

Rental Restoration & Development Program (RRDP)

Frequently Asked Questions

April 28, 2023

Disclaimer: If there are any contradictions found in the following questions and answers, the language in the RRDP Notice of Funding Availability (NOFA) will rule and prevail.

1. What is the FORTIFIED Roof requirement?

FORTIFIED Roof includes a number of enhancements to prevent damages that usually occur during high winds, hurricanes, hailstorms, severe thunderstorms and even tornadoes up to EF-2. FORTIFIED Roof certification requires proof of successful inspections from FORTIFIED certified inspectors and a complete certification. More information can be found at: FORTIFIED Roof - FORTIFIED - A Program of IBHS (fortifiedhome.org)

2. Can a Not-for-profit Organization (NPO) from out of state participate if they own properties in the State of Louisiana and registered as a “foreign entity” with the Louisiana Secretary of State?

Yes, they would be eligible to submit an application.

3. What if a NPO is still waiting for the 501c3 to be issued at the time of application, could they still be considered an eligible NPO?

The non-profit organization must be established as a 501c3 entity at the time of the application.

4. If an applicant submits multiple applications, how would Louisiana Housing Corporation (LHC) determine which applications are awarded?

All complete applications submitted will be ranked and scored individually. The higher scoring applications will be funded first.

5. The current timeline states Commitment Letters will be issued beginning on August 4th, but if the RRDP application process requires the pro forma to be prepared after the application intake, how would LHC be able to issue awards by as soon as August 4th?

The RRDP Notice Of Funding Availability (NOFA) was amended and this date was updated to August 31, 2023. Commitment Letters will be issued on an ongoing basis after this date until the funds are expended.

6. ***Would reconstruction for private-for-profit entities also be restricted to the identified rural parishes?***

No, reconstruction is permitted in any of the eligible parishes.

7. ***What if a private-for-profit owned a home which was damaged and in need of reconstruction? Would they also be restricted to the 75% rule?***

Yes, the 75% restriction applies to new construction and reconstruction proposed by private-for-profit applicants.

8. ***When will LHC have a clear determination regarding the voucher acceptance?***

The RRDP NOFA was amended on April 10, 2023 to address this issue. Owners are permitted to accept Section 8 vouchers, but may not accept any amount exceeding the restricted rent amount for the unit from any source.

9. ***If an applicant is required to have a financial commitment at the time of application, they are usually only valid for 60-90 days at most. What if the commitment letter expires during the application/blackout period? Applicant wouldn't be able to communicate with LHC staff if lender asks for additional information to extend their commitment.***

If an applicant's financial commitment letter expires during the blackout period, LHC will still consider that letter as meeting the application criteria and will follow up with the applicant after the blackout period.

10. ***Can a current Small Rental Property Program applicant apply for RRDP assistance?***

It may be possible, but the applicant must meet all RRDP requirements and may need to provide additional information from the administrator of SRPP, the Office of Community Development (OCD), before a conditional award could be extended.

11. ***If we have a single family home, can we reconstruct to a duplex or multi-family home?***

No, reconstruction is defined as the rebuilding of a structure on the same site in substantially the same manner within the original footprint. This will only be permitted if there is a stable foundation remaining on the property.

12. ***Is the cap 7 total buildings or 7 max per building?***

The maximum number of units under one roof is 7 units. There is not a limit to the number of applications that could be submitted but an application should be submitted for each property. Any projects proposing the new construction of 8 or more units on a contiguous parcel of land will have to comply with the Davis Bacon and Related Acts (DBRA) requirements.

13. Can you provide clarification concerning the 3' elevation requirement?

The Resiliency Standard requirement concerning the 3' or above elevations is only applicable to projects involving new construction.

14. Are lot cost recovery funded?

Acquisition costs are not paid or reimbursed by the RRDP. (Ineligible Cost section on Page 14 of the RRDP NOFA)

15. What are the rural parishes for IDA? 2021 Flood?

The rural parishes that for-profit borrowers may submit applications involving construction of New Units located within the areas impacted by Hurricane Ida & the May 2021 flood are: Assumption, Tangipahoa, Washington, Iberville, Iberia, St. Helena, East Feliciana, Pointe Coupee, and West Feliciana.

