LOUISIANA HOUSING CORPORATION

NOTICE OF FUNDING AVAILABILITY

LOUISIANA NEIGHBORHOOD LANDLORD RENTAL PROGRAM

PHASE 3 (NLRP3)

RELEASE DATE: July 7, 2022
I. GENERAL AND ADMINISTRATIVE INFORMATION

The purposes of the Louisiana Neighborhood Landlord Rental Program Phase III (“NLRP3”) 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%) of area median income (“AMI”);
- To produce affordable residential rental housing units outside of a Special Flood Hazard Area (SFHA). Acceptable zones are B, X (shaded), C, X (unshaded), X500 X protected by levee;
- 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;
- To implement the NLRP3 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 NLRP3 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; and
- To implement the NLRP3 Initiative in a manner that eligible applicants will address impacted properties that have been declared Slum and Blight properties by the planning office in the Parish of the proposed project.

NLRP3 for Qualified Projects

Under the NLRP3 initiative, the Louisiana Housing Corporation (“LHC”) will accept an application (“Application”) from an Eligible Applicant 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 seven (7) residential housing units (“Qualified Project”).

Construction Loan from Lender or Funding Directly by Eligible Borrower

Applications must include proof of financing that is at least equal to the total development costs of the Qualified Project. An Eligible Applicant must either 1) partner with a commercial lender (“Lender”) that provides the Applicant a letter of preliminary commitment, dated no earlier than 60 days prior to the application submission, to provide construction financing should the applicant be selected for an NLRP3 loan, or 2) fully fund the Qualified Project with the Applicant’s own funds.”
A. IMPORTANT DATES AND DEADLINES

The NLRP3 Initiative will follow the timeline below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 7, 2022</td>
<td>Notice of Funding Availability (NOFA) published</td>
</tr>
<tr>
<td></td>
<td>Question/comment period opens</td>
</tr>
<tr>
<td>July 14, 2022</td>
<td>NLRP3 Webinar</td>
</tr>
<tr>
<td>July 21, 2022</td>
<td>Questions/comments must be submitted by 4:30 PM Central Time</td>
</tr>
<tr>
<td>July 26, 2022</td>
<td>Frequently Asked Questions (FAQ) responses posted</td>
</tr>
<tr>
<td>July 27, 2022</td>
<td>Application Intake/Blackout period begins</td>
</tr>
<tr>
<td>September 28, 2022</td>
<td>Application intake deadline</td>
</tr>
<tr>
<td></td>
<td>Applications must be submitted by 4:30 PM Central Time</td>
</tr>
<tr>
<td></td>
<td>LHC may contact applicants for clarification on items contained in the application between 9/28/22 and 10/31/22.</td>
</tr>
<tr>
<td>October 31, 2022</td>
<td>Commitment letters issued continuously after this date, based on prioritization*</td>
</tr>
<tr>
<td>July 25, 2024</td>
<td>Period of performance: All construction must be complete, and all program expenditure requests must be submitted and finalized*</td>
</tr>
</tbody>
</table>

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.

*LHC reserves the right to cancel any application that it deems inactive or that is determined to be dormant, by providing a 14-day notice in writing to the applicant. LHC further reserves the right to cancel any project that is initially commitment funds that is later determined to be dormant or unable to move forward by providing a 14 calendar day notice in writing to the applicant in order to meet the period of performance.
B. QUESTIONS AND COMMUNICATION

LHC will consider inquiries from Applicants regarding the NLRP3 Initiative. Inquiries will be considered only if they are submitted in writing by July 21, 2022, 4:30 p.m. to or to the following address:

TaxCredit@lhc.la.gov

Louisiana Housing Corporation
ATTN: NLRP PHASE 3
2415 Quail Drive
Baton Rouge, Louisiana
70808

Inquiries and questions shall clearly refer to the section of the NLRP3 Initiative for which the Applicant is inquiring or seeking clarification. After receipt of the applications, LHC may contact applicants for clarification on items contained in the application between 9/28/22 and 10/31/22.
C. BLACKOUT PERIOD

It is the strict policy of the LHC that prospective respondents to the NLRP3 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 **July 27, 2022 to September 28, 2022**. 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 3 Application. Applications must be received no later than **September 28, 2022 at 4:30 p.m. Central Time**. Applications must be complete upon submission. All incomplete applications will be deemed ineligible.

