STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF COMMUNITY DEVELOPMENT

NOTICE OF FUNDING AVAILABILITY AND PROGRAM IMPLEMENTATION GUIDELINES FOR MULTIFAMILY CDBG-DR LOAN FUNDING

Middle Market Loan Program (MMLP)

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Contents++

1. General Program Terms

1.1. Overview

The State of Louisiana, Division of Administration, Office of Community Development ("OCD") hereby releases this Notice of Funding Availability and Program Implementation Guidelines ("NOFA" or "Program Description") for the availability of **Fifteen Million Three Hundred Thousand Dollars** (**$15,300,000.00)** in Community Development Block Grant Disaster Recovery (CDBG-DR) funds. These CDBG-DR funds were originally allocated by HUD for recovery activities related to two separate flooding events in 2016 affecting wide swaths of the state. Per this NOFA, these funds are available for projects located in the fifty-one (51) FEMA Disaster-Declared Parishes affected by the 2016 Floods for which FEMA Individual Assistance was available (see "Eligible Parishes" at §11, Definitions). This NOFA is designed to provide funding for the new construction development of multifamily affordable housing, as stipulated herein. Applicants may **not** combine CDBG-DR funding available through this NOFA with Low Income Housing Tax Credits (LIHTC). Projects to be funded hereunder must primarily provide 'middle market' housing, in which (a) 51% of units must be set aside for households which (i) earn at or below 80% of Area Median Income ('AMI') at move-in and (ii) pay no more than thirty percent of 80% of AMI for rent plus utilities, and (b) the remainder of households will not be restricted as to income or rents at levels below 80% AMI. All developments funded through the Program are to primarily benefit moderate-income populations (and therefore, affordability below 80% AMI is not permitted other than those units reserved for PSH). See §3, Affordability Mix.

It is the desire of OCD to invest CDBG-DR funds into at least two qualifying projects, as determined through the competitive scoring approach established in this NOFA. See §6, Scoring Criteria. However, OCD will award to the highest scoring application, and will fund other applications only to the extent permitted by available funds.

This Missing Middle/CDBG-DR program, hereinafter referred to as 'Missing Middle Loan Program', 'MMLP' or 'the Program' is subject to the State of Louisiana's Action Plan for the Utilization of Community Development Block Grant Funds in Response to the Great Floods of 2016, as amended. The Program's objective is to create multifamily rental units by primarily using conventional financing, CDBG-DR funds and developer equity. MMLP is a competitive program and through its design requires housing to feature certain disaster-resilience characteristics (see §5, Mandatory Disaster Resilience Criteria). Further requirements and program priorities are enumerated throughout this Program Description.

All CDBG-DR Funds will be awarded in the form of a priority cash flow return second mortgage loan payable from quarterly Surplus Cash. CDBG-DR Funds will be loaned at an interest rate selected by the applicant and will be payable from Surplus Cash based on terms and conditions further detailed herein, and will be fully repaid no later than Year 10. See §7, CDBG-DR Loan Terms.

Applicants are advised that OCD expects performance by the awardee of certain HUD-required obligations under this NOFA which must be completed prior to Q4, 2024. OCD is obligated by HUD to achieve these outcomes no later than April 6, 2025. To ensure the work hereunder can be completed in the HUD-permitted timeframe, OCD will not close on awarded financing if OCD determines it is reasonably unlikely that the CDBG-DR funds will be fully drawn, and the property will be occupied by qualifying households, no later than December 1, 2024. Any application submitted under this NOFA acknowledges and assumes risk in these matters.

1.2. Funding

Fifteen Million Three Hundred Thousand Dollars ($15,300,000.00) in CDBG-DR funds will be made available through this NOFA. The highest scoring projects will be awarded until the funds are exhausted, subject to the provisions herein. If the available funds remaining are insufficient to fund a proposal as submitted, OCD reserves the right to invite that applicant to resubmit requesting no more than the amount of funds available.

1.3. Eligible Uses

CDBG-DR funds awarded under this NOFA will only reimburse eligible costs incurred to develop a project. No CDBG-DR funds will be paid in advance to reimburse a project cost unless the electronic Funds Requisition Form with back-up AIA certification, invoices and receipts are submitted and approved. No funds will be disbursed until all funding commitments and grant agreements are signed, and environmental conditions are satisfied.

Real estate purchases from affiliated persons or entities must be supported with an appraisal, acceptable to OCD in its sole discretion. All construction / Rehabilitation costs must be included as individual budgeted items and funds must be drawn on a schedule approved by OCD, in its sole discretion.

Notwithstanding appraised value, OCD retains the right to determine that/if net proceeds to an affiliated seller are excessive in relation to the proposed expenditure of CDBG-DR funds, and to reject transactions in which OCD's funds are not efficiently resulting in affordable housing. This determination will be at OCD's sole discretion, will not be subject to appeal, and any application submitted under this NOFA acknowledges the foregoing.

1.4. Ineligible Uses

CDBG-DR funding will not be disbursed for any costs enumerated at 24 CFR §570.207, with the exception of those costs which are permitted under the state's waiver, which permits the use of CDBG-DR funds for new construction activities.

1.5. Eligible Projects

All borrowers must be single asset entity limited partnerships ("LPs") or limited liability companies ("LLCs"). General Partners of LPs and Managing Members of LLCs may be for- or non-profit entities. All projects must combine CDBG-DR in second lien position with conventional mortgage financing in a first lien position.

Eligible projects must be located in an Eligible Parish. See §11, Definitions.

Eligible projects must include market-rate units (units unrestricted as to rent and initial household income) but must also include affordable units (restricted as to rent and initial household income). Set-aside requirements are as follows, as further described at §3, Affordability Mix:

- Eligible projects must set aside 2% of units as PSH units, at rents affordable at 20% AMI, and for occupancy by households at or below 30% AMI. These units will be eligible for PSH Vouchers and must be made available pursuant to the PSH Program requirements. See §0, .
- 51% of the units must be restricted to rents at or below 80% of AMI and reserved for households with initial household incomes (i.e., at move-in), at or below 80% of AMI, for the duration of the CDBG-DR Period of Affordability.
- Up to but not exceeding 20% of units may be set aside at rents affordable to households at 90% AMI and/or 100% AMI and restricted to households at income levels corresponding to the rent restrictions.

Eligible projects must be new construction. The definition of New Construction requires that no fewer than 51% of the units at the property must be newly constructed. See §11, Definitions.

Eligible projects must have site control. Site control requires ownership or an option to purchase which is valid at submission of the Application and for which the Applicant has the right to extend through the Closing Date. Note that violations of CDBG proscriptions related to choice-limiting actions apply. Violations of any regulations will result in disqualification of the Application.

Eligible projects must contain no fewer than 100 residential dwelling units.

Eligible projects must have a market rent determination in which market rents are in excess of rents restricted at 80% AMI (i.e., 30% of 80% of Area Median Income, adjusted for household size minus an allowance for utilities), for each unit type.

An applicant may submit up to two individual applications. No application may have affiliated sponsorship with more than one other application.

Reserve for Replacement requirements DO NOT apply. See §8.1, Replacement Reserve Deposit Requirements.

Eligible projects must meet all eligibility requirements of this Program Description, including underwriting requirements.

Eligible projects must comply with all application requirements.

