rural Parish** – A Parish which is entirely defined by USDA as rural.

- **Sponsor** – Person(s) with respect to the project concerned, having site control (evidenced by a deed, a sales contract, or an option contract to acquire the property), a preliminary financial commitment, and a capable development team.
- **Substandard Housing** - Any housing unit which does not satisfy the Habitability Standards and requires Substantial Rehabilitation.
- **Written Agreement** – The document entered into between the LHC and the applicant for the CDBG-DR assisted units that includes, but is not limited to, the terms of funding.

8. Examples of Affordability Mixes Which Comply with the Requirements of this NOFA

8.1. Examples of Deconcentration Projects

	20%	30%	50%	60%	80%	Market
100 Units	5			35	11	49

The above is acceptable:

- 5% PSH (program requirement resulting in 6 mandatory points under the QAP scoring criteria), see §1.12 Permanent Supportive Housing (“PSH”) Set-Aside Requirement, and §2.7, QAP Scoring;
- 40% of units under 60% AMI (Deconcentration, 10 points), see §2.7, QAP Scoring;
- $\geq 51\%$ of units $\leq 80\%$ AMI, (program requirement, no points), see #3 at §1.5, Eligible Projects;
- Note that this property has not elected points for Incremental Affordability (see §2.4, Incremental Affordability); and
- The remainder of the units as unrestricted market units.

	20%	30%	50%	60%	80%	Market
100 Units	5		15	40	0	40

The above is acceptable (see first example for cross references to requirements):

- 5% PSH (program requirement resulting 6 mandatory points under the QAP scoring criteria),
- 60% of units under 60% AMI (Deconcentration, 4 points),
- $>51\%$ of units $< 80\%$ AMI (program requirement, no points),
- Note that the ratio of 50% units to 60% units is 15:40 (.375). This exceeds the required minimum ratio of 1:3 (.333) for Incremental Affordability, and this property would earn points for Incremental Affordability (4 points);
- And, the remainder of the units as unrestricted market units.

	20%	30%	50%	60%	80%	Market
100 Units	10		10	30	1	49

The above is acceptable (see first example for cross references to requirements):

- 10% PSH (program requirement resulting 6 mandatory points under the QAP scoring criteria, plus 3 selected points under §2.5, Additional PSH);
- 50% of units under 60% AMI (Deconcentration, 8 points);
- Note that the ratio of 50% units to 60% units is 1:3 (.333). This equals the required ratio of 1:3 (.333) for Incremental Affordability, and this property would earn points for incremental Affordability (5 points).

- >51% of units < 80% AMI; Note that this property set aside a single unit to comply with the requirement that no fewer than 51% of units were affordable at or below 80% AMI; and,
- The remainder of the units as unrestricted market units.

8.2. Examples of General Pool Properties (not Mixed-Income / Deconcentration)

Note: if the applicant is not a Deconcentration property, at least 60% of units must be at or below 60% AMI. This automatically satisfies the program requirement that at least 51% of units be at or below 80% AMI.

	20%	30%	50%	60%	80%	Market
100 Units	5			95		

The above is acceptable:

- 5% PSH (program requirement resulting in 6 mandatory points under the QAP scoring criteria), see § 1.12 Permanent Supportive Housing (“PSH”) Set-Aside Requirement, and §2.7, QAP Scoring;
- $\geq 51\%$ of units $\leq 80\%$ AMI, (program requirement, no points), see #3 at §1.7, Eligible Applicants; and
- Note that this property has not elected points for Incremental Affordability (see §2.4, Incremental Affordability);

	20%	30%	50%	60%	80%	Market
100 Units	5		25	70		

The above is acceptable (see first example for cross references to requirements):

- 5% PSH (program requirement resulting in 6 mandatory points under the QAP scoring criteria);
- $\geq 51\%$ of units $\leq 80\%$ AMI, (program requirement, no points); and,
- Note that the ratio of 50% units to 60% units is 25:70 (35.7%). This exceeds the required ratio of 1:3 (.333) for Incremental Affordability, and this property would earn points for incremental Affordability (5 points).

