

VERSION CONTROL FORM

PROGRAM NAME:	Louisiana Neighborhood Landlord Rental Repair Program Phase 2 (NLRP2)
DOCUMENT NAME:	Louisiana Housing Corporation Notice of Funding Availability Louisiana Neighborhood Landlord Rental Program Phase 2 (NLRP2 NOFA)
ORIGINAL PUBLICATION DATE:	November 6, 2019
PREVIOUS VERSIONS:	1 and Addendum #1
REVISION DATE:	December 13, 2019
CURRENT VERSION:	1.2
SUMMARY OF CURRENT CHANGES:	<p>1) Timeline on pgs. 3-5 has been updated to reflect the previous updates that were originally included in Addendum #1</p> <p>2) Proximity Requirement of Qualified Dwelling Units in a Qualified Project (i.e. No more than 4 units can be located within 2,000 feet of each other and New Construction must all be on same lot”) on pg. 6 has been removed. Please note, environmental clearance process may take longer on applications where 4 units are located within 2,000 feet of each other.</p> <p>3) Construction Standards on pg. 13 has been revised. Minimum Construction Standards required, including the Universal Design in Appendices B.1 and B.2, have been removed. Construction Standards in Version 1.2 now reflect the requirements and HUD Green Building Standards have been added.</p> <p>4) Ineligible Applications section and definition on pgs. 20 and 27 have been revised. Previous version stated, “Two or more projects previously awarded financing by LHC that are currently incomplete are ineligible.” This limit has been raised to four or more and Applications affected by this requirement will be reviewed on a case by case basis.</p>

This NLRP2 NOFA Version 1.2 will be the controlling document for the Program and supersedes any previous version(s) and/or Addendums.



**Louisiana Housing**  
Corporation

**LOUISIANA HOUSING CORPORATION**

**NOTICE OF FUNDING AVAILABILITY**

**LOUISIANA NEIGHBORHOOD LANDLORD RENTAL PROGRAM**

**PHASE 2**

**Version 1.2**

**RELEASE DATE: December 13, 2019**

# I. GENERAL AND ADMINISTRATIVE INFORMATION

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The purposes of the Louisiana Neighborhood Landlord Rental Program Phase II (“**NLRP2 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 NLRP2 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 NLRP2 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.
- Under the NLRP2, 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 vacant residential rental housing units (“**Existing Units**”) in a project that will not exceed four (4) residential qualified dwelling housing units (“**Qualified Project**”).
- An Eligible Applicant either must partner with a pre-qualified commercial lender (“**Lender**”) that provides the Applicant a commitment contingent upon receipt of a NLRP2 loan which will be included in the Application to provide the Eligible Borrower mortgage lien construction financing (“**Construction Loan**”) of a Qualified Project or must fully fund all development costs of the Qualified Project with the Borrower’s own funds.

## A. IMPORTANT DATES AND DEADLINES

The NLRP2 Initiative will follow the timeline below:

Date	Event	
11/06/19	Notice of Funding Availability (NOFA) published  Question/comment period opens	
	Technical Assistance Workshops	
11/13/19  5:30pm – 7:30pm	Baton Rouge, LA	Louisiana Housing Corporation 2415 Quail Drive Baton Rouge, LA 70808
11/18/19  2:00 – 4:00pm	Alexandria, LA	Rapides Parish Library – Libuse Branch 6375 Hwy 28 E Pineville, LA 71303
11/25/19  3:00pm – 5:00pm	Lake Charles, LA	Calcasieu Parish Library-Carnegie Memorial Branch 411 Pujo Street Lake Charles, LA 70601
12/4/19  3:00pm - 5:00pm	Shreveport, LA	Shreveport Memorial Library-Atkins Branch 3704 Greenwood Road Shreveport, LA 71109
12/5/19  3:00pm – 5:00pm	Monroe, LA	Ouachita Parish Library-Main Branch 1800 Stubbs Avenue Monroe, LA 71201
12/13/19  12:00pm – 3:00pm	Baton Rouge, LA	Louisiana Housing Corporation 2415 Quail Drive Baton Rouge, LA 70808
12/16/19	Questions/ comments must be submitted by 4:30 PM on this date.	

12/23/19	NLRP II Webinars posted on the LHC website.
12/23/19	Application intake period begins.
12/23/19	Frequently Asked Questions (FAQ) responses posted.
01/31/20	Application intake deadline. Applications must be submitted by 4:30 PM on this date.
02/07/20	Commitment Letters issued continuously after this date based on prioritization.

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

## B. QUESTIONS AND COMMUNICATION

LHC will consider inquiries from Applicants regarding the NLRP2 Initiative. Inquiries will only be considered if they are submitted by the deadline for submission of inquiries – **December 16, 2019 by 4:30pm**. All written inquiries must be submitted to [nlrp@lhc.la.gov](mailto:nlrp@lhc.la.gov). Applicants who do not have access to email or are unable to use the internet, may submit inquiries by calling the **NLRP comment line at: (225) 763-8860**. Inquiries shall clearly reference the section of the NLRP2 Initiative for which the Applicant is inquiring or seeking clarification. Any and all inquiries from Applicants submitted by the above deadline 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 NLRP2 Initiative that is not understood. The Corporation reserves the right to decline to respond to any inquiry that will cause an undue burden or expense for LHC.