1.6. Ineligible Projects

The following properties are Ineligible Projects:

- Properties not located in an Eligible Parish. See §11, Definitions.
- Properties failing to submit a complete and fully developed application for award of funding, or to respond to questions and concerns put forth by OCD by the deadline imposed by OCD for such responses when submitting an inquiry to the Applicant.

- Lease to Own Properties will not be permitted because of the structure of the financing envisioned under this NOFA.
- Projects of less than 100 residential dwelling units.
- Projects which do not satisfy the requirements of §1.5, Eligible Projects.

1.7. Ineligible Applicants

The following applicants are Ineligible Applicants:

- Any person or entity (or affiliate thereof) on the federal debarred list, or an organization controlled by such person or entity on that list.
- Any person or entity (or affiliate thereof) that received notice that they are currently out of compliance with the Louisiana Housing Corporation ("LHC") and/or Louisiana Office of Community Development ("OCD") regarding annual audits or who are in arrears on payments of LHC/OCD loans.
- Any person or entity that currently owns or controls a LHC- and/or OCD-financed project with outstanding issues of non-compliance that are unresolved for greater than 90 days as of the date of the application submission.

1.8. Various Scoring Explained

Applicants must consider two different scoring systems.

- Minimum Enterprise Green Communities (EGC) Score—All applicants are required to obtain EGC certification. EGC requires certain mandatory elements and provides a number of optional elements. EGC optional elements are associated with optional points. EGC certification requires new construction properties to score at least forty (40) optional EGC points; this NOFA reflects this requirement, but further requires specific 'options' to be selected. This is a threshold item: all properties must achieve at least 40 EGC points; these points are not considered when competitively scoring this NOFA.
- NOFA Scoring Points—Funds will be awarded under this NOFA based on a competitive score, which allocates points as enumerated at §6, Scoring Criteria. There are 100 total available points.

1.9. Prior Awards

No awards under this NOFA may be combined with prior awards issued by the LHC/OCD, including those which have not yet closed and those which have closed and have not yet been fully funded.

1.10. Non-Assignability of Application and Award

The entity or individual submitting an application for CDBG-DR must be a principal of the proposed development team with the legal authority to execute a legal agreement on behalf of the LP or LLC ownership entity with OCD. All awards made will be to the proposed or established single-asset entity LP or LLC identified in the application and will be addressed to the principal of that entity submitting the application. Any assignment of such an award without the prior, written consent of OCD may immediately and irrevocably void the award. Any change in the proposed ownership from that which is stipulated in the application will constitute an assignment.

1.11. Strictly Enforced Deadlines

OCD will strictly adhere and impose deadlines for committing and expending CDBG-DR funding under this NOFA based upon the activity proposed and other information provided in the application. Any CDBG-DR funds not committed or expended within the timeframes included in the loan agreement documents may be recaptured by OCD. Projects must adhere to the following:

- CDBG-DR awards may be terminated at any time prior to the CDBG-DR award expiration date due to the absence of project productivity. CDBG-DR funds advanced prior to the termination of a project (whether voluntary or involuntary) must be repaid to OCD.
- Applicants must submit a project schedule in their application submission and must adhere to the project schedule included in their application submission (and that schedule must conform to the schedule outlined at §1.13 and §10.5, Required Dates and Deadlines. Adherence to the schedule will also be a formal requirement of any award.

1.12. Project Readiness Requirement: Funding commitments

The Application must demonstrate and include commitments for all funding sources, to the satisfaction of OCD. Commitments for all non-CDBG sources of funding must meet the following requirements:

- All commitments must be dated after the publication date of this NOFA.[1]
- OCD reserves the right to require updated commitments as it deems necessary.
- All conditions contained in commitments shall be subject to determination by OCD as to reasonableness. OCD may reject any commitment (and deem the application deficient) if, in the sole discretion of OCD, any condition is outside of market requirements and/or is unlikely to be satisfied.

1.13. Schedule

Projects are scheduled to be awarded during Q2-22, to close during Q4-22, and to complete construction and lease-up during Q4-24. Projects which cannot adhere to this schedule should not apply. See §1.1, Overview. See §10.5, Required Dates and Deadlines.

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[1] If an Applicant has an earlier commitment for financing which is dated prior to the date of publication of the NOFA, such commitment must be updated, and such update must be subsequent to the date of NOFA publication.

2. CDBG Limits

2.1. Funds Available, Maximum and Minimum Funding

Total funding available under this NOFA is Fifteen Million Three Hundred Thousand Dollars ($15,300,000.00). This amount is subject to upward or downward adjustment by OCD. Any adjustment will be subject to notification through an amendment to this NOFA. Such amendments may be issued at any time.

No CDBG-DR funds award may exceed One Hundred Thousand Dollars ($100,000) per residential dwelling unit.[2]

No CDBG-DR funds award may exceed Fifteen Million Three Hundred Thousand Dollars ($15,300,000) in total funding to any single project.

There is no ceiling on Total Development Costs (TDC).

2.2. Developer Fee

MMLP will permit a developer fee, in an amount no greater than $3,000 per residential unit, and only to the extent it can be paid from development sources (i.e., there will be no 'deferred developer fee' in the transaction in a development which otherwise conforms with this NOFA. This fee may be paid 25% at closing, 25% at 50% construction completion, and 50% at construction completion. Note that any such fee is subtracted from the amount of developer equity in the calculation at §6.1.1, Ratio of Developer Equity to CDBG-DR Loan—10 Possible Points.

[2] The staff unit(s) and model unit (if any) are excluded from this calculation.

3. Affordability Mix

3.1. Set-Aside Requirements

The affordability requirements must conform to the following:

- 51% of units must be designated as qualifying 'low-mod' units pursuant to CDBG-DR requirements.[3] Applicants may not propose more units be set aside as low-mod than are required to produce 51% of units. Households occupying these units must earn no more than 80% of AMI[4] at move-in, and rents for these units may not exceed 30% of 80% of AMI, adjusted for imputed household size, less a utility allowance.
- 2% of total units must be set aside as Permanent Supportive Housing (PSH), subject to the award of vouchers, and referral of qualifying households.[5] These units will qualify as 'low-mod' units and will count within the 51% which must be set aside for 80% AMI households.
- Provided market rents are affordable only to households earning more than 100% AMI,[6] up to ten percent (10%) of units may be designated as restricted to households earning between 80% and 90% of AMI, with rents restricted to 30% of 90% of AMI, adjusted for imputed household size, less a utility allowance.
- Provided market rents are affordable only to households earning more than 110% AMI, and if a percentage of units are set-aside as restricted to households earning between 80% and 90% of AMI, up to an equal number of units to those set aside at 90% AMI may additionally be designated as restricted to households earning between 90% and 100% of AMI, with rents restricted to 30% of 100% of AMI, adjusted for imputed household size, less a utility allowance.[7]
- All remaining units must not be subject to any maximum income-qualification requirements or rent limits and will be referred to as 'market rate' units.

All affordability restrictions will have a duration of ten years.

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[3] The percentage must be the lowest percentage resulting from the allocation of units to the low-mod requirement, which is equal to or greater than 51% of total units.

[4] The applicable AMI for this requirement will be the most recently HUD published AMI in effect at the time the 12-month lease is entered.

[5] The percentage must be the lowest percentage resulting from the allocation of units to the PSH requirement, which is equal to or greater than 2% of total units. If a voucher contract is not tendered by the LHC, the PSH requirement shall not apply.