	20%	30%	50%	60%	80%	Market
100 Units	10		23	67		

The above is acceptable (see first example for cross references to requirements):

- 10% PSH (program requirement resulting in 6 mandatory points under the QAP scoring criteria plus 4 selected points under §2.5, Additional PSH);
- $\geq 51\%$ of units $\leq 80\%$ AMI, (program requirement, no points); and

- Note that the ratio of 50% units to 60% units is 23:67 (34.4%). This exceeds the required ratio of 1:3 (.333) for Incremental Affordability, and this property would earn points for Incremental Affordability (5 points).

	20%	30%	50%	60%	80%	Market
100 Units	5		21	60		14

The above is acceptable (see first example for cross references to requirements):

- 5% PSH (program requirement resulting in 6 mandatory points under the QAP scoring criteria);
- $\geq 51\%$ of units $\leq 80\%$ AMI, (program requirement, no points); and
- Note that 15 units are market. However, this does not qualify as a Deconcentration Property, which requires that no more than 60% of units be below 60% of AMI (in the example, 86% of units are below 60% AMI). Nevertheless, properties which are not Deconcentration Properties may have market units.
- Note that the ratio of 50% units to 60% units is 21:60 (35%). This exceeds the required ratio of 1:3 (.333) for Incremental Affordability, and this property would earn points for Incremental Affordability (5 points).

9. PSH Program Summary

PSH is an “evidenced-based” best practice housing model which provides affordable rental housing units in a non-institutional setting linked with flexible community-based supportive services. This approach leads to reduced utilization of emergency room services and other high-cost health / social service interventions, and to cost savings that outweigh amounts spent to provide the supportive services.

LHC seeks to facilitate the development of permanent supportive housing for the eligible target populations located in the eligible parishes. All properties that receive reservations of 4% LIHTC Credits will agree to make at least 5% of total units available to PSH consumers, who will be supported by appropriate services provided through the Louisiana Department of Health (LDH) and its supportive service provider network. Additional set-aside PSH units are encouraged as a result of a scoring bonus provided in this NOFA to projects that commit to reserving up to 10% of their units for PSH. The 5% (or greater) set aside for PSH satisfies a portion of the affordability requirements herein.

Public Purpose: LHC requires LIHTC applicants/owners to make available to LDH priority consumers at least 5% of the total units in the property available to PSH clients. This will achieve the goal of creating opportunities for LDH priority populations to obtain deeply affordable permanent housing, in a residential setting, with appropriate services available. PSH units within the LIHTC properties will be set aside for members of the LDH eligible population. Applicants of elderly properties who wish to restrict PSH units to elderly PSH clients may do so, wherever such a restriction is otherwise lawful.

PSH Set-Aside Program Requirements. Under the PSH Set-Aside Program, LIHTC owners are required to work cooperatively with LDH who will refer potential tenants. LDH through its service provider network will be solely responsible for the development and provision of supportive Service Plans in the PSH Set-Aside Program. The initial PSH Set-Aside agreement will have a term of fifteen years to align with the LIHTC affordability term. The LIHTC owner (and its successors and assigns) shall accept renewals of the PSH Set-Aside agreement, if offered on substantially the same terms, for a term (or terms) not to exceed in the aggregate thirty-five years after the commencement date of the initial PSH Set-Aside Agreement. The PSH Set-Aside Agreement will provide that the LIHTC owner may terminate the Agreement upon 90 days’ advance written notice if, at any point, the LIHTC owner notifies LHC that LDH through its service provider network can no longer provide supportive services to the PSH consumers. However, neither expiration nor termination of the Agreement shall relieve the LIHTC owner of any of its obligations under leases with PSH residents, nor shall it otherwise relieve the owner of the affordability obligations enumerated in the CDBG Regulatory Agreement.

