

Frequently Asked Questions

LOUISIANA HOUSING CORPORATION

HOME Investment Partnership 2015 Community Housing Development Organizations Homeownership Development Notice of Funding Availability

NOTE: The questions below are only minimally edited and are in the same or nearly the same form as submitted to the Louisiana Housing Corporation (LHC). Responses to the Frequently Asked Questions (FAQ) are provided as a courtesy to our CHDOs and meant to provide clarification with regard to the HOME Investment Partnership 2015 Community Housing Development Organizations (CHDO) Homeownership Development Notice of Funding Availability (NOFA).

(April 7, 2015)

- 1) While this funding is structured as a loan, it is our understanding that the loan does not have to be repaid if: a) a reuse plan has been previously or will be approved for any proceeds of home sale; or b) there are no proceeds at home sale. Please confirm that this is correct.**

LHC Response: The funds must be repaid absent an approved CHDO reuse plan. A proposed reuse plan should be submitted with the application, however, such a submittal does not guaranty that it will be approved. The lack of proceeds from the sale does not remove the obligation to repay the HOME funds. All HOME funds must be repaid at sale or no later than 9 months from the completion of construction.

- 2) Are there any additional alternatives to the required performance bond or pledge of net assets equal to 10% of the HOME loan?**

LHC Response: No, each funded application that receives an award of HOME Funds will be required to post a performance bond during the period of construction sufficient to cover the HOME award or provide proof of minimum net financial resources as indicated in the NOFA. As stated in the NOFA: "Applicants unable or unwilling to provide the required information indicated below will not be funded under this NOFA."

- 3) Is it possible to replace the Phase 1 Environmental requirement with an Environmental Checklist? Is this a hard requirement of the new HUD regulations? Given the time required to complete a Phase 1 (and if a Phase 1 continues to be required) is it possible to soften the requirement to certification that the Phase 1 is underway by a certified environmental contractor?**

LHC Response: No, the Phase I Environmental will be required. The Phase I Environmental addresses questions and issues that are not addressed or adequately addressed by a Part 58 checklist.

- 4) Given that there seems to be some flexibility in the new HUD regulations regarding the structure of the market study and given the expense of a full market study, is it possible to require something less than a full market study that would evidence demand for small unit projects?**

LHC Response: The LHC may consider alternatives to a full market study. Applicants will be notified of such with the preliminary award letter.

- 5) Is it possible to replace the required capital needs assessment by an architect with an estimate and inspection by a qualified third party inspector?**

LHC Response: An independent experienced third party must perform the Capital Needs Assessment and this party cannot have a financial interest in the ownership of the development. As stated in the NOFA, it is required that the capital needs assessment be done by a licensed professional, such as but not limited to an engineer or architect. All components of the capital needs assessment must be included as outlined in the NOFA section "Capital Needs Assessment-Rehabilitation Projects Only".

- 6) In lieu of 4 years from award to complete the project, is it possible to require completion 4 years from Notice to Proceed?**

LHC Response: No, this is the federal requirement outlined in the Code of Federal Regulations Title 42 Part 92.

- 7) Is it possible to allow 18 months for the CHDO to sell the completed unit vs. the 9 months currently allowed in the NOFA?**

LHC Response: No, this is the federal requirement outlined in the Code of Federal Regulations Title 42 Part 92.

- 8) Is it possible to eliminate the application fee in consideration of this being a CHDO HOME round?**

LHC Response: No.

- 9) If a CHDO has homes that were built using LHC HOME funds that have not yet sold but have been converted to rental and are rented, does this make the CHDO ineligible to apply for additional LHC HOME funding? If the home is not rented, can a waiver be sought by submitting an explanation of the conditions that lead to a delay in the home sale? Can the waiver be requested prior to application deadline?**

LHC Response: Not necessarily, provided that the development had officially been converted to a rental property prior to March 11, 2015, the issuance date of the NOFA. In that instance, the CHDO should submit a complete explanation including all circumstances surrounding the conversion of homeownership units to rental unit. The CHDO should also detail how the structure of the proposed Project differs from the previously submitted unsuccessful homeownership project.

10) If a CHDO is certified in multiple parishes, why would that CHDO not be allowed to apply for LHC HOME funding in multiple parishes in one funding application?

LHC Response: The CHDO can apply in multiple parishes however it must submit a separate application for each project. See definition of "Project" as outlined in the NOFA section "Definitions".

11) There is a requirement that the applying CHDO certify a client waiting list of potential homebuyers. The assumption is that this waiting list may include clients in counseling at all stages of readiness and not bank pre-qualified candidates only. Please confirm this is correct.

LHC Response: There is no requirement for a waiting list. Points will be awarded if there are current-valid commitments from pre-qualified eligible homebuyers as outlined in the NOFA section "Evaluation and Scoring Criteria, #11 Marketing/Homebuyer Pipeline". Clients in counseling do not qualify as a "pre-qualified and eligible homebuyer".

12) If only a few CHDOs or no CHDOs apply, will the funds end up in another CHDO RFP or placed into the General pool?

LHC Response: Question cannot be answered at this time.