Full list of eligible parishes qualified projects for all storms can be found on Pages 7 and 8 of the RRDP NOFA

16. Can we build on open lots/empty lots?

Yes, if you qualify under the program to build new construction and residential structures are permitted by zoning. (Eligibility Requirements Pages 7- 9 & Property Eligibility Requirements on Page 9 on the RRDP NOFA)

17. Where can a vacancy certificate be found?

The vacancy certificate is a program document and will be included when you complete the online application.

18. Can development begin prior to receiving award?

All construction/development on the property that is the subject of an application must cease at the time the application is submitted. LHC will notify the applicant after the application process has been reviewed and if a conditional award is being extended. If the conditional award is accepted, the environmental review will be ordered and if clearance is given, LHC will provide a Notice to Proceed which is the official written notification to inform the applicant owner that work may begin or proceed.

19. What metrics are you measuring application pro forma?

The pro forma will examine the applicant's income and expenses, using the restricted rent amounts required by the RRDP to ensure that the applicant's adjusted net operating income is positive cash flow for the required affordability period.

20. What can the money from tenants be used for?

Funds received for rents can be used at the property owner's discretion as long as there are adequate operating funds to maintain the property for the required affordability period.

21. If we own a property with 8 units, can we only apply for 7 units?

A structure containing 8 or more units is ineligible for RRDP assistance. The RRDP funding is not disbursed per unit. (Property Eligibility Requirements on Page 9 of the RRDP NOFA)

22. What is the distinction between reconstruction and rehabilitation?

Reconstruction - the rebuilding of a structure on the same site in substantially the same manner and within the original footprint. (This will only be permitted if there is a stable foundation remaining on the property.)

Rehabilitation - general replacement of the interior of a building that may or may not include changes to structural

23. If there is a mortgage on the property, does it qualify?

A mortgage on the property at application is eligible, but if that mortgage or any other security instrument will remain after construction is complete, this will affect the timing of the payment of the RRDP assistance. (Timing of Take-Out Assistance Effect of Lien Position of Permanent Loan)

24. I am a nonprofit, do I have to come up with 25%?

The 75% maximum assistance stipulation applies to for-profit borrowers only. However, if construction costs exceed the maximum award amount for the type of structure applied for, an applicant, whether non-profit or for-profit, may have to provide a portion of the funds.

25. Can you mix rehab and new construction?

A single property must be one or the other, but an applicant may submit one application for rehabilitation and another for new construction, if the applicant qualifies to do new construction under the RRDP guidelines.

26. What happens if you do not use all the funds?

The RRDP Final award will be the lesser of the total eligible construction and soft costs or the maximum amount of assistance per unit as outlined in the Maximum Award tables listed on Pages 12-13 of the RRDP NOFA.

27. Are the applications through the bank or LHC?

The RRDP applications will be a web-based online application system and this link will be made available on the LHC's RRDP landing page: <https://www.lhc.la.gov/rrdp>

28. If your nonprofit has been approved by the state but not the federal government can we still use the program as a nonprofit?

The non-profit organization must be established as a 501c3 entity at the time of the application.

29. Can you expand on how the loan terms are formulated before and during take out period?

Please refer to the Financing Guidelines and Requirements listed on Page 21 of the RRDP NOFA

30. Is the environmental study required prior to submitting application?

No. The environmental study will be coordinated and funded through LHC, however this will not transpire until LHC has confirmed the RRDP application is eligible and a conditional award has been issued.

31. If a new structure needs to be 3' above the road that will limit accessibility, can this be reduced?

No, in this scenario if a Borrower is planning to build an ADA unit, they would need to consider whatever additional accommodations would be required to make the unit accessible.

32. Who are the prequalified lenders?

There are no prequalified or approved lenders applicants must use. An applicant can choose its own lender. However, the LHC has done outreach with many institutions for awareness and to educate on the program. A list of those lenders can be found at [Resources for Housing Recovery \(la.gov\)](https://www.lhc.la.gov/resources-for-housing-recovery).

33. *If I use a licensed contractor and I use my own money, how do I get reimbursed?*

You would be reimbursed in the same way as a lender if there was a construction loan. After construction is complete, all inspections are passed, certificate of occupancy is issued, LHC would request the funds to be paid. Once LHC receives the funds, the payment would be made to the applicant in the form of a check or an Automated Clearing House (ACH) electronic transaction. If there is a lien or mortgage on the property that will be senior to the LHC mortgage, eligible tenants must also be placed in all units before the payment will be made.