[6] If a household earning 100% of AMI is spending equal to or less than 30% of income toward **market rent plus utilities**, then the market rent is affordable at 100% AMI income. OCD will not permit developers to incrementally commit to set asides for units at 90% and 100% AMI, unless market rents are above 100% and 110% AMI, respectively.

[7] Applicants should note that while 51% of units must be set aside at or below 80% AMI, set asides at 90% and 100% are optional; however, such set asides will contribute to the project's Affordability Value (see §6.2.2, Affordability Value—15 Possible Points).

Model units are not counted as residential dwelling units and are not included in the calculation. Staff units are not counted as residential dwelling units and are not included in the calculation.

Qualifying projects may not utilize any additional financing which imposes affordability requirements which differ from the above requirements.

Affordable units will not be ‘fixed’ (designated as specific units within the property). Affordable units will ‘float’ such that the next available unit must be rented to an income qualifying household at a restricted rent, if at the time the next unit becomes available the established set-aside requirements are not met.

PSH units are subject to the award of a PSH Voucher Contract from the Louisiana Department of Health (LDH). Such PSH Units are strongly preferred to be one-bedroom units. These units will receive project-based subsidies and rents should correspond to the payment standard, less the utility allowance. Household incomes may be up to 30% AMI.

PSH residents will have access to supportive services through the LDH and its supportive service provider network. PSH will be operated pursuant the terms and requirements of the PSH program. Note that if PSH units are not referred tenants through the Louisiana Department of Health within the timeframes set forth in the PSH Set-Aside Agreement, these units may be rented to non-PSH households with incomes at or below 80% AMI, at rents not to exceed 80% AMI, less the utility allowance. For more information on the PSH program, see §12, PSH Program Summary.

3.2. Affordability Term and End-of-Term Transition

All affordability will be deed-restricted for 35 years. However, to correspond with the anticipated maturity of the 1st mortgage OCD shall release the affordability at maturity of the first mortgage, provided the property has performed in compliance with the deed restriction, and the CDBG-DR loan principal and outstanding accrued interest is repaid in full. The CDBG-DR Use Restriction will be recorded superior to the 1st mortgage; the CDBG Use Restriction will survive foreclosure. The following guidelines will apply to the leasing of units as the property’s period of affordability is released or expires.

- Existing leases must be honored, borrower may not increase rent during the term of a lease on a rent-restricted unit, irrespective of the status of the CDBG Use Restriction.
- Borrowers must offer a 12-month renewal to any tenant in good standing, whose lease expires with more than six months remaining prior to the date on which the affordability restrictions are projected to expire (i.e., the tenth anniversary of the Initial Compliance Date). However, borrowers may renew affected households month-to-month if the lease expires and there is less than six months remaining prior to the date on which the affordability restrictions are scheduled to expire.
- Vacant units: in the event a unit becomes vacant prior to the expiration of the affordability restrictions, that unit may only be rented to an income-qualifying household at restricted

rents on a 12-month lease term if doing so is necessary to meet the set-aside requirements of the CDBG Use Restriction. The lease term of such rentals is addressed above.

- Borrowers are cautioned to obtain OCD's written consent before leasing units in non-compliance with the CDBG Use Restriction. Until the regulatory agreement is released, borrower is at risk of OCD's determination that the affordability was not achieved for ten consecutive years.

4. Eligible Sites

Disaster Resilience of funded projects will be partly accomplished through project siting. Unless stricter requirements are required by any applicable law, in which case such requirements shall govern, the following rules shall apply:

- The building footprint (for buildings with residential units) may not be located within or partially within the Special Flood Hazard Area ("SFHA"). Parking is not required to be at or above the building elevation requirements required in the NOFA.
- The building footprint may be in Zone B or X-Shaded (500-YR); however, all building mechanicals and finished residential floors must be built at elevations of no less than three feet above the higher of (a) the lowest point within the building footprint, or (b) the nearest road centerline.
- Irrespective of the Flood Insurance Rate Map ("FIRM") designation, the application must clearly establish whether the proposed building footprint experienced flooding in the 2016 Great Floods;[8] if the proposed residential building footprint was flooded, the plan must clearly address how such risks are mitigated, either through elevation above the Base Flood Elevation ("BFE"), flood proofing, or both.
- Irrespective of FIRM designation, the application must identify the flood risk exposure as indicated by the Coastal Protection and Restoration Authority's Master Plan Data Viewer.[9] To look up property in the Data Viewer - Select 'View Louisiana Coast'; Select 'View My Community'; Input the street address of the proposed property; Select 'My Info!'; Select 'My Flood Risk'; and on the right select 'Medium Scenario', 'With Plan', and '.2% Flood Event (500-Year)'. If your property is shown to be in a location with flood depth (the colored map), your plan must address how you will withstand such a future, equal flooding event. Such mitigation may be by means other than elevation.

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[8] Applicants are strongly advised to consult the local floodplain manager in the jurisdiction in which their proposed project is located to determine whether and to what extent their proposed site was impacted by the 2016 floods.

[9] https://cims.coastal.louisiana.gov/ ma sterplan/).

5. Mandatory Disaster Resilience Criteria

In addition to complying with Louisiana State Uniform Construction Code (LSUCC) and local planning and zoning requirements, properties constructed with CDBG-DR funds awarded under this NOFA will be required to adhere to the LHC 2022 QAP Design and Construction Standards.[10] Applicants must request—within their application under this NOFA—waivers for any 2022 QAP Design and Construction Standards which conflict with required or proposed resilience measures, or which the applicant otherwise asserts would be cost-ineffective or unattainable. OCD may grant these waivers unless there is a specific rationale for not doing so which outweighs impact of the measure toward the property's disaster resilience. Note that a central element of disaster-resilience under this NOFA is project siting. See §4, Eligible Sites.

All properties funded under this NOFA will—at a minimum and in addition to specific siting and elevation requirements—be required to meet the FORTIFIED Gold standard (see §5.1, Meets IBHS FORTIFIED Gold Standard, and will achieve Enterprise Green Communities certification (2020) (see §5.2, Enterprise Green Communities (EGC) Certification).

If FORTIFIED Gold or EGC criteria is determined to not have been met at construction completion, applicants and their affiliates will be ineligible to receive future CDBG awards though OCD and/or LHC for a period to be determined by these entities, in their sole discretion. IBHS will adjudicate achievement of the FORTIFIED Gold Standard. Enterprise will adjudicate whether the EGC criteria have been met. Failure to achieve these standards may result in financial penalties.

5.1. Meets IBHS FORTIFIED Gold Standard

The Insurance Institute for Business and Home Safety ("IBHS") FORTIFIED Gold Standard[11] is concerned with the application of proven technologies, materials, and techniques in (a) the design and installation of the roof system for enhanced performance, (b) building envelope protection and reduction of business operations downtime, and (c) enhanced structural performance, including a continuous load path from roof to ground. Such requirements are generally recognized by the insurance industry as superior in terms of their ability to withstand wind and weather-related impacts, ensuring rapid recovery of operations in the aftermath of a major weather event. OCD anticipates that there will be an incremental cost for construction to this standard. Certification by the IBHS, through its contractor, is required. The cost of the certification (inclusive of design review, site visit and other costs) is estimated at $5K - $10K per project, with the number of roofs at the project being a primary cost driver.[12]

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[10] Note that **no** Low-Income Housing Tax Credit allocation applies, and the 2022 LHC QAP does not generally apply to projects awarded hereunder. However, OCD will by reference incorporate and require awarded projects be built consistent with the LHC's Design and Construction Standards, as found in the LHC's 2022 Qualified Allocation Plan document.