## C. BLACKOUT PERIOD

It is the strict policy of the LHC that prospective respondents to the NLRP2 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. This blackout period will be in effect during the time of the active application intake period from December 23, 2019 to February 7, 2020. 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.

## D. METHOD AND ORDER OF APPLICATION SUBMISSION

The application can be located and submitted online at [www.lhc.la.gov](http://www.lhc.la.gov) (the LHC website) via the Louisiana Neighborhood Landlord Rental Program Phase II Application. Applications must be received no later than **January 31, 2020 at 4:30 p.m.** Applications must be complete upon submission.

If an Applicant is unable to submit the application online, the Applicant may submit the application by mail or in person via hand delivery to the LHC. Paper applications must include all required supporting documents. All applications and documents should be mailed or hand delivered to the following address:

Louisiana Housing Corporation  
Housing Production/Disaster Recovery  
2415 Quail Drive  
Baton Rouge, Louisiana 70808  
Re: The NLRP2 Initiative  
Must include: Applicant/Company Name & Return Address

Applicants mailing or hand delivering their applications should allow sufficient mail delivery time to ensure receipt of their applications by the date and time specified above. Applicants assume the risk of the delivery method chosen, including delivery via private courier or the U.S. mail.

# II. Program Requirements

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## A. ELIGIBILITY

### **Eligible Borrower**

An Eligible Borrower may be one of the following entities:

- Community Housing Development Organization (“**CHDO**”)
- 501(c)(3) or 501(c)(4) Not-For-Profit Organization (“**NPO**”) with a board approved mission to further affordable housing, or demonstrated through the NPO by-laws mission statement.
- 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**”) whose unit sustained damage due the Great Floods of 2016.

## **New Construction Financing Available Only to Nonprofit Borrowers**

Applications involving the construction of New Units may only be submitted by an Eligible Borrower which is a CHDO, NPO, PHA or LDA.

### **Qualified Project**

A project not in excess of four (4) residential housing units located in an “**Eligible Parish**” and in which each residential housing unit is a Qualified Dwelling Unit (“**Unit**”) on a site with any building (including a manufactured housing unit) or buildings located on the site that are under common ownership, management, and financing and are to be assisted with CDBG Funds as a single undertaking 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.)

### **Geographic Location of Qualified Project**

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. Those Parishes are as follows:

- 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 Parish.

The most impacted and distressed Parishes are:

- Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, Tangipahoa, Acadia, Vermilion, Washington, and St. Tammany.

### **Qualified Project Ownership Requirements by Eligible Borrowers**

Nonprofit Ownership at NOFA Publication: Qualified Projects submitted by an Eligible Borrower which is a CHDO, NPO, PHA, or LDA must provide evidence of an executed ground lease or evidence of ownership by the CHDO, NPO, PHA or LDA as of the date that the NOFA is published.

Ownership of Qualified Project by Eligible Borrower Other Than Nonprofit: Qualified Projects submitted by Eligible Borrowers that are neither a CHDO, NPO, PHA nor a LDA must have been owned by such Borrower prior to or on the date of the Great Floods of 2016 and had to have sustained flood related

damages, based upon the parish affected by one or both of the floods identified by DR-4263 or DR-4277 in which FEMA Individual Assistance was approved as follows:

- (i) DR-4263: March 08, 2016
- (ii) DR-4277: August 11, 2016

### **Proposed Transfers in Ownership to a Qualified Project by a CHDO, NPO, PHA, or LDA**

Title to the Qualified Project submitted by a CHDO, NPO, PHA, or LDA must remain in the name of the Borrower CHDO, NPO, PHA, or LDA until the end of the awards process up to and including execution of the closing documents of the NLRP2 program. Any requests to change the ownership of a Qualified Project to a valid non-profit subsidiary LLC, must be submitted to the LHC in writing. The LHC will consider requests for transfer on a case-by-case basis. The LHC has sole discretion in determining if the transfer is allowable. If a transfer is approved, the original awardee [CHDO, NPO, PHA, or LDA] and the non-profit subsidiary LLC shall execute an “Assignment and Assumption Agreement” which will hold the non-profit subsidiary LLC to the same terms and conditions of the funding and closing documents of the NLRP2 that was agreed to by the parent corporation [CHDO, NPO, PHA, or LDA].

LHC will also have the sole discretion to approve if the non-profit subsidiary LLC is valid for the purposes of ownership of the property and affordability requirements. To be a valid non-profit subsidiary LLC, the LLC must have the non-profit corporation as its sole member and the LLC’s management shall only be permitted to engage in activities permitted of the parent 501c3 Corporation. The LLC must be controlled by the parent non-profit corporation’s same directors and officers. The LLC’s Operating Agreement must specify that the LLC cannot violate the bylaws or restrictions of its parent 501c3 corporation. The LLC must have clear separate accounts and capital apart from the parent non-profit corporation.