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
**ATTN: NLRP3**
Must include: Applicant/Company Name, Telephone Number & 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

A. ELIGIBILITY

Eligible Applicant/Eligible Borrower

An Eligible Applicant/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 residential rental property owner ("RRPO") whose unit either sustained damage due to the Great Floods of 2016 or has been declared a Slum and Blight property by the planning office in the Parish of the proposed project.

New Construction Financing Available Only to Nonprofit Applicants/Borrowers

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

Qualified Project(s) must comply with the following:

i. Be located in an Eligible Parish as defined below;
ii. Have seven (7) or fewer residential housing units, all of which are Qualified Units;
iii. Be located on a site or sites together with any building (including a manufactured housing unit);
iv. Be located on a site or sites that are under common ownership, management, and financing; and,
v. Be assisted with CDBG Funds as a single undertaking and located within a five-mile radius of each other 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 Federal Emergency Management Agency (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:

The most impacted and distressed Parishes are:


**Qualified Project Ownership Requirements by Eligible Applicants**

**Nonprofit Ownership at NOFA Publication:** Qualified Projects submitted by an Eligible Applicant that 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 application is submitted.

**Ownership of Qualified Project by Eligible Borrower Other Than Nonprofit:** Qualified Projects submitted by Eligible Applicant that is neither a CHDO, NPO, PHA, nor an LDA must have been owned by the Applicant as of the date that the application is submitted and had to have sustained flood-related damages, based upon the parish affected by one or both of the Great Floods of 2016, 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 Applicant CHDO, NPO, PHA, or LDA until the end of the awards process, up to and including execution of the closing documents of the NLRP3 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 NLRP3 that were agreed to by the parent corporation [CHDO, NPO, PHA, or LDA].

LHC will also have the sole discretion to determine whether 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 be permitted to engage only 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.

**NLRP3 Application and Documents Required for Application Processing**

NLRP3 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 NLRP3 Initiative, a property must be a residential rental property to be repaired, reconstructed, or newly constructed (residential rental property owners ineligible) and must satisfy each of the following criteria:

- Must be a residential rental structure with up to 7 units. Properties with more than 7 units contained within a single structure are not eligible under the Program;
- Must be a site-built, modular, or manufactured home;
- Must be located in one of the Eligible Parishes;
- 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

Applicants 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.

Applicants 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 Borrowers 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 participate in the NLRP3 Initiative, all eligible units are required to be vacant prior to the date that the NOFA is published. A participating landlord may not intentionally displace a tenant in order to be able to apply to the NLRP3 Initiative.
C. AFFORDABILITY REQUIREMENTS

Period of Affordability

The NLRP3 Initiative requires Qualified Households to occupy the residential housing units in a Qualified Project on and after the Conversion Date for a period of ten (10) complete calendar years ("Affordability Period"). The Affordability Period and percentage of Area Median Income (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 ten (10) years after the initial, complete lease-up by qualified tenant(s) i.e. 10 years following the date that the last unit is leased to a qualified tenant.

Occupancy and Set Aside Unit 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 NPO’s this will be the standard unless elected for increased set-aside by NPO’s to households at or below fifty percent ("50%") of the area median income ("AMI"). As indicated above, all units must be leased up by qualified tenants to begin the period of affordability.

