



**Louisiana Housing**  
Corporation

# DEVELOPER WORKSHOP

Homeless & Housing Stability: Affordable  
Multifamily Rental Housing Development

“HHSD” NOFA  
CDBG-DR/HOME-ARP



**Louisiana Housing**  
Corporation

Monday, April 8, 2024



Louisiana Housing  
Corporation

# Welcome and Introductions

Brenda Evans, Chief Programs Officer - LHC



Louisiana Housing  
Corporation

# Opening Remarks

Marjorianna Willman, Executive Director, LHC



**Louisiana Housing**  
Corporation

# Today's Agenda

April 8, 2024

10:00 am - 12:00 pm

*\*LHC Headquarters and Via Zoom*

## I. Introduction of Program Goals

## II. Key Aspects of the HHSD NOFA

- Funding
- Timelines
- Qualifying Population
- Core Development Requirements

## IV. HHSD Application Requirements

- Fortified Gold
- Resiliency
- Enterprise Green

## V. Financing and Examples

Q&A

Closing Remarks



# Key Aspects of the NOFA:

- Funding
- Qualifying Populations
- Timeline
- Core Development Requirements

Winona Connor, Homeless and Housing Services Administrator, LHC  
Stacy Bonnaffons, Homeless/CDBG-DR Advisor, CSRS, Inc.



## Path to HHSD

- US Treasury Allocation for HOME-American Rescue Plan (HOME-ARP) to LHC for \$39.2M.
- HOME-ARP approved Allocation Plan. One of the four eligible areas of funding is: *Production or Preservation of Affordable Housing*. LHC allocated \$9 Million.
- CDBG-DR funds to LA as a result of 2020/2021 Disasters
- Success of LHC and OCD partnership in supporting affordable and resilient rental housing development to meet the needs of LMI households.
- OCD support for post-disaster resilient housing
- **Models of other successful programs including:**
  - **14 PRIME-1 projects all built to Enterprise Green and Fortified Standards**
  - **25 PRIME-2 projects to be built to Enterprise Green and Fortified Standards**
  - **\$32 million allocated in CDBG-DR for Rental Restoration and Development Program (RRDP) for under 7 units.**



## Overview – What is the goal of HHSD?

- HHSD is about building or rehabilitating resilient, affordable rental housing options for vulnerable “**qualifying populations**”:
  - Those experiencing homelessness
  - At Risk of becoming homeless
  - Surrounding households with supportive services
  - Resilient housing for resilient people



# Funding Sources

## \$35 Million for the HHSD NOFA

### HOME-ARP

- \$9,000,000 in HUD HOME-ARP funding
- For production and preservation of affordable housing.
- Eligible statewide (preference outside of the disaster-eligible parishes)

### CDBG-DR\*

- \$26,000,000 in CDBG-DR funding
- Funds limited to disaster-impacted parishes. See complete list in NOFA.

LHC will determine the awarding funding source. It is not intended to mix both funding sources in one project.

**\*Note: The award of CDBG-DR funds is contingent on HUD's approval of the State's Action Plan Amendment to be submitted including the creation of this HHSD program.**





# Qualifying Populations

HOME-ARP funds must target the following qualifying populations:

- Individuals and families experiencing homelessness
- Individuals and families at-risk of homelessness
- Individuals and families fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking
- Other populations for whom supportive services or assistance would prevent homelessness or serve those with the greatest risk of housing instability

*\* Veterans and families with a Veteran family member must also meet one of the preceding criteria.*



# Qualifying Populations

As defined by HUD,

The term “**at risk of homelessness**” means, that the individual or family—

- A. has income below 30 percent of median income for the geographic area;
- B. has insufficient resources immediately available to attain housing stability, and
- C. has one of the following:
  - i. has moved frequently because of economic reasons;
  - ii. is living in the home of another because of economic hardship;
  - iii. has been notified that their right to occupy their current housing or living situation will be terminated;
  - iv. lives in a hotel or motel;
  - v. lives in severely overcrowded housing;
  - vi. is exiting an institution, or
  - vii. otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness. Such term includes all families with children and youth defined as homeless under other Federal statutes.



