

# **LOUISIANA HOUSING CORPORATION**

## **LOUISIANA NEIGHBORHOOD LANDLORD RENTAL PROGRAM**

The purposes of the Louisiana Neighborhood Landlord Rental Program (“**LNLRP Initiative**”) 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%) or 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 Great Floods of 2016 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 LNLRP Initiative 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 LNLRP Initiative 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 Great Floods of 2016; provided that properties located in HUD Designated Most Impacted Parishes (“**Priority Eligible Parishes**”) will receive priority awards of Take-out Funds.

### **LNLRP Initiative For Qualified Projects**

Under the LNLRP Initiative, 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 housing units (“**Qualified Project**”).

### **Construction Loan from Lender or Funding Directly by Eligible Borrower**

An Eligible Applicant either must partner with a pre-qualified commercial lender (“**Lender**”) that provides the Applicant a commitment contingent upon receipt of a LNLRP loan which will be included in the Application to provide the Eligible Applicant mortgage lien construction financing (“**Construction Loan**”) of a Qualified Project or must fully fund all development costs of the Qualified Project with the Applicant’s own funds.

### **Eligible Applicant**

<sup>1</sup> New Construction is limited to certain categories of Eligible Borrowers.

An Eligible Applicant may be one of the following entities:

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

### **Geographic Location of Qualified Project**

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 the March 2016 and August 2016 Severe Storms and Flooding.

### **New Construction Financing Available Only to Nonprofit Applicants**

Applications involving the construction of New Units may only be submitted by an Eligible Applicant which is a CHDO, NPO or LDA.

### **Qualified Project Ownership Requirements by Eligible Applicants**

Nonprofit Ownership at Application Submission: Qualified Projects submitted by an Eligible Applicant which is a CHDO, NPO or LDA must be owned as of the date that an Application is submitted (“**Application Date**”) by the CHDO, NPO or LDA. Any encumbrance at the time of Application must be limited to development obligations by a transferring political subdivision or redevelopment authority.

Ownership of Qualified Project by Eligible Applicant Other Than Nonprofit: Qualified Projects submitted by Eligible Applicants that are neither a CHDO, LDA nor a NPO must have been owned by such Applicant prior to the Great Floods of 2016 based upon the parish affected by one or both of the floods identified by DR-4263 or DR-4277 in which FEMA Individual Assistance was approved as follows:

- (i) DR-4263: March 08, 2016
- (ii) DR-4277: August 11, 2016

### **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.

## 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**”).
2. Affordability Period and Set-Aside Units: For Qualified Projects with more than four residential housing units, the LNLRP Initiative 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	Affordability Period
4 or fewer units	80% AMI and below	None	five (5) years
5 units	80% AMI and below	One (1) for 50% AMI Household	five (5) years
6 units	80% AMI and below	Two (2) for 50% AMI Household	five (5) years
7 units	80% AMI and below	Three (3) for 50% AMI Household	five (5) years

## Timeline

LHC will adhere to the following timeline:

Date	Event
05/15/2017	Application Guidelines published
05/31/2017	Questions submitted by COB on this date will be answered by LHC on or before COB 06/06/2017.
06/09/17	NOFA FAQ’s posted
06/16/17	Application Intake Deadline
07/3/17	Commitment Letters issued continuously after this date on a first-come basis

## Listing of Qualified Projects on LHC Website

Eligible Borrowers must list each Qualified Project on the LHC search website at: [LaHousingSearch.org](http://LaHousingSearch.org).

### **Cross-Cutting Federal Requirements**

All Qualified Projects will be subject to CDBG Federal Grant Requirements referenced in the Neighborhood Landlord Rental Program Regulatory Agreement (“**LNLRP Regulatory Agreement**”) required to be filed as of record as a covenant running with the land for all Qualified Projects financed under the LNLRP Initiative. The LNLRP 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).

### **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, 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 to Lender**

Upon the Borrower satisfying the terms of LHC’s loan agreement, all advances by the Construction Lender on the Construction Loan will be paid by the LHC to the date the Take-out Assistance is paid to the Lender (“**Conversion Date**”). Take-out Assistance shall include the aggregate advances for eligible costs on a Construction loan plus unpaid accrued interest to the Conversion Date.

### **Effect of Lien Position of Permanent Loan on Conversion Date**

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 is occupied by a Qualified Household.