2. **Affordability Period and Set-Aside Units:** For Qualified Projects with more than four residential housing units, the NLRP3 initiative will require a specified number of set-aside units ("Set-Aside Units") to be occupied by Qualified Households with lower household incomes based upon the number of residential housing units in a Qualified Project and for an Affordability Period as specified below:

<table>
<thead>
<tr>
<th>Residential Housing Units</th>
<th>Qualified Household Incomes</th>
<th>Set-Aside Units</th>
<th>Affordability Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 or fewer units</td>
<td>80% AMI and below</td>
<td>None</td>
<td>Ten (10) years</td>
</tr>
<tr>
<td>5 units</td>
<td>80% AMI and below</td>
<td>One (1) for 50% AMI Household</td>
<td>Ten (10) years</td>
</tr>
<tr>
<td>6 – 7 units</td>
<td>80% AMI and below</td>
<td>Two (2) for 50% AMI Household</td>
<td>Ten (10) years</td>
</tr>
</tbody>
</table>

Listing of Qualified Projects on LHC Website

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

D. LIMITS OF AWARDS FOR PROJECTS

The NLRP3 will have approximately twelve million, six hundred seventy-six thousand, six hundred sixty-eight dollars ($12,676,668) allocated for projects under the program. Should additional funding became available, those additional funds may be awarded through this NOFA. Awards will be made to qualifying
Applicants with preference given to Residential Rental Property Owners ("RRPO’s") that were property owners at the time of the Great Floods of 2016 or whose property has been declared a Slum and Blight property by the planning office in the Parish of the proposed project.

**Maximum Award**

The maximum amount of NLRP3 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 NLRP3 Initiative program guidelines and procedures. The maximum NLRP3 funding allowed by unit type is:

<table>
<thead>
<tr>
<th>NUMBER OF UNITS PER BUILDING</th>
<th>MAXIMUM NLRP3 TAKE-OUT ASSISTANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Unit</td>
<td>$175,000</td>
</tr>
<tr>
<td>2 Units</td>
<td>$315,000</td>
</tr>
<tr>
<td>3 Units</td>
<td>$425,000</td>
</tr>
<tr>
<td>4 Units</td>
<td>$510,000</td>
</tr>
<tr>
<td>5 Units</td>
<td>$575,000</td>
</tr>
<tr>
<td>6 Units</td>
<td>$620,000</td>
</tr>
<tr>
<td>7 Units</td>
<td>$725,000</td>
</tr>
</tbody>
</table>

**Maximum NLRP3 Assistance per Applicant**

A CHDO, NPO, PHA, LDA, or RRPO may apply for assistance up to seven hundred twenty-five thousand dollars ($725,000) for no more than 7 units. Only one property is allowed per application. No applicant may submit more than three (3) complete applications totaling a maximum of 7 units.

**Maximum Award Take-out**

LHC will fund Take-out Assistance on the Conversion Date only in an amount not exceeding the aggregate advances on a Construction Loan plus accrued interest to the Conversion Date. An RRPO 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. A CHDO, NPO, PHA, or LDA 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 not more than 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. Change orders may not be used to exceed the maximum amount of NLRP3 Take-out Assistance; development costs that exceed the maximum Take-out Assistance will be the sole responsibility of the Borrower. No change order should be undertaken unless there has been expressed written approval 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 NLRP3 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; and
- Any Developer or Consultant fees

E. ENVIRONMENTAL REQUIREMENTS

No Choice-Limiting Action Until Environmental Review

Applicant/Borrower 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” (HUD7015.16) or equivalent letter. The violation of this provision may result in the denial of any NLRP3 Funds under this Agreement. Entering a contract obligating the Applicant/Borrower to any of the above constitutes 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
- Coastal Barrier Resources
- Environmental Justice
- Floodplain Management
- Flood Insurance Requirements
- Wetlands Protection
- Manmade Explosive and Flammable Hazards
- Water Quality
- Air Quality
- Endangered Species
- Farmland Protection
  - Airport Hazards
  - Coastal Barrier Resources
  - Contamination and Toxic Substances
  - Flood insurance
  - Sole Source Aquifers
  - Wild and Scenic Rivers

The timeline for an Environmental Assessment (“EA”) (i.e., requiring a Phase I Report for new construction or reconstruction) is 90-120 days from the receipt of a comprehensive environmental review record (“ERR”). However, the amount of information collected and required in the environmental review process is affected by the type of work proposed (i.e. rehabilitation, new construction, etc.). For example, a project that consists only of rehabilitation of an existing home may require only a site-specific checklist and could be completed more quickly than a project that includes new construction and/or reconstruction. However, a substantial or major renovation would require a more detailed ERR than a minor or moderate renovation. 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 further prolong the review process. The 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. There is no official HUD timeline for all of the steps of the environmental review process.