[11] https://fortifiedcommercial.org/wp-content/uploads/Fortified_Commercial_Wind_Standards_2020.pdf

[12] This estimate is provided for convenience. Sponsors are responsible for cost-estimation.

5.2. Enterprise Green Communities (EGC) Certification

All awarded projects must meet the 2020 Enterprise Green Communities Criteria. Properties pursuing the EGC standard must receive post-construction certification from Enterprise. For a summary of the mandatory criteria required under Enterprise 2020 Green Communities standards refer to https://www.greencommunitiesonline.org/sites/default/files/2020_green_communities_criteria_checklist.pdf.

Note that EGC certification requires that all Mandatory criteria be achieved, and new construction projects must also achieve at least 40 optional points.[13] Within these optional points, applicants must select 1.6 Resilient Communities: Multi-Hazard/Vulnerability Assessment (10 points); 3.5 Surface Stormwater Management (6-10 points); 4.7 Access to Potable Water During Emergencies (8 points); 5.9 Resilient Energy Systems: Floodproofing (8 points). Accordingly, at least 32 and as many as 36 of the EGC optional points are mandated by this NOFA to be specific items concerned with disaster resilience. The remaining (at least) 4-8 points may be selected by the applicant. There is no preference in this NOFA for properties which achieve more than the required minimum of 40 optional points under the EGC criteria.

[13] This NOFA requires new construction properties.

6. Scoring Criteria

MMLP funds will be used as financing for developments with awards based on a scored application verified by OCD. 100 points are available in this scoring structure. Awards will be made to the highest scoring applicant(s).

CDBG-DR Scoring will be based on the criteria enumerated within this Section.

6.1. Scoring Criteria Based on Transactional Economics, 50 Possible Points

A total of 50 possible points may be awarded for criteria at §6.1, A-C below.

6.1.1. Ratio of Developer Equity to CDBG-DR Loan—10 Possible Points

A greater ratio of Developer Equity to CDBG-DR Loan (reflecting more developer equity relative to CDBG-DR) will score higher, commensurate with OCD's preference for transactions with greater financial participation by the Borrower. Points will be awarded corresponding to the percentage of Developer Equity to CDBG-DR Proceeds, with a maximum of 10 points for applications in which the proposed developer equity is equal to the CDBG Loan request. For example, in an application requesting $7M of CDBG-DR proceeds, and proposing $1.5M of Developer Equity, the Developer Equity would be 21.4% of the CDBG-DR (1.5 / 7 = 0.214) and OCD would award 21.4% of the possible 10 points for this criterion, or 2.1 points. Scores will be rounded to the tenths decimal place.

6.1.2. Projected Return on Investment—25 Possible Points

OCD will calculate a projected Return on Investment ("ROI") per dollar of CDBG-DR funding, based on the applicant's proposed repayment terms and operating proforma.[14] The application with the greatest ROI would earn the maximum points for this criterion; all other applications will receive relative scores. For example, if Application A requested $5M of CDBG-DR, and OCD's calculations project a $7.5M total repayment,[15] Application A would have a $1.50 ROI ($7.5M Return / $5M Investment). If Application B requested $6M and OCD's calculations projected a total $8M repayment, Application B would have a $1.33 ROI ($8M / $6M). Application A therefore has the highest ROI relative to the CDBG-DR invested and would receive the maximum possible points (25). Application B would receive 22.2 points (1.33 / 1.50 X 25). Scores will be rounded to the tenths decimal place.

The determination of Return on Investment shall be at OCD's sole discretion, and OCD shall have the unilateral right to establish and rely upon any and all assumptions and perform all calculations on which its determination of ROI for purposes of this scoring criterion is based. In

[14] Applicant's proposed repayment terms are subject to the limitations set forth in Section 7.1, including a mandatory 10-year term, quarterly payments from surplus cash, and the bifurcated payment structure during the period there is outstanding, accrued interest.

[15] Total Repayment referenced is inclusive of quarterly cash flow payments and principal repayment at maturity—see §7 CDBG-DR Loan Terms).

submitting an application in response to this NOFA the Applicant acknowledges this and agrees that OCD's determination of ROI shall not be subject to challenge or appeal.

6.1.3. Guaranteed ROI—15 Possible Points

Applicants may propose to provide a Guaranty to OCD on its Return on Investment but are not obligated to do so. Such Guarantys will be awarded points, and the application with the greatest Guaranteed ROI will be awarded the maximum points for this criterion; all other applications would receive relative scores. Any such Guaranty would be for the difference between the Guaranteed ROI and the actual, Achieved ROI at maturity and repayment of the CDBG Loan. For example, if the Guaranteed ROI is $1.15, and the loan amount is $5M, the Guarantor guarantees that OCD will receive $5.75M in Total Repayment (i.e., $5M X $1.15 = $5.75M).[16] If, upon Total Repayment OCD has received $5.6M, the Guaranty would obligate the Guarantor to pay OCD $150K (i.e., $5.75M Guaranteed ROI minus $5.6M Achieved ROI equals $150K payment by the Guarantor to OCD per the Guaranty).

The lowest Guaranty which may be provided is an ROI of $1.00 (the Total Repayment is guaranteed to be the amount of the loan). Applicants may also propose not to provide a Guaranty; however, Applications providing no Guaranty would earn no points for this criterion.

The Application committing to the greatest Guaranteed ROI will earn 15 points. Other applications committing to a Guaranteed ROI will earn points proportionately. For example, if Application A provides a Guaranty of a $1.10 ROI, Application B provides a Guaranty of a $1.13 ROI, Application C provides a Guaranty of a $1.00 ROI and Application D declines to provide a Guaranty[17] then the following scores would be awarded under this criterion:

- Application A ($1.10) = (1.10 / 1.13 = .973 X 15) = 14.6 points
- Application B ($1.13) = (1.13 / 1.13 = 1.0 X 15) = 15 points
- Application C ($1.00) = (1.00 / 1.13 = .885 X 15 = 13.3 points
- Application D (no Guaranty) = 0 points

Scores will be rounded to the tenths decimal place.

6.2. Scoring Criteria Based on Transactional Characteristics, 25 Possible Points

6.2.1. Number of Units—10 Possible Points

OCD will award ten points to the Application reflecting the greatest number of Residential Dwelling Units.[18, 19] All other applications will be awarded points proportionately. For example,

[16] Total Repayment referenced is inclusive of quarterly cash flow payments and principal repayment at maturity—see §7 CDBG-DR Loan Terms).

[17] These numbers are for illustration only and are not intended to suggest any particular amounts.

[18] See §3, Affordability Mix.

[19] Note that the minimum project size is 100 units. See §1.5, Eligible Projects.

if Application A proposes 160 units, Application B proposes 200 units, Application C proposes 168 units and Application D proposes 186 units, the following scores would result:

- Application A (160 units) = (160 / 200 = .80 X 10) = 8.0 points
- Application B (200 units) = (200 / 200 = 1.0 X 10) = 10 points
- Application C (168 units) = (168 / 200 = .84 X 10) = 8.4 points
- Application D (186 units) = (186 / 200 = .93 X 10) = 9.3 points

Scores will be rounded to the tenths decimal place.