34. *On a 6 unit, how many units have to rent at the reduced rent rate?*

All units must be rented to eligible low-to-moderate income (80% AMI and below) tenants at restricted rent rates. In a six-unit building, two units would have to be rented to eligible very low-income (50% AMI and below) tenants at restricted rent rates. (Occupancy and Set Aside Requirements during Period of Affordability on Page 11 of the RRDP NOFA)

35. *If the applicants shows funds to finance the construction, will LHC do a take out with the owner?*

Yes

36. *Is 100% funding available for nonprofit new construction?*

Yes, up to the unit and entity maximum.

37. *Do we make payments after the construction period?*

No loan payments are required to LHC during the affordability period as long as the compliance requirements are met. If any portion of the construction loan from the private lender is not paid by the RRDP take out assistance, you may need to make payments to that lender. (Terms of Permanent Loan-Payment Only Upon Default section on Page 23 of the NOFA)

38. *Can we apply for a unit already renovated?*

No.

39. Existing housing under construction that meets the criteria of RRDP will be considered or does it have to start after program starts?

No, construction should not begin until after the environmental review has been completed and LHC has issued a notice to proceed construction.

40. Is there a chart available for the AMI?

Yes, RRDP applicants will receive a copy of the RRDP Property Owner Guide, which will be updated annually based on the Income Limits and HOME Rent Limits published by HUD. Which will be available at this site: [Resources for Housing Recovery \(la.gov\)](https://www.lhc.la.gov/resources-for-housing-recovery)

41. Priority of funds? First come first serve?

All complete applications submitted will be ranked and scored individually. Applications will not be funded on a first-come, first-served basis. The highest ranking applications will be funded down the list of qualified applications until all the funds are committed.

42. Can you build in more than one parish?

Yes, an applicant may submit applications for units in more than one eligible parish.

43. Is owner required to meet standard loan application requirements?

The applicant must show proof of funds in the amount needed to complete construction OR qualify with a lending institution for a construction loan in the amount needed to complete construction. (Refer to the RRDP Underwriting Standards on Pages 23-24 and Appendix A on Pages 33-35 of the RRDP NOFA)

44. Will presentation be available on LHC website?

The RRDP Technical Assistance PowerPoint presentation can be viewed at www.lhc.la.gov/rrdp.

45. Can funding be obtained for new construction in Terrebonne parish?

New construction in Terrebonne Parish is only permitted for Non-Profit Borrowers (CHDO, NPO, PHA, or LDA). (New Construction Financing Restrictions section on Page 7 of the NOFA)

- 46. What is the amount landlords may receive from housing assistance programs (HUD for example) per unit for 1 bedroom and two bedroom, etc. units in this area?**

The restricted rent amounts depend on the parish, household size, and utility responsibility. These amounts may change annually. LHC has adopted the HUD's HOME Program Rent Limits for the RRDP. Applicants will receive a copy of the RRDP Property Owner Guide, which will be updated annually based on the Income Limits and HOME Rent Limits published by HUD.

- 47. If a property is not located in a Special Flood Hazard Area (SFHA), will flood insurance be required?**

Yes. Flood and Hazard insurance is required for all properties receiving assistance through the RRDP.

- 48. We purchased the property after the storm and we do not know the old tenants.**

If the units were vacant at the time of purchase, please indicate that on the tenant certification form.

- 49. Is there a maximum funding for Public Housing Authorities (PHA's)?**

The maximum amount any entity may receive is \$725,000. The maximum amount per property will depend on the construction type and unit count.

- 50. Can you own multiple companies in program?**

Applicants cannot use multiple related entities to obtain more funds than the \$725,000 per-applicant ceiling. If an applicant were a principle in a nonprofit that submitted an application and also submitted his or her own application, LHC may allow this if it appeared the intent were not to exceed the per-applicant ceiling.

- 51. I am in the process of building apartments, is there any way I qualify?**

There are not enough facts for us to answer this question. There may be environmental review issues that would not allow participation.

- 52. What proof of funds is acceptable?**

Examples of acceptable proof of funds include: letter from your lender with a commitment contingent upon receipt of a RRDP loan for the construction loan. Banking statements for an account owned by the applicant with the amount of funds required to

complete construction, letter from your lender confirming a line of credit for a construction loan.