### **Recourse Requirements and Guarantee by Principals of Eligible Borrowers**

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

### **Cross Defaults of Multiple Qualified Project During Affordability Period**

An Eligible Borrower owning two or more Qualified Projects will be required to cross default all Qualified Projects only during the Affordability Periods for each of the multiple Qualified Projects. Cross defaults will not be activated any Qualified Project prior to the Conversion Date of that Qualified Project.

### **Senior Lien Financing Limitations**

Seller Financing to Nonprofits: Seller financing evidenced in an Application submitted by a CHDO or NPO may only be provided 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 Contractor and Fixed Price Construction Contract**

Applicants must submit with each Application a fixed price construction contract or 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.

**Construction Monitoring by Lenders, Oversight and Progress Payments:** Monitoring of construction progress will be the responsibility of the Lender providing the Construction Loan. 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.

#### **Take-Out Commitment Funding Source**

The funding source of the Take-out Commitment by the LHC on the Conversion Date will be up to \$36 million of Community Development Block Grant Funds (“**CDBG Funds**”) made available to LHC by 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 five (5) years following the Conversion Date.

#### **Loan-to-Value Limits**

The Construction Loan is not required to have a first mortgage lien position; however, the appraised value of the property post-completion may not be less than the combined loan-to-value of the Permanent Loan plus any loan with a lien senior to the Permanent Loan as of the Conversion Date.

#### **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 cured. If the residential rental units in a Qualified Project remain affordable during the applicable Affordability Period and if there has been no default findings 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 LNLRP Funds upon award of a Take-out Commitment that must be acknowledged by the Construction Lender. LHC approved financing documents (“**LNLRP Loan Documents**”) must be executed at Closing. LNLRP Loan Documents may include the form of a Lender’s Construction Note and Construction Mortgage and other LNLRP Loan Documents only if approved in advance of an Application being submitted for the Qualified Project. The form of the Louisiana Neighborhood Landlord Rental Program Regulatory Agreement (“**LNLRP**

**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 LNLRP 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, an Applicant 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.

### **Solicitation of Participating Lenders**

LHC will solicit Lenders for participation in the NLRP Initiative by requesting that such Lenders agree to use standard NLRP Loan Documents at each Closing. NLRP 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 lenders loan documents obligated 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.

### **Property Eligibility Requirements**

To be eligible under the LNLRP Initiative, 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-to-exceed 7 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.

### **No Choice Limiting Action Until Environmental Review**

Applicant 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, and that the violation of this provision may result in the denial of any LNLRP Funds under this Agreement. Entering a contract obligating the borrower to any of the above constitutes a choice limiting action.

## Environmental Review

The timeline for an Environmental Assessment (“EA”) level (i.e., requiring a Phase I Report for new construction or rehabilitation) environmental process is 90-120 days from the receipt of a comprehensive environmental review record (“ERR”). The 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. The stated condition of the property and recognized environmental conditions (“REC”) in vicinity of the project dictate follow-up necessities (i.e., 404 wetlands permits or Phase 2 reports) which further prolong the review process. There is no official HUD timeline for all of the steps of the environmental review process.

The only steps that have associated time constraints are the 8-step process (if applicable has 15 and 7 day notice periods), the FONSI/NOI public notice period prior to submitting the RROF (15-18 days), and the HUD review/comment period prior to the authorization to use grant funds (“AUGF”) which (15-18 days but more often than not) gets extended. Those three steps can take anywhere from 45-60 days if not longer. Please contact the LHC’s Environmental Impact and Labor Compliance Manager for further information on Environmental Reviews as follows:

**Agaha Brass** | *Environmental Impact & Labor Compliance Manager*

### **LOUISIANA HOUSING CORPORATION**

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## Maximum Award

The maximum amount of LNLRP Initiative 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 LNLRP Initiative program guidelines and procedures. The maximum LNLRP funding allowed by unit type is:

<b>NUMBER OF UNITS PER BUILDING</b>	<b>MAXIMUM LNLRP TAKE-OUT ASSISTANCE</b>
1 Unit	\$150,000
2 Units	\$250,000
3 Units	\$315,000
4 Units	\$375,000
5 to 7 Units	\$500,000

## Timing of Construction Loan Take-Out



Take-out Assistance will be provided to the Construction Lender on the Conversion Date.

### **Period of Affordability**

The RNLNRP Initiative requires Qualified Households to occupy the residential housing units in a Qualified Project on and after the Conversion Date for period of five complete calendar years (“**Affordability Period**”). 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.

### **Maximum LNLRP Assistance**

Eligible Applicants may apply for assistance not exceeding one million five hundred thousand dollars (\$1,500,000) under multiple loans and no Eligible Applicant may submit more than three (3) Complete Applications.