After the environmental review process is completed, there are some additional associated time constraints. 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. These steps can take anywhere from 30-40 days, if not longer.

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

Agaha Brass | Environmental Impact Manager
LOUISIANA HOUSING CORPORATION
abrass@lhc.la.gov | www.lhc.la.gov

Desk: 225.754.1450 ext. 650 | Fax: 225.763.8710 | Cell: 225.436.2782

11637 Industriplex Blvd. Baton Rouge, LA 70809

twitter: @lahousingcorp | facebook: LouisianaHousingCorp

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 (Architectural Barriers Act) be used when designing accessible units and public facilities.

The construction standards listed below are the minimum requirements. They have been listed for brevity in the body of this announcement. The full list of requirements that shall govern the NLRP3 Projects can be found in Appendix B.1 (New Construction) and Appendix B.2 (Rehabilitation).

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. Applicants 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.

3. **Rehabilitation:** Rehabilitation of vacant units shall provide for safe, sanitary, efficient, and aesthetically pleasing living facility of average/modest construction upon completion.

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 access, 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 similarly 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 NLRP3 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. Specific requirements can be found based on project type in Appendix B. Rehabilitation projects must meet the guidelines specified in the HUD CPD Green Building Retrofit Checklist- https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-cheklist/.

The NLRP3 Initiative does not assume responsibility for enforcing or determining compliance with local codes, zoning restrictions, and regulations, nor does it 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 NLRP3 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 NLRP3 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 apply 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 apply prospectively only 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 for 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 Applicant within the NLRP3.

The State will require the Applicant to indicate in the application the types, amounts, and purposes of assistance both approved and received to date related to the Great Floods 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, Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), Insurance, and Community Development Block Grant (CDBG). Any Applicant who received SBA funding to rehabilitate their home/property will be evaluated for acceptance in the NLRP3 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.

Section 3 Requirement

Compliance requirements of Section 3 of the HUD Act of 1968, as amended, are triggered when a recipient receives in excess of $200,000 for construction, reconstruction, rehabilitation, or demolition. Section 3 requires that economic opportunities that are generated by the use of Federal funds be made available to low- and very low-income persons who reside in the project’s service area and the businesses that employ them, to the greatest possible extent. Section 3 establishes goals for (1) job training and employment opportunities for any new hires that result from the investment of Federal funds, and (2) contracting and subcontracting opportunities that result from Federal fund investments.

Monitoring Plan

Monitoring and evaluation of program performance and compliance by recipients of Disaster Recovery CDBG funds is a requirement of the Department of Housing and Urban Development (HUD). Monitoring program, statutory and/or regulatory requirements are the responsibility of the Louisiana Housing Corporation (LHC) and LHC’s Sub-recipients. Sub-recipients are responsible for carrying out their programs to meet these compliance requirements, including monitoring their project administrators, contractors, and subcontractors in accordance with Community Development Block Grant (CDBG) regulation 24CFR 570.501 and Louisiana Office of Community Development Administrative Manual Section 12.

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 Lender and the LHC. 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 Lender’s 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 private Landlords 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 are 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.

In the event of a sale, conveyance or other transfer of the property prior to the expiration of the affordability period, the Borrower shall repay to LHC the pro rata amount of the NLRP Phase 3 direct assistance for the unexpired term of affordability.

