

# PRIME 3 FREQUENTLY ASKED QUESTIONS

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1. The Prime-3 NOFA states a period of approximately six months for award recipients to close on funding. In the current development environment of some volatility, will recipients be able to appeal for extensions to the closing deadline if reasonable progress has been made?

A: Section 2.7 Strictly Enforced Deadlines.

LHC understands there have been circumstances beyond the control of developers, however, the current development environment has leveled out and remains somewhat steady with few fluctuations. It is the responsibility of the applicant to build in timelines that conform to the NOFA and to manage that timeline as closely as possible. It is at the discretion of the Corporation to grant extensions.

2. Does LHC have other examples, besides Les Maison de Bayou in Lafourche parish, where a PRIME project was in the path of a named storm? Has there been any other response from the insurance market about lower rates for PRIME projects?

A. Currently there are no other developments that have been in the path of a named storm. The State and LHC have worked in partnership with the governor's office to mitigate some costs of insurance while including our FORTIFIED requirements. Discussions are ongoing.

3. Do you have a website on CPRA to share?

<https://mpdv.coastal.la.gov/#map=7.04/28.667/-91.215>

4. Will the market analyst use HUD market rents?

A. The market analyst is responsible for determining market rents for each project, based on the proposed project's location, features and amenities in relation to competing properties. These should not be confused with 'HUD Fair Market Rents' which are general to an area, and are not specific to a property.

5. Can you provide additional guidance on what constitutes a "reasonable mix" of units and incomes? Does that phrasing allude to any requirements beyond those contained within 4.1-4.7?

A. Section 4 PRIME 3 Affordability and Unit Mix Requirement

This section provides guidance regarding income and unit mixes are allowed for PRIME 3. There are no "over and above" requirements that are required above the requirements set forth in the NOFA. However, unit mixes should be generally balanced with affordability mixes. For example, if 50% of the units are affordable at 60% AMI, the LHC expects approximately 50% of each of the 1BR, 2BR and 3BR units to be set aside at 60% AMI.

6. Could you please go into more definition of adaptive reuse? Can the properties be occupied at the time of Letter of Intent? Application?

A: Refer to Section 4.6 Construction Type

Adaptive Reuse is typically an older building that will be adapted for a different use than what it was originally designed for. These buildings will be considered a New Construction for purposes of this definition. The buildings are not to be residentially occupied at the Letter of Intent date.

7. Can an owner work with HANO to fill the PSH units, or do they need to go through LHC and LDH?

A. PSH vouchers do not need to be secured solely through LHC. We will accept vouchers from any entity as long as we have an executed contract at the time of financial closing. Please be aware the terms of the affordability will be remain in place.

8. What is the downside of 40-year affordability and 35 affordability on another?

A. The term of the first mortgage will determine your CDBG affordability period. If the term is 35 years or less, the CDBG Period of Affordability will be 35 years. If the term is 40 years, the CDBG Period of Affordability will be 40 years.

9. 4.6 Construction Type

According to Section 4.6 Construction Type, existing occupied multifamily housing is not allowed, but if we demolish vacant housing and build new construction on the lot, could we apply for PRIME 3 funding for the new construction costs?

A. Yes. That is acceptable, however CDBG funds will only pay for the new construction costs and you must certify there would be no Choice Limiting Actions as it relates to the environmental. See Q. 6.

10. LHC should consider an improved scoring mechanism to calculate CDBG-DR Efficiency points. The way that it currently is written encourages developers to lower their Total Development Cost in order to produce a higher CDBG-DR Efficiency Score. Do we have any feedback on how this worked with the previous PRIME 2 to assess its effectiveness in improving the overall rate of closings [and reduction in reprocessing and material change applications]? Will this scoring criteria cause numerous issues with developers being unable to close projects as applied? In our experience, these points have unintended consequences for developers taking unreasonable risk with cost.

This scoring criteria is similar to the points that were given for keeping your TDC lower than allowable. This was removed from the QAP.

A. Developers who misstate TDC in the interest of higher scoring are at severe risk of having inadequate sources, without any guarantee of additional funding. The LHC will continue to

investigate methods of ensuring the most accurate proposals, within a competitive environment.

11. In section 4.6 of the NOFA, it states that “PRIME-3 requires New Construction. Note that this excludes existing, occupied multifamily housing. However, adaptive-reuse buildings which are not currently used as housing will be considered New Construction for purposes of this definition.” However, I see that “rehab projects” is referenced in the NOFA, for example, “Acquisition Rehab projects may not exceed 35% of rehab hard costs” in section 7.8. Our properties are currently occupied multifamily rental properties, and we are planning to do an acquisition and rehab to maintain the affordability. Do these projects qualify under the Prime 3 NOFA?

A. Section 2.20 – Uniform Relocation and Real Property Acquisition Act

No. Refer to this section of the NOFA which explicitly states, currently occupied properties are not eligible.

12. I’ve read the 2024 QAP Market Study pages 98-99 and there is no requirement on the MS to provide the Gross Potential Rent for a project. I reviewed a MS completed by Novogradac and there was no specific GPR provided. When entering into an agreement with your market study providers, please ask them to make these rents (per units) prominent in the PRIME 3 market studies so we can easily calculate the 6.3 portion of the scoring.

Response: We appreciate this recommendation.

