

Version Control Form

PROGRAM NAME:	Rental Restoration and Development Program
DOCUMENT NAME:	Notice of Funding Availability
ORIGINAL PUBLICATION DATE:	February 27, 2023
PREVIOUS VERSION:	1.3
REVISION DATE:	April 13, 2023
CURRENT VERSION	1.4
SUMMARY OF CURRENT CHANGES:	<p>1) Updated the location of the Alexandria workshop to list the address:</p> <p style="padding-left: 40px;">England Authority 1611 Arnold Drive, Alexandria, LA 71303</p> <p>2) Updated IV Program Definitions (Page 28), Affordable Rents section to reflect the following:</p> <p>The rents for each residential rental housing unit by bedroom size, published annually by LHC by parish location for each Qualified Project. If the tenant is expected to pay for all or some of the utilities, the Affordable rents must be reduced by the Utility Allowance applicable to the unit. The Eligible Borrower may not accept any amount exceeding the RRDP allowable rent amount for the housing unit from any source.</p> <p>3) Updated IV Program Definitions (Page 32), Rent-Restricted section to reflect the following:</p> <p>Rent charged a Qualified Household during the Affordability Period may not exceed Affordable Rents. The Eligible Borrower may not accept any amount exceeding the RRDP allowable rent amount for the housing unit from any source.</p>

This Rental Restoration and Development NOFA Version 1.4 will be the controlling document for the Program and supersedes any previous version(s) and/or Addendums.



Louisiana Housing
Corporation

LOUISIANA HOUSING CORPORATION

NOTICE OF FUNDING AVAILABILITY

RENTAL RESTORATION AND DEVELOPMENT PROGRAM

Version 1.4

RELEASE DATE: April 10, 2023

I. GENERAL AND ADMINISTRATIVE INFORMATION

The purposes of the Rental Restoration and Development Program (“**RRDP**”) are:

- To repair damaged housing stock in Eligible Parishes that will be made available at affordable rents for households at or below eighty percent (80%) of area median income (“**AMI**”);
- To produce affordable residential rental housing units outside of a Special Flood Hazard Area (**SFHA**);
- To revitalize communities damaged by the Hurricanes Laura, Delta, Ida and the May 2021 floods by eliminating the blight of vacant properties in order to increase the availability of affordable rental housing for households at or below eighty percent (80%) AMI; and
- To implement the RRDP in a manner that (i) engages Lenders who commit to new construction and/or renovation financing for residential rental properties located in Eligible Parishes, (ii) is most efficient and cost-effective throughout the Eligible Parishes, and (iii) is low-risk to developers (“**Eligible Borrowers**”) who submit Applications, thereby ensuring that the budgeted Take-out Funds for residential rental housing units under the RRDP construct and repair the maximum number of affordable residential rental housing properties in one of the FEMA Disaster-Declared Parishes or one of the HUD-Designated Most Impacted Parishes (“**Eligible Parishes**”) as a result of the Hurricanes Laura, Delta, Ida and the May 2021 floods; provided that properties located in HUD-Designated Most Impacted Parishes (“**Priority Eligible Parishes**”) will receive priority awards of Take-out Funds.
- Under the RRDP, the Louisiana Housing Corporation (“**LHC**”) will accept an application (“**Application**”) from an Eligible Borrower who will construct new residential rental housing units (“**New Units**”) or will renovate vacant residential rental housing units (“**Existing Units**”) in a project that will not exceed seven (7) residential qualified housing units (“**Qualified Project**”).
- An Eligible Applicant either 1) must partner with a commercial lender (“**Lender**”) that provides the Applicant a commitment contingent upon receipt of a RRDP loan which will be included in the Application to provide the Eligible Borrower mortgage lien construction financing (“**Construction Loan**”) of a Qualified Project or 2) must fully fund all development costs of the Qualified Project with the Borrower’s own funds.

RRDP for Qualified Projects

Under the RRDP, the Louisiana Housing Corporation (“LHC”) will accept an application (“**Application**”) from an Eligible Applicant who will construct new residential rental housing units (“**New Units**”) or will renovate vacant residential rental housing units (“**Existing Units**”) in a project that will not exceed seven (7) residential housing units (“**Qualified Project**”).

Construction Loan from Lender or Funding Directly by Eligible Borrower

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

A. IMPORTANT DATES AND DEADLINES

The RRDP will follow the timeline below:

Date	Event	
2/27/2023	Notice of Funding Availability (NOFA) published Question/comment period opens	
3/15/2023 RRDP Kick-off Session 1 10:00am - 12:00 pm	Baton Rouge, LA	Louisiana Housing Corporation 2415 Quail Drive Baton Rouge, LA 70808
3/15/2023 RRDP Kick-off Session 2 5:00pm - 7:00pm	Baton Rouge, LA	Louisiana Housing Corporation 2415 Quail Drive Baton Rouge, LA 70808
3/16/2023 3:00pm - 5:00pm	Hammond, LA	Tangipahoa Parish Clausen Center Clausen Large Conference Room 15485 W. Club Deluxe Road Hammond , LA 70403
3/17/2023 10:00am - 12:00pm	Lafayette, LA	Clifton Chenier Town Hall Auditorium Building C 220 West Willow Lafayette, LA 70501
3/24/2023 10:00am - 12:00pm	New Orleans	HANO 4100 Touro Street New Orleans, LA 70122

3/27/2023 10:00am - 12:00pm	Houma	Dumas Auditorium 301 W. Tunnel Blvd Houma, LA 70360
3/29/2023 Session 1 10:00am - 12:00pm	Lake Charles	Lake Charles Allen P. August Multipurpose Center 2001 Moeling Street Lake Charles, LA 70601
3/29/2023 Session 2 5:30pm - 7:00pm	Lake Charles	Lake Charles Civic Center Contraband Room 900 Lakeshore Drive Lake Charles, LA 70601
4/1/2023 10:00am - 12:00pm	Shreveport	Southern University-Shreveport Alphonse Jackson Building 3050 M.L. King Drive Shreveport, LA 71107
4/5/23 10:00am - 12:00pm	Monroe	City of Monroe Public Safety Center 1810 M.L. King Drive Monroe, LA 71202
4/6/23 10:00am - 12:00pm	Alexandria	Alexandria International Airport 1611 Arnold Drive Alexandria, LA 70103
4/10/23 10:00am - 12:00pm	Virtual Technical Assistance Workshop https://us06web.zoom.us/j/84010533326?pwd=SIFrVFEraWg4M2MyT2pwcXVMUmFiZz09	
4/14/23	Questions/comments must be submitted by 4:30 PM on this date	
4/28/23	Frequently Asked Questions (FAQ) responses posted	
5/1/23	Application intake period begins	
7/31/23	Application intake deadline. Applications must be submitted by 4:30 PM on this date.	
8/31/23	Commitment Letters issued continuously after this date based on prioritization and scoring	

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

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

B. QUESTIONS AND COMMUNICATION

LHC will consider inquiries from Applicants regarding the RRDP. Inquiries will be considered only if they are submitted by the deadline for submission of inquiries – **April 14, 2023 by 4:30pm**. All written inquiries must be submitted to RRDP@lhc.la.gov. Applicants who do not have access to email or are unable to use the internet, may submit inquiries by calling the RRDP comment line at: (225) 763-8700. Inquiries shall clearly reference the section of the RRDP Initiative for which the Applicant is inquiring or seeking clarification. Any and all inquiries from Applicants submitted by the above deadline will be deemed to require an official response.

It is the sole responsibility of the Applicant to inquire into and clarify any item of the RRDP Initiative that is not understood. The Corporation reserves the right to decline to respond to any inquiry that will cause an undue burden or expense for LHC.

C. BLACKOUT PERIOD

It is the strict policy of the LHC that prospective respondents to the RRDP refrain from initiating any contact or communication, direct or indirect, with LHC staff or members of the Louisiana Housing Corporation's Board of Directors with regard to the competitive selection of Applicants. This blackout period will be in effect during the time of the active application intake period from **May 1, 2023 to July 31, 2023**. Any violation of this policy will be considered as a basis for disqualification from consideration.

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

D. METHOD AND ORDER OF APPLICATION SUBMISSION

The application can be located and submitted online at www.lhc.la.gov (the LHC website) via the Rental Restoration and Development Program Application. Applications must be received no later than **July 31, 2023 at 4:30 p.m.** Applications must be complete upon submission.

