Louisiana Housing Corporation
2020 PRIME NOFA Program
Frequently Asked Questions and Answers

Note 1: The LHC has compiled questions submitted in writing pursuant to the deadline for questions in the NOFA (§10.6) and Addendum #2. In addition, the LHC has included questions asked at the Developer Forum on December 18th 2019, at which attendance was optional.

Please note that the answers in this document are supported by the PRIME NOFA Version 1.2 that was released concurrently with this FAQ document on January 22, 2020. Please make sure that you are using PRIME NOFA Version 1.2, as this is the controlling document for this Program.

DEADLINES & TIMING

1. What is the deadline for the Letter of Intent (LOI) to Submit?

   See NOFA § 10. The deadline for the Letter of Intent and Payment of Market Study Fee is February 17, 2020, 4:00 pm, CST; Payment of the market study fee is due at the same date and time.

2. Do developers only have one month between the LOI and application deadline?

   Yes.

3. What is the deadline for PSH letters?

   The deadline for the sponsor's letter (offering the LDH an option for Additional PSH units) is January 24, 2020, no later than 4:00 pm, CST.

4. Can projects start the environmental process when they first apply? Can they start it before being awarded?

   Yes. Projects may proceed to secure all Environmental Site Assessment reports prior to award and prior to closing. However, no choice limiting actions, including, but not limited to, physical work or activity, may start until environmental clearance is obtained. All prohibitions regarding 'choice limiting actions' will apply, rendering the award void and applicant ineligible for award.

5. Section 10 requires that the Multi-Family Revenue Bond Application be submitted with the PRIME NOFA application. Would LHC consider allowing the multifamily revenue bond application to be submitted prior to the board meeting following awards, rather than concurrently? Requiring this application with the broader NOFA application increases the cost of applying without functionally accelerating the development timetable.

   No. The Multifamily Revenue Bond Application must be submitted simultaneously with the PRIME NOFA application.

6. The current schedule on 1.13 indicates an 18-month construction schedule starting December 2020. The award date is expected to be June 2020, and will require an environmental review. The time frame looks tight. Will extensions be offered?

   At this time, the LHC does not have the authority to offer extensions due to the expenditure deadline of the PRIME funds.

7. Can we pay for the market study fee and start the market review process before 2/17/20?

   Market Study fees are due on February 17, 2020. The timeline for the NOFA does not allow for the process to start before February 17, 2020.

8. APPLICATION MODEL Do we submit the new app model used in 2019? Will all the errors be fixed?

   An updated version with corrections and adaptations for the PRIME program will be posted to the LHC website for use concurrent with the release of this document.

PERMANENT SUPPORTIVE HOUSING (PSH) AND RELATED UNDERWRITING

9. For PSH units with no vouchers (i.e., Mandatory PSH), do they still have the same wrap around support services?

   Yes. See NOFA § 9.3.

10. Are there any point preferences for doing Additional PSH?

   There are no point preferences provided for Additional PSH units for the purposes of NOFA scoring.

11. Is the additional requirement for 30% (units) on top of the 2% PSH?

   Yes. See NOFA § 1.5

12. Is there a set aside within the PSH program for nursing home residents or are all other populations being served too?

   PSH units within PRIME-funded properties will be set aside for persons determined by LDH to be eligible for PSH.

13. For underwriting the Mandatory 2% PSH, is the income 20% and rents at 30%?

   No. Mandatory PSH units are underwritten to 20% AMI rents, less the utility allowance. Qualifying household incomes may not exceed 30% AMI, at move-in.

14. What are the extra PSH units rented and or underwritten at?

   Any Additional PSH units offered by the sponsor and accepted by the LDH will receive project-based subsidies, and rents for these units will be underwritten at the project-based subsidy rent.

15. Section 9.3 indicates that the mandatory PSH units are strongly preferred to be one-bedroom units. In order to integrate the PSH units throughout the entire development per section 13 and provide adequate accessible PSH units, will two bedroom units be welcomed for the Mandatory PSH and PSH Voucher units?

    The preference that mandatory PSH unites be one-bedroom units will not be modified.

DISASTER RESILIENCE REQUIREMENTS

16. For the FORTIFIED Gold Standard, temporary power is required, but is that for common area or for entire building, every unit?

    Technical questions regarding the criteria for meeting the FORTIFIED Standard should be directed to the IBHS Fortified Program. Contact information for this resource was provided in the NOFA see § 5.1.