### **NLRP2 Application and Documents Required for Application Processing**

NLRP2 Application and other Documents and Proceedings required for application processing and scoring are identified in the appendices of this NOFA as **Appendix A**.

## **B. PROPERTY ELIGIBILITY REQUIREMENTS**

### **Property Eligibility Requirements**

To be eligible under the NLRP2 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 4 qualified dwelling units. Properties with more than 4 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.

The Qualified Project must be outside of a Special Flood Hazard Area (**SFHA**).

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

Borrowers must submit with each Application a fixed price construction quote 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 Lender and the LHC.

Borrowers who would like to perform the construction of the qualified project themselves must also provide two bids from a Louisiana Licensed Contractor, in addition to their own bid to perform the same services. The bids to self-perform must be submitted on a line item basis, and the Borrower will be prohibited from earning profit and overhead on their self-performed bid scope. Borrowers who elect to perform the construction of the qualified project must carry a valid Louisiana Contractor License.

### **Vacancy Requirement**

In order to be eligible for the NLRP2 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 NLRP2 Initiative in order to be able to apply to the program.

## **C. AFFORDABILITY REQUIREMENTS**

### **Period of Affordability**

The NLRP2 Initiative requires Qualified Households to occupy the residential housing units in a Qualified Project on and after the Conversion Date for period of five (5) 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. This date will normally reflect five (5) years after the initial lease up by a qualified tenant.

### **Occupancy Requirements During Period of Affordability**

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”). For NPOs this will be the standard unless elected for increased set aside by NPO’s to households at or below (“50%”).

### **Listing of Qualified Projects on LHC Website**

Eligible Borrowers must list each Qualified Project on the LHC search website at: [LaHousingSearch.org](http://LaHousingSearch.org).

### **D. LIMITS OF AWARDS FOR PROJECTS**

The NLRP2 will have a total amount of nine million four hundred sixty six thousand, three hundred and twenty-five dollars (\$9,466,325) allocated for projects under the program. Awards will be made to qualifying Borrowers with preference given to for-profit Borrowers that were property owners at the time of the Great Floods of 2016.

#### **Maximum Award**

The maximum amount of NLRP2 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 NLRP2 Initiative program guidelines and procedures. The maximum NLRP2 funding allowed by unit type is:

<b>NUMBER OF QUALIFIED DWELLING UNITS PER BUILDING</b>	<b>MAXIMUM NLRP2 TAKE-OUT ASSISTANCE</b>
1 Unit	\$150,000
2 Units	\$250,000
3 Units	\$315,000
4 Units	\$375,000

#### **Maximum NLRP2 Assistance**

A private for-profit property owner (“**Residential Rental Property Owner**”) NPO, CHDO, PHA and LDA may apply for assistance not exceeding six hundred thousand dollars (\$600,000) under multiple loans and no Borrower may submit more than three (3) Complete Applications of four (4) qualified dwelling units per application.

## **Maximum Award Take Out**

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. A private for-profit owner will be allowed up to 8 months of accrued interim construction interest from the date of the notice to proceed awarded to them by the program. NPO's, CHDO's, PHA's and LDA's will be allowed up to 10 months of accrued interim construction interest from the date of the notice to proceed awarded to them by the program. Contingency of (10%) will not be included in the Permanent Loan if not used as approved in writing by the LHC during construction. Change orders will be reviewed and approved only on an as needed basis. No change order should be undertaken unless there has been expressed written concurrence by the LHC.

## **Eligible Costs**

The following constitute Eligible Costs:

- Development hard costs. Development hard costs are the actual cost of constructing or rehabilitating housing.
- Related soft costs.
  - Interim Construction interest
  - Reasonable origination and closings charges as described by the construction loan lender
  - Reasonable Architectural and or Engineering Services as required for the construction of new units
  - Title and or recording fees for the closing of the interim construction financing as required by the lender
  - Survey Costs
  - Appraisal costs as required by the interim construction-financing lender

Other reasonable and necessary costs incurred by the owner and associated with the financing or development (or both) of New Units or Existing Units may be considered by LHC on a case-by-case basis for approval.

## **Ineligible Costs**

The following costs are ineligible under the NLRP2 Initiative:

- Any cost to purchase land or property before or after the NOFA was published
- Any cost for development, operations or modernization of public housing financed under the 1973 Act (Public Housing Capital and Operating Funds)
- Any cost to refinance any loan.
- Any Developer or Consultant fees

## E. ENVIRONMENTAL REQUIREMENTS

### **No Choice Limiting Action Until Environmental Review**

Borrowers and its contractors are prohibited from undertaking or committing any funds or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction, or leasing or disposition prior to the execution of the “Authority to Use Grant Funds” (HUD 7015.16) or equivalent letter, and that the violation of this provision may result in the denial of any NLRP2 Funds under this Agreement. Entering a contract obligating the borrower to any of the above constitutes a choice limiting action.