If an Applicant is unable to submit the application online, the Applicant may submit the application by mail or in person via hand delivery to the LHC. Paper applications must include all required supporting documents. All applications and documents should be mailed or hand-delivered to the following address:

Louisiana Housing Corporation
Housing Production/Disaster Recovery
2415 Quail Drive
Baton Rouge, Louisiana 70808
Re: The RRDP
Must include: Applicant/Company Name & Return Address

Applicants mailing or hand-delivering their applications should allow sufficient mail delivery time to ensure receipt of their applications by the date and time specified above. Applicants assume the risk of the delivery method chosen, including delivery via private courier or the U.S. mail.

II. Program Requirements

A. ELIGIBILITY

Eligible Borrower

An Eligible Borrower may be one of the following entities:

- Community Housing Development Organization (“**CHDO**”);
- 501(c)(3) or 501(c)(4) Not-For-Profit Organization (“**NPO**”) with a board approved mission to further affordable housing, or demonstrated through the NPO by-laws mission statement;
- Local Public Housing Authority (“**PHA**”);
- A local development agency (“**LDA**”) that is not a parish or municipality; or
- A residential rental property owner (“**Residential Rental Property Owner**”)

New Construction Financing Restrictions:

Non-Profit Borrowers (CHDO, NPO, PHA, or LDA)

May submit applications involving the construction of New Units

For-Profit Borrowers (Residential Rental Property Owner that is neither a CHDO, NPO, PHA, nor a LDA)

May submit applications involving the construction of New Units only in the following rural parishes:

Allen, Beauregard, Jefferson Davis, Natchitoches, Vermilion, Vernon, Assumption, Tangipahoa, Washington, Iberville, Grant, Iberia, Jackson, St. Helena, LaSalle, Lincoln, Morehouse, Sabine, Union, Winn, East Feliciana, Pointe Coupee, and West Feliciana

Geographic Location of Qualified Project -- Laura & Delta

The Qualified Project must be located in one of the FEMA Disaster-Declared Parishes or one of the HUD-Designated Most Impacted Parishes (“**Eligible Parish**”) as a result of Hurricanes Laura and Delta. Those Parishes are as follows:

- Acadia, Allen, Beauregard, Caddo, Calcasieu, Cameron, Grant, Iberia, Jackson, Jefferson Davis, La Salle, Lafayette, Lincoln, Morehouse, Natchitoches, Ouachita, Rapides, Sabine, St. Landry, St. Martin, Union, Vermilion, Vernon, and Winn.

The HUD-Identified Most Impacted and Distressed areas are:

- Acadia (Units located in the 70526 and 70578 zip codes only), Allen, Beauregard, Caddo, Calcasieu, Cameron, Jefferson Davis, Lafayette, Natchitoches, Ouachita, Rapides (Units located in 71302 only), St. Landry (Units located in 70570 only), St. Martin (Units located in 70517 only), Vermilion (Units located in 70510 only), and Vernon (Units located in 71446 only).

Geographic Location of Qualified Project – Ida & May 2021 Floods

The Qualified Project must be located in one of the FEMA Disaster-Declared Parishes or one of the HUD-Designated Most Impacted Parishes (“**Eligible Parish**”) as a result of Hurricane Ida and the May 2021 floods. Those Parishes are as follows:

- Ascension, Assumption, Calcasieu, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Washington, West Baton Rouge, and West Feliciana.

The HUD-Identified Most Impacted and Distressed areas are:

- Ascension, Assumption, Calcasieu, East Baton Rouge, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, and Washington Parishes; 70764 & 70788 (Iberville Parish) and 70767 (West Baton Rouge Parish).

Qualified Project Ownership Requirements by Eligible Borrowers

Ownership: Qualified Project(s) must be submitted by an Eligible Borrower (any public, private, for-profit, or non-profit entity) which owns the subject property at the time of application. If there are multiple owners of a single property, all owners must be listed on the merchantable title and application. Merchantable title must remain in the name of the Eligible Borrower(s) until the end of the awards process, up to and including execution of closing documents. All owners will be required to sign the application, loan and program documents and other documents, as required.

Proposed Transfers in Ownership to a Qualified Project by a CHDO, NPO, PHA, or LDA

Title to the Qualified Project submitted by a CHDO, NPO, PHA, or LDA must remain in the name of the Borrower CHDO, NPO, PHA, or LDA until the end of the awards process, up to and including execution of the closing documents of the RRDP program. Any requests to change the ownership of a Qualified Project to a valid non-profit subsidiary LLC must be submitted to the LHC in writing. The LHC will consider requests for transfer on a case-by-case basis. The LHC has sole discretion in determining if the transfer is allowable. If a transfer is approved, the original awardee (CHDO, NPO, PHA, or LDA) and the non-profit subsidiary LLC shall execute an “Assignment and Assumption Agreement” which will hold the non-profit subsidiary LLC to the same terms and conditions of the funding and closing documents of the RRDP that was agreed to by the parent corporation (CHDO, NPO, PHA, or LDA).

LHC will also have the sole discretion to approve if the non-profit subsidiary LLC is valid for the purposes of ownership of the property and affordability requirements. To be a valid non-profit subsidiary LLC, the LLC must have the non-profit corporation as its sole member, and the LLC's management shall be permitted to engage only in activities permitted of the parent 501c3 Corporation. The LLC must be controlled by the parent non-profit corporation's same directors and officers. The LLC's Operating Agreement must specify that the LLC cannot violate the bylaws or restrictions of its parent 501c3 corporation. The LLC must have clearly separate accounts and capital apart from the parent non-profit corporation.

Proposed Transfers in Ownership to a Qualified Project by a Residential Rental Property Owner

Title to the Qualified Project submitted by a Residential Rental Property Owner must remain in the name(s) of the Residential Rental Property Owner until the end of the awards process, up to and including execution of the closing documents of the RRDP program. Any requests to change the ownership of a Qualified Project must be submitted to the LHC in writing. The LHC will consider requests for transfer on a case-by-case basis. The LHC has sole discretion in determining if the transfer is allowable. If a transfer is approved, the original awardee shall execute an "Assignment and Assumption Agreement" which will hold the transferee to the same terms and conditions of the funding and closing documents of the RRDP that was agreed to by the original awardee.

RRDP Application and Documents Required for Application Processing

RRDP Application and other Documents and Proceedings required for application processing and scoring are identified in the appendices of this NOFA as **Appendix A**.

B. PROPERTY ELIGIBILITY REQUIREMENTS

Property Eligibility Requirements

To be eligible under the RRDP, a property must be a residential rental property to be repaired, reconstructed, or newly constructed and satisfy each of the following criteria:

- **Must be a residential rental structure with not more than 7 qualified dwelling units. Properties with more than 7 units contained within a single structure are not eligible under the Program;**
- Must be site-built, modular, or manufactured home;
- Must be located in one of the Eligible Parishes; and
- Must complete an environmental review.

The Qualified Project must be outside of a Special Flood Hazard Area (SFHA).

Construction Contractor and Fixed Price Construction Contract

Borrowers must submit with each Application a fixed-price construction quote with a Louisiana-licensed contractor ("Contractor") who will construct New Units or renovate Existing Units in a Qualified Project at a not-to-exceed fixed contract price. A construction contingency of not more than 10% ("Contingency")

may be included in each Approved Budget, but such Contingency may not be used during construction or renovation without the express written approval of the Lender and the LHC.

Borrowers who would like to perform the construction of the qualified project themselves must also provide two bids from a Louisiana-licensed Contractor, in addition to their own bid to perform the same services. The bids to self-perform must be submitted on a line-item basis, and the Borrower will be prohibited from earning profit and overhead on their self-performed bid scope. Borrowers who elect to perform the construction of the qualified project must carry a valid Louisiana Contractor License.

Vacancy Requirement

In order to be eligible for the RRDP, all the units contained in the Application must have been vacant before the date the NOFA is published and remain vacant throughout the application period and construction until such time as the Unit(s) shall be placed in service to comply with the RRDP terms. A landlord may not intentionally displace a tenant prior to application to the RRDP in order to apply to the program.

