



LA Neighborhood Landlord Rental Program Phase 2 Frequently Asked Questions

1. When will LHC begin accepting applications for this program?

The Notification for Funding Availability (NOFA) for this program was released on November 6, 2019. Applications will be accepted from December 23, 2019 – January 31, 2020.

2. When is the deadline to apply?

The deadline to submit applications is 4:30 pm CST on January 31, 2020.

3. Who is eligible to apply for funding?

- a. A private for-profit property owner (“**Residential Rental Property Owner**”) organized under Louisiana law
- b. Community Housing Development Organization (“**CHDO**”)
- c. 501(c)(3) or 501(c)(4) Not-For-Profit Organization (“**NPO**”)
- d. Local Public Housing Authority (“**PHA**”)
- e. A local development agency (“**LDA**”) that is not a parish or municipality

4. What types of structures will receive funding?

Must be a site-built, modular or manufactured home structure with no more than 4 units. Properties with more than 4 units contained within a single structure are not eligible under the program. Manufactured homes are eligible for replacement, not repair, under this program.

5. Will awards be in the forms of loans or grants?

- a. Financial assistance will be provided in the form of a loan for permanent financing (“**Take-out Commitment**”) to take out the construction financing necessary for reconstruction, rehabilitation, and new construction of properties with 1 - 4 units. The loan may be fully forgiven at the end of the affordability term if the eligible applicant complies with all tenancy and affordability requirements for the term of the affordability period.
- b. A borrower will use lender financing or their funds to finance their project. The Take-out or point at which the program pays eligible lender costs and/ or eligible borrower costs, takes place on the conversion date and depends on the permanent loan position.
- c. Once construction is complete, and if the Permanent Loan is in 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.
- d. Once construction is complete, and if the Permanent Loan in the Subordinate Lien Position, the Conversion Date will be delayed until all residential rental units

in the Qualified Project are occupied by a Qualified Household.

- e. All assisted units will be restricted to affordable rents during an agreed-upon affordability period.

6. What is the maximum amount of assistance that will be provided?

A private for-profit property owner (“**Residential Rental Property Owner**”), NPO, CHDO, PHA, or LDA may apply for assistance not exceeding six hundred thousand dollars (\$600,000) under multiple loans, and no Borrower may submit more than three (3) Complete Applications of four (4) qualified dwelling units per application.

7. If I repaired my rental property using my own funding and a tenant is already living in it, will I be eligible for reimbursement under this program?

No, not at this time. Current program limitations do not allow for reimbursement in this program. The program’s focus is on restoring and creating affordable rental housing stock for residents who currently have no available rental options.

8. After an application is accepted, when would we receive funds to complete our repairs?

After an application has been reviewed and the program determines the eligible award amount for a property, a required environmental review is performed. If the findings from the environmental do not prohibit advancement, the project can proceed to loan closing. At closing, a Notice to Proceed is issued and it authorizes work to commence and borrowers to use construction financing and/or their personal funds to complete their projects. Once a project is completed, the program will pay eligible lender costs and/ or eligible borrower costs. The Take-out or point at which the program pays eligible lender costs and/ or eligible borrower costs, depends on the permanent loan position. See FAQ #5 for more on senior lien position.

9. We currently have an SBA loan. The funds are not enough to complete the repairs needed to the manufactured home. Can we apply for a loan which will complete the repairs and pay off the SBA loan?

- a. The State will require the Borrower to indicate in the application the types, amounts and purposes of assistance both approved and received to date related to the Great Flood 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, FEMA, SBA, Insurance, and CDBG. Any Borrower who received SBA funding to rehabilitate their home/property will be evaluated for acceptance in the LNLRP2 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.
- b. 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.

10. Are properties that were located outside the Special Hazard Flood Zone and did not have flood insurance eligible to participate in this program?

Yes. A key goal of this program is to assist rental property owners who suffered damage and did not have flood insurance because they were not located in a flood zone and were not required to carry coverage.

