

PRIME 4 NOFA FAQ as of December 18, 2025

Q1. We have a question regarding Section 5.2.2 (Affordability Value).

In the past, differing methodologies used by market analysts in determining market rents (GPR) have significantly impacted scoring. How do you intend to assign the market analyst to ensure consistency? We suggest that LHC replace the current market study calculation for market rent GPR with HUD FMR to standardize this part of the calculation.

Thank you for considering our input.

A1. The calculation will remain the same. The affordability value reflects the true economic impact of the project in the area where it is being constructed.

Q2. To Whom it May Concern:

I appreciate LHC offering this Forum to explain the Updates to NOFA, but I would be remiss to remain silent about that head-spinning presentation. I joined the ZOOM Meeting at 10:01, and the presenter had already hit the ground running. Every other Zoom or Webinar that I attend, or host, gives attendees at least a couple of minutes to log-in and get situated. There was a substantial lack of clarity, an extensive list of alterations, crucial conditions for consideration, and looming deadlines. All of the Requirements and Updates were simply stated and whizzed by so quickly, that there's no wonder there weren't any questions at the conclusion of the presentation.

Forgive my candor, but I couldn't remain silent.

A2. We appreciate your participation in the Forum. LHC started the Forum on time to be respectful of all participant's time and schedules. We have, however allowed sufficient time for submission of questions and comments.

Q3. Was this mornings meeting recorded. I was delayed and was not able to join. We want to apply for development of 100 units.

A3. The meeting was recorded and can be assessed on the lhc.la.gov website. However, please refer to the published NOFA for complete details on how to apply and all requirements.

Q4. May I please get a clarification on the Prime 4 QAP "Proposed" Amendments? It appears to me that the Building Resilience Standards have been struck through as they related to Fortified Gold and Impact Windows. 1. Is that correct? And, 2. Since it is "proposed" is it safe to assume that I can estimate my costs based on meeting building codes applicable to the jurisdiction (Terrebonne Parish)?

A4. The Public Hearing on the proposed amendments was held on December 5, 2025. Minutes to the meeting may be accessed at lhc.la.gov. The amendment is pending finalization. The public will be notified if/when the proposed amendment is approved and projects should proceed with cost estimates accordingly.

Q5. A. Please reduce the requirement of an Insurance Reserve equal to Four (4) year's worth of estimated premium. One year is more than enough, or eliminate all together. This requirement directly increases to the CDBG funds required to fill the project source gap. PRIME 3 projects have received a waiver on this requirement.

A5A. The insurance reserves are necessary to protect the investment that is being made with Federal Funds. We believe this requirement should remain the same.

B. Please consider eliminating the Affordability Value of the scoring. The score is based on whatever the market analyst deems as the FMR for the area. The FMR's varied wildly in the PRIME 3 round depending on what market analyst was used. There was also an increased skew of the score if the loan amounts were larger and you received a 40-year loan term as opposed to a 15- or 20-year term. That was an unfair advantage that promoted much larger projects and with no cost limits in place, that is why so may deals have not closed in the PRIME 3 round.

A5B. Please see response in Question 1.

C. Please tell us what is the legal fee that will be required by the applicant to pay to the LHC to close on the CDBG loan.

A5C. Applicants are required to pay all legal fees as determined by legal counsel based upon the project on the CDBG loan. LHC does not collect legal fees.

Are bond fees and legal fees associated with the bond closing subtracted from the HUD Total Development Costs limits that the applicant is mandated to stay within in order to qualify for applying in this round?

A. No, all costs, including soft costs are included in the Total Development Costs (TDC).

Q6. Our questions comments for the PRIME-4 NOFA are as follows:

Questions

1. HUD Cost Limits – Are developer's being held to the 2024 cost limits or the 2025 limits, assuming such limits are produced prior to the deadline for the submission to LHC.

A61. The cost limits in effect at the time of application will be effective.

2. HUD Cost Limits - Can we remove ALL reserves from the HUD TDC limits?

A62. No, as indicated above, all soft costs, including reserves will be included in the TDC.

3. 60% of Materials/Labor from LA – What evidence, if any, will we have to have during the application phase? Will it just be a commitment/appendix in the application stating we will adhere to this restriction?

A. Nothing further will be required at time of application other than a commitment, however, an audit of procurement practices and expenditures will be done upon completion of the project to ensure compliance with the requirement.

Comments

Based on the economics of affordable housing developments today (interest rates, construction costs including resiliency and green requirements), lower equity pricing, new 25 percent test, which means additional taxable financing at a higher rate than tax-exempt rate), it takes \$15-20 MM of gap funding to make a 100 plus -unit developments feasible. Developments less than 100 plus units do not produce sufficient income to provide for a staff that properly maintains the development. Moreover, developments that are smaller than 100 units inefficiently use CDBG funding by requiring more CDBG funding per unit than larger developments.

We look forward to hearing responses to these questions and other questions presented by developers.

Response: Thank you for your comments, they have been received and considered.

