

## 2021 Spring HOME NOFA FAQ's

1. Question: Will the funds allocated to the Spring HOME NOFA adversely impact NOAH or other ongoing CHDO/Nonprofit Programs? (i.e. should CHDOs/Nonprofits stop predevelopment activities in connection with such?)

**Answer:** *The decision regarding if a potential applicant should stop current predevelopment activities to pursue other funding is solely that of the applicant. The LHC is not taking any funds from other programs to fund this NOFA.*

2. Question: Where applicable, may Applicants assume accuracy of the "Maximum Per Unit Subsidy" depicted on the spreadsheet's "Primary Input" Tab? Alternatively, please advise where accurate HUD 234 limits can be found.

**Answer:** *The maximum per unit subsidy is the maximum that will be allowed by LHC. It is regardless of size, number of bedrooms etc. It does not give authority to receive funds in excess of HUD 234 limits or that would exceed the actual cost to develop a unit. The 234 limits are embedded in the application and the amounts on the Primary Input page are accurate as of the date that the NOFA was posted to the LHC website. Additionally, the 234 limits can also be accessed on the LHC website at:*

<https://www.lhc.la.gov/resources-for-housing-development?description=&type=8>

3. Question: There are various references to AMI affordability, e.g. 60% AMI (pages 2 and 3 of 25) and 65% AMI (page 5 of 25). Can you please explain affordability requirements in a few concise sentences?

**Answer:** *The LHC believes that the subject is covered and clear in the NOFA. To try and reduce it to a "few concise sentences" could add confusion and provide potentially incorrect information.*

4. Question: 50% (5 or more units) and 65% AMI Rent Limits are easily found, but if relevant, how is 60% AMI affordability calculated for HOME income/rent limit purposes?

**Answer:** *HOME does not have a 60% Rent Limit. HUD has income targeting that states that tenants at 60% of AMI must occupy 90% of assisted units. HOME has Low and High HOME limits that can be charged. The development does not have to figure a 60% AMI limit rent but they must check their potential tenants' income and are only allowed to rent to households at or below 80% AMI and they must keep records of all tenants that indicated the tenants income. Any applicant that is awarded funds for rental development must keep a log of the income of their tenants. This log is reviewed by LHC to determine how many are at 60% AMI and to ensure that none are above 80% AMI.*

5. Question: As an option, can either Low or High HOME Rents be used as a Safe Harbor to calculate Rents? If yes, please define both terms and explain how.

**Answer:** See answer to #4 above.

6. Question: Can LHC supply local Utility Allowances (e.g. from prior projects) if a community is unable to supply them (e.g., death of key person)?

**Answer:** No. HOME Utility Allowances must be for the project that is funded. Local Housing Authorities can provide a Utility Allowance for the area which can be used for planning purposes. But, if awarded under the LHC 2021 Spring NOFA, the applicant must use the LHC Utility Allowance.

7. Question: Does listing on the HUD Section 3 Business Registry satisfy this requirement? Any other known options?

**Answer:** No. The minority-owned business enterprise certification is available through the Louisiana Minority Supplier Development Council. The woman-owned business enterprise certification is available through the Women Business Enterprise Council of the South. You can browse the Louisiana Economic Development webpage "Grow a Business" page for more information on these certifications. The link for this page is:

<https://www.opportunitylouisiana.com/small-business/grow-a-business>

8. Question: Explain what is expected of Applicants post Award. (e.g. Will Project Applicants be required to obtain and submit Regulatory Letters, Phase I's and Part 58 Checklists, or will LHC offer successful Applicants the option of having LHC perform any of these functions?)

**Answer:** A "complete environmental review package" includes a phase I and everything required to be submitted to HUD to receive clearance under a 24 CFR Part 58 review. Successful applicants will be required to contract with an environmental consultant of their choice to complete this work.

9. Question: Post Award, is there anything successful Applicants can do to help expedite the Environmental Clearance Review process?

**Answer:** This is doubtful. The environmental review process is exactly that, a process, with set periods of time that must be allowed for consultation, review, reconsideration and response. You should check with your consultant on the expected time frame to see if it fits within your project timeline. Additionally, the LHC must review the work and you should anticipate at least an additional six months (potentially) before clearance is received.

10. Question: Readiness to Proceed. Environmental Clearance. Does submission of Environmental Regulatory Letters with the 2021 Spring HOME Application suffice for the award of these 2 points?

**Answer: No. The LHC requires submission of a Phase I that is less than six months old to award these points.**

11. Question: Readiness to Proceed. Building Permits. 2 points. (Page 25 of 25.) Hard to justify obtaining expensive Building Permits before the HOME funding commitment makes a project Feasible and Viable, and before a Construction Start date can be known without environmental clearance and HUD AUGF.