53. Does local inspector certify IBHS roofing compliance?

No, FORTIFIED roof inspections must be completed and certified by an authorized representative of IBHS. To reach an evaluator, you may call 866-450-9214 or email: IBHSAAssign@pilotcat.com

54. If you purchased the property after Hurricane Ida and the property needs development and restoration are you eligible?

As long as the property meets the Property Eligibility Criteria found on Page 9 of the NOFA

55. If it is a renovation project, does the property have to be already used as a LHC rental?

No. The property may be converted to rental, but it must have been vacant by the date the RRDP NOFA was originally published, February 27, 2023.

56. What is the process of determining the difference between the costs of total repairs needed minus insurance proceeds?

Repair loans from SBA, insurance proceeds, and any other private or public funds received for the repair of the property the applicant is seeking RRDP funds for will be evaluated as a duplication of benefits (DOB). The calculated amount of DOB will be subtracted from the RRDP award amount offered.

57. Do rental halls qualify?

The RRDP provides funding for 1 to 7 unit residential housing properties only.

58. How will LHC ensure that the parish (Terrebonne) hit hardest by Ida receive a lion's share of funding when in competition with the parishes with companies much more experienced with these complicated applications?

Terrebonne parish has been identified by HUD as a Most Impacted and Distressed (MID) Area and as such, projects applied for in this parish will receive additional points in the scoring criteria. The RRDP is one program for rental restoration in this area, but there will be others.

- 59. If you have both renovation and new construction on one lot is that one or two applications?**

Each lot (application) can only have one type of construction.

- 60. If someone applies after 7/31 when will the app be reviewed?**

Applications will not be accepted after 4:30pm cst on July 31, 2023.

- 61. Could you clarify if SBA is a lender compared to take out from RRDP?**

SBA funds will be considered a duplication of benefit, therefore RRDP cannot be used to reimburse SBA loans (Duplication of Benefits (DOB) section on Page 19 of the RRDP NOFA)

- 62. If the property is private residential with mortgage, does that affect the loan the mortgage if for rehab?**

No, a mortgage against the property does not impact the eligibility of the project. However the RRDP will require a mortgage and regulatory agreement which will be recorded in the conveyance records. The lien position of the RRDP loan will impact the timing of the take out. (Timing of Take-Out Assistance Effect of Lien Position of Permanent Loan on Page 21 of the NOFA)

- 63. When we meet with lenders do we tell them when they will get paid?**

Generally, lenders should be made aware that the takeout (payment) of the RRDP funds will not occur until at least all construction requirements are met and inspections are passed. And in some instances, the timeline could be later. However, LHC will communicate with the lenders directly and the obligations will be in the written closing documents for all parties.

- 64. How does award for rehab affect awards for SBA or other loans?**

Repair loans from SBA, insurance proceeds, and any other private or public funds received for the repair of the property the applicant is seeking RRDP funds for will be evaluated as a duplication of benefits (DOB). The calculated amount of DOB will be subtracted from the RRDP award amount offered.

- 65. Will the LHC give priority to early applications submitted prior to 7/31?**

No.

66. How does the LHC define a residential rental property owner?

A person or entity which owns residential rental property or land, upon which residential rental units can be constructed, in the eligible parishes.

67. Can you use other local funds, HOME, CDBG, Historic Tax Credits, other grants with this funding?

Yes, but using other sources of funds may trigger additional compliance requirements.

68. Let me make sure I understand, no payments for the take out are made during the years before total forgiveness?

No payments are required to LHC during the affordability period as long as the annual compliance requirements are met. (Terms of Permanent Loan – Payment Only Upon Default section on Page 23 of the RRDP NOFA)

69. Do all units have to be affordable?

Yes. All units must be rented to eligible low-to-moderate income (80% AMI and below) tenants at restricted rent rates. (Occupancy Requirements During Period of Affordability & Occupancy and Set Aside Unit Requirements during Period of Affordability sections on Page 11 of the RRDP NOFA)

70. Is the environmental full Phase I?

An ASTM Phase I is required for all acquisition, demolition/reconstruction, or new construction projects although it's not the only component of the environmental review record (ERR). Once a project is conditionally awarded additional information for the ERR is provided. (Environmental Requirements section on pages 14-16 of the NOFA)

71. What are the approval for funding guidelines?

All applications will be reviewed for completeness and scored by LHC staff.