### **Environmental Review**

All activities funded by CDBG-DR are subject to the provisions of the [National Environmental Policy Act of 1969 \(NEPA\)](#), as well as to the HUD environmental review regulations at [24 CFR Part 58](#). The HUD environmental review process must be completed before any funds are committed through a grant agreement and disbursed for Program-eligible activities. No work may start on a proposed project before the environmental review process is completed, even if that work is being done using non-HUD funds. In other words, environmental review must be concluded for each project prior to the firm commitment of federal or non-federal funds to any expenses or contracts related to a project. A violation of this requirement may jeopardize federal funding to this project and disallow all costs that were incurred before the completion of the Environmental Review.

The primary objectives of the HUD environmental review are to identify specific environmental factors that may be encountered at potential project sites and to develop procedures to ensure compliance with regulations pertaining to these factors. All Disaster Recovery CDBG-funded projects and activities must have documentation that they followed NEPA and all other environmental requirements.

Laws and regulations which contain environmental provisions that must be complied with include:

- Noise and Abatement Control
- Historic Preservation
- Coastal Zone Management
- Environmental Justice
- Floodplain Management
- Wetlands Protection
- Manmade Explosive and Flammable Hazards
- Water Quality
- Air Quality
- Endangered Species
- Farmland Protection

- Airport Hazards
- Coastal Barrier Resources
- Flood insurance
- Contamination and Toxic Substances
- Sole Source Aquifers
- Wild and Scenic Rivers

The general timeline for an Environmental Assessment (“EA”) (i.e., requiring a Phase I Report for new construction or reconstruction) is 120 - 180 days from the receipt of a comprehensive environmental review record (“ERR”). However, the amount of information collected and required to complete the entire environmental review process is impacted by the type of construction project or activities proposed (i.e. rehabilitation, new construction, etc.). For example, a project that only consists of rehabilitation (which doesn’t affect the existing use of the property or alter the existing project footprint) of an existing home may not trigger the environmental assessment level of review which would require a Phase I. Assuming the project has a clean site inspection, this rehabilitation project could potentially be completed quicker than a project that includes new construction and/or a project that has triggered a Phase I study be performed due to failure to meet or address one of the aforementioned criteria or has a recognized environmental condition (“REC”) present. The stated condition of the property and recognized environmental conditions (“REC”) in vicinity of the project also dictate follow-up necessities (i.e., 404 wetlands permits or Phase 2 reports) which extends the time required to complete the review process. Construction projects and activities will also need to complete the Tribal Consultations process as required. The overall 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.

After the review of the compiled ERR is completed, the responsible entity (“RE”) must make a finding of no significant impact (“FONSI”) determination. Once this determination is made, the notice of intent (“NOI”) to request the release of funds (“RROF”) public notice period can be initiated. When this public notice period elapses, the RROF package would be prepared, signed, and submitted to HUD. Upon receipt of the package, HUD initiates their objection period. At the completion of this objection period, HUD provides an authorization to use grant funds (“AUGF”), which is the last step in completing the Environmental Review Process.

Please contact the LHC’s Environmental Impact Manager for further information on Environmental Reviews as follows:

**Agaha Brass -*Environmental Impact Manager***

2415 Quail Drive, Baton Rouge, LA 70808

Email: [abrass@lhc.la.gov](mailto:abrass@lhc.la.gov)

Phone: (225)763.8734

## F. 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.

### Minimum Construction Requirements

1. Development and Unit Characteristics: The LHC is seeking well-built and attractive multi-family and single-family housing which will be a positive contribution to its community. Borrowers should commit to design elements consistent with quality features and amenities, which should include resource-efficient, healthy and durable building systems and approaches, fencing and/or access control features as appropriate to the design/location of the project, open space and landscaping, parking, and/or in-unit features including market-standard square-footage of units, window treatments, appliances, and finishes.
2. 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.
  - **HUD New Green Building Standards (for reconstruction/new construction only)**: HUD guidance has dictated that all new construction will be required to meet a level of standard greater than the HUD Green Building Checklist. The Federal Register Notice dictating this grant specifies that if there is no executed contract for new construction at the time of grant award, then one of the following building techniques will need to be followed:
    - a. **LEED Criteria**: Building design and construction emphasizing sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality that achieves the points necessary to qualify as LEED Certified (a minimum of 26 points under the LEED Green Building Rating System® for lodging). The LEED (Leadership in Energy and Environmental Design) Green Building Rating System® is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings created by the US Green Building Council
    - b. **National Green Building Standard ICC 700 Criteria**: Built in accordance with the requirements of National Green Building Standard ICC-700-2012 or ICC-700-2015.
    - c. **Energy Star Version 3 Criteria**: A new home or apartment that has earned the ENERGY STAR label has undergone a process of inspections, testing, and verification to

meet strict requirements set by the US EPA. ENERGY STAR-certified homes and apartments use significantly less energy than typical new homes and apartments while delivering better comfort, quality, and durability.