## HHSD Maximum Awards

- \$5 Million max award per property — No per-unit cap.
- Project size – a minimum of 8 total units
- 7-10 awards anticipated
  - At least one (1) in City of New Orleans
- NOFA issued March 18, 2024 (v. 1)
  - If adjustments are required, it is anticipated that an Amendment would be issued on April 23, 2024.
- Leverage funds, coordination with Continuums of Care, local non-profits and supportive services organizations



## Key Dates - Application Process

- **03/18/2024** NOFA issued
- **04/08/2024** Developer Workshop (Right Here-Right Now)
- **04/12/2024** Written questions/comments deadline: to [HHSDinfo@lhc.la.gov](mailto:HHSDinfo@lhc.la.gov)
- **04/23/2024** Formal FAQ posted; possible Amended NOFA posted same time
- **05/10/2024** Letter of Intent due date
- **06/10/2024** Application Deadline
  - **06/17-21/2024** Deficiency Reviews and Clarifications
- **06/28/2024** Anticipated Award Determinations (Conditional Award Letters)
  - **10/27/24** Closings (+120 from award)
- **12/27/2024** Projected last day for commencement of construction



# Core Development Requirements

- *Eligible Applicant:* For profit or non-profit entity.
- *Type of Construction:* May be new construction, rehabilitation or adaptive-reuse buildings which are not currently used as housing. Single family, scattered site or multifamily complex.
- *Eligible Costs:* Hard costs including acquisition, soft costs, developer fee. Can cover up to 100% of the project.
- *Affordability requirements:* 20 years.
  - At least 70% of affordable rental housing units rehabilitated, or constructed with HHSD funds must be occupied by households in the *Qualifying Populations*.
  - For CDBG-DR funded projects, additionally, at least 51% of the total units must be restricted to rents at or below 80% of AMI for the duration of the program period of affordability.
- Leverage is encouraged with 4% LIHTC or other developer funding
- Fair Market Rents – 2024 FMR are effective as of October 2023.



# HHSD Building Requirements

- Fortified Gold
- Resiliency
- Enterprise Green

Brad Stoufflet, Finance & Systems Specialist, CSRS, Inc.



## Disaster Resilience Elements of HHSD

- Siting
  - Building Footprint outside SFHA—not waivable.
  - All mechanicals and finished residential floors 3+ feet above nearest road centerline.
- FORTIFIED Multifamily Gold (FMG)—Required— *Alternative requirements are allowed but must be able to propose alternate disaster resilience measures as described by a licensed architect or contractor explaining why FMG is unattainable.*
- Enterprise Green—All awarded projects must meet the 2020 Enterprise Green Communities Criteria. Properties must receive post-construction certification from Enterprise.



## Disaster Resilience Elements of HHSD

- Environmental Clearance is responsibility of the developer.
  - Lead-based paint clearance on units built prior to 1978
- Broadband infrastructure – required for new construction and substantial rehab with more than 4 rental units per 24 CFR 5.100.
- Accessibility - The housing must meet the accessibility requirements of [24 CFR part 8](#), which implements Section 504 of the Rehabilitation Act of 1973 ([29 U.S.C. 794](#)), and Titles II and III of the Americans with Disabilities Act ([42 U.S.C. 12131-12189](#)) implemented at [28 CFR parts 35](#) and [36](#), as applicable for new construction and rehab.





# Finance and Project Structures

- Affordability
- Application & Scoring
- Examples



# Affordability

- Assisted units must comply with the affordability requirements of this Notice for a minimum period of 20 years, irrespective of the amount of HUD funds invested in the project or the activity being undertaken.



# Application and Scoring

- *Application to be made available electronically on the LHC website after final release of Amended NOFA.*
- Scoring structure (NOFA Pages 19-20)
  - NOFA Scoring - awards to highest scoring complete applications, except:
    1. At least one (1) project will be awarded in the City of New Orleans
    2. All CDBG-DR awards must be made in the MID Areas/eligible parishes.
- 40-point minimum against Enterprise Green 'optional' scoring criteria. **Threshold only.**



## NOFA Scoring—HHSD Efficiency (Max 70 points)

- CDBG-DR Efficiency: theoretical max of **70** points;
  - This score is based on Total Development Cost contribution, relative to net HHSD investment.
  - This will measure the difference between total development costs and the requested HHSD amount.

$$\frac{\text{Total Development Cost (-) minus HHSD requested funds}}{\text{Total Development Cost (x) times 70}} = \text{Efficiency Score}$$