11. Are properties that were located within the Special Hazard Flood Zone and did not have flood insurance eligible to participate in this program?

Those properties are ineligible for this program.

12. What are the 10 most impacted parishes?

Acadia, Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, St. Tammany, Tangipahoa, Vermilion and Washington parishes were determined to be the 10 most impacted and distressed parishes by the U.S. Department of Housing and Urban Development, which is the source of this funding.

13. Can the application deadline be pushed back to allow more preparation time for landlords?

The timelines were put in place to ensure that funds are awarded in a timely manner. The application for the program will be on the LHC website by December 23, 2019, and the deadline to submit the application will be 4:30pm CST on January 31, 2020.

14. Is the funding intended for hard construction costs only? Does it cover soft costs such as marketing, etc.?

Related soft costs that could be covered are the following:

- 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.

15. Can non-profit applicants include the cost of acquisition in their application for these funds? Can these dollars be used for acquisition?

It is important for an applicant to include all costs associated with a project on the Sources and Uses portion of the application, however acquisition costs are not an

eligible cost for reimbursement.

16. Can the property be outside of a city's city limits?

The property can be located within one of the 51 federally declared parishes. Keep in mind that 80% of the funding needs to be used within the 10 most impacted parishes (see #12 above).

17. Can an applicant designate the final units as available only to elderly and/or disabled tenants, and if so, will that affect the scoring process?

Awards for LNLRP2 will be made to qualifying Borrowers from the application period with preference given to for-profit Borrowers who were property owners at the time of the storm. Funding for non-profit Borrowers will be considered once for-profit owners are funded. Accordingly, the scoring criteria for LNLRP2 will be determined by entity type: for-profit owners or NPO, CHDO, PHA, and LDA. There is no special scoring consideration for Borrowers who limit units to only elderly and/or disabled tenants.

18. If the property is designated for Section 8 vouchers, is that considered a duplication of benefits, as the tenant is already benefiting from federal funding?

No, this will not be considered a duplication of benefit, though the landlord cannot charge the tenant more than the allowable prescribed rent depending on the number of bedrooms in the structure.

19. Is this program only for rehabilitation/repair projects?

No. Non-profits could convert an empty lot into a new affordable rental structure in this program.

20. Will environmental reviews be required for construction performed in this program, and if so, who will coordinate? How long will the environmental reviews take to conduct?

Yes. Environmental reviews will be required, and these will be coordinated and funded through LHC. The general timeline for an Environmental Assessment ("EA") (i.e., requiring a Phase I Report for new construction or reconstruction) is 120 - 180 days from the receipt of a comprehensive environmental review record ("ERR"). However, the amount of information collected and required to complete the entire environmental review process is impacted by the type of construction project or activities proposed (i.e. rehabilitation, new construction, etc.).

21. Why are properties larger than 4 units being excluded from this program?

The focus is on providing maximum impact with the small amount of funding that is available, and the policies that were developed were created in order to create the maximum amount of rental housing units quickly.

22. Must applicants provide property inspections themselves?

- a. If a borrower is using lender financing, the lender will perform inspections; those inspection reports will comprise later the support documentation required for

processing the Take-out.

- b. If a borrower is using personal funds, the LHC compliance team will perform inspections; those inspection reports will comprise later the support documentation required for processing the Take-out budget.

23. How will applications be scored?

Refer to Section III (Funding Evaluation Criteria) in the LHC Notice of Funding Availability for Louisiana Neighborhood Landlord Rental Program Phase 2 Version 1.2 released on 12/13/19.

24. Is there an application fee?

No there is not an application fee.

25. If a for-profit owned the land at the time of the floods, would an infill project qualify?

The program does not permit for-profits to perform infill, new construction, etc.

26. Has a designated lender or lenders been chosen?

No. Applicants are not required to use specific lenders.

27. Can a 501(c)(4) participate?

Yes.

28. Are political subdivisions or entities created by the legislature such as Redevelopment Districts eligible?

Yes.