C. AFFORDABILITY REQUIREMENTS

Period of Affordability

The RRDP requires Qualified Households to occupy the residential housing units in a Qualified Project on and after the Conversion Date, which will be determined based on the type of proposed construction:

- A period of five (5) complete calendar years for all rehabilitation
- A period of ten (10) complete calendar years for all reconstruction and new construction
- **A period of twenty (20) complete calendar years for all new construction consisting of 5 or more units in accordance with HOME program standards of 24CFR92.252(e)**

The Affordability Period and percentage of AMI for each Qualified Household in a Qualified Project will be specified in the Take-out Commitment and the Permanent Loan Documents as of the Conversion Date. This date will normally reflect five (5), ten (10), or twenty (20) years after the initial lease-up by a qualified tenant.

Default and/or Early Opt Out

If a Qualified Project is found in default and/or the Borrower chooses to opt out of participating in the RRDP during the Affordability Period, the following will apply:

5-year Affordability Period – There will be no forgiveness until the end of the 5th year. If the Borrower decides to opt out of RRDP prior to the end of the 5th year, the Borrower will be required to repay the entire loan amount.

10-year Affordability Period - There will be no forgiveness until the 6th year. At the completion of year 6, the Borrower will earn an annual 20% forgiveness per year through the 10th year of affordability, with complete forgiveness at the end of year 10

20-year Affordability Period - There will be no forgiveness until year 10. At the completion of year 10, the Borrower will earn an annual 10% forgiveness per year through the 20th year of affordability, with complete forgiveness at the end of year 20.

Affordability Period	Forgiveness Begins	Forgiveness Rate
5 Years	End of 5 th Year	100%
10 Years	End of 6 th Year	20% per year for years 6-10
20 Years	End of 10 th Year	10% per year for years 11-20

Occupancy Requirements During Period of Affordability

Occupancy Requirements for Completed Units: All residential housing units following completion must be occupied by households (“**Qualified Households**”) at or below eighty percent (80%) of area median income (“**AMI**”).

Occupancy and Set Aside Unit Requirements during Period of Affordability

1. Occupancy Requirements for Completed Units: All residential housing units, following completion, must be occupied by households (“**Qualified Households**”) at or below eighty percent (80%) of area median income (“**AMI**”). For NPO’s this will be the standard unless elected for increased set-aside by NPO’s to households at or below fifty percent (50%) of the AMI. As indicated above, all units must be leased up by qualified tenants to begin the period of affordability.
2. Affordability Period and Set-Aside Units: For Qualified Projects with more than four residential housing units, the RRDP will require a specified number of set-aside units (“**Set-Aside Units**”) to be occupied by Qualified Households with lower household incomes based upon the number of residential housing units in a Qualified Project and for an Affordability Period as specified below:

Residential Housing Units	Qualified Household Incomes	Set-Aside Units
4 or fewer units	80% AMI and below	None
5 units	80% AMI and below	One (1) for 50% AMI Household
6-7 units	80% AMI and below	Two (2) for 50% AMI Household

Insurance Requirements During Period of Affordability

All funded projects are required to carry hazard insurance and flood insurance, 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.

Listing of Qualified Projects on LHC Website

Eligible Borrowers must list each Qualified Project on the LHC search website at: <https://LaHousingSearch.org>

D. LIMITS OF AWARDS FOR PROJECTS

The RRDP will be comprised of the following 2 separate budgets for each allocation.

Laura/Delta Budget

Laura/Delta RRDP will have a total amount of sixteen million dollars (\$16,000,000.00) allocated for projects under the program. Awards will be made to qualifying Borrowers, with preference given to residential rental property owner whose unit sustained damage due to the Hurricanes Laura and/or Delta. LHC is required to expend at least 80% of these funds in the Most Impacted and Distressed areas.

Ida/May 2021 Floods Budget

Ida & May 2021 Floods RRDP will have a total amount of sixteen million dollars (\$16,000,000.00) allocated for projects under the program. Awards will be made to qualifying Borrowers, with preference given to residential rental property owner whose unit sustained damage due to the Hurricane Ida or the May 2021 Floods. LHC is required to expend 80% of these funds in the Most Impacted and Distressed areas.

Maximum Award

The maximum amount of RRDP funding is based on the number of units in each building. Final award will be the lesser of the cost of construction or other limits that may be set by the RRDP program guidelines and procedures.

Maximum RRDP funding for **reconstruction and new construction** allowed by unit count is:

NUMBER OF QUALIFIED DWELLING UNITS PER BUILDING	MAXIMUM RRDP TAKE-OUT ASSISTANCE
1 Unit	\$197,500
2 Units	\$355,000
3 Units	\$482,500

4 Units	\$570,000
5 Units	\$655,000
6 + Units	\$725,000

NOTE: The following restrictions will apply to all RRDP applications submitted by for-profit entities proposing new construction. RRDP funding is not intended to cover 100% of the total development costs. Total development costs that are equal to the maximum new construction award amount for the project type, will only be eligible for 75% of the maximum award amount. If the total development costs are 25% or higher than the maximum new construction award amount, the for-profit entity will be eligible for the maximum award type for the project type.

Example: A for-profit entity submits an application proposing new construction of 7 units, the maximum award amount is \$725,000. If the total development cost is \$725,000, then RRDP would only provide \$543,750 (75% of \$725,000) in funding. However, if the total development cost is \$967,000, then RRDP would award the maximum amount of \$725,000, because the amount would represent the 75% of the total development costs.

Maximum RRDP funding for **rehabilitation** allowed by unit count is:

NUMBER OF QUALIFIED DWELLING UNITS PER BUILDING	MAXIMUM RRDP TAKE-OUT ASSISTANCE
1 Unit	\$118,200
2 Units	\$213,000
3 Units	\$289,500
4 Units	\$342,000
5 Units	\$393,000
6 Units	\$435,000
7 Units	\$460,000

Maximum RRDP Assistance

A private for-profit property owner (“**Residential Rental Property Owner**”), NPO, CHDO, PHA, and LDA may apply for assistance not exceeding seven hundred twenty-five thousand dollars (\$725,000.00) under multiple loans and applications.

Maximum Award Take-Out

LHC will fund Take-out Assistance on the Conversion Date only in an amount not exceeding the aggregate advances on a Construction Loan plus accrued interest to the conversion date. A residential rental property owner whose income is at or below 80% AMI will be allowed up to 8 months of unpaid accrued interim construction interest from the date the Notice to Proceed is provided to them by the Program. NPO's, CHDO's, PHA's, and LDA's will be allowed up to 10 months of unpaid accrued interim construction interest from the date of the Notice to Proceed provided to them by the Program. Contingency of (10%) will not be included in the Permanent Loan if not used as approved in writing by the LHC during construction. Change orders will be reviewed and approved only on an as-needed basis. No change order should be undertaken unless there has been expressed written approval by the LHC.

Eligible Costs

The following constitute Eligible Costs:

- Development hard costs. Development hard costs are the actual cost of preparing land for construction, including demolition, and actual costs of constructing or rehabilitating housing units.
- Related soft costs.
 - Interim Construction interest
 - Reasonable origination and closings charges as described by the construction loan lender
 - Reasonable Architectural and/or Engineering Services as required for the construction of new units
 - Title and/or recording fees for the closing of the interim construction financing as required by the lender
 - Survey Costs
 - Appraisal costs as required by the interim construction-financing lender

Other reasonable and necessary costs incurred by the owner and associated with the financing or development (or both) of New Units or Existing Units may be considered by LHC on a case-by-case basis for approval.

Ineligible Costs

The following costs are ineligible under the RRDP:

- Any cost to purchase land or property before or after the NOFA was published;
- Any cost for development, operations, or modernization of public housing financed under the 1973 Act (Public Housing Capital and Operating Funds);
- Any cost to refinance any loan; and
- Any Developer or Consultant fees

E. ENVIRONMENTAL REQUIREMENTS

No Choice-Limiting Action Until Environmental Review

Borrower and its contractors are prohibited from undertaking or committing any funds or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction, or leasing or disposition prior to the execution of the “Authority to Use Grant Funds” (HUD 7015.16) or equivalent letter. Violation of this provision may result in the denial of any RRDP Funds under this Agreement. Entering a contract obligating the borrower to any of the above constitutes a choice-limiting action.