**Answer: There may be points that you do not get for a variety of reasons. Choosing not to obtain building permits may be one such reason. Points that an applicant does or does not try for is a decision of the applicant.**

12. Question: Would a letter from a Mayor suffice if it indicates that, given the appropriate Zoning and understanding of the proposed Project that a Building Permit will be immediately issued without delay upon receipt of Permit Application and fee?

**Answer: No.**

13. Question: Please confirm that limit of no more than \$2,000,000 HOME Awards per Applicant (page 1 of 25) applies to Applicants only and not to Development Team Members who assist the Applicants.

**Answer: The limit applies when there is any instance of an identity of interest between the applicant and any principal member of the development team.**

14. Question: Please confirm that the 2 points will be available if main entrances face parking lots rather than "streets."

**Answer: No, the intent of this requirement is for passersby's to have view of these entrances, thus establishing another layer of surveillance in addition to the resident.**

15. Question: Please confirm that the 2 points are available whether there is a "front yard" or not provided the parking spot is at least 10 feet from the nearest building (next subcategory). If not, please define the dimensions required of a "front yard."

**Answer: No, although front yard dimensions are not provided, the intent is to have a clear field of view from the main entrance. Any plantings should not be placed so as to obstruct the doors and windows of dwelling units from the street or from walks.**

16. Question: Ineligible Applications. #4 appears to disqualify any single family home or vacant multifamily unit requiring rehabilitation: "Any project that is not an existing occupied affordable multifamily rental property." Please advise if Applicants can ignore this language.

**Answer:** *The LHC regrets the inclusion of number 4 in the Ineligible applications section in the final version of this NOFA. This was an error. All potential applicants can ignore this language.*

17. Question: Can we get a copy of the PowerPoint slides?

**Answer:** *Yes. The PowerPoint slides & the Submission demonstration screen shots are on the LHC website at:*

***For PowerPoint Slides:***

[https://www.lhc.la.gov/hubfs/Document%20Libraries/Housing%20Development/Funding%20Opportunities/HOME/2021%20Spring%20HOME%20Investment%20Partnership%20Program%20Award%20-%20NOFA%20Training\(April%2029%202021\)Final2.pdf?hsLang=en-us](https://www.lhc.la.gov/hubfs/Document%20Libraries/Housing%20Development/Funding%20Opportunities/HOME/2021%20Spring%20HOME%20Investment%20Partnership%20Program%20Award%20-%20NOFA%20Training(April%2029%202021)Final2.pdf?hsLang=en-us)

***For NOFA Application Submission Demonstration:***

[https://www.lhc.la.gov/hubfs/Document%20Libraries/Housing%20Development/Funding%20Opportunities/HOME/2021%20Spring%20HOME%20NOFA%20Application%20submission%20demonstration%20Screen%20Shots%20-\(5-3-2021\)c.pdf?hsLang=en-us](https://www.lhc.la.gov/hubfs/Document%20Libraries/Housing%20Development/Funding%20Opportunities/HOME/2021%20Spring%20HOME%20NOFA%20Application%20submission%20demonstration%20Screen%20Shots%20-(5-3-2021)c.pdf?hsLang=en-us)

18. Question: Is there a set aside associated with this NOFA?

**Answer:** *No.*

19. Question: Do you have to be a CHDO to apply under the 2021 Spring HOME NOFA?

**Answer:** *No. The NOFA is open to CHDOs, Non-profits and for-profit developers.*

20. Question: Is this funding source eligible for 9% projects, or just 4% projects?

**Answer:** *No. The 2021 HOME Spring NOFA is a HOME only NOFA it may not be combined with other LHC funding.*

21. Question: Is there a minimum number of units required?

**Answer:** *No. But in sizing the application you should keep in mind that the project must be both feasible and viable. Very small projects have a problem with long term viability.*

22. Question: Are rental projects weighted more heavily than Homeownership projects?

**Answer:** *The Spring 2021 HOME NOFA is for rental projects only.*

23. Question: I realize that LIHTCs are not part of this NOFA. But I believe you're saying that these funds cannot be used with a project that also has 4% LIHTC as a source. Right?

**Answer:** *Correct.*

24. Question: Is the intent to fund all eligible projects in non-PJs prior to funding anything in a PJ, or is the 'priority' to non-JP areas just accomplished through the scoring criteria for Area of Demonstrated Need?