17. What critical systems need power under the FORTIFIED Gold Standard?

    Technical questions regarding the criteria for meeting the FORTIFIED Standard should be directed to the IBHS Fortified Program. Contact information for this resource was provided in the NOFA see § 5.1.

18. NOFA §5.1; IIBHS FORTIFIED Roof Standards must receive certification by the IIBHS contractor. Is there only one certified contractor that does this?

    The IBHS FORTIFIED Program has contracted with Global Risk Consultants (GRC), a firm with over 350 engineers, to provide design support and program certification services.

19. How does NOFA look at or treat Islandable Power costs?

    Islandable Power is considered a project cost. Installation is a development cost; maintenance and fuel is an operating cost.

20. With regard to the IBHS FORTIFIED Roof Standards how long will it take to get that letter/certification from the IIBHS Contractor?

    Technical questions regarding the criteria for meeting the FORTIFIED Standard should be directed to the IBHS Fortified Program. Contact information for this resource was provided in the NOFA see § 5.1.

21. With regard to the IBHS FORTIFIED Roof Standards is there a cost for GRC? Will the cost be in budget? Is it reimbursable?

    Yes. See § 5.1 of the NOFA.

22. Will LHC consider waivers on select mandatory Enterprise Green Communities and/or FORTIFIED criteria if construction plans are completed or past a certain design stage?

    No. Mandatory Enterprise Green Communities criteria stipulated in the NOFA are a requirement of the PRIME program. The applicant will follow the same policy as LIHTC *projects. Properties which propose FORTIFIED Silver or Gold are eligible for scoring points in this NOFA and will receive such points based on their commitment to pursue such certification. If EGC criteria has been determined to not have been met or was violated, applicants will be ineligible to receive future CDBG awards for a period of no less than two (2) years and up to five (5) years. In addition, the tax credits reserved and/or allocated to the project will be subject to rescission and/or recapture. Enterprise will adjudicate whether the required elements have been achieved, and Enterprise will adjudicate whether the EGC criteria have been met. This will be a precondition of the release of retainage of the CDBG funds.*

23. What confirmation do we need when submitting the application to receive the appropriate points for EGC? The pre-design review process with Enterprise is 30-days. Will their comments subsequent to their review suffice?

    Points will be awarded for EGC based on the commitments made by the developer in the application. Those commitments are binding.

24. What confirmation do we need to provide when submitting the final application to receive the appropriate points for FORTIFIED? Will the application forms and the 3rd party reviewer's comments suffice?

    Properties who propose FORTIFIED Silver or Gold are eligible for scoring points in this NOFA and will receive such points based on their commitment to pursue such certification. A property which scores points for Silver or Gold in the application will be required to receive Silver or Gold certification through the FORTIFIED Program as a special condition of Award, and as a precondition for release of CDBG retainage.

SITING AND FLOOD ELEVATION REQUIREMENTS

25. Are there any requirements for parking to be raised above the 500-year flood elevation?

    Refer to § 4 of the NOFA. Parking is not required to be at or above the building elevation requirements required in the NOFA.

26. Section 4 of the NOFA, entitled "Eligible Sites," identifies characteristics for determination of a site's eligibility under the PRIME program. Amongst the criteria for site eligibility provided in the NOFA is a specific mention to the applicability of "siting preferences and prohibitions outlined in the QAP (V.A.4.)," which details the Environmental Review requirements for projects submitted under the 2019 QAP. Given the numerous unique and priority Disaster Resilience siting requirements of the PRIME program and noting that Section 4 of the NOFA lists only the Environmental Review requirements of the QAP as factor for site eligibility, can LHC confirm that the Negative Neighborhood Features threshold, QAP (V.A.5.), is not applicable to PRIME applications?

Negative siting rules in the QAP (i.e., prohibitions against siting properties within specified proximity to specified activities) apply. The NOFA does not supersede the QAP. All NOFA siting requirements are in addition to QAP requirements/prohibitions.

GENERAL UNDERWRITING

27. DAVIS-BACON. If minimum wage goes up, will there be an adjustment?

    Davis-Bacon wage rates are set based on a survey of actual rates in the marketplace. Any increase in minimum wage which impacts Davis-Bacon would have a material time lag and would not impact scheduled wage rates.

28. BASIS BOOST. Can and will the LHC give a 30% discretionary basis boost to projects located outside a QCT/DDA for applications in the 2020 NOFA round, for projects with 4% tax credits?

    No.