Environmental Review

All activities funded by CDBG-DR are subject to the provisions of the [National Environmental Policy Act of 1969 \(NEPA\)](#), as well as to the HUD environmental review regulations at [24 CFR Part 58](#). The HUD environmental review process must be completed before any funds are committed through a grant agreement and disbursed for Program-eligible activities. No work may start on a proposed project before the environmental review process is completed, even if that work is being done using non-HUD funds. In other words, environmental review must be concluded for each project prior to the firm commitment of federal or non-federal funds to any expenses or contracts related to a project. A violation of this requirement may jeopardize federal funding to this project and disallow all costs that were incurred before the completion of the Environmental Review.

The primary objectives of the HUD environmental review are to identify specific environmental factors that may be encountered at potential project sites and to develop procedures to ensure compliance with regulations pertaining to these factors. All Disaster Recovery CDBG-funded projects and activities must have documentation that they followed NEPA and all other environmental requirements.

Laws and regulations which contain environmental provisions that must be complied with include:

- Noise and Abatement Control
- Historic Preservation
- Coastal Zone Management
- Environmental Justice
- Floodplain Management
- Wetlands Protection
- Manmade Explosive and Flammable Hazards
- Water Quality
- Air Quality
- Endangered Species
- Farmland Protection
- Airport Hazards
- Coastal Barrier Resources
- Flood Insurance Requirements
- Contamination and Toxic Substances
- Sole Source Aquifers
- Wild and Scenic Rivers

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.). For example, a project that consists only of rehabilitation of an existing home (which doesn’t affect the existing use of the property or alter the existing project footprint) might not trigger the environmental assessment level of review which would require a Phase I. Assuming that the project has a clean site inspection, this rehabilitation project could potentially be completed quicker than a project that includes new construction and/or a project that has triggered a Phase I study to be performed due to failure to meet or address one of the aforementioned criteria or has a recognized environmental condition (“REC”) present. The stated condition of the property and recognized environmental conditions (“REC”) in vicinity of the project also dictate follow-up necessities (i.e., 404 wetlands permits or Phase 2 reports) which extend the time required to complete the review process. Construction projects and activities will also need to complete the Tribal Consultations process as required. The overall range of time required to completely review an ERR for a given property varies and is largely dependent upon how well the ERR submission is compiled.

After the review of the compiled ERR is completed, the responsible entity (“RE”) must make a finding of no significant impact (“FONSI”) determination. Once this determination is made, the notice of intent (“NOI”) to request the release of funds (“RROF”) public notice period can be initiated. When this public notice period elapses, the RROF package would be prepared, signed, and submitted to HUD. Upon receipt of the package, HUD initiates its objection period. At the completion of this objection period, HUD provides an authorization to use grant funds (“AUGF”), which is the last step in completing the Environmental Review Process.

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

Agaha Brass | Environmental Impact Manager
abrass@lhc.la.gov | www.lhc.la.gov
Desk: 225.754.1450 ext. 650 | Fax: 225.763.8710 | Cell: 225.436.2782
11637 Industriplex Blvd., Baton Rouge, LA 70809

F. CONSTRUCTION STANDARDS

All construction must comply with [Louisiana State Uniform Construction Code \(LSUCC\)](#), local planning and zoning, and local authorities and jurisdictions. Federal regulations which may pertain to the specific project such as the Fair Housing and Section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended, also apply. LHC strongly encourages that the 2010 ADA/ABA standard be used when designing accessible units and public facilities.

The construction standards listed below are the minimum requirements. They have been listed for brevity in the body of this announcement. The full list of new construction and reconstruction requirements that shall govern the RRDP Projects can be found in Appendix B.

Minimum Construction Requirements

1. Development and Unit Characteristics: The LHC is seeking well-built and attractive multi-family and single-family housing which will be a positive contribution to its community. Borrowers should commit to design elements consistent with quality features and amenities, which should include resource-efficient, healthy, and durable building systems and approaches; fencing and/or access control features as appropriate to the design/location of the project; open space and landscaping; parking, and/or in-unit features including market-standard square-footage of units, window treatments, appliances, and finishes.
2. New Construction & Reconstruction
 - New construction shall be restricted to site-built or modular homes that meet the local and state building codes.
 - Design shall provide for an aesthetically pleasing living facility of average/modest construction that is consistent with the character of the surrounding neighborhood, subject to local and state building codes.
 - All new construction and reconstruction projects must obtain certification by IBHS for “Fortified Roof” (<https://fortifiedhome.org/>).
3. Resiliency Standards
 - 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 FIRM designation, the application must clearly establish whether the proposed building footprint experienced flooding by Hurricanes Laura, Delta, Ida and/or the May 2021 floods; if the footprint was flooded, the plan must clearly address how such risks are mitigated, either through elevation above the BFE, flood proofing, or both.
4. Rehabilitation: Rehabilitation of vacant units shall provide for a safe, sanitary, efficient, and aesthetically pleasing living facility of average/modest construction upon completion.
5. Utility Services: All units must include a washer, dryer, and dishwasher.
6. Minimum Internet/Cable Capacity Requirements: All units must be equipped with networks to provide cable television, telephone access, and internet access in the living area and in each

bedroom. The following networks (combined or distinct) must be capable of being accessed and activated by tenants: (i) telephone network installed for phones using CAT5e or better wiring, (ii) network for data installed using CAT5e or better, networked from the unit back to a central location or similarly configured wireless network, and (iii) TV services network using COAX cable. The wiring for such networks should be available to tenants free of charge, but tenants may be charged the actual fee incurred by the Taxpayer for activating and making available any services provided directly by the Project or through third-party providers. The equivalent of wireless network access is acceptable.

7. Carbon Monoxide Law Requirements:

- a) All units must contain at least one operable, life-long, sealed battery carbon monoxide (CO) detector.
- b) The detector packaging should feature phrases including life-long or 10-year and sealed battery or sealed-in lithium battery
- c) The device can be a combination with a smoke detector

8. Energy Efficiency Requirements: All units must be energy-efficient. Since RRDP is funded through the Community Development Block Grant-Disaster Recovery (CDBG-DR) program, all construction must adhere to the Green Building Standards as outlined in Federal Register (FR) 6326-N-01. Requirements vary based on the type of project: new construction or rehabilitation. Specific requirements can be found based on project type in **Appendix B**. Rehabilitation projects must meet the guidelines specified in the [HUD CPD Green Building Retrofit Checklist](#)

The RRDP does not assume responsibility for enforcing or determining compliance with local codes, zoning restrictions, and regulations nor does it make interpretations regarding their application in any specific instance. The Qualified Borrower shall be responsible for obtaining all applicable building permits and inspections leading to obtaining a certificate of occupancy and/or final inspection. These items, including a passed program inspection, will be a prerequisite to close on any property constructed or rehabilitated through the RRDP.

G. FEDERAL GUIDELINES AND REQUIREMENTS

Cross-Cutting Federal Requirements

All Qualified Projects will be subject to CDBG Federal Grant Requirements referenced in the Rental Restoration and Development Program Regulatory Agreement (“**RRDP Regulatory Agreement**”) required to be filed as of record as a covenant running with the land for all Qualified Projects financed under the RRDP. The RRDP Regulatory Agreement will be enforceable against the Eligible Borrower and its successors and assigns during the Affordability Period. Included among the CDBG Federal Grant Requirements are compliance requirements with Section 504 of the Rehabilitation Act of 1973, Fair

Housing Act (42 U.S.C. 3601-19) and implementing regulations, and the regulations at 24 CFR Part 107 (Equal Opportunity in Housing); and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs).

Davis-Bacon

Davis-Bacon wage and reporting requirements apply to projects funded directly by or assisted in whole or in part with CDBG Funds. There are no exemptions or thresholds beyond the standard Davis-Bacon Act \$2,000 threshold that applies to the total value of the project construction (not just the amount of the CDBG assistance), in addition to the development of structures over 7 units. Public Housing Authorities must follow their own established policies as it relates to this federal requirement. Davis-Bacon will apply prospectively only to a project for which the construction contract was awarded and/or for which construction started prior to the date that the Corporation announced and invited applications for CDBG assistance.

Duplication of Benefits (DOB)

The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster for which they have already received financial assistance under any other program or from insurance or any other source.

The Stafford Act also requires that the LHC perform a duplication of benefits analysis pertaining to each Borrower within the RRDP.

