2014 Affordable Housing Development Program: Deal Specific Q&A

Question: The NOFA does not make any reference to any of the required eligible HOME Set asides, including the fifteen percent (15%) for CHDOs, the ten (10%) for admin and planning, or the five (5%) for CHDO operating. Can you please clarify what these amounts are and how these amounts may be applied for as a part of the overall NOFA process. (24 CFR 92 Subpart G)

Answer: Two CHDOs were awarded funds for Metro's first NOFA. Such funding counted toward our CHDO set-aside numbers. The NOFA funding is up to $4,000,000. If a CHDO is selected for the award; CHDO set-aside will be counted as part of that funding.

Question: There was no explanation of utilization of HOME for capacity building or operating expenses. What are the parameters for those non-profits that want to come in for operating expenses and capacity building?

Answer: Metro Louisville has three CHDOs. Each has received administration, planning and operating dollars. At present time, Metro does not believe additional resources should be dedicated to creating additional CHDOs.

Question: The current weighting of scoring seems to still favor targeting projects toward neighborhoods of higher minority concentration although these are the targeted neighborhoods. The revised Fair Housing guidelines of the practice of "disparate impact" whereby the unintended consequence of targeting disproportionately affects a certain class of people by race or ethnicity. Does the proposed weighted scoring criteria meet the revised Fair Housing final ruling?

Answer: CSR's Revitalization Division is fully aware of segregation and poverty concentration; whether by race, ethnicity, income, sexual preference; whether the consequences are unintended or intended. Our efforts are currently concentrating on reuse of vacant and abandoned properties that have already adversely impacted property values in areas that are disproportionately represented by protected classes, while at the same time, providing incentives for mixed income development in non-impacted areas. Designation of Neighborhood Revitalizations areas of Portland and Shawnee allows more flexibility to encourage housing choice in all neighborhoods.

Question: Under Financial Structuring, just to clarify that anything over 50% and less that 100% request for funding would not receive any points?

Answer: That is correct.

Question: With some of the local housing studies pointing to the need for seniors who are aging in place and have a need for housing repairs and persons with disabilities needing units that are more ADA compliant, why are fewer points being given for owner or occupant occupied rehab versus vacant rehab?

Answer: Metro Louisville has over 5000 vacant and abandoned properties that need to be repurposed. Also, there are additional development costs and time associated with noticing tenants and/or displacing tenants, whether it be permanently or temporarily. Metro currently has homeowner repair programs funded through sources other than the HOME Investment Partnership program. Owner occupied rehab is not included in the scope of this NOFA.

Question: If a non profit is doing acq/rehab with bank financing, how will a request for 100% take out financing be viewed if the non profit is willing to repay the take out permanent loan 100% at 0% interest? Conversely, if the non profit wants to use HOME to do acq/rehab and be taken out by a bank loan, what is needed from the bank to be able to verify such an activity? What would be the terms of the construction loan? Is there a maximum number of units?

Answer: Your first financial deal structure speaks to a request of 100% HUD financing to take-out (pay back) a traditional/conventional bank loan. Metro will need more project details, but prefers financial structures whereas HUD funds through Metro serve as gap financing. The current HOME regulations also require identification of firm project financing before HOME funds can be considered "committed" to the project. As each development project is different; each bank lending program/underwriting is unique. There is not enough information here to define the terms of the loan. Please use the application proforma to begin to detail the deal points.

Question: Can the City purchase the property on behalf of the non-profit and relinquish the tax liens and any other city liens, i.e., code enforcement liens?

Answer: Make a proposal to the NOFA and include acquisition as a development activity in the proposal. HOME-funded acquisition is allowed; with this caveat: no funds for acquisition will be released without firm commitment of all funds necessary to complete the deal. With firm financial commitments in hand, the non-profit could acquire the property, and as part of the NOFA HOME proposal, Metro can waive city code enforcement liens. Property tax liens will not be released. The other option is that the current owner can make a voluntary donation to the Land Bank Authority, and the non-profit can exercise its right to obtain such site control from the Land Bank Authority.

Question: What was the average cost per unit per NOFA 2013? How many applications were awarded? How many received 100% financing?

Answer: There were seven NOFA submissions for NOFA 2013. Four projects were selected and entered into executed Conditional Commitment Agreements with Metro Community Services & Revitalization. Each development project falls within varying stages of development. For the projects further along, (construction complete and home sold); the average HOME investment per unit has been $94,500. Thus far, none of these projects have received 100% financing.

Question: How would Metro determine a pro-rata share of HOME funds in accordance with the Davis Bacon rule?

Answer: Davis Bacon applies if a project has 12 or more HOME Assisted units covered under one Construction Contract. Dividing up a project's construction contract in order to avoid Davis Bacon is STRICTLY PROHIBITED.

Question: How would you score a mix of rehab and new construction?

Answer: If the development mix includes more rehabilitation than new construction; then the project will receive 6 points. If the number of new construction units, are greater than the number of rehab units, then the project will receive 4 points. If the mix is 50/50; then the project will receive 5 points.