6.2.2. Affordability Value—15 Possible Points

Up to fifteen (15) points will be awarded for the calculated Affordability Value of the Applicant's proposed development. This scoring criterion recognizes developments in which there is a greater difference between market and restricted rents, reflecting a greater 'street value' of the affordability restrictions. For this calculation, OCD will divide (A) the requested CDBG-DR funding by the difference between (B) the Gross Potential Rent ("GPR") of all Residential Dwelling Units at Market-Rent and (C) the GPR of the project with the proposed Affordability Mix, and (D) will multiply this by 15.

For example, Applicant A requests $6M of CDBG-DR funding and proposes 100 two-bedroom units. The annual GPR over ten years at market rent for these units would be $21.6M ($1,800 average monthly market rent,[20] times 12 months, times 10 years, times 100 units, equals $21,600,000). The applicant proposes 51 units at 80% AMI and 9 units at 90% AMI and 50 units unrestricted (see §3, Affordability Mix). The resulting GPR over ten years is $18,007,200. The difference between the Market Rent GPR and the GPR at the proposed rents is $3,592,800. The developer has requested $6,000,000 of CDBG. The difference in rents is divided by the CDBG ($3,592,800 / $6,000,000 = .599). The developer earns 9 points (.599 X 15 = 8.98). Scores will be rounded to the tenths decimal place. Scores may not exceed 15 points, even if the difference between Market Rents and Proposed Rents over the Use Period is greater than the CDBG.

6.3. <u>Scoring Criteria Based on Developer's Capacity and Experience, 25 Possible Points</u>

6.3.1. Prior Experience—8 Possible Points

OCD seeks developers with prior, proven experience and capacity to develop a successful market-rate rental community and considers the volume of a developer's prior production to be an important indicator of this capacity. The applicant with the greatest number of apartment units developed within the last seven years[21] will be awarded eight (8) points. All other

[20] All figures in this example are provided for illustration only. The market rent would be based on the required Market Study. The AMI-based rents would correspond to the year and location and utility allowance. For these calculations the 100% AMI used is $72,000, the assumed utility allowance is $80, and market rents are affordable to households earning 101% of the AMI, adjusted for the two-bedroom unit size. See §3, Affordability Mix.

[21] Based on the issuance of certificates of occupancy.

applicants will be awarded points proportionately. For example, if Developer A has developed 500 units, Developer B has developed 375 units, and Developer C has developed 100 units, then Developer A will be awarded 8 points (500/500 X 8), Developer B will be awarded 6 points (375/500 X 8) and Developer C will be awarded 1.6 points (100/500 X 8). To permit otherwise qualified developers from being disadvantageously outscored by developers of significantly larger scale, the highest scoring developer in this category may not score more than five points greater than the second-highest scoring developer.[22] Scores will be rounded to the tenths decimal place.

6.3.2. Developer Access to Capital to Complete Transaction—7 Possible Points

OCD seeks a developer with established access to capital.

- 7 points. Developer provides letter(s) from financial institution(s) through which it obtained construction financing previously, toward market-rate multifamily developments, stating facts concerning their **similar or greater** scale, successful completion, and repayment without acts of default, and indicating their interest in providing financing toward the proposed development.
- 4 points. Developer provides letter(s) from financial institution(s) through which it obtained construction financing previously, toward market-rate multifamily developments, stating facts concerning their **lesser but relevant** scale, successful completion, and repayment without acts of default, and indicating their interest in providing financing toward the proposed development.
- No points will be awarded to a developer who fails to submit letter(s) from financial institution(s) evidencing prior successful financing of market-rate multifamily developments sponsored by the developer.

6.3.3. Developer Financial Strength—10 Possible Points

OCD seeks a developer with financial capacity to undertake the proposed development, including the ability to guarantee completion.

Financial capacity to ensure completion will be established on the basis of developer-submitted financial statements for itself and/or guarantors demonstrating liquidity proportional to the development cost. For example, if the projected development cost is $40M, and liquidity is $30M, 7.5 points ($30M / $40M X 10) will be awarded. Scoring may not exceed ten (10) points.

[22] Note, in the example given, Developer B is within five points of Developer A, so no adjustment is needed. There is no adjustment factor beyond the highest-scoring and second-highest scoring.

7. CDBG-DR Loan Terms

7.1. Payments from Cash Flow

CDBG-DR financing will be secured by a second priority mortgage lien.

The CDBG-DR will be subject to pay-in consistent with §1.3, Eligible Uses. CDBG will not pay in faster than two times the rate of other sources. That is, if CDBG-DR funding is $7M, developer equity is $2M and construction financing is $35M, then the total sources are $44M and the CDBG-DR is 15.9% ($7M / $44M) of total sources and the CDBG-DR will pay no more than 31.8% (15.9% X 2) of total, accrued construction-period draws.

The first CDBG-DR draw, and the final 10% of CDBG (retainage) may not be released prior to certain specific conditions being met, which are outlined in the loan documents. All other draws will be subject to conditions.

OCD will provide a definition of Operating Expenses in the loan documents. Only defined Operating Expenses may be paid prior to the determination of Cash Flow Available for Distribution.

Payments on the CDBG Loan (and developer equity) will be made quarterly from Cash Flow.

For so long as either OCD or the Borrower has accrued, outstanding interest due on its loan, the quarterly payment to OCD will be the lesser of (a) the accrued, outstanding interest on the Loan, or (b) OCD's Share of the Cash Flow Available for Distribution. OCD's Share will be equal to the proportion of (a) CDBG to (b) the sum of CDBG plus Developer Equity. For example, if the CDBG-DR loan is $7M and the developer's equity is $3M, then 70% of Cash Flow will be paid to the CDBG-DR Loan and 30% will be paid to the developer while there is outstanding accrued interest on these accounts.

Payments to the OCD Loan and Developer Equity from Cash flow will be made first to accrued, compound interest on these balances. After both parties have been repaid accrued interest, remaining Cash Flow will be shared based on the percentages proposed by the Applicant, which shall inform OCD's determination of the Return on Investment. The OCD Loan may not be prepaid or paid in any manner which negatively affects the proposed ROI presented in an application receiving an award.

7.2. Due on Maturity

The principal balance and any unpaid, accrued interest on the Loan will be due upon Maturity.

7.3. Interest Rate

The loan will be at an interest rate proposed by the Applicant. Note that applicants may propose an interest rate of 0%. See §6.1, Scoring Criteria Based on Transactional Economics, 50 Possible

Points).[23] Interest will begin accruing from the date of each draw-down for the amount of each draw down. Note that default interest may be charged, pursuant to the terms of the Legal Documents.

7.4. Legal Documents

Loans will be structured around standard-form legal documents, including an Award Acceptance Agreement, Loan Agreement, Note, Mortgage, Regulatory Agreement, Subordination Agreement (if required by the senior lender), Completion Guaranty, Operating Deficit Guaranty, and Guaranty of Non-Recourse Carve-Outs. It is anticipated that these template legal documents will be posted no later than forty-five (45) days prior to the deadline for submission of applications under this NOFA.