3. Rehabilitation: Rehabilitation of vacant units shall provide for safe, sanitary, efficient and aesthetically pleasing living facility of average/modest construction upon completion. All rehabilitation construction must adhere to the Green Building Retrofit Checklist to the greatest extent feasible.
4. Utility Services: All units must include a washer, dryer, and dishwasher.
5. 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.
6. Energy Efficiency Requirements: All units must be energy efficient. Since NLRP2 is funded through the Community Development Block Grant-Disaster Recovery (CDBR-DR) program, all construction must adhere to the Green Building Standards as outlined in Federal Register (FR) 5989-N-01. Requirements vary based on the type of project: new construction or rehabilitation.

The NLRP2 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 NLRP2 Initiative.

## G. FEDERAL GUIDELINES AND REQUIREMENTS

### **Cross-Cutting Federal Requirements**

All Qualified Projects will be subject to CDBG Federal Grant Requirements referenced in the Neighborhood Landlord Rental Program Regulatory Agreement (“**NLRP Regulatory Agreement**”) required to be filed as of record as a covenant running with the land for all Qualified Projects financed under the NLRP2 Initiative. The NLRP Regulatory Agreement will be enforceable against the Eligible Borrower and its successors and assigns during the Affordability Period. Included among the CDBG Federal Grant Requirements are compliance requirements with Section 504 of the Rehabilitation Act of 1973, Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations; and the regulations at 24 CFR Part 107 (Equal Opportunity in Housing); and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs).

### **Davis-Bacon**

Davis-Bacon wage and reporting requirements applies to projects funded directly by or assisted in whole or in part with CDBG Funds. There are no exemptions or thresholds beyond the standard Davis-Bacon Act \$2,000 threshold that applies to the total value of the project construction, not just the amount of the CDBG assistance, in addition to the development of structures over 7 units. Public Housing Authorities must follow their own established policies as it relates to this federal requirement. Davis-Bacon will only apply prospectively to a project for which the construction contract was awarded and/or for which construction started prior to the date that the Corporation announced and invited applications for CDBG assistance.

### **Duplication of Benefits (DOB)**

The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which they have already received financial assistance under any other program or from insurance or any other source.

The Stafford Act also requires that the LHC perform a duplication of benefits analysis pertaining to each Borrower within the NLRP2.

The State will require the Borrower to indicate in the application, the types, amounts and purposes of assistance both approved and received to date related to the Great Flood of 2016. The amount of approved assistance will be counted in the duplication of benefits analysis. Sources of assistance will include, but are not limited to, FEMA, SBA, Insurance, and CDBG. Any Borrower who received SBA funding to rehabilitate their home/property will be evaluated for acceptance in the NLRP2 Program on a case-by-case



basis. Any other assistance received that already covers unmet needs identified under this program will be considered when calculating an award.

The program will utilize duplication of benefit (DOB) feeds from the memorandum of understanding (MOU) between SBA and FEMA to verify the amount received from its federal partners.

## H. FINANCING GUIDELINES AND REQUIREMENTS

### 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. This completion date should be included in the construction quote and/or contract.

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. If the Lender does not utilize the LHC prescribed construction loan documents, a separate LHC promissory note, mortgage, loan agreement and associated documents will be utilized for the Permanent Loan, which will be executed simultaneously at the construction loan closing by the Lenders closing agent. All recorded construction mortgages and LHC closing documents will be recorded against subject property at said closing. Closing costs advanced from Construction Loan should include costs associated with the LHC loan, including a lender's policy of title insurance.

### Timing of Take-Out Assistance to Lender

Upon the Borrower satisfying the terms of LHC's loan agreement, all advances by the Construction Lender on the Construction Loan will be paid by the LHC to the date the Take-out Assistance is paid to the Lender ("**Conversion Date**"). Take-out Assistance shall include the aggregate advances for eligible costs on a Construction loan plus unpaid accrued interest for For-Profit Landlord's at or below 80% AMI to the Conversion Date.

## **Effect of Lien Position of Permanent Loan on Conversion Date**

Permanent Loan in Senior Lien Position: If the Permanent Loan is in the senior lien position, the Conversion Date will be the later of (i) the date a certificate of occupancy of the Qualified Project is delivered to the Construction Lender and the LHC and (ii) the date the Construction Lender receives payment in full pursuant to the Take-out Commitment. Occupancy by a Qualified Household must occur not later than 90 days from the Conversion Date.

Permanent Loan in Subordinate Lien Position: If the Permanent Loan is subordinate to a third party permanent lien lender, the Conversion Date will be delayed until all residential rental units in the Qualified Project is occupied by a Qualified Household.