## NOFA Scoring— **Developer Experience and Qualifications** (Max 10 points)

- LHC seeks developers with prior, proven experience and capacity to develop successful affordable rental units, mixed income developments and considers the volume of the applicant's prior housing production and/or experience with providing services to homeless or vulnerable populations to be an important indicator of this capacity.
- The applicant with the successful development of greatest number of rental units developed within the last seven years will be awarded 10 points. All other applicants will be awarded points proportionately. *\*Services will be included as a factor in scoring.*



## **NOFA Scoring: Applicant Access to Previous Capital and Serves Special Needs Households and/or Provides Supportive Services (Max 10 points each)**

- LHC seeks a developer with **previous established access to capital** (Max 10 points).
  - Based on the ability of the Applicant to provide recent letter(s) from financial institution(s) through which it obtained construction and permanent financing previously, toward market-rate multifamily developments, or other housing developments stating facts concerning their similar or greater scale, successful completion, and repayment without acts of default.
- **Project demonstrates that it provides or serves** (Max 10 points): Permanent Supportive Housing, Elderly, Veterans, Disabled, or Formerly Incarcerated.



# Insurance Reserve (IR) Requirement

## Replacement Reserve Deposit Requirements

Unless otherwise approved by LHC, the operating budget must include a minimum deposit of \$500 per unit per year for the Replacement Reserve, and it must be funded and maintained for the full compliance period and reflected in the operating expenses for the full 20-year projection of expenses. Replacement Reserve deposits will be inflated at 3% annually.

## Operating Reserve Requirements

All projects must establish and maintain, until the project has achieved a minimum of five (5) years of Stabilized Occupancy, an operating reserve equal to a minimum of six (6) months of project operating expenses. Withdrawals from this Reserve shall only be made with the prior written consent of LHC for the purpose of curing operating deficits as defined in the Loan Agreement. If this Reserve is determined by LHC to no longer be necessary, all funds remaining in such Reserve shall be paid to released to the developer.

## Insurance Reserve Requirements

All transactions must fund an Insurance Reserve, from development sources other than HHSD, in an amount equal to the underwritten annual insurance cost



## Market Studies

- Not required if all LMI units and 70% qualifying populations.
- Market rate units require support through a market study, if included in the project.

## Underwriting

- Feasibility: Project must pass underwriting and cost reasonable requirements.





## Example #1

- ❖ **100% Affordable Example Project:** Renovation of a 10-unit apartment building
  - **70% of Affordable Units for Qualifying Populations:** 7 of the 10 units occupied by households in the Qualifying Populations.
  - **If CDBG-DR - 51% Overall Affordability Requirement:** All 10 units restricted to <80% AMI for duration of affordability period.
  - **HHSD Funds:** Used to fund total (eligible) development costs or close project financing gap and related operating cost assistance.
  - **Rental subsidy:** Partnership with local housing agencies and Continuum of Care coordinated entry organizations to refer households with vouchers or provide unit-based vouchers to project.



## Example #2

- ❖ **Mixed-Income Example Project:** Renovation of a 20-unit apartment building
  - **70% of Affordable Units for Qualifying Populations:** 8 of the 11 income-restricted units occupied by households in the Qualifying Populations.
  - **If CDBG-DR funds, 51% Overall Affordability Requirement:** 11 units restricted to <80% AMI for duration of affordability period.
  - **HHSD Funds:** Used to fund eligible development costs or close financing gap on the 11 income-restricted units and pro rata share of operating cost assistance.
  - **Rental subsidy:** Partnership with local housing agencies and Continuum of Care coordinated entry organizations to refer households with vouchers or provide unit-based vouchers to project.



# Questions and Comments Period

## Reference Documents:

- *HOME-ARP Notice CPD-21-10*
- *NOFA – LHC website*
- *LA OCD Action Plan 2020/2021 Disasters: [oed\\_laura-delta-action-plan-final\\_7\\_28\\_22.pdf](#)*
- *Enterprise Green Checklist: [Checklist | Green Communities Criteria & Certification \(greencommunitiesonline.org\)](#)*
- *Fortified Gold*

[HOME-ARP Fact Sheets | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

[HOME-ARP-Rental-Fact-Sheet091321.pdf \(hud.gov\)](#)

[HOME-ARP Program Fact Sheet: Supportive Services \(hud.gov\)](#)

# CLOSING REMARKS



**Louisiana Housing**  
Corporation

---

(225) 763-8700 • [LHC.LA.GOV](http://LHC.LA.GOV)