72. After inspection, is there a hard date for take out to be paid to owner?

All funds for this program must be expended by early 2028. We expect that each project in this program will be completed and each loan will be taken out much sooner than that date. Each project will have its own timeline to be monitored by the private lender and the LHC.

- 73. Is there a limit on the number of sites a developer can receive assistance to renovate, not units but sites?**

There is no limit on the number of sites or projects an owner can receive assistance for, but there is a \$725,000 maximum award assistance limitation. No owner can receive more than \$725,000 total, no matter the number of projects.

- 74. Is there a maximum number of awards a single developer can be awarded?**

There is no limit to awards, but the \$725,000 maximum award assistance limit will apply to every individual or entity.

- 75. Can you use your own cash to rebuild then be reimbursed?**

Yes.

- 76. Will LHC allow the bank to keep the first lien position while LHC has the second position after take-out?**

Yes. But if LHC will be in a subordinate lien position, the take out will not occur until all units are rented to eligible tenants. (Timing of Take-Out Assistance Effect of Lien Position of Permanent Loan on Page 21 of the NOFA)

- 77. If your property was damaged during Ida how will it meet code?**

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. (Construction Standards on Page 16 of the NOFA)

- 78. Zoning exceptions grandfathered in?**

Proof of zoning for the type of structure applied for must be included with the application.

- 79. Does rehab max loan to cost cover 100% costs, instead of 75% as stated for new construction?**

Yes, projects involving rehabilitation are eligible to receive up to 100% of the cost of rehabilitation or the maximum amount of RRDP rehabilitation assistance per unit as listed in the table on Page 13 of the NOFA

80. What are the scoring guidelines?

Funding Evaluation Criteria can be found on Pages 26-28 of the NOFA

81. Can the lender give one loan for multiple single family units?

Yes, but keep in mind a RRDP application must be submitted for each property.

82. Does the program include buildings and infrastructure? Such as parking lots?

See Eligible Costs section on Page 14 of the NOFA

83. Any rehab project would need to be vacant from application date to award date?

Properties must be vacant from February 27, 2023 through completion of construction.

84. Does Property have to be owned by for profit organization before 5/1/23 or can purchase of property be contingent on program approval?

*Property must be owned by the date the completed application is submitted to LHC.
(Project Ownership Requirements by Eligible Borrowers on Page 8 of the NOFA)*

85. Can the construction loan be contingent upon LHC take out loan approval?

Yes, this is expected.

86. Discuss "clear title" –if property is heir property with multiple owners what is required? If property is owned by deceased family member?

The title must be in the name(s) of the applicant(s) at the time of application.

87. Are awards going to be made public?

No. However, after closings are completed, a mortgage will be filed in the mortgage records of the parish where the property is located for each awarded project. The mortgage records are public records.

88. Land in flood zone that has not been developed, where land can be built up will that qualify?

Property within the Special Flood Hazard Area is ineligible.

89. Are scattered sites eligible?

Yes. Applications for scattered properties in eligible parishes will be accepted.

90. Is the program competitive process similar to LIHTC?

This a competitive process. Each application will be reviewed for completeness, scored and ranked based on the written scoring criteria in the published NOFA.

91. If we have property in Lafayette and want to new build new rental units, could we potentially participate in this program?

Yes. Lafayette is an eligible parish under the Hurricanes Laura and Delta funding allocation.

92. Is this a one-time program or will it be repeated next year?

This is not a recurring program, but if more funding is made available there may be additional rounds of this program that would be advertised. Please register for Funding Announcements at <https://www.lhc.la.gov>

93. Is demolition cost eligible before reconstruction?

Yes.

94. Do mobile homes qualify?

Mobile homes do not qualify as a new rental unit. If an applicant currently has a site with a mobile home, you may apply but the mobile home will have to be removed and the final constructed unit may not be a mobile home. The final unit must be site built or modular and must adhere to the FORTIFIED roof requirement.

95. Can you build up to a 2 story on a reconstruction that was a 1 story?

Reconstruction is defined as the rebuilding of a structure on the same site in substantially the same manner and within the original footprint. Therefore adding an additional level of living space would not meet the definition of reconstruction.

96. Does unit need to come with both washer and dryer or just hookups?

All units must include a washer, a dryer, and a dishwasher. All appliances must be in each unit. (Utility Services section on Page 17 of the RRDP NOFA)

97. Can you build on existing slab?

Reconstruction of a property with a stable foundation remaining should be discussed with the borrower's structural engineer.