Referral Process for PSH Set-Aside Units. Applicants must promptly notify the LDH PSH coordinator whenever an eligible PSH unit becomes available through vacancy (that is, whenever the LIHTC owner has not yet filled its PSH set-aside requirement). If, LDH refers one or more PSH clients within a reasonable period not to exceed one week, the LIHTC owner must accept or decline such PSH consumer prior to considering any other applicant(s) for such unit. The LIHTC owner is not required to hold a unit if the PSH applicant fails to provide the

needed information (for example, verification of income) within a reasonable time in accordance with requirements specified in the PSH Set-Aside Agreement

The LIHTC owner is not obliged to accept a referred PSH applicant unless the potential tenant is acceptable in accordance with the applicant's standard nondiscriminatory resident selection criteria (which must be applied consistently to all applicants for units in the LIHTC property). LIHTC owners may vary the terms of the tenancy (including, specifically, requiring a lease term as short as month-to-month), so long as the applicant's decision is based on nondiscriminatory criteria consistently applied to all applicants for all units in the property. LDH will not refer a tenant to a property unless (a) the potential tenant has affirmatively expressed a desire to live in that specific LIHTC property, (b) the potential tenant has sufficient and sufficiently stable income to afford the rent and utilities (typically affordable at 20% AMI), and (c) the potential tenant is likely to uphold his or her responsibilities under the lease. The potential applicant must be the tenant / lessee on the lease agreement. During the fifteen year Set-Aside Agreement term LDH will offer priority referral of applicants displaced by the 2016 Great Flood. LHC provides additional guidance to LIHTC owners regarding PSH Set-Aside Program and the details associated with the LDH referral process, resident selection expectation and lease requirements through the PSH Set Aside Agreement.

The units initially identified for PSH must consist of a mix of accessible and non-accessible units and cannot be made up of more than 50% of the accessible units required under Section 504.¹¹ PSH units must be integrated throughout the entire development and should not be segregated to one area of a building or development.¹² LHC anticipates that PSH applicants (both initially and over time) be able to exercise choice among available units; accordingly it is possible that the physical units used for PSH will change over time.

The eligible target populations for permanent supportive housing will be extremely-low-income individuals and family households (i.e., with incomes at or below 30% of AMI)¹³ who have one or more of the following conditions:

- Individuals displaced as a result of the 2016 Great Floods in need of Permanent Supportive Housing (as determined by the LDH) living in the homeless shelter system or otherwise in temporary housing.
- The individual/household member has a substantial, long-term disability as determined by the LDH including any of the following:
 - Serious Mental Illness;
 - Addictive Disorder, i.e., individuals in treatment/recovery from substance abuse disorder;

¹¹ Unless the actual PSH applicants select a greater percentage of the accessible units

¹² However, the units initially identified for PSH should be selected from those units that are located on accessible routes

¹³ Note however that households with PSH vouchers may earn up to 50% AMI.

- Developmental Disability, i.e., mental retardation, autism, or other disability acquired before the age of 22;
 - Physical, sensory, or cognitive disability occurring after the age of 22;
 - Disability caused by chronic illness (e.g., people with HIV/AIDs who are no longer able to work); and
 - Age-related disability (i.e., “frail elderly”).
- The household is homeless, or is determined by the LDH to be (1) most-at-risk of homelessness, and (2) in need of Permanent Supportive Housing. This will include family services clients with a goal of family reunification who are at risk for homelessness.
 - The individual/household member is aging out of the state Foster Care system and is determined by the LDH to be in need of Permanent Supportive Housing.

10. Insurance Requirements

See §5.9, Insurance Requirements. The following is Exhibit D from the State of Louisiana Office of Risk Management Procedures Manual for Insurance Language in Contracts and Indemnification Agreements, Revised December 2015. These requirements will apply to all funded projects.