Q7. 1. Regarding PRIME-4 NOFA: § 1. “General Overview”, we offer the following:

Reissue the PRIME-4 NOFA in January 2026 with increased funding availability.

While HRIC is pleased to see the NOFA released in order to continue advancing affordable housing opportunities in our State, we are surprised by the timing of its release and the limited amount of funding available. We encourage LHC and OCD to reissue the PRIME-4 NOFA in January 2026 to incorporate any CDBG-DR funds that may be recaptured from PRIME-2 or PRIME-3 projects that do not close by the December 31, 2025 deadline or that do not receive an extension.

A7. No adjustments to the timeline are currently contemplated. Per the NOFA, the amount of funds available are subject to upward or downward adjustment by the LHC.

2. Regarding PRIME-4 NOFA: § 2.1 “General Provisions Regarding Funding”, we offer the following:

Give priority to the localities that experienced the greatest damage and to the projects that provide meaningful solutions to their outstanding housing needs.

While HRIC applauds LHC and OCD’s leadership in advancing the housing and economic recovery of multiple parishes and cities across our State following Hurricanes Laura, Delta and Ida, there remain areas that are still to meaningfully benefit from the infusion of CDBG-DR funding for affordable housing creation. Terrebonne Parish and the City of Houma are such areas, which did not receive a direct federal allocation of CDBG-DR dollars following Hurricane Ida and only saw one project receive 4% Low Income Housing Tax Credits (“LIHTCs”) and CDBG-DR funding under PRIME-3 (out of three applications). HRIC respectfully asks LHC and OCD to consider providing prioritization for areas such as Terrebonne Parish, where the need for affordable housing – especially senior rental housing – has not abated since Hurricane Ida damaged the local rental stock and led to the closure of the only senior public housing complex in the City of Houma.

A72. Per the NOFA, Prime-4 is a competitive program and funding will be awarded to the highest scoring applications only, subject to set-asides and other provisions intended to provide for statewide outcomes.

3. Regarding PRIME-4 NOFA: § 2.14 “Environmental Clearance”, we offer the following:

Require HUD approval on Environmental Site Assessments included in applications.

By requiring applicants to obtain an Environmental Site Assessment (“ESA”) prior to applying, LHC has established a reasonable and effective mechanism to ensure that only projects sufficiently prepared to begin work are considered for PRIME-4 funding. HRIC supports this measure and recommends adding clear language to this section specifying that PRIME-4 funding will be available only for projects that achieve 24 CFR Part 58 environmental clearance in relation to already committed funding sources prior to the PRIME-4 application submission deadline. This would incentivize developers to act proactively, increase the number of “shovel-ready” applications, which truly only need CDBG-DR gap financing in order to close, and reduce the risk of returned funds by ensuring that only the most feasible projects advance.

A73. Per the NOFA, LHC retains the right to withhold award for projects with environmental issues.

4. Regarding PRIME-4 NOFA: § 2.15 “Site Development Requirements”, we offer the following:

Support of zoning requirements in application criteria.

In keeping with HRIC’s appreciation for LHC’s effort to tailor the PRIME-4 NOFA to truly shovel-ready projects that can expeditiously achieve financial closing after receiving a CDBG-DR award, we also support this inclusion of adequate zoning approvals at the time of application.

A74. Please refer to Section 2.15.1 – Site Control.

5. Regarding PRIME-4 NOFA: § 5 “Scoring Criteria”, we offer the following:

Use leverage criteria to encourage project readiness in all applications.

HRIC recognizes LHC’s intent to ensure that CDBG-DR funds are used efficiently by applying the leverage criteria in a way that rewards projects that have maximized external funding sources. However, it is disappointing to see that the scoring criteria remain unchanged from the PRIME-3 round. Reserving 80% of the total score for a CDBG-DR Efficiency calculation that has already proven to be flawed is problematic for several reasons: (a) it rewards developers with projects that have high Total Development Costs in order to increase their CDBG-DR Efficiency score, which in turn complicate the bond approval by the cost-conscious State Bond Commission; and (b) it also incentivizes developers to request less CDBG-DR funding than their projects truly need in order to successfully close. To avoid these unnecessary known pitfalls that were unintentionally created by the prior administration’s crafting of the previous PRIME rounds, HRIC recommends that LHC incorporate project-readiness criteria to ensure that the highest-scoring applications are both impactful and feasible. More specifically, HRIC proposes the following revisions to the Scoring Criteria section:

- **Revise § 5.2.1 “CDBG-DR Efficiency” – Reduce the maximum points for CDBG-DR Efficiency from 80 points to 40 points.**
- **Add new § 5.2.3 “Building Permit Application” – award 5 points to projects that submit proof of applying for a building permit in their PRIME-4 application submission.**