**Answer:** *It is the intent to fund all qualified non-PJ located projects before considering PJ based projects.*

25. Question: Which areas in Louisiana are considered PJs?

**Answer:** *The following, along with the LHC, are the PJs in Louisiana: City of Alexandria, City of Baton Rouge and the unincorporated areas of East Baton Rouge Parish, Houma-Terrebonne, Jefferson Parish Consortia, City of Lafayette and the unincorporated areas of Lafayette Parish, City of Lake Charles, City of Monroe, City of New Orleans, and City of Shreveport.*

26. Question: So, organizations within the PJ's jurisdiction, the organization applying will not be funded by LHC?

**Answer:** *No. The priority of the NOFA is based on the location of the project not the location of the applying organization. An organization may be based within the boundaries of a PJ but be undertaking a project located in a non-PJ area. The project would receive consideration as a non-PJ project. Projects located in a PJ are still eligible for consideration after awards have been made to all qualified non-PJ based projects.*

27. Question: For Utility Allowances why is the PHA UA preferred over the HUD worksheet?

**Answer:** *It's not. For the NOFA, the applicant may use any of a number of suitable Utility Allowance schedules. Applicants should keep in mind, however, that if awarded funding under the NOFA they will be required to utilize a utility allowance that is determined by the LHC. The LHC will prepare the UA during the application review period and input our numbers to ensure that the project still has a positive cash flow.*

28. Question: There are occasions where, especially with smaller Projects, LHC HOME Pro Forma Spreadsheet limitations combined with LHC underwriting standards (e.g. 7% Vacancy, Op Ex and R4R assumption, required DSCR, 1%/2% inflation adjusters) appear to make it impossible to have Debt Service Coverage Ratios fall within allowable ranges in both Years 1 and 20. Applicants in such cases are faced with an application Spreadsheet dilemma: exceed Year 1 Debt Service Coverage limits of 1.40, or (appear to) fall below minimum Debt Service Coverage limits in Year 20 or earlier. Either constitutes grounds for disqualification under LHC F & V underwriting criteria. To avoid being disqualified under such circumstances, can Applicants list among their Sources (and Uses) a line item for "Out Year DSCR Offset" reflecting a set aside for the minimum sum required to address the (apparent) Out Year DSCR deficit? (In the future, does LHC wish to amend its Sources and Uses to reflect this need == which is even more pronounced by if Op Ex requirements are raised from \$300/month per unit to a higher number?)

**Answer:** *The DCR of 1.40 is a maximum that cannot be exceeded, not a minimum that must be maintained. The minimum DCR established by the LHC for this NOFA is 1.15. It is expected that all applicants will maintain at least a 1.15 DCR throughout the 20 year affordability period. Since DCR reflects the ability of the project to repay its debts, the requirement relative to it and the associated underwriting will not be altered. Applicants may budget for a projected shortfall in operation costs by including them in the Sources & Uses tab. The funds should be indicated in one of the open "Other" cells and not in the "Initial Operating Deficit Reserve" cell. The applicant should change the title "Other" to "Long Term Operating Deficit Reserve". The funds used to capitalize this item must be sufficient to make up any projected deficit through year 20. The funds used must not be from funding provided by the NOFA or any other federal source and must be provided as a gift that does not have to be repaid. Proof of such funding is required at application. Additionally any excess cash flow must be placed in the "Long Term Operating Deficit Reserve" or "Reserve for Replacement." If awarded the "Long Term Operating Deficit Reserve" must be placed in an account that requires LHC sign off to access.*

29. Question: A Housing Authority has a Public Housing Property which the agency is converting out of the old public housing program to the Housing Choice Voucher (Section 8) Program under the HUD Streamlined Voluntary Conversion Program. This project will no longer be under the regulations of the Public Housing Program but the property will remain affordable rental housing. The property/project will be owned by a non-profit entity created under state law. Is this property/project eligible for funding under this NOFA?

**Answer:** **Yes.**

30. Question: Can a project that has 4% LIHTC as part of the funding for a project qualify for the HOME Funds for the project?

**Answer:** **No.**

31. Question: Is the Town of Iowa part of the Entitlement jurisdiction with Lake Charles, Calcasieu Parish Louisiana?

**Answer:** **No.**

32. Question: Please confirm that, where applicable in the 2021 HOME Spring NOFA, HUD 234 rents and 5 Points apply to projects proposed anywhere in the "Priority Parishes" that are listed among the "Area of Demonstrated Need: Priority Parishes" Scoring Criteria, and not only to projects proposed in particular Census tracts. (NOFA, page 24 of 25.)