## **Recourse Requirements and Guarantee by Principals of Eligible Borrowers**

Construction Loans must be full recourse against Eligible Borrowers and must be further guaranteed by Principals of an Eligible Borrower having a twenty percent (20%) ownership interest or more in the Eligible Borrower.

## **Cross Defaults of Multiple Qualified Project During Affordability Period**

An Eligible Borrower owning two or more Qualified Projects will be required to cross default all Qualified Projects only during the Affordability Periods for each of the multiple Qualified Projects. Cross defaults will not be activated any Qualified Project prior to the Conversion Date of that Qualified Project.

## **Senior Lien Financing Limitations**

Seller Financing to Nonprofits: Seller financing evidenced in an Application submitted by a CHDO or NPO may only be provided by a local redevelopment authority or another instrumentality of government.

Net Asset and Liquidity Requirements Related to Liens Senior to Permanent Loan: If the LHC's Permanent Loan is to be subordinate to a Senior Loan, the Eligible Borrower and its Principals must submit financial information satisfactory to the LHC evidencing net assets and liquidity as follows:

- Aggregate Net Worth:  $\geq 110\%$  of Take-out Commitment
- Financial Liquidity:  $\geq 20\%$  of Take-out Commitment

## **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. The Eligible Borrower will be required to provide proof of payments either by EFT, check, or money order to the Contractor performing the construction services. No cash payments will be

accepted as evidence of payment to the contractor. The eligible borrower will also be required to provide lender inspection reports.

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

The funding source of the Take-out Commitment by the LHC on the Conversion Date will be up to \$9,466,325 of Community Development Block Grant Funds (“**CDBG Funds**”) made available to LHC by The Office of Community Development (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. The Construction Loan will either be assigned to the LHC on the Conversion Date and convert to a permanent loan (“**Permanent Loan**”) or shall be paid off or paid down on the Conversion Date under separate LHC loan documents, if the Lender has not utilized LHC prescribed construction loan documents. On and after the Conversion Date, the terms of the Permanent Loan will correspond to the requirements of the LHC. Whichever form of LHC loan agreement is utilized, the Permanent Loan will mature not later than five (5) years following the Conversion Date.

The Construction Loan is not required to have a first mortgage lien position.

### **Terms of Permanent Loan – Payment Only Upon Default**

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 or is not cured following a notice of default. 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**

Eligible Borrowers will be required to execute a Conditional Commitment of NLRP2 Funds upon award of a Take-out Commitment that must be acknowledged by the Construction Lender. LHC approved financing documents (“**NLRP2 Loan Documents**”) must be executed at Closing. NLRP2 Loan Documents may include the form of a Lender’s Construction Note and Construction Mortgage and other NLRP2 Loan Documents being submitted for the Qualified Project. The form of the Louisiana Neighborhood Landlord Rental Program Regulatory Agreement (“**NLRP2 Regulatory Agreement**”) must be executed and recorded at the Closing of the Construction Loan. Lenders will be required to submit to the LHC (within five Business Days of Closing) a docket (“**Closing Docket**”) containing all NLRP2 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, a Borrower 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 NLRP2 Initiative by requesting that such Lenders agree to use standard NLRP2 Loan Documents at each Closing. NLRP2 Loan Documents will be prepared and distributed in advance of the Application Period by the LHC. If Lenders do not choose to execute LHC Loan Documents, they are permitted to use their own loan documents. In no event should the lenders loan documents obligated the borrower to interest and costs not approved by LHC or include any prepayment penalty.

### **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. Costs associated with closing of the permanent loan are to be advanced from the Construction Loan, which includes any filing fees and lender policy of title insurance issued by Construction Lender closing agent. All Lender fees must be reasonable and are subject to review and approval by the LHC.

### **Underwriting Standards**

- **Maximum Rents:** Qualified Projects must be Income Restricted and Rent Restricted as referenced in the NLRP2 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.
- **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 Qualified Projects listed elsewhere in this NLRP2 Initiative Description. The LHC will underwrite to maximize, to the greatest extent possible, private financing of the project. LHC may reduce the award from the amount requested to an amount that maximizes private subordinate financing.
- **Cost Reasonableness Analysis:** A Cost Reasonableness Analysis is performed on all projects by the LHC Construction Department using information provided in project applications and RS Means costing data. In order to perform the cost reasonableness analysis, Borrowers must submit a scope of work and a floor plan for their proposed project. The cost of construction submitted by the Borrower 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.

## I. INELIGIBILITY AND ETHICS PROVISIONS

### **Ineligible Applications**

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

- Any person and or entity on the federal debarred list or an organization representing such person or entity is on the list.
- 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.
- Homeownership Developments proposed by entities that currently have unsold properties funded by LHC CDBG Funds.
- Any person or entity that currently has a LHC financed project with compliance issues that are unresolved for greater than ninety days.
- Four or more projects previously awarded financing by LHC that are currently incomplete. Applications that are impacted by this requirement will be reviewed on a case-by-case basis by program staff; and, in limited cases, a waiver of this requirement may be granted at LHC's sole discretion.
- Any Borrower not in compliance with any other LHC or OCD disaster program.