29. In Section 8.4 of the NOFA states that rents will be underwritten at the lower of the applicable AMI limitation or market rent. Page 21 of 142 in the 2019 QAP limits underwriting of the rents further to the lower of AMI limitations, market study rents and fair market rents. Will restricted units be underwritten at fair market rent if it is lower than the applicable AMI limitation and the concluded market study rents?

    The units will be underwritten at the lower of a) market rents or b) maximum net rent or c) fair market rents.

SCORING

30. CDBG-DR EFFICIENCY. In NOFA §6.3, projects receive higher points that request a smaller percentage of CDBG-DR funds relative to total development costs. How will LHC address declines in TDC after application award? The efficiency scoring item rewards higher TDC, provided an applicant can provide sources to meet those uses.

    The CDBG-DR Efficiency Score will be based on the ratio of requested CDBG to TDC in a qualifying application, which conforms to all QAP and NOFA requirements, and which the LHC determines is feasible. Developers should not propose an artificially higher TDC in order to produce an artificially higher CDBG-DR Efficiency Score. The proposed TDC must be achievable with committed sources. If a committed source does not materialize, and the developer proposes to re-engineer the property to be feasible at a lower TDC, the LHC may rescind the award. All award letters will contain special conditions regarding the committed sources in the application.

OTHER MISCELLANEOUS

31. What qualifies as 'multifamily' (e.g., how many units)?

    Qualifying projects must include no fewer than 40 residential units (staff units do not count as residential units). There is no maximum number of units.

32. Section 9.10 requires that all properties carry flood insurance in the maximum available policy amount. In the case of single family detached or duplex development in which the value of the underlying building is less than $500,000, if full replacement cost as evidenced on the property insurance policy is less than this limit, would NFIP coverage equal to actual replacement cost be sufficient?

    Yes.

33. In Section 1.5 (Eligible Projects), New Construction is defined as developments with no fewer than 51 % of newly constructed units. The 2019 QAP defines New Construction as "Housing Units which have not previously been occupied." This QAP definition encompasses adaptive reuse of a non-residential structure. At the information session, LHC indicated that for the purposes of this NOFA, adaptive reuse would not meet the definition of new construction. Could you please provide the applicable definition for New Construction, which will be applied here?

    The definitions are compatible. No fewer than 51% of the units must be newly constructed, and must not have been previously occupied. Adaptive-reuse projects are permitted, so long as at least 51% of the residential units that are created are not previously occupied residential units. Any indication to the contrary at the Developer Forum was misstated or misunderstood.

34. Section 1.12.b indicates that the application for LIHTC and CDBG-DR finds will be a combined application and Section 10.3 indicates the LHC Application Model, corresponding to the 2019 QAP. This particular project has not been awarded tax credits from the 2019 QAP.

    A. Will the LHC Application Model application be awarding tax credits, bonds and CDBG-DR?

       Applications must be complete with respect to the requirements of the 2019 QAP and the request for 4% LIHTCs. The application must be submitted using the 2019 QAP Application Model, which has been updated and corrected to support applications under this NOFA round, and which is posted on the LHC web site concurrent with the release of this FAQ. Additionally, the LHC will post a 'PRIME Application Supplement requiring information specific to the PRIME NOFA, which must be submitted with the 2019 QAP Application Model (as amended), by the application deadline. In addition, applicants must submit a Letter of Intent and payment of market study fee by the deadline for that step in the process, and must tender an offer for Additional PSH to the Louisiana Department of Health by the deadline for that step.

B. Also, can you reprocess 2018 tax credits and bonds if a project has been awarded funding but has not closed on construction and permanent financing?

No.

35. Can you use tax credits awarded previously for this PRIME NOFA?

If the applicant has an award for 4% LIHTCs, that applicant may apply to the program as a new project, subject to all the terms and conditions of the PRIME NOFA and the applicable 2019 QAP. If the applicant is awarded CDBG and Credits under the PRIME Program, the applicant would return the prior award of 4% LIHTCs and would proceed toward closing the awarded PRIME transaction; if not awarded CDBG and Credits under the PRIME Program, the applicant would be permitted to close on its prior award of 4% LIHTCs, provided all conditions applicable to that prior award were met.

36. In our experience, the developer fee payout is typically determined by the Limited Investing Partner. Will LHC welcome negotiations with Lenders?

No. We will not negotiate. Refer to NOFA § 9.6 which stipulates the limitations on payment of developer fee.