Cross- Defaults of Multiple Qualified Projects 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 for 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 be provided only 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: ≥ 110% of Take-out Commitment
- Financial Liquidity: ≥ 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 is approximately $12,676,668 (twelve million, six hundred seventy-six thousand, six hundred sixty-eight dollars) 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 ten (10) 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 have 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 NLRP3 Funds upon award of a Take-out Commitment that must be acknowledged by the Construction Lender. LHC-approved financing documents (“NLRP3 Loan Documents”) must be executed at Closing. NLRP3 Loan Documents may include the form of a Lender’s Construction Note and Construction Mortgage and other NLRP3 Loan Documents being submitted for the Qualified Project. The form of the Louisiana Neighborhood Landlord Rental Program Regulatory Agreement (“NLRP3 Regulatory Agreement”) must be executed and recorded at the Closing of the Construction Loan. LHC requires proof of recordation, which can be a stamped copy showing the location where the loan was recorded in the mortgage records. Lenders will be required to submit to the LHC (within five Business Days of Closing) a docket (“Closing Docket”) containing all NLRP3 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.

Participating Lenders

Lenders are asked to use standard NLRP3 Loan Documents at each Closing. NLRP3 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 lender’s loan documents obligate 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 NLRP3 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 three 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 NLRP3 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, Applicants must submit a scope of work and a floor plan for their proposed project. The cost of construction submitted by the Applicant must fall within twenty percent (20%) of the cost obtained by the LHC staff for the project to be considered as cost reasonable. For projects deemed as not cost reasonable to be funded, either such projects must be redesigned or the construction must be competitively bid through a public bid process.

**INELIGIBILITY AND ETHICS PROVISIONS**

**Ineligible Applications**

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

- Any person and/or entity is on the federal debarred list, or an organization representing such person and/or entity is on the list.
- Any person and/or entity has received notice that they are currently out of compliance with LHC regarding annual audits, or they are in arrears with other LHC-financed projects.
- Homeownership Developments are proposed by entities that currently have unsold properties funded by LHC CDBG Funds.
- Any person and/or entity currently has an LHC-financed project with compliance issues that are unresolved for greater than ninety days.
- Any person and/or entity has two or more projects previously awarded financing by LHC that are currently incomplete.
- Any Applicant is 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 NLRP3 program. Conflicts of Interest and Identity of Interest must be disclosed in the application for NLRP3 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 that employs or is about to employ any of the parties indicated above would also be deemed a conflict.

If there is a 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 LHC attorney that the parties involved in the conflict have 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 purchaser (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:

(i) Any financial interest of the Developer or Owner in the Builder or any financial interest of the Builder in the Developer or Owner

(ii) Any officer, director, stockholder, or partner of the Developer or Owner who is also an officer, director, stockholder, or partner of the Builder

(iii) 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.

(iv) The Developer or Owner advances any funds to the Builder.

(v) 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.

(vi) The Developer or Owner takes stock or any interest in the Builder compensation as consideration of payment.

(vii) There exists or comes into being any side deal, arrangement, contract, or undertaking entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents, except as approved by the LHC or the Corporation.

(viii) 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

(ix) 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

A. FUNDING and SCORING GUIDELINES

Awards for NLRP3 will be made to qualifying Applicants whose unit either sustained damage due to the Great Floods of 2016 or has been declared a Slum and Blight property by the planning office in the Parish of the proposed project, with preference given to Residential Rental Property Owner Applicants. Funding for Applicants that are CHDO’s, NPO’s, PHA’s, or LDA’s will be considered once Applicants that are RRPO’s are funded. Accordingly, the scoring criteria for NLRP3 is determined based on the Applicant’s classification: CHDO, NPO, PHA, LDA, or RRPO.

B. SCORING CRITERIA

Awards will be made to qualified Applicants based on the score during the competitive round of funding and thereafter upon submission of eligible, completed applications.