### **Ethics Policy**

Conflicts of interest and Identity of interest arrangements are generally not allowed in the NLRP2 program. Conflicts of Interest and Identity of Interest must be disclosed in the application for NLRP2 funding. Non-disclosure shall be cause for denial of application and/or forfeiture or reductions of any awards if such relationship is found to exist after the awards process.

#### ➤ **Conflict of Interest**

HUD conflict of interest regulations prohibit local elected officials, sub-recipient employees, and consultants who exercise functions with respect to CDBG Disaster Recovery activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities,

from receiving any benefit from the CDBG Disaster Recovery activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.

For purposes of this section, "family" is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 24 CFR Sec. 570.489(h). An organization which employs or is about to employ any of the parties indicated above would also be deemed a conflict.

If the need to determine whether or not a conflict of interest exists, an LHC attorney will make the determination. If required, the LHC attorney will produce an exception request which will be submitted to the State's Office of Community Development (OCD) and/or the State Ethics Commission. The State is able to consider granting an exception to the conflict of interest provision should it be determined by the that adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program.

➤ **Identity of Interest**

Identity of interest means any relationship (generally based on family ties or financial interests) between (a) the seller and purchase (prospective owner), (b) the owner and/or general contractor and the subcontractor, material supplier or equipment lessor, or (c) the owner and the lender, which could reasonably give rise to a presumption that the parties to the transaction may operate in collusion in establishing the purchase price of the property, the cost of the rehabilitation work, or the terms of the financing. Examples of identity of interest relationships include:

- 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.
- 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.
- 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.
- The Developer or Owner advances any funds to the Builder.
- 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.
- The Developer or Owner takes stock or any interest in the Builder compensation as consideration of payment.

- 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.
- 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.
- 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.

## III. Funding Evaluation Criteria

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### A. FUNDING and SCORING GUIDELINES

Awards for NLRP2 will be made to qualifying Borrowers from the application period with preference given to for-profit Borrowers that were property owners at the time of the storm. Funding for non-profit Borrowers will be considered once for-profit owners are funded. Accordingly, the scoring criteria for NLRP2 will be determined by entity type: for-profit owners or NPO, CHDO, PHA, and LDA.

### B. SCORING CRITERIA

Total points awarded in each scoring criteria will only be used to prioritize the issuing of commitment letters. Therefore, it is possible for an application to receive no points and still be considered eligible to receive assistance.

**FOR-PROFIT BORROWERS**

**NLRP Phase II  
Application Review Scoring  
FOR-PROFIT OWNERS**

<b>CRITERIA</b>	<b>DESCRIPTION</b>	<b>POINTS AWARDED</b>
<b>LOCATION</b>		
Most Impacted and Distressed Parishes	To receive points for this criteria, proposed project must be located in the following parishes: Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, Tangipahoa, Acadia, Vermilion, Washington, and St. Tammany. Projects not located in the top ten parishes will be given zero points for this criteria.	32.5
<b>PROJECT TYPE</b>		
Slum and Blight Property	To receive points for this criteria, proposed project must have been declared a Slum and Blight property by the planning office in the parish of the proposed project. Proposed new construction developments will be given zero points for this criteria.	32.5
<b>RESILIENCY</b>		
Resilient Construction Standards	To receive points for this criteria, proposed new construction or proposed substantial rehabilitation must incorporate the following resiliency standards:	align="center">35
	Impact resistant windows or storm shutters. (7 points)	
	High wind application roofing methods and materials; the rating must be at least 30 MPH beyond base code requirement. (7 points)	
	Electrical outlets centered 24” above finished floor. (7 points)	
	HVAC elevated beyond Base Flood Elevation (BFE). (7 points)	
	Waterproof floor-covering. (7 points)	

**Total      100**



**NPO, CHDO, PHA, and LDA BORROWERS**

**NLRP Phase II  
Application Review Scoring  
NPO, CHDO, PHA, LDA**

<b>CRITERIA</b>	<b>DESCRIPTION</b>	<b>POINTS AWARDED</b>
<b>LOCATION</b>		
Most Impacted and Distressed Parishes	To receive points for this criteria, proposed project must be located in the following parishes: Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, Tangipahoa, Acadia, Vermilion, Washington, and St. Tammany. Projects not located in the top ten parishes will be given zero points for this criteria.	20
<b>PROJECT TYPE</b>		
Slum and Blight Property	To receive points for this criteria, proposed project must have been declared a Slum and Blight property by the planning office in the parish of the proposed project. Properties that are not declared as Slum and Blight will be given zero points for this criterion.	20
<b>RESILIENCY</b>		
Resilient Construction Standards	To receive points for this criteria, proposed new construction or proposed substantial rehabilitation must incorporate the following resiliency standards:	20
	Impact resistant windows or storm shutters. (4 points)	
	High wind application roofing methods and materials; the rating must be at least 30 MPH beyond base code requirement. (4 points)	
	Electrical outlets centered 24" above finished floor. (4 points)	
	HVAC elevated beyond Base Flood Elevation (BFE). (4 points)	
Waterproof floor-covering. (4 points)		
<b>PROJECT TYPE</b>		
Rehabilitation Project	To receive points for this criteria, proposed project must be a rehabilitation project. Proposed new construction developments will be given zero points for the criteria.	20
<b>LEVERAGING</b>		
Percentage of NLRP II Funding Relative to Total Project Costs	To receive maximum points for this criteria, the percentage of NLRP II funding must be 25% or less of the proposed total project costs.	20
	25% or less (20 Points)	
	26% - 50% (15 Points)	
	51% - 75% (10 Points)	

