

2019 Spring NOFA FAQ

Questions received during the webinar:

Question: It appears this NOFA is due after LHC is scheduled to adopt the 2019 QAP. Can you confirm which QAP these applications will need to meet threshold under?

Answer: *While we expect the 2019 QAP to be adopted by the submission deadline, the QAP in effect at the time of submission will govern.*

Question: Will LHC provide a definition of HUD Re-capitalization project?

Answer: *Yes. It is: Recapitalization is a preservation transaction that involves gaining new funds. HUD's Office of Recapitalization defines preservation in terms of three major goals:*

- *Safeguard long-term rental assistance for current and future generations.*
- *Improve and modernize properties.*
- *Stabilize properties with solid financial footing.*

For a project under this NOFA to be considered as a HUD Recapitalization project, therefore, it must be a project that is receiving direct HUD refinancing for the project through the HUD Office of Recapitalization for the preservation of the project. You must provide proof at application that this direct HUD funding has been approved and that an identifiable gap exists.

Question: What are eligible match sources?

Answer: *Match is any value that is permanently contributed to the project from an eligible source that does not have to be paid back. The complete definition and eligible sources of match are contained in the HOME Program rule at 24 CFR 92.220. This can be accessed at the link below:*
<https://www.ecfr.gov/cgi-bin/text-idx?SID=c932706682a6573c326062fa6184ed61&mc=true&node=pt24.1.92&rqn=div5#se24.1.92.1220>

Question: Is there a minimum number of units that must receive rental assistance in order to receive those points?

Answer: No.

Question: If a project has 40 units, but only project-based rental assistance tied to 10 of them, would that be eligible?

Answer: Yes.

Questions received in writing:

Question: Regarding the Renter Households who are Cost Burdened scoring criteria, would you mind clarifying whether a parish that is listed on the PDF referenced in the NOFA, under the category of at least half its census tracts with >52.99% cost burdened renter households, is eligible for the associated 10 points?

Answer: According to the NOFA a project must be “located in a village, town, city where the percentage of households where the Gross Rent as a Percentage of Household Income (GRAPI) exceeds 53%”, therefore you cannot use Parish Census data unless the project is located outside of “a village, town, city” within that Parish. If the project is located in “a village, town, city” you must use data for that “village, town, city”. The data for villages, towns, and cities can be found [here](#) under the “2019 Spring NOFA” dropdown menu.

Question: Page 3 of the NOFA indicates a per project limit of \$4,000,000, but the definition of “type of assistance” on page 20 indicates a per applicant limit of \$1,000,000. Which is the correct limit?

Answer: The correct per project limit is \$4,000,000.

Question: Is there a per developer cap in addition to the per project cap?

Answer: The per project limit reflects the per developer limit as well.

Question: Page 12 of the NOFA contains a discussion of the staff capacity requirements for CHDO applicants. Are non-CHDO applicants required to submit information on capacity or staff?

Answer: No.

Question: The application deadline for this NOFA appears to fall after the projected adoption of the 2019 QAP. Under which QAP will 4% applications be evaluated for threshold and eligibility?

Answer: The QAP that is in effect on the submission deadline will be the one that applications will be evaluated under.

Question: The 2018 QAP requires a minimum debt service coverage ratio of 1.15x for non-HUD-financed properties. Will waivers of that requirement down to 1.10x be considered for applications under this NOFA in accordance with the guidance on page 18 of the NOFA?

Answer: LHC expects to have many different types of applications. The 1.10 DCR is only available for RHS/RD and HUD funded properties. Waivers will not be considered.

Question: This question is regarding the operating cost underwriting in the definition of “Service Priority” on page 18. It appears that if the project being submitted in this funding round has current audits, then those operating expenses will be utilized. In the event that the project being submitted is not being audited, how will the operating costs be underwritten?

Answer: The QAP states: Minimum Operating and Maintenance Expenses: Minimum operating and maintenance expenses shall not be less than \$3,600 per unit per year. For an existing project

undergoing rehabilitation, the minimum operating and maintenance expenses shall be increased if, following a review of the prior three (3) years of audits of the project's operations, the expenses exceed the minimums and if the rehabilitation to be completed will not reduce the historic expenses. LHC further retains the right to increase minimum operating and maintenance expenses based on information obtained on similarly-situated projects in the Corporation portfolio. Single Room Occupancy (SRO) projects shall evidence appropriate subsidies to sustain the proposed operating budget." LHC has determined that, for the purposes of this NOFA, that absent project audits to the contrary that it is requiring \$4,500 per unit per year in Operating and Maintenance Costs (Inclusive of the Reserve for Replacement).

Question: The definition of "Sponsor" at the bottom of page 22 and top of page 23 appears to imply that only CHDO's are eligible for this funding. Can you confirm that is not the case?

Answer: No. The term "Sponsor" has a very specific meaning under the HOME regulations. The NOFA definition is consistent with that meaning.

Question: Regarding scoring item XI. Defensible Design, is the third scoring item intended to award parking that is nearby the property entrance or farther away from the property entrance? The current wording requires it to be farther away.

Answer: It is correct that the property entrance should be further away though at a reasonable distance. This is to allow the tenant the ability to survey their surroundings prior to leaving the unit. This also allows full view of unit entrance from neighboring units and also police patrols.

Question: In order to receive the points for Project-Based Contract (page 28, item X.), is there a minimum proportion of the units that must receive rental assistance?

Answer: No.

Question: If we have a project with nine years remaining on a privately-funded rental assistance contract for a portion of the units in the project, does that meet the criteria to receive points for under "X. PRIORITY CONSIDERATION Project has an approved Project Based Contract..."?

Answer: Yes, provided that the redevelopment of the project will not result in the loss of the project based vouchers.