**Answer:** *Individual points that are awarded are for projects located within the Parishes listed. The special underwriting criteria and use of the 234 limits apply only to projects located in census tracts that have been defined as meeting all of the Area of Demonstrated Need criteria.*

33. Question: The NOFA says successful CHDO Applicants can qualify for CHDO Operating Expenses. If a CHDO not interested in owning a development is approached to assist another party's efforts to own a HOME project, could that qualify the CHDO for Operating Expenses?

**Answer:** *No. To qualify for operating assistance the CHDO must own the project for the entire affordability period.*

34. Question: Can it be done in such a way as to avoid temporary CHDO project ownership before transfer (so as to eliminate duplication of expensive conveyance and financing costs)?

**Answer:** *No.*

35. Question: Can any CHDO do so? If not, can CHDO's promptly obtain LHC approval for update in status, e.g. to include Sponsorship or Development in addition to Ownership, or can this change await successful HOME award?

**Answer:** *No. The CHDO must be fully designated to own, develop and sponsor prior to release of the NOFA. Sponsorship with transfer to another non-profit will not qualify for operating assistance.*

36. Question: The Application's "ELIGIBILITY" tab asks whether the proposed Project Site is more than 300 feet from a railroad. The question does not distinguish whether the railroad is a short line railroad characterized by infrequent, small, slow (e.g. 5 mph) moving trains from frequent, long, fast moving trains operating on Class I railroads. This stark language will likely have the possibly unintended effect of redlining some Louisiana communities.

- a. Does LHC really wish to disqualify single family preservation and other rentals due to infrequent, small, slow moving trains that run through the center of small towns across Louisiana?
- b. With respect to louder railroads that run through communities, shouldn't HOME applicants be able to simply take advantage of customary noise mitigation measures if and when required?

**Answer:** *The LHC is interested in providing quality affordable housing to the residents of Louisiana. To that end, the housing should be located in areas that are conducive to good physical and mental health that are as free from any avoidable hazards as possible. The problems presented by Railroads in these areas include, frequent transportation of cargo that can present a hazard directly imperiling the life of*

*the lower income residents (such as a blast or thermal hazard), also the movement of the train can produce vibrations that are detrimental to the foundations and other structural elements of the housing over time. This of course, would result in increased and expensive maintenance over time for the affected housing units. Additionally, The U.S. Department of Housing and Urban Development (HUD), the ultimate funder for projects under this NOFA, has regulations pertaining to these items that do not allow for mitigation such as noise. HUD requires a noise study for any project that is located within 3,000 feet of a railroad. It is the experience of LHC that projects located 300 feet or closer to a railroad cannot pass this noise study. LHC feels that it is impractical to review submissions proposed in areas that will not only fail to pass required environmental reviews, but also pose a risk to health and safety of the residents for whom the housing is to be provided to.*

*Finally, LHC takes great offence at the questioner's implication that it is not sympathetic to the plight of current residents of such areas and that it is attempting to redline certain communities. Furthermore, LHC admonishes continued development of affordable housing in such environmentally challenged areas could be considered as the warehousing of poor minorities and very likely would be a violation of both the Fair Housing Act and an Environmental Justice concern. As to the issue of "redlining", which has its own legal implications, please be note that LHC is very aware of past discriminatory practices in society and does not wish to participate in the continuation of this legacy. Therefore LHC advises that developers spend time looking for good clean safe sites to construct affordable housing. For all the reasons stated above the restriction remains in place.*

37. Question: In order to achieve cost savings while maintaining minimum Energy Star performance, can projects utilize elements that equal or exceed Energy Star and other LHC/HOME standards, provided submissions are appropriately documented as such.

**Answer: No. Energy Star is the government-backed program, established by EPA, for energy efficiency. The Environmental Protection Agency ensures that each product that earns the Energy Star label is independently certified to deliver the efficiency performance. The LHC therefore relies on the Energy Star certification and program.**

38. Question: The requirements mention that all submissions must contain an appropriate acknowledgment form (Exhibit C – Environmental Review + Davis Bacon and Related Acts Requirements Letter\_Template.pdf) as part of the environmental review package. Where is the letter template?

**Answer: The information on Exhibit C in the NOFA was simply to let all potential applicants know of this requirement should they receive an award. Once a conditional award is made then an Environmental Review is required and Davis-Bacon may be triggered (it is triggered on the 12 unit of assisted housing in a project). At application there is no Exhibit C that needs to be filled in and returned. There will be if and when a conditional award is made.**

39. Question: Are electronic submissions using a USB flash drive permissible?

**Answer: They are not required. If used the USB must be at LHC by the deadline. Hard copies will not be accepted.**