**RESIDENTIAL RENTAL PROPERTY OWNER APPLICANTS**

NLRP3
Application Review Scoring
RESIDENTIAL RENTAL PROPERTY OWNERS

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>DESCRIPTION</th>
<th>POINTS AWARDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCATION</td>
<td>To receive points for this criterion, proposed project must be located in the following parishes: Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, Tangipahoa, Acadia, Vermilion, Washington, and St. Tammany. Proposed projects not located in the top ten parishes will be given zero points for this criterion.</td>
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<td>PROJECT TYPE</td>
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<td>Flooded Property</td>
<td>To receive points for this criterion, a property must have been</td>
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<td>damaged by the federal disaster-declared flood event of 2016 and</td>
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<td>must require rehabilitation or reconstruction. Properties that</td>
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<td>did not sustain damage due to the Great Floods of 2016 will be</td>
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<td>given zero points for this criterion.</td>
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<tr>
<td>Slum and Blight Property</td>
<td>To receive points for this criterion, proposed project must</td>
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<td></td>
<td>have been declared a Slum and Blight property by the planning</td>
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<td>office in the parish of the proposed project. Proposed new</td>
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<td>construction developments and/or properties not declared Slum</td>
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<td>and Blight will be given zero points for this criterion.</td>
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<tr>
<td>Set-Aside</td>
<td>To receive points for this criterion, a proposed project must</td>
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<td>have a minimum 40% of total units designated as set-aside units</td>
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<td>to be occupied by Qualified Households with lower household</td>
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<td>incomes based upon the number of residential housing units in a</td>
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<td>Qualified Project and for an Affordability Period. Proposed</td>
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<td>projects without a minimum 40% of total units designated as</td>
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<td>set-aside units will be given zero points for this criterion.</td>
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<td>As an example, a 6- or 7-unit project must have at least 3 units</td>
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<td>at 50% AMI or below to qualify for these points.</td>
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<tr>
<td>RESILIENCY</td>
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<tr>
<td>Resilient Construction Standards</td>
<td>To receive points for this criterion, proposed new construction</td>
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<td>or proposed substantial rehabilitation must incorporate all of</td>
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<td>the following resiliency standards. (Proposed projects that do</td>
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<td>not incorporate all of the following resiliency standards will</td>
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<td>be given zero points for this criterion.):</td>
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<tr>
<td>Impact resistant windows or storm shutters</td>
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<td>High-wind application roofing methods and</td>
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<td>materials; the rating must be at least 30 MPH</td>
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<td>beyond base code requirement</td>
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<tr>
<td>Electrical outlets centered a minimum of 24”</td>
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<tr>
<td>above finished floor</td>
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<tr>
<td>HVAC elevated 3’ beyond Base Flood Elevation (BFE)</td>
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<tr>
<td>Waterproof floor covering</td>
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<td>Total</td>
<td>100</td>
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</tbody>
</table>
### CHDO, NPO, PHA, and LDA APPLICANTS

#### NLRP3

**Application Review Scoring**

CHDO, NPO, PHA, LDA

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>DESCRIPTION</th>
<th>POINTS AWARDED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LOCATION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most Impacted and Distressed Parishes</td>
<td>To receive points for this criterion, proposed project must be located in the following parishes: Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, Tangipahoa, Acadia, Vermilion, Washington, and St. Tammany. Proposed projects not located in the top ten parishes will be given zero points for this criterion.</td>
<td>20</td>
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<tr>
<td><strong>PROJECT TYPE</strong></td>
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<tr>
<td>Slum and Blight Property</td>
<td>To receive points for this criterion, 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 criterion.</td>
<td>20</td>
</tr>
<tr>
<td><strong>RESILIENCY</strong></td>
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<tr>
<td>Resilient Construction Standards</td>
<td>To receive points for this criterion, proposed new construction or proposed substantial rehabilitation must incorporate all of the following resiliency standards (Proposed projects that do not incorporate all of the following resiliency standards will be given zero points for this criterion.):</td>
<td>20</td>
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<tr>
<td>Impact resistant windows or storm shutters</td>
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<tr>
<td>High-wind application roofing methods and materials; the rating must be at least 30 MPH beyond base code requirement</td>
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<td>Electrical outlets centered a minimum of 24” above finished floor</td>
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<td>HVAC elevated 3’ beyond Base Flood Elevation (BFE)</td>
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<td>Waterproof floor covering</td>
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<td><strong>PROJECT TYPE</strong></td>
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<tr>
<td>Rehabilitation Project</td>
<td>To receive points for this criterion, proposed project must be a rehabilitation project. Proposed new construction developments will be given zero points for this criterion.</td>
<td>20</td>
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<tr>
<td><strong>LEVERAGING</strong></td>
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<tr>
<td>Percentage of NLRP3 Funding Relative to Total Project Costs</td>
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<td>----------------------------------------------------------</td>
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<td>To receive maximum points for this criterion, the percentage of NLRP3 funding must be 25% or less of the proposed total project costs.</td>
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<td>25% or less (20 Points)</td>
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<td>26% - 50% (15 Points)</td>
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<td>51% - 75% (10 Points)</td>
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<td>76% - 85% (5 Points)</td>
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<tr>
<td>86% - 100% (0 Points)</td>
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</tbody>
</table>