### **Maximum Take Out Commitment**

LHC will only fund Take-out Assistance on the Conversion Date in an amount not exceeding the aggregate advances on a Construction Loan. For LMI landlords, the Take-out Assistance shall include the aggregate advances on a Construction loan plus accrued interest to the Conversion Date. Contingency will not be included in the Permanent Loan if not used as approved in writing by the LHC during construction

### **Required Qualified Project Documentation**

#### New construction:

- 1) Site plan
- 2) Floor plan
- 3) Front, side and rear elevations
- 4) Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds
- 5) Preliminary checklist indicating “Green Building” compliance with appropriate standard
- 6) Evidence that project meets zoning requirements
- 7) Evidence that the proposed housing unit is not in a flood hazard area
- 8) Construction Contract
- 9) Stop Work Order Provision Document
- 10) Commitment contingent upon receipt of LNLRP

#### Rehabilitation:

1. Site plan
2. Photos of front, rear, and sides of exterior
3. Photos of each room

4. Capital needs assessment approved by the Lender or an independent, experienced third party professional, such as an architect or engineer, without any financial interest in ownership of the Qualified Project, must be submitted at the time of application.
5. Proposed compliance alignment of the scope of work with HUD CPD Green Building Retrofit Checklist
6. Certification Regarding Sources and Uses of Funds Statement and No Duplication of Funds evidence of commitment and availability of all permanent and duplicative funding sources necessary to complete the project
7. Lead inspection if housing unit is pre 1978
8. Evidence that project meets zoning requirements
9. Evidence that the housing unit is either not in a flood hazard area or is at an elevation one foot (1') above the DFIRM elevation requirement, if the property was substantially damaged (as determined by local code enforcement officials)
10. Vacancy certification
11. Construction Contract (If work has been started on the units)
12. Construction Quote (If work hasn't been started on the units)
13. Stop Work Order Provision Document
14. Commitment contingent upon receipt of LNLRP
15. Tenant Certification

#### Minimum Architectural Requirements

1. New Construction
  - 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.
2. Minimum Internet/Cable Capacity Requirements: All units must be equipped with networks to provide cable television, telephone and internet access in the living area and 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 similar 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.

3. Rehabilitation: Rehabilitation of vacant units shall provide for safe, sanitary, efficient and aesthetically pleasing living facility of average/modest construction upon completion.

The LNLRP Initiative does not assume responsibility for enforcing or determining compliance with local codes, zoning restrictions and regulations or 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 RLRP Initiative.

### **Underwriting Standards**

Maximum Rents: Qualified Projects must be Income Restricted and Rent Restricted as referenced in the LNLRP Initiative 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.

Cost Reasonableness Analysis: A Cost Reasonableness Analysis is performed on all projects by the LHC Construction Department using information provided and RS Means costing data. The cost of construction submitted by the applicant must fall within twenty percent 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. In no case will the LHC provide per unit funding in excess of the HUD 234 limits for elevator type projects.

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 elsewhere in this LNLRP Initiative Description. 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.

### **LNLRP Initiative 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 by LHC by parish location for each Qualified Project reduced by the Utility

Allowance applicable to the unit. These rents cannot exceed the allowable published rents when Section 8 vouchers are present.

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.

Eligible Parishes: Acadia, Allen, Ascension, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Catahoula, Claiborne, De Soto, East Carroll, East Baton Rouge, 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

Great Floods of 2016: One or both of the floods identified by DR-4263 or DR-4277 floods in which FEMA Individual Assistance was approved.

HUD: U.S. Department of Housing and Urban Development (“**HUD**”)

HUD Designated Most Impacted Parishes: The following ten (10) Parishes: Ascension, Acadia, East Baton Rouge, St. Tammany, Lafayette, Vermilion, Livingston, Washington, Ouachita, and Tangipahoa.

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 or stockholder or partner of the Developer or Owner who is also an officer, director or 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 deals, arrangements, contracts or undertakings 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. 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.

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

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

1. Any person and or entity on the federal debarred list or an organization representing such person or entity is on the list.
2. Any person and or entity that received notice that they are currently out of compliance with LHC regarding annual audits or who are in arrears with other LHC financed projects.
3. Homeownership Developments proposed by entities that currently have unsold properties funded by LHC CDBG Funds.
4. Any person or entity that currently has a LHC financed project with compliance issues that are unresolved for greater than ninety days.
5. Two or more projects previously awarded financing by LHC that are currently incomplete.