29. What is the total maximum number of units that could be eligible?

The total number of units per applicant that could be eligible for this program funding is 12, a maximum of 4 units per up to three applications.

30. Is there a cap on the number of awards per parish or municipality?

No. However, 80% of the funding must be spent on the ten (10) most impacted parishes as defined by HUD (see #12).

31. Are the 10 parishes prioritized by the number of persons impacted?

HUD's determination of most impacted parishes includes data analysis used to estimate unmet needs in three main categories of damage: housing, economy and infrastructure.

32. Can a for-profit buy land and put units on it in this program?

No. For-profit owners must have owned the units at the time of the flooding event.

33. If only some of the units in a structure are vacant, is the entire structure ineligible?

No. All of the units must be vacant. The units that are vacant and have been vacant are eligible. This program does not allow for the relocation of tenants.

34. What are the bonding requirements?

This program will not contain a bonding requirement. This may be a requirement of the construction financing lender.

35. If a project has 4 units and some are completed and tenants occupy them before others, does a portion of the funding become available or must the funding wait for the entire structure to be completed and occupied?

No funding will be released until the entire structure is completed.

36. What does site control look like for acquisition if non-profits can purchase property?

This depends on if the non-profit obtains construction financing. If this is the case, the lender may control the construction process.

37. If you have begun the repair work, are you forced to stop work upon application?

If you have a signed contract and have begun work, you cannot continue work. However, if accepted into the program, you may be permitted to resume work after loan closing. Furthermore, reimbursement is not allowable under this program.

38. What if you have a lien on the property? Are you able to apply?

Yes you may apply, however the senior lien may impact the property eligibility and/or the LNLRP 2 loan amount.

39. Is there a deadline on how long you have to complete the property and get it occupied?

Occupancy by a Qualified Household must occur not later than 90 days from the final inspection.

40. Must the applicant have 100% ownership in the property?

No, but all owners will be required to sign at closing and agree to the terms of the program.

41. What happens if the landlord wants to opt out of the LNLRP 2 early, before the end of the 5-year affordability period?

For each year that the affordability requirements are met, 20% of the mortgage is forgiven.

42. Are property owners required to use architects for their construction drawings?

No, but all construction requirements outlined in the NOFA must be followed.

43. Are only specific lenders allowed?

No, any lender can participate.

44. Has LHC identified lenders who are willing to work with owners of blighted properties?

LHC has compiled a list of lenders that worked with Borrowers in Phase 1 of LNLRP. You can find this list on our website. Please be advised that this list is merely for illustrative purposes. LHC does not endorse or recommend any specific lender and the Borrower is advised to explore all lending sources available to them.

45. How much time does a property owner have within which to complete rehabilitation work/construction work in this program?

LHC will request a contractor's estimate of time for project completion as part of the application packet.

46. If a rental property owner has already sold their property, will this program allow for reimbursements? Or if they have already performed rehab work?

No.

47. Can a potential applicant purchase a blighted rental property in order to apply for this program?

No, the applicant must have had continual ownership since the 2016 floods.

48. How do applicants show proof of funds?

A commitment letter from the construction lender, a bank statement showing funds available, or a letter showing an available credit line are examples of acceptable methods of showing proof of funds.

49. For rehab or reconstruction, must the property have sustained damage in the 2016 floods?

Yes, the property must also be outside of the SFHA, and it must have been rental property at the time of the flood and must have been owned by the same owner as it is currently. Ownership cannot be transferred in part or in whole.

50. Are developer fees funded through this program? Construction interest?

Developer fees are not funded through this program. Construction interest can be covered through this funding.

51. What is the minimum number of bedrooms and bathrooms?

Each unit must contain adequate space for healthful and comfortable living conditions.

52. What is the minimum square footage?

See answer to question 50

53. What appliances are you required to supply?

Program requires washer, dryer and dishwasher in addition to the standard appliance requirements such as stove, oven and refrigerator

54. Can you install stained concrete flooring?

Yes.