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 Hurricanes Laura, Delta, or Ida or the May 2021 Floods. 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 RRDP Program on a case-by-case basis. Any other assistance received that already covers unmet needs identified under this program will be considered when calculating an award.

The program will utilize duplication of benefit (DOB) feeds from the memorandum of understanding (MOU) between SBA and FEMA to verify the amount received from its federal partners.

Section 3 Requirement

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

Monitoring Plan

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

H. LHC REQUIREMENTS

Fair Housing and Tenant Selection with Regard to Criminal Record Screening

The Louisiana Housing Corporation ("LHC") has a responsibility to affirmatively further fair housing within its housing programs. The Fair Housing Act prohibits discrimination in the sale, rental, or financing of dwellings and in other housing-related activities on the basis of race, color, religion, sex, disability, familial status, or national origin. The Fair Housing Act applies to all housing and prohibits both intentional housing discrimination and housing practices that have an unjustified discriminatory effect because of race, national origin, or other protected characteristics. Very limited exemptions to the Fair Housing Act are available for owner-occupied buildings with no more than four (4) units, single-family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members.

On April 4, 2016, the Department of Housing & Urban Development (HUD) released the Office of General Counsel Guidance ("HUD Guidance") concerning how the Fair Housing Act applies to the use of criminal history by providers or operators of housing and real-estate related transactions. Specifically, the HUD Guidance addresses how the discriminatory effects and disparate treatment methods of proof apply in Fair Housing Act cases in which a housing provider justifies an adverse housing action – such as a refusal to rent or renew a lease – based on an individual's criminal history. Effective July 14, 2021, LHC is applying the HUD Guidance to all LHC-funded housing without any exemptions to the Low-Income Housing Tax Credit program ("LIHTC Program") and other programs administered by LHC.

All criteria used in the tenant selection process must be included in a Written Tenant Selection policy and submitted to the Louisiana Housing Corporation prior to lease-up of any unit. Please review the policy in its entirety in Appendix C.

Applicants must also include criteria that will not allow screening out of applicants for evictions occurring more than 12 months prior to the date the household applies for a unit.

I. FINANCING GUIDELINES AND REQUIREMENTS

Lender Construction Loan Terms

A Lender's Construction Loan may accrue interest at a not-to-exceed rate of interest required by the Lender and as approved by the LHC during construction. A Lender's Construction Loan must provide that:

- (i) the construction of a New Unit or the renovation of an Existing Unit will be completed within a not-to-exceed fixed budget containing all not-to-exceed closing fees and closing costs approved by the Lender and the LHC (the "**Approved Budget**"), and
- (ii) the construction must be completed by a not-later-than completion date ("**Completion Date**") approved by the LHC and the Lender. This completion date should be included in the construction quote and/or contract.

A Construction Loan must be structured with a promissory note ("**Construction Note**") secured by a mortgage ("**Construction Mortgage**") that will be negotiated and assigned by the Construction Lender to the "**LOUISIANA HOUSING CORPORATION**" following completion of construction or renovation of a residential housing unit and upon receipt by the Lender of a guaranteed payment ("**Take-out Commitment**") by the LHC. If the Lender does not utilize the LHC-prescribed construction loan documents, then a separate LHC promissory note, mortgage, loan agreement, and associated documents will be utilized for the Permanent Loan, which will be executed simultaneously at the construction loan closing by the Lenders closing agent. All recorded construction mortgages and LHC closing documents will be recorded against subject property at said closing. Closing costs advanced from Construction Loan should include costs associated with the LHC loan, including a lender's policy of title insurance.

Timing of Take-Out Assistance Effect of Lien Position of Permanent Loan

Permanent Loan in Senior Lien Position: If the Permanent Loan is in the senior lien position, the Conversion Date will be the later of (i) the date a certificate of occupancy of the Qualified Project is delivered to the Construction Lender and the LHC and (ii) the date the Construction Lender receives payment in full pursuant to the Take-out Commitment. Occupancy by a Qualified Household must occur not later than 90 days from the Conversion Date.

Permanent Loan in Subordinate Lien Position: If the Permanent Loan is subordinate to a third-party permanent lien lender, the Conversion Date will be delayed until all residential rental units in the Qualified Project are occupied by a Qualified Household.

Recourse Requirements and Guarantee by Principals of Eligible Borrowers

Construction Loans must be full recourse against Eligible Borrowers and must be further guaranteed by Principals of an Eligible Borrower having a twenty percent (20%) ownership interest or more in the Eligible Borrower.

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

Required Cross-Default Provision

Loan documents for Eligible Borrowers owning two or more Qualified Projects will include a cross-default clause and effect all Qualified Projects during the Affordability Periods for each Qualified Project from the Conversion Date through the end of the last date of the last Affordability Period.

Senior Lien Financing Limitations

Seller Financing to Nonprofits: Seller financing evidenced in an Application submitted by a CHDO or NPO may be provided only by a local redevelopment authority or another instrumentality of government.

Net Asset and Liquidity Requirements Related to Liens Senior to Permanent Loan: If the LHC's Permanent Loan is to be subordinate to a Senior Loan, the Eligible Borrower and its Principals must submit financial information satisfactory to the LHC evidencing net assets and liquidity as follows:

- Aggregate Net Worth: $\geq 110\%$ of Take-out Commitment
- Financial Liquidity: $\geq 20\%$ of Take-out Commitment

Construction Monitoring, Oversight and Progress Payments

Monitoring of construction progress will be the responsibility of the Lender providing the Construction Loan or the LHC, if the applicant is using personal funds. All construction progress payments by the Lender or the Eligible Borrower to the Contractor may be monitored by the LHC on a prescribed requisition form approved by the Lender and the LHC. All construction progress payments to Contractor must be supported with back-up invoices and receipts. Lender will be required to certify actual costs paid by the Construction Lender with respect to advances to the Eligible Borrower. The Eligible Borrower will be required to provide proof of payments either by EFT, check, or money order to the Contractor performing the construction services. No cash payments will be accepted as evidence of payment to the contractor. The eligible borrower will also be required to provide lender inspection reports.

Take-Out Commitment Funding Source

The funding source of the Take-out Commitments by the LHC on the Conversion Date will be up to \$32,000,000.00 of Community Development Block Grant Funds (“**CDBG Funds**”) made available to LHC by The Office of Community Development (“**OCD**”).

Terms of Construction Loan and Conversion to Permanent Loan When Assigned to LHC

Prior to the Conversion Date, the terms of the Construction Loan will correspond to the terms requirements specified by the Lender. The Construction Loan will either be assigned to the LHC on the Conversion Date and convert to a permanent loan (“**Permanent Loan**”) or shall be paid off or paid down on the Conversion Date under separate LHC loan documents, if the Lender has not utilized LHC-prescribed construction loan documents. On and after the Conversion Date, the terms of the Permanent Loan will correspond to the requirements of the LHC. Whichever form of LHC loan agreement is utilized, the Permanent Loan will mature not later than twenty (20) years following the Conversion Date.

The Construction Loan is not required to have a first mortgage lien position.

Terms of Permanent Loan – Payment Only Upon Default

The Permanent Loan will not bear interest and will be subject to principal payments only upon a determination that the Eligible Borrower failed to maintain the property financed by the Permanent Loan as a Qualified Project or that there is a default under the Permanent Loan Document that cannot be or is not cured following a notice of default. If the residential rental units in a Qualified Project remain affordable during the applicable Affordability Period and if there has been no default finding by the LHC, the Permanent Loan will be forgiven at the end of the applicable Affordability Period.

Construction Loan Closing Documentation

Eligible Borrowers will be required to execute a Conditional Commitment of RRDP Funds upon award of a Take-out Commitment that must be acknowledged by the Construction Lender. LHC-approved financing documents (“**RRDP Loan Documents**”) must be executed at Closing. RRDP Loan Documents may include the form of a Lender’s Construction Note and Construction Mortgage and other RRDP Loan Documents being submitted for the Qualified Project. The form of the Rental Restoration and Development Program Regulatory Agreement (“**RRDP Regulatory Agreement**”) must be executed and recorded at the Closing of the Construction Loan. Lenders will be required to submit to the LHC (within five Business Days of Closing) a docket (“**Closing Docket**”) containing all RRDP Loan Documents, including Other Required Documents and Proceedings identified in a standard Index of Closing Documents (“**Closing Index**”) that the LHC will approve in advance of Closing. Similarly, a Borrower using non-borrowed funds to finance construction must submit to the LHC a Closing Docket and arrange to commence construction financing using Other Required Documents and Proceedings identified in the Closing Index that the LHC will approve in advance of Closing.

