

2014 Affordable Housing Development Program: Deal Specific Q &A

Metro Rental Production Application Questions

Question: Homes of Hope Phase I, consists of three 3-bedroom/2 bathroom units. The estimated project cost is \$375,000. The proposed site is owned by the Land Bank and to be purchased for \$1. Project will serve low to very low income families and have a projected rent of \$650. Per the application documentation, Metro's intention is to provide Gap Funding and the goal is for projects to have secured 50 - 75% of funding from another source.

Answer: What is now trending in real estate development; is that there is no free money. Gap financing only comes into play when needed and only in the amount necessary to make the deal work. It could potentially come from multiple sources and represent up to 50% of a project's funding. It is Metro's *preference* – not its goal – to provide gap financing to a project; rather than 100% Metro financing. This preference does not exclude a project, with a 100% HOME investment request, from being selected.

Question: We missed KHC's funding and wondered if Metro has AHTF Grant, AHTF Loan or SMAL Loan funds available through another application process? Or do you know of another source that may have them available?

Answer: 2014 NOFA deadline for formal project submission is 6/30/2014, with awards, scheduled on 9/30/2014. The KHC proposal submission deadline will occur in 12/2014, with KHC awards anticipated to be announced, April 2015. Metro will execute Development Agreements on or before July 30, 2015. Both Metro and KHC are collaborating on both project selection and timelines, to leverage financing sources. There are other potential funding sources available, such as: Federal Home Loan Bank Affordable Housing Program (AHP) is an additional source of financing for affordable housing projects. Their application is due August 1, 2014. For more information please visit <https://web.fhlbcin.com/Housing/Programs/AffordableHousingProgram/Pages/AffordableHousingProgram.aspx>

KHC also awards tax exempt bond financing (4% tax credit) on a rolling basis, so applications can be made at any time. We encourage you to reach out to KHC to discuss the availability of tax exempt bond financing and KHC - AHTF funding.

Please contact: Andrew Hawes at ahawes@kyhousing.org

Louisville AHTF will be releasing a RFP for funding availability; however projects awarded under Metro's NOFA will not be eligible for additional funding under Louisville AHTF's RFP if the source of funding is the same (HOME funds). Projects not awarded under Metro's NOFA are encouraged to apply under Louisville AHTF's RFP.

Question: If unable to secure other funding prior to application deadline, would Metro provide entire project funding if scoring is high enough without those points? If not, what is the minimum the owner needs to put toward project?

Answer: Please see first response. To question #2, risks are associated with each development project. A 100% Metro financed project, means Metro is exposed to 100% of the project risk. Again, this is not preferred. The industry standard represents 10% of what the owner needs to put toward the project. This information must be present in your proposal package.

Question: Are Louisville Metro's HOME, CDBG and Other Development Subsidies listed on the Sources & Uses tab, grant or loan funds? How do we know which to allocate on our Sources & Uses page when making application?

Answer: The 2014 NOFA speaks to HOME Funding. Select HOME funding on your application.

Question: Is there an upper limit to how much funding Metro would approve for each project?

Answer: As a benchmark, Metro 2013 NOFA HOME Commitment ranged from less than \$500,000 to over \$1,000,000.

Question: Under Sources and Uses, what does 4% equity investment mean and is it required?

Answer: 4% equity investment speaks to a 4% tax credit a.k.a. Tax-exempt Bond Financing. It is only required if it is part of your project funding structure.

Question: Please define fixed or floating units?

Answer: A Fixed HOME unit means that a particular designated "fixed" unit remains the HOME unit and is subject to HOME federal regulatory requirements for the entire period of affordability. Larger projects have an option of Floating units, which means as long as the required number of HOME units are maintained, there is an option of "floating" any of the HOME requirements to any unit, located within the entire project.

Question: On the application there is an acronym stated LIHTC (section A), please define?

Answer: LIHTC – is a Low-income Housing Tax Credit, a.k.a. 9% tax credit.

Question: Under section A. item, Funding Sources Sought, application will not allow entry in the yellow answer section.

Answer: If you receive a dialog box, stating that the cell is protected; please unprotect some cells to manipulate with the password: lmgcsr.

Question: If a project is awarded funding with Louisville Metro and has no other funding source, how will this effect application scoring?

Answer: Please see first response.