98. If one side of a duplex is livable can other side be rebuilt?

No.

99. How do you find qualified tenants?

Borrowers are responsible for placing eligible tenants in all units. Borrowers must list each Qualified Project on the LHC search website at: <https://LaHousingSearch.org>

100. If affected by May flood, how would you be 3 feet above center of road?

The Resiliency Standard requirement concerning the 3' or above elevations is only applicable to projects involving new construction.

101. Can you build multiple 4plexes on a 3 acre tract?

The property should be subdivided and separate RRDP applications should be submitted for each structure. No more than 7 units may be constructed under one roof or on a single lot. Please note: Additional federal compliance requirements, such as HUD Davis Bacon Related Acts (DBRA) related to payment of prevailing wages, will be triggered if 8 or more units are developed on contiguous lots.

102. Will homeowners with unit damage from storm be given first preference?

The scoring criteria can be found in the NOFA. Properties in parishes identified as the Most Impacted and Distressed will receive substantial points.

103. Are homes not affected by Storm eligible?

The property does not have to be storm damaged to be eligible, but it must be located in an eligible parish.

104. If the house was destroyed by the hurricane but still own the land, would it qualify for this program?

If there is a stable foundation remaining, the application could be submitted as reconstruction.

105. Is the program rural specific only?

No.

106. Explain 10 years and 20 years affordability?

The "affordability period" refers to the length of time the borrower must maintain all units as "affordable" and rent to eligible low-to-moderate income tenants at the prescribed restricted rental rates. For all rehabilitation projects, the affordability period is 5 years. For all reconstruction and new construction projects that are 4 units or less,

the affordability period is 10 years. For all new construction projects that are 5 units or more, the affordability period is 20 years.

107. Do the home owners have to be resident of Louisiana?

No.

108. How long will the process take if application approved? How long to get loan approved?

The answer to this question is heavily dependent on several variables such as the type of construction, title search, the environmental assessment/approval, etc.

109. Can you go over the details of the restrictions for private For Profit owners for New Construction & Rehab?

Please refer to the RRDP NOFA and resources available at <https://www.lhc.la.gov/rrdp>

110. Is there a person we can call with Questions moving forward?

During the application period, LHC and associated staff cannot answer questions or assist with applications. Please see the RRDP NOFA and other details at <https://www.lhc.la.gov/rrdp>

111. Does property have to be free and clear title?

The title must be in the Eligible Borrowers name and the title must be merchantable at the time of application. (Qualified Project Ownership Requirements by Eligible Borrowers on Page 8 of the NOFA) If there is another lien against the property, it may affect the timing of the takeout assistance being funded (Timing of Take-Out Assistance Effect of Lien Position of Permanent Loan on Page 21 of the NOFA)

112. Can you apply for a new purchase of a damaged home?

Acquisition costs are not eligible for reimbursement, but the property may be eligible for repair costs. (Eligible Costs and Ineligible Costs sections on Page 14 of the NOFA).

113. What if Homeowners passes away?

If an Eligible Borrower passes away after receiving RRDP assistance, during the Period of Affordability, the RRDP deed restrictions run with the land so any heirs would inherit the property subject to the deed restriction.

114. Rental Restoration is limited to 7 units or less. Are there any products available or coming for more than 7 units?

A) Yes, structures with 8 or more units under one roof are not eligible for assistance under the Rental Restoration and Development Program

B) Please visit the <https://www.lhc.la.gov> for more information on other State housing programs available.

115. What is the documentation process for verifying that you have rented to qualified income families? How frequently are reports required?

LHC will follow its usual requirements for income certifications and annual audits. More information about compliance obligations will be provided to funded applicants.

116. Does my allowance go off construction costs or appraisal/lender allowed funds?

The RRDP award is based upon actual hard costs of constructing or rehabilitating housing units (Eligible Costs section on Page 14 of the NOFA)

117. Will you pay the interest on line of credit?

A residential rental property owner whose income is at or below 80% AMI will be eligible to receive up to 8 months of unpaid accrued interim construction interest from the date the Notice to Proceed is provided to them by the Program. NPO's, CHDO's, PHA's, and LDA's will be allowed up to 10 months of unpaid accrued interim construction interest from the date of the Notice to Proceed provided to them by the Program. (Maximum Award Take-Out & Eligible Costs sections on Page14 of the NOFA)

118. Can it be a mixed use development?

No.