Participating Lenders

Lenders are asked to use standard RRDP Loan Documents at each Closing. RRDP Loan Documents will be prepared and distributed in advance of the Application Period by the LHC. If Lenders do not choose to execute LHC Loan Documents, they are permitted to use their own loan documents. In no event should the lender’s loan documents obligate the Borrower to interest and costs not approved by LHC or include any prepayment penalty.

Lender Fees and Closing Costs

An Application must identify all Lender fees to be charged to an Eligible Borrower, including Lender Application Processing Fees, Lender Commitment Fees, Lender Closing Fees, Lender Legal Fees, and Lender Construction Monitoring Fees. Costs associated with closing of the permanent loan are to be advanced from the Construction Loan, which includes any filing fees and lender policy of title insurance issued by Construction Lender closing agent. All Lender fees must be reasonable and are subject to review and approval by the LHC.

Underwriting Standards

- Maximum Rents: Qualified Projects must be Income-Restricted and Rent-Restricted as referenced in the RRDP Applicable Terms below.
- Rate of Increase Assumptions for Revenues and Expenses: Revenues may be projected to increase at a rate not in excess of two percent, and expenses must be projected to increase at a rate of not less than three percent. With the approval of the LHC, expenses may increase at the rate for revenues.
- Financial Commitments: If required by the LHC in the event that the Take-out Commitment is less than the Construction Loan, other funding must be backed up with firm, enforceable financial commitments at the time of application.
- Maximum Award: The maximum award cannot exceed the limits for Qualified Projects listed in section D. The LHC will underwrite to maximize, to the greatest extent possible, private financing of the project. LHC may reduce the award from the amount requested to an amount that maximizes private subordinate financing.
- Cost Reasonableness Analysis: A Cost Reasonableness Analysis is performed on all projects by the LHC Construction Department, using information provided in project applications and RS Means costing data. In order to perform the cost reasonableness analysis, Borrowers must submit a scope of work and a floor plan for their proposed project. The cost of construction submitted by the Borrower must fall within twenty percent (20%) of the cost obtained by the LHC staff for the project to be considered as cost reasonable. For projects not deemed as cost reasonable to be funded, either such projects must be redesigned or the construction must be competitively bid through a public bid process.

J. INELIGIBILITY AND ETHICS PROVISIONS

Ineligible Applications

Applications will be deemed ineligible and will not be scored, if any of the following conditions exists at the time of application submission:

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

Ethics Policy

Conflicts of Interest and Identity of Interest arrangements are generally not allowed in the RRDP program. Conflicts of Interest and Identity of Interest must be disclosed in the application for RRDP funding. Non-disclosure shall be cause for denial of application and/or forfeiture or reductions of any awards if such relationship is found to exist after the awards process.

➤ **Conflict of Interest**

HUD conflict of interest regulations prohibit local elected officials, sub-recipient employees, and consultants who exercise functions with respect to CDBG Disaster Recovery activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities from receiving any benefit from the CDBG Disaster Recovery activity, either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.

For purposes of this section, "family" is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 24 CFR Sec. 570.489(h). An organization which employs or is about to employ any of the parties indicated above would also be deemed a conflict.

If the need to determine whether or not a conflict of interest exists, an LHC attorney will make the determination. If required, the LHC attorney will produce an exception request, which will be submitted to the State's Office of Community Development (OCD) and/or the State Ethics Commission. The State is able to consider granting an exception to the conflict of interest provision should it be determined by the LHC attorney that the parties involved in the conflict have adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program.

➤ **Identity of Interest**

Identity of interest means any relationship (generally based on family ties or financial interests) between (a) the seller and purchaser (prospective owner), (b) the owner and/or general contractor and the subcontractor, material supplier, or equipment lessor, or (c) the owner and the lender, which could reasonably give rise to a presumption that the parties to the transaction may operate in collusion in establishing the purchase price of the property, the cost of the rehabilitation work, or the terms of the financing. Examples of identity of interest relationships include:

- i. Any financial interest of the Developer or Owner in the Builder, or any financial interest of the Builder in the Developer or Owner
- ii. Any officer, director, stockholder, or partner of the Developer or Owner is also an officer, director, stockholder, or partner of the Builder.
- iii. Any officer, director, stockholder, or partner of the Developer or Owner has any financial interest in the Builder; or any officer, director, stockholder, or partner of the Builder has any financial interest in the Developer or Owner.
- iv. The Developer or Owner advances any funds to the Builder.
- v. The Developer or Owner supplies and pays, on behalf of the Builder, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer

- employed by a Developer or Owner in connection with its obligations under the construction contract.
- vi. The Developer or Owner takes stock or any interest in the Builder compensation as consideration of payment.
 - vii. There exists or comes into being any side deal, arrangement, contract, or undertaking entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents, except as approved by the LHC or the Corporation.
 - viii. Any relationship (e.g., family) existing which would give the Builder or Developer or Owner control or influence over the price of the contract or the price paid to any subcontractor, material supplier, or lessor of equipment.
 - ix. Any member of the Development Team advances any funds to the Developer or Owner at any point prior to an allocation.

For purposes of determining an identity of interest between parties not identified in (i) through (ix), such parties will be identified as either the Developer and Owner or the Contractor as appropriate to establish the identity of interest.

The Corporation may reduce any allowable costs where an Identity of Interest has been found among the parties to transactions involving the sale, development, and/or operation of the project.

III. Funding Evaluation Criteria

A. FUNDING and SCORING GUIDELINES

Awards for RRDP will be made to qualifying Borrowers from the application period, with preference given to residential rental property Borrowers who owned properties damaged as a result of Hurricanes Laura, Delta, Ida or the May 2021 flood. Funding for non-profit Borrowers will be considered once for-profit owners are funded.

B. SCORING CRITERIA

Total points awarded in each scoring criteria will be used only to prioritize the issuing of commitment letters. Therefore, it is possible for an application to receive zero points and still be considered eligible to receive assistance.

LAURA & DELTA BORROWERS

RRDP

Application Review Scoring

CRITERIA	DESCRIPTION	POINTS AWARDED
LOCATION		
Most Impacted and Distressed Areas	To receive points for this criterion, proposed project must be located in the following parishes: Acadia (70526, 70578), Allen, Beauregard, Caddo, Calcasieu, Cameron, Jefferson Davis, Lafayette, Natchitoches, Ouachita, Rapides (71302), St. Landry (70570), St. Martin (70517), Vermilion (70510), and Vernon (71446). Projects not located in the Most Impacted and Distressed Areas will be given zero points for this criterion.	30
PROJECT TYPE		
Slum and Blight Property	To receive points for this criterion, proposed project must have been declared a Slum and Blight property by the planning office in the parish of the proposed project. Properties that are not declared as Slum and Blight will be given zero points for this criterion.	20
RESILIENCY		
Resilient Construction Standards	To receive points for this criterion, proposed new construction or proposed substantial rehabilitation must incorporate the following resiliency standards:	30
	Impact-resistant windows or storm shutters (10 points)	
	HVAC elevated 3' above the Base Flood Elevation (BFE) (10 points)	
	Waterproof floor covering (10 points)	
PROJECT TYPE		
Rehabilitation Project	To receive points for this criterion, proposed project must be a rehabilitation project. Proposed new construction developments will be given zero points for the criterion.	20
	Total	100

IDA & MAY 2021 FLOOD BORROWERS

RRDP

Application Review Scoring

CRITERIA	DESCRIPTION	POINTS AWARDED
LOCATION		
Most Impacted and Distressed Areas	To receive points for this criterion, proposed project must be located in the following parishes: Ascension, Assumption, Calcasieu, East Baton Rouge, Iberville, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, and Washington Parishes; and zip codes 70764 and 70788 (Iberville Parish) and 70767 (West Baton Rouge Parish). Projects not located in	30

	the Most Impacted and Distressed areas will be given zero points for this criterion.	
PROJECT TYPE		
Slum and Blight Property	To receive points for this criterion, proposed project must have been declared a Slum and Blight property by the planning office in the parish of the proposed project. Properties that are not declared as Slum and Blight will be given zero points for this criterion.	20
RESILIENCY		
Resilient Construction Standards	To receive points for this criterion, proposed new construction or proposed substantial rehabilitation must incorporate the following resiliency standards:	30
	Impact-resistant windows or storm shutters (10 points)	
	HVAC elevated 3' above the Base Flood Elevation (BFE) (10 points)	
	Waterproof floor covering (10 points)	
PROJECT TYPE		
Rehabilitation Project	To receive points for this criterion, proposed project must be a rehabilitation project. Proposed new construction developments will be given zero points for the criterion.	20
	Total	100

IV. Program Definitions

RRDP Applicable Terms

Affordability Period: As specified in the Take-out Commitment

Affordable Rents: The rents for each residential rental housing unit by bedroom size, published annually by LHC by parish location for each Qualified Project. If the tenant is expected to pay for all or some of the utilities, the Affordable Rents must be reduced by the Utility Allowance applicable to the unit. The Eligible Borrower may not accept any amount exceeding the RRDP allowable rent amount for the housing unit from any source.