55. Can an applicant provide a Certified Environment Phase I Report at their expense to LHC for approval?

If an applicant has a Certified Environmental Phase I Report, these may be considered on a case by case basis.

56. Can a non-profit be formed after the NOFA to rehab blight properties?

No. The non-profit should have been existence as of the date the NOFA was published and has to provide evidence of an executed ground lease or evidence of ownership of the property they are proposing to build on or rehab per the requirements of LNLRP2 Version 1.2 (See Section II).

57. Can a for-profit entity be allowed to rehab-blighted properties acquired after the NOFA was issued?

No, for-profit entities are required to own the property at the time of the floods and prior to the date of the NOFA publication.

58. Can a renter make application to buy a vacant lot to build a house?

Renters/tenants are not eligible for this program, only the owner of the property.

59. Are there funds for a renter to buy a house?

This program does not include funding for renter/tenant to purchase a property.

60. If you have a non-profit but haven't yet received your exempt certificate from the IRS, but have Tax ID number are you still eligible to apply to the program?

The applicant would need to provide documentation showing proof of non-profit status at the time the application is submitted.

61. Does each set of 4 houses have to have a new LLC or can we use a previous one?

A new LLC is not required for each set of houses

62. Can we do 3 sets of houses in the same subdivision to save on time and the studies costs?

This is permitted; however, the environmental assessment may take longer due to more than 4 units being repaired/built within 2,000 feet of each other.

63. Will substantial completion be enough to show completion of the project so that the 2 project rule will not apply?

This section of the NOFA has been amended, see NOFA Version 1.2

64. Are garages required on single-family units?

No.

65. Is hardiplank an approved material for these units instead of brick or stone as specified?

Yes, Hardiplank is an acceptable material.

66. Is it required to have a door bell and a door knocker?

No, either would be sufficient.

67. Can I get financing before sending in my application?

No, you should not do so. Closing on your financing before getting your environment clearance is a choice limiting action and may render your application ineligible.

68. What are eligible costs?

Closing costs are eligible. Soft costs are eligible when reasonable, including some interest. Developer fees are not eligible.

69. How long does it take submitting your application for approval to move to construction?

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

70. What is the Green Building score that is needed for the application?

The amount of green building requirements are dependent upon the type of work being conducted.

71. Why do for-profit landlords and non-profits are treated differently?

This program was primarily implemented to assist for-profit landlords who lost rental property in the Great Floods of 2016. Therefore, for-profit landlords get preference points for this program.

72. How does the leveraging points piece work?

The leveraging points are based upon the amount of funds being requested vs. the

amount of funds the applicant is planning to provide themselves. For example, if a development is being proposed with a cost of \$100,000 and the applicant is planning to cover \$75,000 of the costs but needed an additional \$25,000 to fund the development they will receive 20 points in the application because they are only borrowing 25% of the total development cost.

73. Are multi-family sites allowed?

Program will allow the following multi-family configurations: duplex, triplex and fourplex.

74. When does take-out occur?

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.

75. How long does a for-profit have to own a property in order to submit an application?

Owners/applicants must have owned done prior to the storm event and vacant prior to the date of the HUD Approved Action Plan of February 14, 2017 and must still be vacant at the time of the application.

76. How does a non-profit have to own a property in order to submit an application?

A non-profit has to have ownership of a property prior to NOFA date of November 6, 2019.

77. Are lofts and/or studio units eligible?

Yes, but must provide adequate space for healthy and comfortable living.

78. Is there a Pro-forma requirement?

LHC removed this requirement per the addendum on Applicants will provide necessary information and LHC staff will complete the Pro-Forma.

79. What are affordable rents?

Program has adopted HUD HOME rents.

80. Is duplication of benefits determined per unit or per owner?

Duplication of benefits are property specific, therefore if a property owner received SBA assistance for another property those funds would not be considered a duplication of benefits.