6. Any applicant not in compliance with any other LHC or OCD disaster program.

Ineligible Costs: No LNLRP Funds may be used:

1. to purchase land from a person or person that has an identity of interest with the Eligible Borrower.
2. for development, operations or modernization of public housing financed under the 1973 Act (Public Housing Capital and Operating Funds).
3. for the cost of acquiring land that was purchased prior to the receipt of LNLRP Project funding
4. to refinance any loan.

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 Allocation: A Take-out Commitment to a Qualified Project with seven (7) residential housing units in which the household income for one of the residential housing units does not exceed 30% of area median income published by HUD.

Priority Eligible Parishes: HUD Designated Most Impacted Parishes

Qualified Household: A tenant household in which no member is related to the Applicant 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 a Take-out Commitment.

Qualified Project: A project not in excess of seven (7) residential housing units located in an Eligible Parish and in which each residential housing unit is a Qualified Unit on a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with CDBG Funds as a single undertaking located within a five mile radius of each other 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. If located outside of a local jurisdiction then all sites must be within the same Parish. The project includes all the activities associated with the site and building.

Qualified 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.

Take-out Funds: CDBG Funds of Thirty-six Million Dollars

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 LNLRP Initiative, all the units contained in the Application must have been vacant by February 14, 2017. A landlord may not intentionally displace a tenant prior to application to the LNLRP Initiative in order to be able to apply to the LNLRP Initiative.

#### **LNLRP Loan Documents at Closing**

LNLRP Loan Documents and Other Documents and Proceedings required at Closing are identified in the form of the Index of Closing Documents attached hereto as **Exhibit A**.

#### **Requirements and Order of Application Submission**

The application can be submitted by visiting the LHC website via the Neighborhood Landlord Program Application.

If you are unable to submit the application online, you may call 225-763-8700. A program staff member will assist you in filling out the application. If the application is being taken by phone, all application documents should be mailed to the following address:

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

#### **METHODS OF SUBMISSION**

Applicants assume the risk of the delivery method chosen, including delivery via private courier or the U.S. mail.

#### **QUESTIONS AND COMMUNICATION**

LHC will consider written inquiries from applicants regarding the LNLRP Initiative. Inquiries will only be considered if they are submitted in writing to [rrodriguez@lhc.la.gov](mailto:rrodriguez@lhc.la.gov). Inquiries shall clearly reference the section of the RLNLRP Initiative for which the applicant is inquiring or seeking clarification. Any and all written inquiries from applicants submitted in writing to [rrodriguez@lhc.la.gov](mailto:rrodriguez@lhc.la.gov) 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 LNLRP Initiative that is not understood. The Corporation also reserves the right to decline to respond to any inquiry that will cause an undue burden or expense for LHC.

It is the strict policy of the LHC that prospective respondents to this the LNLRP Initiative 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. 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.

## EXHIBIT A

### INDEX OF CLOSING DOCUMENTS

- I. **Basic LNLRP Initiative Requirements**
  - 1) LNLRP Commitment of CDBG Funds from LHC
  - 2) LNLRP Loan Agreement
  - 3) LNLRP Mortgage Note
  - 4) LNLRP Mortgage
  - 5) UCC Financing Statement
  - 6) LNLRP Initiative Regulatory Agreement
  - 7) LNLRP Guaranty by Applicant and Principals with 20% ownership of Applicant
- II. **Other Documents and Proceedings at Closing in accordance with Standard Index of Closing Documents**
  - 1) Vacancy Certification
  - 2) Environmental Review
    - a. Statutory Checklist
    - b. Request for Release of Funds
    - c. Request to Use Grant Funds
  - 3) Documents and Proceedings of Eligible Borrower
    - a. Certification Regarding Sources and Uses of Funds Statement
    - b. Certification of No Duplication of Funds



- 4) Site Plan
- 5) Title Policy
- 6) Property Insurance Certificates
- 7) Form of Tenant Leases
- 8) Estimate and Certificate of Actual Costs
- 9) Underwriting Certification by Lender
- 10) Construction Documentation consisting of
  - a. Floor Plan
  - b. Front, side and rear elevations
  - c. "Green Building" compliance
  - d. Evidence that the housing unit is either not in a flood hazard area or is at an elevation one foot (1') above the DFIRM elevation requirement, if the property was substantially damaged (as determined by local code enforcement officials)
  - e. Architect Agreement, if applicable
  - f. Guaranteed Maximum Price Construction Contract
  - g. Building Permit
  - h. Capital Needs Assessment for Existing Units
  - i. Evidence that project meets zoning requirements for new construction
  - j. List of Required Repairs