Blighted Housing: An abandoned residential unit which is not currently inhabited, occupied, or used; has deteriorated substantially beyond normal wear and tear, and is in a state of disrepair

Construction Loan: The loan originated by a Lender to an Eligible Borrower to finance the construction of a New Unit or the renovation of an Existing Unit

Conversion Date: The date the Lender receives payment pursuant to the Take-out Commitment

Eligible Costs: The following constitute Eligible Costs:

1. Development hard costs. Development hard costs are the actual cost of constructing or rehabilitating housing.
2. Related soft costs. Other reasonable and necessary costs incurred by the owner or LHC and associated with the financing or development (or both) of New Units or Existing Units assisted with CDBG Funds

Green Building: Must be certified by a qualified third-party verifier according to one of the following criteria:
i. LEED
ii. Green Communities
iii. National Green Building Standard ICC 700
iv. EarthCraft

Laura/Delta: Hurricane Laura is identified as DR-4559, and Hurricane Delta is identified as DR-4570, for which FEMA Individual Assistance was approved.

Eligible Parishes (Laura/Delta): Acadia, Allen, Beauregard, Caddo, Calcasieu, Cameron, Grant, Iberia, Jackson, Jefferson Davis, Lafayette, La Salle, Lincoln, Morehouse, Natchitoches, Ouachita, Rapides, Sabine, St. Landry, St. Martin, Union, Vermilion, Vernon, and Winn

HUD-Designated Most Impacted Areas (Laura/Delta): Acadia (70526, 70578), Allen, Beauregard, Caddo, Calcasieu, Cameron, Jefferson Davis, Lafayette, Natchitoches, Ouachita, Rapides (71302), St. Landry (70570), St. Martin (70517), Vermilion (70510), and Vernon (71446)

Ida/May 2021 Floods: Hurricane Ida is identified as DR-4611, and the May 2021 Floods are identified as DR-4606, for which FEMA Individual Assistance was approved.

Eligible Parishes (Ida/May 2021 Floods): Ascension, Assumption, Calcasieu, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Washington, West Baton Rouge, and West Feliciana

HUD-Designated Most Impacted Areas (Ida/May 2021 Floods): Ascension, Assumption, Calcasieu, East Baton Rouge, Iberville, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne,

and Washington Parishes; 70764 & 70788 (Iberville Parish) and 70767 (West Baton Rouge Parish)

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

Identity of Interest: An identity of interest is construed to exist when:

1. There is any financial interest of the Developer or Owner in the Builder or any financial interest of the Builder in the Developer or Owner.
2. Any officer, director, stockholder, or partner of the Developer or Owner is also an officer, director, stockholder, or partner of the Builder.
3. Any officer, director, stockholder, or partner of the Developer or Owner has any financial interest in the Builder; or any officer, director, stockholder, or partner of the Builder has any financial interest in the Developer or Owner.
4. The Developer or Owner advances any funds to the Builder.
5. The Developer or Owner supplies and pays, on behalf of the Builder, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by a Developer or Owner in connection with its obligations under the construction contract.
6. The Developer or Owner takes stock or any interest in the Builder compensation as consideration of payment.
7. There exists or comes into being any side deal, arrangement, contract, or undertaking entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents, except as approved by the LHC or the Corporation.
8. Any relationship (e.g., family) existing which would give the Builder or Developer or Owner control or influence over the price of the contract or the price paid to any subcontractor, material supplier, or lessor of equipment.
9. Any member of the Development Team advances any funds to the Developer or Owner at any point prior to an allocation.

For purposes of determining an identity of interest between parties not identified in (i) through (ix), such parties will be identified as either the Developer and Owner or the Contractor as appropriate to establish the identity of interest.

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

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

1. Any person and/or entity is on the federal debarred list, or an organization representing such person or entity is on the list.

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

Ineligible Costs: No RRDP Funds may be used:

1. to purchase land or property before or after the NOFA was published;
2. for development, operations, or modernization of public housing financed under the 1973 Act (Public Housing Capital and Operating Funds);
3. to refinance any loan; or
4. for any Developer or Consultant Fees

LHC: Louisiana Housing Corporation

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

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

Priority Eligible Parishes: HUD-Designated Most Impacted Parishes

Qualified Household: A tenant household in which no member is related to the Borrower and for which household income does not exceed the lower of 80% of AMI published by HUD as adjusted by family size or such lower amount for Set-aside Units as provided for in an Application for Take-out Commitment.

Qualified Project: A project not in excess of seven (7) residential rental housing units located in an “**Eligible Parish**” and in which each residential rental housing unit is a Qualified Dwelling Unit (“**Unit**”) on a site with any building (including a manufactured housing unit) or buildings located on the site that are under common ownership, management, and financing and are to be assisted with CDBG Funds as a single undertaking within a single governmental entity (if located within a city, town, or other similar political subdivision then all sites must be within the same political subdivision for rental projects). The project includes all the activities associated with the site(s) and building(s).

Qualified Dwelling

- Unit: A residential rental unit that is Income-Restricted and Rent-Restricted
- Rent-Restricted: Rent charged a Qualified Household during the Affordability Period may not exceed Affordable Rents. The Eligible Borrower may not accept any amount exceeding the RRDP allowable rent amount for the housing unit from any source.
- Take-out Funds: Approximately \$32,000,000 (thirty-two million dollars) of Community Development Block Grant Funds (“CDBG Funds”) available to LHC by the Office of Community Development (OCD)
- Utility Allowance: The utilities for which an allowance is provided to tenants include electricity, natural gas, water, sewer, and trash collection. If a tenant pays any of these costs in addition to their rent, a utility allowance is required.
- Vacant Unit: A residential housing unit that does not have a tenant occupant. In order to be eligible for the RRDP, all the units contained in the Application must have been vacant prior to the date the NOFA is published. A landlord may not intentionally displace a tenant in order to be able to apply to the RRDP.

APPENDIX A

INDEX OF APPLICATION AND SUPPORTING DOCUMENTS

I. RRDP Application

II. New Construction Project

Applications proposing new construction must be submitted with the following required supporting documents:

- Site plan
- Floor plan
- Front, side, and rear elevations
- Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds
- Evidence that project meets zoning requirements
- Evidence that the proposed housing unit is not in a flood hazard area
- Scope of Work including but not limited to the following information:
 - Location
 - Preliminary plans including gross square footage
 - Type of materials
 - Any special notes such as elevation or demolition of existing structures
 - Any accessibility features
 - Any appliances included in construction
 - Total development costs
 - Per-item costs
 - Other costs – such as services associated with compliance with HUD New Construction Green and Resilient Building Standards and allowable overhead and profit
- Stop Work Order Provision Document
- Five-Year Pro Forma
- Lender's contingent commitment to provide construction financing (dated within 6 months of application submission)
- Documentation of other committed and available funds
- Merchantable title in the name of all owners
- Borrower's checklist and acknowledgment
- Signature Page

III. Reconstruction Project

Applications proposing reconstruction must be submitted with the following required supporting documents:

- Site plan
- Floor plan
- Front, side, and rear elevations
- Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds
- Evidence that project meets zoning requirements
- Evidence that the proposed housing unit is not in a flood hazard area