13. If a developer recently submitted an application for a 9% LIHTC in the QAP 2024 funding round, is it possible to utilize the existing market analysis, which is less than 12 months old, for the Prime 3 NOFA application? Alternatively, would they be required to conduct a new analysis for this purpose?

A. Market studies are good for six (6) months. A new market study will be required if it is over 6 months old.

14. A) Prime 3 is \$230M of CDBG - DR funds from hurricanes Laura, Delta and Ida. \$200M is reserved for Ida eligible Parishes. Of that, \$138.5M will be reserved for deals involving 4% credits. However, beyond that, it’s hard to tell how much a development could receive.

**Answer:** See NOFA §3: the maximum per qualifying project is \$20,000,000.

B) Our development has a funding gap. Our request to provide to us a rough estimate of what a 216 unit project may be able to be awarded via Prime 3 funds. East Baton Rouge where our project would be located is an Ida eligible Parish.

**Answer:** Because this is a competitively procured round, LHC cannot provide an estimate of how much CDBG a development would need.

15. Where is the list of all other Ida Delta parishes located?

A: Refer to Section 9. Definitions

16. With the adaptive reuse do we put that narrative in the application?

A: The narrative needs should be as inclusive as possible with all descriptions.

Refer to Section 4.6 Construction Type

Adaptive Reuse is typically an older building that will be adapted for a different use than what it was originally designed for. These buildings will be considered a New Construction for purposes of this definition. The buildings are not to be occupied at the Letter of Intent or Application.

17. Why are the flood hardy materials required regardless of the elevation?

A: In the wake of the 2016 floods, the state has adopted a forward-thinking approach to construction, mandating the use of flood-resistant materials regardless of base flood elevation. This decision reflects a proactive stance, preparing our multifamily housing for the intensifying storms of the future rather than simply reacting to the storms of the past.

18. Will we have access to the market rent report timely?

A: Yes you will have 30-60 days to deal with the market rent determination prior to submitting your application. But the market rents in your application must match those provided by the market rent analyst (as amended).

19. How do you calculate total CDBG?

A. CDBG is a gap filler. Developers need to estimate as closely as possible in order to see the shortfall. CDBG will always be the last source into the transaction.

20. What is the allowable developer fee?

A. Please refer to Section 7.8 Limits on and Ceiling Applicable to Developer Fee  
The total developer fee may not exceed twelve percent (12%) of the total development costs (TDC).  
More stipulations are included in this section as it relates to the developer fee. Please read this portion carefully.

21. Prime 3 has a minimum of 40 units, Why is there a 40 unit limit?

The NOFA stipulates 40 units because of the diseconomies of scale for a program of this type, for smaller properties.

22. Can you apply for a waiver for anything?

A. LHC does not limit what waivers are requested. It's important to note a waiver request does not automatically mean the request would be approved.

23. On the last slide about Disaster Resilience Elements of Prime 3 the last bullet says "Flood-Hardy has changes + unit and mechanicals above 500YR or 3ft above BFE has slightly changed. (See NOFA 5.3 and 5.4) What exactly has changed?

A. This was in reference between the changes from PRIME 2 and PRIME 3.  
PRIME 3 has eliminated Backflow Preventers.

Flood Hardy Materials – are still required regardless of flood elevation. The first 2 feet of all ground floor walls and floors must be constructed of flood resistant materials.

24. NOFA states projects awarded under the 2024 QAP are eligible for Prime 3 is that correct?
- A. Refer to the NOFA section 1.1 Overview  
Successful applicants will be required to utilize CDBG DR funds paired with 4% or 9% LIHTCs.
25. What sources should we use for market rent?
- A: The market rent study that you pay for will be the market rent determination to use.
26. Deep Affordability  
Section 4.4, page 18  
If the project has a commitment of 100% Project-Based Vouchers, does Sections 4.4 and 4.5 apply or is this a waiver request under Section 4.3.
- A. The cap for project based vouchers provided by LHC for 811 cannot exceed 25%.  
LHC cannot provide more than 25% of vouchers in one development. Other sources of vouchers may have different stipulations
27. Flood-Hardy Construction at Ground Floor  
Section 5.3, page 24  
Do all electrical outlets have to stay above 2' as well?
- A. Electrical outlets are to be positions 2' from the floor.
28. Are there any requirements for interior and exterior doors?
- A. Doors should be either steel, fiberglass or solid wood with water proof, boil proof glue (WBP) with a sealed waterproof finish and is only applicable for ground floor units.
29. Qualified Allocation Plan (QAP), Division I Requirement, Unit Size Requirements  
Appendix B, page 48  
The section states, "net square feet are the heated and cooled area of the unit." Is it from the paint-to-paint.
- A. Yes it is from wall to wall.
30. Page 16 of the 2024 QAP states, "If a historic project opts for fortified gold or silver standards, they must submit an IBHS inspection with their application."  
What company should I call to get that done?
- A. LHC does not refer outside services for IBHS inspections. However, it is required for an engineer who is familiar with IBHS standards to determine if the project can achieve gold or silver. The results have to demonstrate how this project can and will obtain the certification with NO waivers for historic aspects. If you are not replacing windows and doors with pressure rated assemblies and you don't have the load path calculations, it is highly unlikely you will achieve silver or gold.  
If combining a historic building(s) with new construction, the new construction units must compose at least 51% of total space in order to meet the standard. In addition, the historic building must meet the standard to the maximum extent possible.