Notably, affordability requirements will expire at the time the CDBG Loan is repaid. However, the Borrower will be obligated to comply with existing leases and to transition existing households as set forth above. See §3.2, Affordability Term and End-of-Term Transition.

[23] Applicants should note that lower, requested interest rates will produce lower Projected ROI, which is a scoring criterion.

8. Underwriting Standards and Requirements

8.1. Replacement Reserve Deposit Requirements

The project must fund an Initial Deposit to the Reserve for Replacements Escrow from Development Sources in an amount to be negotiated between OCD and the Borrower, consistent with the requirements of the First Mortgage Lender, and as determined by OCD to be sufficient for its purpose. No annual contributions to the reserve account will be required under the CDBG loan documents.

Replacement Reserves will be subject to controls as stipulated in the Legal Documents. See §7.4, Legal Documents.

8.2. Operating Deficit Reserve Requirements

The project must fund an Operating Deficit Reserve from Development Sources in an amount to be negotiated between OCD and the Borrower, consistent with the requirements of the First Mortgage Lender, and as determined by OCD to be sufficient for its purpose. As will be enumerated in the Legal Documents, any reserves released from the account for purposes other than curing operating deficits as defined in the Loan Agreement must be in the form of a payment against the CDBG-DR Loan.

8.3. Lease-Up Reserve Requirements

This program does not impose Lease-Up reserve requirements but will recognize reasonable establishment of such reserves from development funds, as proposed by the Applicant. All uses of such funds must appear in the audit of the partnership in the year the project is placed in service.

8.4. Rents

See also §3, Affordability Mix.

- AMI-based rents must be underwritten at the maximum net rent (gross rent less applicable utility allowance) for the set-aside applicable to the unit; or (b) the market rent as established in the Market Study.[24]
- Permanent Supportive Housing (PSH): PSH are underwritten to applicable voucher-based rents. 2% of units are required to be set aside as PSH units.
- Market units must be underwritten at the market rent established in the Market Study, unless otherwise required or agreed to by OCD.

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[24] However, in no case will the OCD award funds to a project in which the market rents are below the rent levels of units set-aside as restricted. Market rents must be above 80% AMI as a basic eligibility requirement. Market rents must be above 100% AMI to propose units restricted at 90% AMI and must be above 110% AMI to propose units restricted at 100% AMI. See §3.1, Set-Aside Requirements.

8.5. Market-Study Determined Absorption Rate

OCD will not fund a project for which the market study indicates the proposed units cannot be effectively absorbed.

8.6. First Mortgage Sizing

At maturity of the First Mortgage the underwriting must model a refinancing of the First Mortgage to establish that at its maturity there is sufficient likelihood in OCD's sole determination, that the property can be sold or refinanced to produce sufficient proceeds to repay the remaining principal balance of the First Mortgage, and the full balance due of the OCD CDBG-DR Loan.

9. Other Requirements

9.1. Overview

- Applicants must complete and submit their own financial model and the MMLP CDBG-DR Supplemental Application (see §10.2, Application) by no later than the Application Deadline. See §10.5, Required Dates and Deadlines. Applicants must provide the required payment and performance bond as a condition of closing. See §9.2, Payment and Performance Bond.
- Applicants must include a narrative describing the project.
- Applicants must provide a third-party market study by a qualified firm. Unless otherwise permitted by OCD, the Market Study must conform to the requirements of the Multifamily Accelerated Process (MAP) Guide, Revision 03/19/21.
- The project must be determined by OCD in its sole discretion to be feasible and viable with an award of requested CDBG-DR funds.
- Projects with multiple environmental issues which cannot be addressed timely and cost-effectively will cause the award of CDBG-DR funds to be canceled.
- An applicant receiving funds under this NOFA will be expected to maintain the fiscal, physical and managerial soundness of the benefitting rental housing development for the Period of Affordability covered by the CDBG-DR Use Agreement and must ensure compliance with all federal cross-cutting and OCD regulatory and administrative requirements, including but not limited to:
    - Implementing the project or program activity as proposed in the submitted application;
    - Ensuring compliance with all reporting requirements;
    - Managing funds disbursement and accounting;
    - Preparing work specifications;
    - Conducting inspections;
    - Affirmatively marketing the units for rental;
    - Administering the Program;
    - Documenting the Program; and
    - Ensuring that all CDBG-DR requirements are met for the entire affordability period applicable to the project.

9.2. Payment and Performance Bonds

Each funded application that receives an award of CDBG-DR Funds will be required to post both a payment and performance bond during the period of construction corresponding to the requirements of the Disaster Recovery CDBG Grantee Administrative Manual. The minimum requirements are as follows:

- A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
- A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

9.3. Changes to Project after Award

After a notice of award under this NOFA, any changes to a project must be approved in advance by OCD in writing. OCD will not close on a CDBG Loan in which there have been unapproved Material Changes.

9.4. Completed Projects

Projects are considered complete only after certificates of occupancy have been issued for all buildings within a project, and the project sponsor has complied with all conditions precedent to the final release of CDBG-DR funds, as stipulated in the Legal Documents.

9.5. Regulatory Authority and Requirements

All applications under this NOFA are governed by 24 CFR Part 570. Modification of federal statutes or regulations governing the CDBG-DR Program by Congress, the Department of Housing and Urban Development (HUD), the state legislature, or OCD may become effective immediately and apply to the activities funded under this NOFA.

This NOFA does not include the text of all applicable regulations that may be important to a particular project. For proper completion of the application, OCD strongly encourages potential applicants to consult the federal CDBG-DR Program regulations, and other federal cross-cutting regulations. Applicants should also consult the State's Uniform Construction Code.

9.6. Site Development Requirements

Construction that is financed by CDBG-DR Funds must meet all applicable State and local building codes along with appropriate zoning ordinances in effect at the time of project application. However, projects may be proposed which require a variance or rezoning but are at-risk of a determination by OCD that the proposed property is not reasonably likely to receive the necessary approvals, and OCDs rejection of the application on that basis, alone. Developers may bring situations to OCD prior to the application deadline for consideration, on this basis. See §4, Eligible Sites regarding project siting requirements specific to this NOFA.

9.7. Insurance Requirements

Insurance requirements for projects are governed by the State of Louisiana Office of Risk Management Procedures Manual for Insurance Language in Contracts and Indemnification Agreements, Revised February, 2018, available here.

Additionally, all funded projects are required to obtain and maintain flood insurance throughout the term of the OCD Loan, irrespective of whether such insurance is required by other parties, and without regard to the siting of the property outside of the SFHA. Projects must carry the lesser of full replacement coverage or the maximum available NFIP insurance on all individual buildings. Sponsors are hereby advised to ensure that costs for these insurance premiums are fully reflected in their proposed operating budgets.

9.8. Housing Choice Opportunities

Projects awarded CDBG-DR Funds must comply with Title VI of the Civil Rights Acts of 1964, the Fair Housing Act, Section 504, Executive Order 11063 and HUD regulations issued pursuant thereto so as to promote greater choice of housing opportunities.

9.9. Uniform Relocation and Real Property Acquisition Act

If CDBG-DR Funds are proposed to pay for acquisition costs and activities, the Applicant must follow the procedures of the Uniform Relocation and Real Property Acquisition Act to acquire the project site. The procedures must be followed prior to the site acquisition. CDBG-DR Funds cannot be used to pay or reimburse an applicant for site acquisition activities that do not comply with the requirements of the Uniform Act. In no case will CDBG-DR be used to pay for URA related costs; other sources must be applied to these costs.