119. Can a structure that previously held 10 units but can be modified to be only 7 units qualify?

No.

120. Does the lender have to be a bank or can it be a private or hard money lender?

Either would be acceptable.

121. I own 7 acres of land, am I in compliance to get this type of loan to build units?

More information is needed. (Eligible Borrower and Property Eligibility Sections on Pages 7-9 of the NOFA)

122. Does student housing qualify for this program?

A household comprised entirely of full time students is not eligible under RRDP

123. Do I have to use a contractor? Can my maintenance team do it and do they have to be licensed?

A Louisiana-licensed contractor must be used for all projects. All trades must be performed by properly licensed individuals. (Construction Contractor and Fixed Price Construction Contract section on Page 9 of the NOFA)

124. Who needs to provide the Lead inspection? Do they need special certification? General Contractor? Is that answer on your website?

LHC will have a lead inspection performed as part of the environmental review process.

125. Are churches required to have a 501c3?

No. But, if the church is not a 501c3, it will be treated as a for-profit borrower and subject to the for-profit borrower restrictions.

126. Can you get funding for construction of building and does funding include parking lot?

Yes (Eligible Costs section on Page 14 of the NOFA)

127. Is Ouachita Parish an eligible parish for a private-for-profit applicant to perform new construction?

No. Ouachita is not included in the list of parishes for-profit borrowers may build new construction. (You will find a list of the eligible parishes in the For Profit Borrowers Residential Property Owner that is neither a CHDO, NPO, PHA nor a LDA section on Page 7 of the NOFA)

128. Hello, I do not have a nonprofit. However, I have a rehab. Can I work write an agreement with the nonprofit to apply for funding under their nonprofit. The nonprofit renovates it, and the nonprofit receives loan forgiveness. But I maintain ownership. Can the nonprofit rehab my house?

Partnering with a non-profit organization to submit a RRDP application for a project involving rehabilitation of a property should not be necessary. All applicants are eligible to apply for projects involving rehabilitation and all work must be completed by a Louisiana-licensed contractor (Construction Contractor and Fixed Price Construction Contract section on Page 9 of the NOFA)

- 129. If the property is awarded and constructed in a non-profit organization, can the property be transferred to another management llc holding company? If so how can this be transferred and when?**

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. (Proposed Transfers in Ownership to a Qualified Project by a CHDO, NPO, PHA, or LDA section on Pages 8-9 of the RRDP NOFA)

- 130. Can a non-profit be awarded more than (1) award if the non-profit has more than one lot in the eligible parishes?**

Yes, subject to the \$725,000 maximum award restriction (Maximum RRDP Assistance section on Page 13 of the NOFA)

- 131. For clarity, if a Louisiana licensed contractor has been awarded the bid then he or she cannot earn profit but have to build at cost? Also they will need 1 or 2 bids outside of their own? I assume this has to be conducted in the application process?**

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. All bids need to be submitted with the RRDP application for consideration. (Refer to the Construction Contractor and Fixed Price Construction Contract Section on Pages 9-10 of the NOFA)

- 132. For clarity, if there is a for-profit individual borrower, RRDP will only cover 75% of the total development cost but the loan forgiveness will work the same way (for example: new construction forgiven end of year 6 and 100% after year 10)?**

Yes, the forgiveness scale is the same for all borrowers. (Refer to the Default and/or Early Opt Out section on Pages 10-11 of the NOFA)

- 133. Does an environmental review have to be completed before starting a project if going through a non-profit? What if going through a for profit new construction entity?**

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. (Environmental Requirements on Pages 14-16 of the RRDP NOFA)

134. If the property acquisition can be contingent upon acceptance to the RRDP.

No. The property must be owned by the date of application to the RRDP. (Qualified Project Ownership Requirements by Eligible Borrowers section on Page 9 of the RRDP NOFA)

135. At what point will the LHC pay off the construction loan? When the LHC pays off the mortgage, what is the interest rate that will be offered to the residential rental property owner?