- Add new § 5.2.4 “Building Permit Receipt” – award 5 points to projects that submit evidence of issuance of a building permit, or a building permit being available for issuance only subject to payment of the building permit fee, at the time of PRIME-4 application submission.
- Add new § 5.2.5 “24 CFR Part 58 Environmental Clearance” – award 10 points to projects that submit Authority to Use Grant Funds (AUGF) for already committed funding sources together with their PRIME-4 application submission.
- Add new § 5.2.6 “Project-Based Voucher Commitment from Local Agencies” – award 10 points to projects that submit proof of commitment from local agencies for Project-Based Vouchers (“PBVs”), which promote housing affordability and increase housing options for low-income individuals and households. We believe it to be a good practice when State agencies and local jurisdictions partner together to create attainable and high-quality housing for the residents they collectively serve. This is particularly important to incentive local agencies to provide PBV support at a time when LHC has a scarcity of PBV resources of its own.
- Add new § 5.2.7 “IBHS FORTIFIED Multifamily Gold” – award 10 points to projects that commit to pursuing and achieving IBHS FORTIFIED Multifamily Gold certification. The IBHS FORTIFIED Multifamily Gold program aligns with the PRIME program’s goal of delivering disaster-resilient apartment communities that support long-term, sustainable housing recovery following major natural disasters. Based on our experience developing and building FORTIFIED Multifamily Gold communities across Louisiana, HRIC has found that the cost premium associated with achieving this certification is minimal and we are now realizing property insurance discounts for our completed Gold-certified projects. HRIC strongly recommends that LHC and OCD continue to incentivize developers to pursue projects that adhere to the industry-leading FORTIFIED Multifamily Gold standard.

A75. Thank you for your comments. They have been received and were considered. Please refer to the scoring criteria as outlined in the NOFA.

Q8. Please find below questions regarding the PRIME-4 NOFA released by LHC on December 5, 2025: If a project has already applied for 4% LIHTC, is the project required to re-submit that application and pay additional fees assuming there is no change to the unit count, income mix, and general project description? In this instance, can the prior market study be re-used?

A8. All projects under this PRIME4 NOFA are considered new applications, and must be submitted accordingly. Prior applications and previously submitted market studies will not be considered.

In Section 4.7, the NOFA states: “Structures that are elevated must meet federal accessibility standards.” Is it LHC’s intent to make all elevated structures fully accessible? For example, if a project has 10 structures and 3 structures include the accessible units, do all structures that are elevated need to meet federal accessibility standards, or just the three that contain accessible units?

A. Yes, all elevated structures must meet federal accessibility standards and meet required building codes.

In Section 4.11, the NOFA requires “broadband infrastructure,” but this term is undefined. In addition, the current 2025 QAP Threshold Requirements include Minimum Internet / Cable

Capacity (Section IV.A.10) and Development WiFi (Section IV.A.10). Is there a difference between the QAP requirements and broadband infrastructure in the NOFA?

A. No, the QAP defines what is required for broadband infrastructure and the requirements outlined in the QAP will match the NOFA.

The Affordability Value calculation described in Section 5.2.2. is inconsistent with the example provided in the same section: the description (and equation provided) has the Adjusted CDBGDR in the numerator and the difference between Market GPR and As-Restricted GPR in the denominator.

The examples provided have the difference between Market GPR and As-Restricted GPR in the numerator and the Adjusted CDBG-DR in the Denominator. Please clarify which equation should be used to calculate this score.

A. For this calculation, LHC will divide the total difference over thirty-five (35) or forty (40) years^{7,8} between (A) the Gross Potential Rent (“GPR”) of all Residential Dwelling Units at Market-Rent and (B) the as-restricted GPR of the project with the proposed Affordability Mix, by (C) two times the Adjusted-DR funding⁶ and (D) will multiply this by 20.

$$\text{Affordability Value Score} = 20 \times \frac{\text{Market GRP} - \text{As Restricted GPR}}{2 \times \text{Adjusted CDBG DR Funding}}$$

See Section 6.4.4 Insurance Reserve Requirements: For projects required to have flood insurance because they are located in an SFHA, please confirm if the “Baseline Insurance Amount” is required to include the flood insurance amount.

A. Baseline Insurance must include all required insurance on the property, including flood insurance.

Regarding Section 6.5 Rents: For projects with non-PSH rental assistance, please confirm that rents can be underwritten to the set value of the project-based voucher or rental assistance contract.

A. Projects will be underwritten using the most conservative rental values.

Is the 15% limit on the developer fee in the NOFA (Section 6.7) intended to supersede the QAP’s allowable maximum developer fee which is higher for nonprofits? Or will the NOFA defer to the governing QAP?

A. Please refer to section 6.7 Limits on and Ceilings Applicable to Developer Fee.

The total developer fee may not exceed fifteen percent (15%) of total development costs, less the developer fee.

More stipulations are included in this section as it relates to the developer fee. Please read this portion carefully.

In Section 6.9, the NOFA states that “All commitments must be dated after the publication date of this NOFA.” However, developers accrue awards for projects over the course of years. Those commitments, such as an award letter from a state or federal agency, often times cannot be updated for subsequent funding applications such as this NOFA.

A. To insure that projects are fiscally ready and that all commitments are actually valid, all commitments must be dated after the publication date of this NOFA.