9.10. Cross Cutting Federal Requirements

All applicants shall comply with the following:

- Environmental clearance;[25]
- Uniform Residential Requirements as applicable;
- Lead Based Paint
- Section 3

[25] Projects may proceed to secure all Environmental Site Assessment reports prior to award and prior to closing. *However, no choice limiting actions, including, but not limited to, physical work or activity may start until environmental clearance is obtained. All prohibitions regarding 'choice limiting actions' will apply, rendering the award void and applicant ineligible for award.*

9.11. Davis Bacon Prevailing Wage Compliance

Project budget costs must be based on the prevailing wage rates. The then-current wage rates must be attached to the construction contract and accepted by the general contractor prior to closing.

9.12. Accessibility Requirements

All funded projects must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined at 24 CFR 100.201, and must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619). These requirements must be met for the entire affordability period.

9.13. Nondiscrimination Requirements

The Sponsor, Applicant, and Borrower each agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and Contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Sponsor, Applicant, and Borrower each agrees not to discriminate in its employment practices and will render services under this Contract without discrimination on the basis of applicable protected classes.

10. Application Submission

This NOFA does not commit OCD to award any contract nor to pay any costs incurred in the preparation or delivery of applications. Furthermore, OCD reserves the right to accept or reject, in whole or in part, any and all applications submitted, and/or to cancel this NOFA. OCD also reserves the right to ask for additional information or conduct interviews from/with any applicant and/or all applicants as may be necessary or appropriate for purposes of clarification. OCD reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. Any such revisions will be formalized by the issuance of an amendment to this NOFA.

10.1. Application Fees

No application fee is required. However, all costs associated with applying under this NOFA are the sole responsibility and obligation of the applicant. Awarded transactions may seek reimbursement for certain predevelopment costs at closing, as development costs.

10.2. Application

The full Application is comprised of the elements enumerated hereunder. No specific format is required and there are no specific forms. All submissions must be clear, coherent, and well organized. All submissions must be in Adobe PDF format (with the Financial Model in Excel), with navigation tools to facilitate review by OCD.

- Narrative. This element of the submission should articulate the proposed development and the developer's qualifications.
- Eligibility. Signed statement that no aspect of the proposed development violates any restrictions at §1.4, Ineligible Uses; §1.6, Ineligible Projects; or §1.7, Ineligible Applicants and that all aspects are consistent with requirements at §1.3, Eligible Uses; §1.5, Eligible Projects; and §9, Other Requirements.
- Design and Approach. Narrative and statements of conformance with requirements at §2, CDBG Limits; §3, Affordability Mix; §4, Eligible Sites; and §5, Mandatory Disaster Resilience Criteria. Include related materials, including the Enterprise Green Checklist (2020), information regarding the siting of the proposed project, zoning, site control, and other relevant evidentiaries.
- Disclosure. Organizational charts, resumes, and Good Standing Certificates for all entities proposed as Sponsor / Borrower. Statement of contact person and evidence of authority. Acknowledgement of §1.10, Non-Assignability of Application and Award.
- Schedule and Readiness. Proposed schedule in detail, consistent with all requirements of §10.5, Required Dates and Deadlines.
- Scoring. Specific discussion and proposed calculations of scoring criteria, following the structure at §6, Scoring Criteria, and responsive to those items being measured. While the Applicant may propose scoring, determination of the score will be made by OCD in its sole discretion.

- Proposed Loan Terms. The Applicant must stipulate all proposed arrangements related to Loan Terms, consistent with the requirements of this NOFA at §7, CDBG-DR Loan Terms, including a statement of amount of CDBG-DR requested.
- Financial Model. Applicants will submit their own financial model; however, it must be in Excel, and unprotected. The model must contain the following: (a) detailed development proforma, (b) operating proforma including loan repayments and cash flow waterfall, (c) rents and unit mix, (d) construction flow of funds, and (e) other relevant schedules and data.

OCD reserves the right to determine that a submitted application is incomplete, and to refuse further consideration of the application without providing an opportunity to the Applicant to provide additional materials.

10.3. Deadline to Submit

Applications must be received by OCD, in their entirety, by no later than the date and time published herein (see §10.5, Required Dates and Deadlines). Note that a Letter of Intent ("LOI") to Submit has an earlier deadline. Failure to submit an LOI by the LOI Deadline may render an applicant ineligible to submit a corresponding application by the Application Deadline.

The Application must be addressed as follows:

Louisiana Office of Community Development
Housing Production
1201 N. Third Street, suite 3-150
Baton Rouge, Louisiana 70802
Re: 2022 MMLP CDBG-DR Program
Must include: Project Name, Sponsor Name and Return Address

NOTE: There is no regular mail delivery to the above address, which may be used for FedEx or UPS or other delivery services. For US Mail, the address is P.O. Box 94095, Baton Rouge, LA 70804.

10.4. Methods of Submission

Applicants assume the risk of the delivery method chosen, including delivery via private courier or the U.S. Mail. Be advised that applications arriving after the application deadline, whether via personal delivery, U.S. Mail, FedEx, UPS, or other comparable method of delivery, will not be accepted for any reason.

10.5. Required Dates and Deadlines

NOFA published and posted to OCD website	Friday, January 14, 2022
Deadline to submit written inquiries regarding the NOFA to OCD*	Friday, January 21, 2022

Posting by OCD of FAQ in response to written inquires (Amendment of NOFA—if required)	Friday, February 4, 2022
Letter of Intent to Submit Deadline*	Friday, February 25, 2022
Application Submission Deadline*	Friday, April 22, 2022
Award Letters issued	Friday, June 10, 2022
Financial Closing Deadline	Wednesday, December 7, 2022
Full expenditure of CDBG, Lease-Up Complete, National Objective of 51% of units leased to qualifying households complete	Monday, December 2, 2024

*For each deadline imposed on the applicant, the materials must be provided no later than 4:00 pm, Central Time, on the date of the deadline.

See §1.11, Strictly Enforced Deadlines.

NOTE: OCD reserves the right to revise this schedule. Any such revision will be formalized by the issuance of an amendment to the NOFA.

NOTE: OCD anticipates holding a Web-based session to provide an overview of the program shortly following publication of this NOFA and will provide separate notice thereof.

10.6. Questions and Communication

OCD will consider written inquiries from applicants regarding this NOFA. Inquiries will only be considered if they are **submitted in writing to** housing .inquiries.ocd@LA.GOV **by the deadline for the submission of written inquiries** set forth above. Inquiries shall clearly reference the section of the NOFA for which the applicant is inquiring or seeking clarification. Any and all written inquiries from applicants submitted in writing will be deemed to require an official response.

In addition to written responses to individual inquiries, an official response to each inquiry, along with the actual inquiry, will be posted by the deadline above in the form of a Frequently Asked Questions Addendum (FAQ) at the OCD Website.

OCD reserves the right to amend this NOFA. Additionally, OCD reserves the right to withdraw this NOFA, and to elect not to select any awardees of the funds committed herein. This NOFA does not constitute a commitment by OCD to grant any funds to any applicant.