Total 100
IV. Program Definitions

NLRP3 Initiative Applicable Terms

**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 Baton Rouge, East Carroll, 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 for which FEMA Individual Assistance was approved.

**HUD:** U.S. Department of Housing and Urban Development.

**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, stockholder, or partner of the Developer or Owner who is also an officer, director, 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 deal, arrangement, contract, 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 (1) through (9), 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.

Income-Restricted: During the Affordability Period, residential housing units may be rented only to Qualified Households.

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 is on the federal debarred list, or an organization representing such person and/or entity is on the list.
2. Any person and/or entity has received notice that they are currently out of compliance with LHC regarding annual audits, or they are in arrears with other LHC-financed projects.
3. Homeownership Developments are proposed by entities that currently
have unsold properties funded by LHC CDBG Funds.
4. Any person and/or entity currently has a LHC-financed project with compliance issues that are unresolved for greater than ninety days.
5. Any person and/or entity has two or more projects previously awarded financing by LHC that are currently incomplete.
6. Any Applicant is not in compliance with any other LHC or OCD disaster program.

Ineligible Costs:
No NLRP3 Funds may be used:
1. to purchase land or property before or after the NOFA was published
2. for development, operations, or modernization of public housing financed under the 1973 Act (Public Housing Capital and Operating Funds)
3. to refinance any loan
4. for any Developer or Consultant fees

LHC:
Louisiana Housing Corporation

OCD:
State of Louisiana, Division of Administration, Office of Community Development

Period of Affordability
10 years after the initial, complete, lease up of all units by qualified tenants(s)

Permanent Loan:
The loan by LHC, either through a conversion of the LHC-prescribed construction loan agreement or through a separate LHC permanent loan documents

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 either 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 seven (7) residential housing units located in an Eligible Parish and in which each residential housing unit is a Qualified Unit on a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with CDBG Funds as a single undertaking located within a five-mile radius of each other 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. If located outside of a local jurisdiction, then all sites must be within the same Parish. The project includes all the activities associated with the site(s) and building(s).)
**Qualified Unit:** A residential rental unit that is Income-Restricted and Rent-Restricted subject to HUD regulatory requirements.

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

**Set Aside:** A Qualified Project with five (5) or more residential housing units in which the household income for at least one of the residential housing units does not exceed 50% of area median income published by HUD for the affordability period.

**Take-out Funds:** Approximately $12,676,668 (twelve million, six hundred seventy-six thousand, six hundred sixty-eight dollars) of Community Development Block Grant Funds (“CDBG Funds”) available to LHC by the Office of Community Development (OCD).

**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 NLRP3 Initiative, all the units contained in the Application must have been vacant prior to the date the NOFA is published. A landlord may not intentionally displace a tenant in order to be able to apply to the NLRP3 Initiative.
APPENDIX A
APPENDIX A