- Scope of Work including but not limited to the following information:
 - Location
 - Preliminary plans including gross square footage
 - Type of materials
 - Any special notes such as elevation or demolition of existing structures
 - Any accessibility features
 - Any appliances included in construction
 - Total development costs
 - Per item costs
 - Other costs – such as services associated with compliance with HUD New Construction Green and Resilient Building Standards and allowable overhead and profit
- Stop Work Order Provision Document
- Vacancy Certification
- Tenant Certification
- Five-Year Pro Forma
- Lender’s contingent commitment to provide construction financing (dated within 6 months of application submission)
- Documentation of other committed and available funds (if all development costs exceed lender’s contingent commitment)
- Merchantable title in the name of all owners
- Borrower’s checklist and acknowledgment
- Signature Page

IV. Rehabilitation Project

Applications proposing rehabilitation must be submitted with the following required supporting documents:

- Site plan
- Floor plan
- Interior Photos
- Exterior Photos
- Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds
- Proposed compliance alignment of the scope of work with HUD CPD Green Building Retrofit Checklist
- Evidence that project meets zoning requirements
- Evidence that the proposed housing unit is not in a flood hazard area
- Construction Contract (If work has been started on the units)
- Scope of Work (If work hasn’t been started on the units)
- Vacancy certification
- Tenant Certification
- Stop Work Order Provision Document
- Five-Year Pro Forma
- Lender’s contingent commitment to provide construction financing (dated within 6 months of application submission)
- Documentation of other committed and available funds
- Merchantable title in the name of all owners

- Borrower's checklist and acknowledgment
- Signature Page

APPENDIX B

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

New Construction & Reconstruction Green Standard

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

II.B.2.a. *Green and resilient building standard for new construction and reconstruction of housing.* Grantees must meet the Green and Resilient Building Standard, as defined in this subparagraph, for: (i) All new construction and reconstruction (*i.e.*, demolishing a housing unit and rebuilding it on the same lot in substantially the same manner) of residential buildings and (ii) all rehabilitation activities of substantially damaged residential buildings, including changes to structural elements such as flooring systems, columns, or load-bearing interior or exterior walls.

The Green and Resilient Building Standard requires that all construction covered by the paragraph above and assisted with CDBG-DR funds meet an industry-recognized standard that has achieved certification under:

- (i) Enterprise Green Communities;
- (ii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development);
- (iii) ICC-700 National Green Building Standard Green+ Resilience;
- (iv) Living Building Challenge; or
- (v) any other equivalent comprehensive green building program acceptable to HUD.

Additionally, all such covered construction must achieve a minimum energy efficiency standard, such as:

- (i) ENERGY STAR (Certified Homes or Multifamily High-Rise);
- (ii) DOE Zero Energy Ready Home;
- (iii) EarthCraft House, EarthCraft Multifamily;
- (iv) Passive House Institute Passive Building or EnerPHit certification from the Passive House Institute US (PHIUS), International Passive House Association;
- (v) Greenpoint Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label);
- (vi) Earth Advantage New Homes; or
- (vii) any other equivalent energy efficiency standard acceptable to HUD.

A third-party inspection firm or inspector will be responsible to monitor the construction process according to the method of green building you decide upon. The inspection firm or inspector will assure that certain benchmarks are achieved throughout construction as part of the required certification process.

APPENDIX C

Tenant Selection Policies

All criteria used in the decision-making process must be included in the written Tenant Selection Policy and Practice. The written Tenant Selection Policy and Practice must be specific so that an applicant or a third party may read the Tenant Selection Policy and Practice and reasonably determine the applicant's likelihood of acceptance to the property. The written Tenant Selection Policy and Practice also must include a nondiscrimination statement, describe any appeals process, and state the applicant's right to request a reasonable accommodation if the applicant is disabled.

When LHC receives complaints that applicants to any property have been unfairly turned down for housing, LHC will ask for a summary of the facts and circumstances used in the decision to deny the applicant, which will be compared against the written Tenant Selection Policy and Practice on file at the LHC for the property. Should LHC find that an applicant was denied admission in violation of the approved Tenant Selection Policy and Practice or that the Tenant Selection Policy and Practice in use by the property violates this LHC policy, the property will be subject to compliance action by LHC.

The information above is not intended as legal advice and does not provide a legal opinion as to the matters stated. It is recommended that all property owners consult with an attorney who is well versed in fair housing law when making decisions regarding their Tenant Selection Policy and Practice.

Policy on Screening Applicants with Criminal Records

Screening and Appeal Process

- In an addendum to the application form, the management company must explain Tenant Selection Policy and Practice based on an individual's criminal history and how its Tenant Selection Policy and Practice is necessary to achieve a substantial, legitimate, nondiscriminatory interest. An applicant must have the right to submit evidence of mitigating circumstances to provide for an individualized assessment of the applicant's specific criminal history. Individualized assessment of relevant mitigating information beyond that contained in an individual's criminal record is likely to have a less discriminatory effect than categorical exclusions that do not take such additional information into account. Relevant individualized evidence might include: the facts or circumstances surrounding the criminal conduct; the age of the individual at the time of the conduct; evidence that the individual has maintained a good tenant history before and/or after the conviction or conduct; and evidence of rehabilitation efforts. In accordance with the HUD Guidance, LHC recommends delaying consideration of criminal history until after an individual's financial and other qualifications are verified, in order to minimize any additional costs that such individualized assessment might add to the applicant screening process.
- The management company may conduct a criminal background check on each adult member of

an applicant household. An adult is defined as a person 18 years of age or older.

If a criminal background report reveals negative information about a household member and admission is denied due to an individual's criminal history, the subject of the record (and the applicant, if different) will be provided a detailed notice of the proposed adverse action and an opportunity to dispute the accuracy of the record and/or appeal the determination of the property.

Admissions Criteria

1. The housing provider must deny admission to applicants with household members who have the following criminal convictions:
 - Sex offenses subject to lifetime registration requirement; and
 - Manufacture or production of methamphetamine on the premises of federally assisted housing.
2. The housing provider may not consider the following in its determination of whether to accept or deny an applicant household:
 - Arrests;
 - Criminal charges that were resolved without conviction;
 - Juvenile records, or any expunged, vacated, or sealed records;
 - Nonviolent misdemeanor convictions;
 - Violent misdemeanor convictions and nonviolent felony convictions that are more than three (3) years old at the date of screening; and
 - Violent felony convictions that are more than five (5) years old at the date of screening.
3. Charges that are pending for eligible crimes at the time of screening may be considered, subject to the “individualized assessment” described in #5 below.
4. If a member of an applicant household has been convicted of a felony offense or violent misdemeanor offense during the applicable "further review period" (dated from the day of conviction), the housing provider may choose to consider that record in determining whether to accept or deny an applicant household based on the criteria in #5 below.
5. The housing provider will conduct an individualized assessment of the criminal record and its impact on the household's suitability for admission. This individualized assessment should include consideration of the following factors:
 - The seriousness of the case, especially with respect to how it would affect other residents; The effects that denial of admission may have on other members of the family who were not involved in the action or failure;
 - The age of the household member at the time of the offense;
 - The extent of participation or culpability of individual family members, including whether the culpable family member is a minor or a person with disabilities or a victim of domestic violence, dating violence, sexual assault, or stalking;
 - The length of time since the violation occurred, with particular weight being given to significant periods of good behavior, as well as the family's recent history, and the

- likelihood of favorable conduct in the future;
 - Evidence of the applicant family's participation in or willingness to participate in social service or other appropriate counseling service programs;
 - Evidence of rehabilitation, such as employment, participation in a job training program, education, participation in a drug or alcohol treatment program, or recommendations from a parole or probation officer, employer, teacher, social worker, or community leader; and
 - Tenancy supports or other risk mitigation services the applicant will be receiving during tenancy.
6. If the applicant's criminal conviction was related to his or her disability, the management company will consider a reasonable accommodation.
 7. The owner shall ensure that this policy is uniformly applied to all applicants in a non-discriminatory manner and in accordance with applicable fair housing and civil rights laws.

Disclaimer: This policy is not intended as legal advice and does not provide a legal opinion as to the matters stated. It is recommended that all property owners consult with an attorney that is well versed in fair housing law when making decisions regarding tenant selection criteria.