It is the sole responsibility of the applicant to inquire into and clarify any item of the NOFA that is not understood. OCD also reserves the right to decline to respond to any inquiry that will cause an undue burden or expense for OCD.

It is the strict policy of OCD that prospective respondents to this NOFA refrain from initiating any contact or communication, direct or indirect, with OCD staff or advisors with regard to the competitive selection of applicants. Any violation of this policy will be considered as a potential basis for disqualification from consideration.

OCD reserves the right to inquire with Applicants regarding submitted Applications, to seek clarification, adjustment, refinement, revision, or amendment as needed to ensure the best outcomes.

OCD will produce public records in accordance with LA R.S. Title 44.

11. Definitions

Terms not specifically defined herein have the meaning given to them in LHC's 2022 Qualified Allocation Plan (QAP) available on OCD's website at: https://www.doa.la.gov/doa/ocd/

- **Applicant -** A developer submitting an application to this NOFA.
- **Construction Completion** the point at which all construction work has been performed, certificates of occupancy for all units has been issued, and the final drawdown of CDBG-DR Funds has been disbursed for the project.
- **Eligible Parishes.** Properties which will be located in the fifty-one (51) FEMA Disaster-Declared Parishes affected by the 2016 Floods for which FEMA Individual Assistance was available are eligible to apply and to receive awards under the MMLP NOFA: Acadia, Allen, Ascension, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Catahoula, Claiborne, DeSoto, 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.
- **Entity/ Organization** – A legal body (non-profit, for-profit, local units of government) that will have legal ownership of the project and property before and after project completion. A developer may contract with an entity or be a part of a development team.
- **New Construction** – For purposes of this NOFA, which is limited to New Construction projects, a project shall be considered New Construction if at least 51% of total units are newly constructed. Adaptive-reuse projects are permitted, so long as at least 51% of the residential units that are created are not previously occupied residential units.
- **Project** – A site or sites together with any building or buildings located on the site(s) that are under common ownership, management, accounting and financing and are to be assisted with CDBG-DR Funds as a single undertaking located within a single governmental entity.
- **Sponsor** – Person(s) with respect to the project concerned, having site control (evidenced by an act of sale, a sales contract, or an option contract to acquire the property), a preliminary financial commitment, and a capable development team.

12. PSH Program Summary

PSH is an "evidenced-based" best practice housing model which provides affordable rental housing units in a non-institutional setting linked with flexible community-based supportive services. This approach leads to reduced utilization of emergency room services and other high-cost health / social service interventions, and to cost savings that outweigh amounts spent to provide the supportive services.

OCD seeks to facilitate the development of permanent supportive housing for the eligible target populations located in the eligible parishes. All properties that receive CDBG-DR funds will agree to make at least 2% of total units available to PSH consumers, who will be supported by appropriate services provided through the Louisiana Department of Health (LDH) and its supportive service provider network.

Public Purpose: By requiring that applicants/owners make at least 2% of the total units in the property available to PSH clients, the goal of creating opportunities for LDH-priority populations to obtain deeply affordable permanent housing, in a residential setting, with appropriate services available is achieved. Applicants of elderly properties who wish to restrict PSH units to elderly PSH clients may do so, wherever such a restriction is otherwise lawful.

PSH Set-Aside Program Requirements. Under the PSH Set-Aside Program, project owners are required to work cooperatively with LDH who will refer potential tenants. LDH through its service provider network will be solely responsible for the development and provision of supportive Service Plans in the PSH Set-Aside Program. The initial PSH Set-Aside agreement will have a term of ten years to align with the CDBG affordability term. The project owner (and its successors and assigns) shall accept renewals of the PSH Set-Aside agreement, if offered on substantially the same terms, for a term (or terms) not to exceed in the aggregate ten years after the commencement date of the initial PSH Set-Aside Agreement. The PSH Set-Aside Agreement will provide that the owner may terminate the Agreement upon 90 days' advance written notice if, at any point, the owner notifies OCD that LDH through its service provider network can no longer provide supportive services to the PSH consumers. However, neither expiration nor termination of the Agreement shall relieve the owner of any of its obligations under leases with PSH residents, nor shall it otherwise relieve the owner of the affordability obligations enumerated in the CDBG Regulatory Agreement.

Referral Process for PSH Set-Aside Units. Applicants must promptly notify the LDH PSH coordinator whenever an eligible PSH unit becomes available through vacancy (that is, whenever the owner has not yet filled its PSH set-aside requirement). If, LDH refers one or more PSH clients within a reasonable period not to exceed one week, the owner must accept or decline such PSH consumer prior to considering any other applicant(s) for such unit. The owner is not required to hold a unit if the PSH applicant fails to provide the needed information (for example, verification of income) within a reasonable time in accordance with requirements specified in the PSH Set-Aside Agreement

The owner is not obliged to accept a referred PSH applicant unless the potential tenant is acceptable in accordance with the applicant's standard nondiscriminatory resident selection criteria (which must be applied consistently to all applicants for units in the property). Project owners may vary the terms of the tenancy (including, specifically, requiring a lease term as short as month-to-month), so long as the applicant's decision is based on nondiscriminatory criteria consistently applied to all applicants for all units in the property. LDH will not refer a tenant to a property unless (a) the potential tenant has affirmatively expressed a desire to live in that specific property, (b) the potential tenant has sufficient and sufficiently stable income to afford the rent and utilities (typically affordable at 20% AMI), and (c) the potential tenant is likely to uphold his or her responsibilities under the lease. The potential applicant must be the tenant / lessee on the lease agreement. During the ten year Set-Aside Agreement term, LDH will prioritize referral of applicants. LHC provides additional guidance to project owners regarding PSH Set-Aside Program and the details associated with the LDH referral process, resident selection expectation and lease requirements through the PSH Set Aside Agreement.

The units initially identified for PSH must consist of a mix of accessible and non-accessible units and cannot be made up of more than 50% of the accessible units required under Section 504.[26] PSH units must be integrated throughout the entire development and should not be segregated to one area of a building or development.[27] OCD anticipates that PSH applicants (both initially and over time) be able to exercise choice among available units; accordingly it is possible that the physical units used for PSH will change over time.

The eligible target populations for permanent supportive housing will be extremely-low-income individuals and family households (i.e., with incomes at or below 30% of AMI)[28] who have one or more of the following conditions:

- The individual/household member has a substantial, long-term disability as determined by the LDH including any of the following:
  - Serious Mental Illness;
  - Addictive Disorder, i.e., individuals in treatment/recovery from substance abuse disorder;
  - Developmental Disability, i.e., mental retardation, autism, or other disability acquired before the age of 22;
  - Physical, sensory, or cognitive disability occurring after the age of 22;
  - Disability caused by chronic illness (e.g., people with HIV/AIDs who are no longer able to work); and
  - Age-related disability (i.e., "frail elderly").The household is homeless or is determined by the LDH to be (1) most-at-risk of homelessness, and (2) in need of Permanent Supportive Housing. This will include family services clients with a goal of family reunification who are at risk for homelessness.

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[26] Unless the actual PSH applicants select a greater percentage of the accessible units

[27] However, the units initially identified for PSH should be selected from those units that are located on accessible routes

[28] Note however that households with PSH vouchers may earn up to 50% AMI.

- The individual/household member is aging out of the state Foster Care system and is determined by the LDH to be in need of Permanent Supportive Housing.