A) This will be dependent upon the lien position at the timing of the Take-Out, please refer to the Timing of Take-Out Assistance Effect of Lien Position of Permanent Loan section on Page 21 of the RRDP NOFA

B) 0% Interest, please refer to the Terms of Permanent Loan-Payment Only Upon Default Page 22 of the NOFA

136. Is it correct that rents are capped at a 2% annual increase limit?

The Rate of Increase Assumptions for Revenues and Expenses section on Page 24 of the NOFA is solely for purposes of preparing a pro forma and the Underwriting Standards that will be used to review the pro forma.

137. For rehabilitation projects, are fortified roofs required even if the roof does not need to be replaced?

Fortified Roof is only required for projects involving new construction and reconstruction, (New Construction & Reconstruction section on Page 17 of the NOFA)

138. For rehabilitation projects, what environmental requirements must be met?

The answer to this question would strongly depend on the level of rehabilitation (i.e., minor, moderate, or substantial) necessary, although to be safe it's best to prepare an ERR at the environmental assessment level of review or that addresses any potential issues to avoid perceived delays.

Please note the following questions were submitted prior to the FAQ deadline of February 14th, but they were not included on the published FAQ list on April 28th. Therefore LHC is amending the FAQ list to include them.

- 139. If a rental residential property owner is accepted into the RRDP, & the program approves 75% of construction/renovation costs, will the program reimburse the financing costs directly to the lending institution as the payments become due?**

RRDP does not provide funding until construction is complete. In some cases, the payment to the lender may not occur until eligible tenants are placed in all units. Further, only those residential property owners whose income is at or below 80% AMI will be eligible to receive up to 8 months of unpaid accrued interim construction interest from the date the Notice to Proceed is provided by the Program.

- 140. Is there a sample application that can be viewed prior to the application in-take date?**

A sample application is not available. The RRDP Application can be found at [Louisiana Housing Corporation \(la.gov\)](https://www.louisianahousing.gov/). And the RRDP Application Resource Guide can be found at the following link: [Resources for Housing Recovery \(la.gov\)](https://www.louisianahousing.gov/resources-for-housing-recovery).

- 141. Is the pro forma required to be audited? Is the pro forma required to be prepared by a financial or tax professional?**

No, LHC does not require the pro forma to be audited. The pro forma will be prepared by the LHC Housing Specialist assigned to your RRDP application.

- 142. Will the third party inspection firm necessary for the new construction and reconstruction Green Standards be assigned by the Grantor or selected by Applicant?**

The applicant will be responsible for identifying and securing a qualified third party inspection firm or inspector. They will be responsible for monitoring the construction process according to the method of green building you decide upon. The inspection firm or inspector must assure that certain benchmarks are achieved throughout construction as part of the required certification process.

- 143. How much of an ownership interest in a project is required for a non-profit entity in order to be considered as an Eligible Borrower?**

To qualify as a non-profit entity, the property needs to be owned in its entirety by the

non-profit and the RRDP application should be submitted in the name of the non-profit. (Qualified Project Ownership Requirements by Eligible Borrowers section on Page 8 of the RRDP NOFA)

- 144. Is it permissible for an individual owner and non-profit entity to enter into joint ventures or co-owners of a property to be considered as Eligible Participants/Borrowers in a qualified project under RRDP?**

Partnering with a non-profit organization to submit a RRDP application for a project involving rehabilitation of a property is not necessary. A joint venture will not satisfy the requirements needed to qualify as a non-profit entity eligible for new construction projects under the RRDP Guidelines. (Qualified Project Ownership Requirements by Eligible Borrowers section on Page 8 of the RRDP NOFA)

The following Question and Answer were added July 10th, 2023

- 145. Is there any other documentation that will be accepted if there is not an official blight designation for area where my development is located?**

LHC understands that not every Parish Government has adopted a formal procedure to address Blight and or Slum Declarations and therefore, it may be difficult for certain applicants to obtain supporting documentation needed to complete the RRDP application. To alleviate the blight declaration barrier, LHC will consider alternative documentation to determine eligibility. Such documentation may include, but is not limited to the following examples:

- 1. A notice or letter from the local government that identifies the property as a public nuisance, a health and safety threat to the community, or uninhabitable.*
- 2. A statement from the insurance provider confirming the blighted condition of the property.*

Under the RRDP Applicable Terms section of the NOFA, Blighted Housing is defined as an abandoned residential unit which is not currently inhabited, occupied or used; has deteriorated substantially beyond normal wear and tear, and is in a state of disrepair.