INDEX OF APPLICATION AND SUPPORTING DOCUMENTS

I. NLRP3 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 including but not limited to the following information:
  - Location
  - Preliminary plans which include gross square footage
  - Type of materials
  - Any special notes such as elevation or demolition of existing structures
  - Any accessibility features
  - Any appliances included in the construction
  - Total development costs
  - Per item costs
  - Total item costs
  - Other costs – such as services associated with compliance with HUD New Construction Green Building Standard and allowable overhead and profit
- Stop Work Order Provision Document
- Ten-Year Pro Forma
- Lender’s contingent commitment to provide construction financing (dated within 6 months of application submission)
- Documentation of other committed and available funds (if all development costs exceed lender’s contingent commitment)
- 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
- Exterior Photos of entire front, sides, and rear of existing building
- Interior Photos of each room of each unit
- 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 including but not limited to the following information:
  - Location
  - Preliminary plans which include gross square footage
  - Type of materials
  - Any special notes such as elevation or demolition of existing structures
  - Any accessibility features
  - Any appliances included in the construction
  - Total development costs
  - Per item costs
  - Total item costs
  - Other costs - such as services associated with compliance with HUD New Construction Green Building Standard and allowable overhead and profit
- Stop Work Order Provision Document
- Vacancy Certification
- Tenant Certification
- Ten-Year Pro Forma
- Lender’s contingent commitment to provide construction financing (dated within 6 months of application submission)

- Documentation of other committed and available funds (if all development costs exceed lender’s contingent commitment)
- 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
- Exterior Photos of entire front, sides, and rear of existing building
- Interior Photos of each room of each unit
- 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
- Construction Contract (If work has been started)
- Scope of Work (If work hasn’t been started)
- Proposed compliance of the scope of work with HUD CPD Green Building Retrofit Checklist
- Vacancy certification
- Tenant Certification
- Stop Work Order Provision Document
- Ten-Year Pro Forma
- Lender’s contingent commitment to provide construction financing (dated within 6 months of application submission)
- Commitment contingent upon receipt of LNLRP
- Documentation of other committed and available funds (if all development costs exceed lender’s contingent commitment)
- Borrower’s checklist and acknowledgment
- Signature Page
APPENDIX B
APPENDIX B

INDEX OF STANDARDS FOR ENERGY EFFICIENCY AND GREEN BUILDING FOR RECONSTRUCTION/NEW CONSTRUCTION

I. Energy Efficiency

Projects are required to meet these minimum requirements:

**HVAC** (*Heating, Ventilation, Air Conditioning*)
- Energy Star-qualified furnace (80% **AFUE** - (Annual Fuel Utilization Efficiency)) or heat pump (**HSPF** 8.2 – (*Heating Seasonal Performance Factor*))
- Energy Star-qualified air conditioner (**SEER** 14.5) (*Seasonal Energy Efficiency Ratio*)
- Size calculations for all HVAC equipment must be based on Manual J/S

**Windows**
- U-value of 0.4 or less
- **SHGC** of 0.30 or less (*Solar Heat-Gain Coefficient rating*)
- Ten-year warranty from date of delivery against breakage of the glazing panel’s seal

**Appliances**
- Energy Star refrigerator (if provided)
- Energy Star washer
- Energy Star dryer
- Energy Star dishwasher

**Water heater**
- Gas (Energy Factor of 0.80 or higher) or Electric (Energy Factor of 0.92 or higher)

**Insulation**
- Ceiling - R38
- Walls - R13
- Floors - R19

All of the energy efficiency components must be clearly and individually listed in an original stamped letter from either the architect or engineer of record. The letter must state that the entire construction envelope meets or exceeds the 2015 Revised International Energy Conservation Code.

II. New Construction and Reconstruction Green Building Standard

HUD guidance dictates that all new construction and reconstruction will be required to meet a level of standard greater than the HUD CPD Green Building Retrofit Checklist, which is for rehabilitation only.

One of the following green building techniques will need to be followed:

1. **Certified 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 Certified LEED (a minimum of 26 points under the LEED Green Building Rating System® for lodging). The Certified 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.

2. Certified **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

3. Certified **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.

A third-party inspection firm or inspector will be responsible to monitor the construction process according to the method of green building you decide upon. The inspection firm or inspector will assure that certain benchmarks are achieved throughout construction as part of the required certification process. The costs related to the inspections can be reimbursed through the Take-out Commitment as long as the total project costs do not go above the maximum NLRP3 funding allowed by unit type.