	76% - 85% (5 Points)	
	86% - 100% (0 Points)	
	<b>Total</b>	<b>100</b>

## IV. Program Definitions

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### NLRP2 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 reduced by the Utility Allowance applicable to the unit. These rents cannot exceed the allowable published rents when Section 8 vouchers are present.
- 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 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 was approved.

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.

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. Four or more projects previously awarded financing by LHC that are currently incomplete. Applications that are impacted by this requirement will be reviewed on a case-by-case basis by program staff; and, in limited cases, a waiver of this requirement may be granted at LHC's sole discretion.
6. Any Borrower not in compliance with any other LHC or OCD disaster program.

Ineligible Costs: No NLRP2 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 LNLRP 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 loan by LHC, either through a conversion of the LHC prescribed construction loan agreement or through a separate LCH permanent loan documents. Priority Allocation: A Take-out Commitment to a Qualified Project with four (4) 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 Borrower 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 four (4) residential rental housing units located in an “**Eligible Parish**” and in which each residential rental housing unit is a Qualified Dwelling Unit (“**Unit**”) on a site with any building (including a manufactured housing unit) or buildings located on the site that are under common ownership, management, and financing and are to be assisted with CDBG Funds as a single undertaking 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.) The project includes all the activities associated with the site(s) and building(s).

Qualified Dwelling Unit: A residential rental unit that is Income Restricted and Rent Restricted. Units can be one 4-unit building or four 1-unit buildings or any combination in between.

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

Take-out Funds: CDBG Funds of the maximum nine million four hundred and sixty-six thousand three hundred and twenty-five dollars (\$9,466,325) in the program allocated according to unit limits.

Utility Allowance: The utilities for which an allowance is provided to tenants include electricity, natural gas, water, sewer and trash collection. If a tenant pays any of these costs in addition to their rent, a utility allowance is required

Vacant Unit: A residential housing unit that does not have a tenant occupant. In order to be eligible for the NLRP2 Initiative, all the units contained in the Application must have been vacant by February 14, 2017. A landlord may not intentionally displace a tenant in order to be able to apply to the NLRP2 Initiative.

## **APPENDIX A**

### **INDEX OF APPLICATION AND SUPPORTING DOCUMENTS**

#### **I. NLRP2 Application**

#### **II. New Construction Project**

Applications proposing new construction must be submitted with the following required supporting documents:

- Site plan
- Floor plan
- Front, side and rear elevations
- Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds
- Evidence that project meets zoning requirements
- Evidence that the proposed housing unit is not in a flood hazard area
- Scope of Work
- Stop Work Order Provision Document
- Five Year Pro Forma
- Lender's Commitment contingent upon receipt of LNLRP
- Documentation of other committed and available funds
- Borrower's checklist and acknowledgment
- Signature Page

#### **III. Reconstruction Project**

Applications proposing reconstruction must be submitted with the following required supporting documents:

- Site plan
- Floor plan
- Front, side and rear elevations
- Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds
- Evidence that project meets zoning requirements
- Evidence that the proposed housing unit is not in a flood hazard area
- Scope of Work
- Stop Work Order Provision Document
- Vacancy Certification
- Tenant Certification

- Five Year Pro Forma
- Lender's Commitment contingent upon receipt of LNLRP
- Documentation of other committed and available funds
- Borrower's checklist and acknowledgment
- Signature Page

#### **IV. Rehabilitation Project**

Applications proposing rehabilitation must be submitted with the following required supporting documents:

- Site plan
- Floor plan
- Interior Photos
- Exterior Photos
- Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds
- Proposed compliance alignment of the scope of work with HUD CPD Green Building Retrofit Checklist
- Evidence that project meets zoning requirements
- Evidence that the proposed housing unit is not in a flood hazard area
- Construction Contract (If work has been started on the units)
- Scope of Work (If work hasn't been started on the units)
- Vacancy certification
- Tenant Certification
- Stop Work Order Provision Document
- Five Year Pro Forma
- Lender's Commitment contingent upon receipt of LNLRP
- Commitment contingent upon receipt of LNLRP
- Documentation of other committed and available funds
- Borrower's checklist and acknowledgment
- Signature Page