

NOTICE OF FUNDING AVAILABILITY AND PROGRAM IMPLEMENTATION MULTIFAMILY PIGGYBACK/CDBG- DR LOAN FUNDING “PIGGYBACK 2019” Addendum No. 1

Published March 1, 2019

Date RFP Issued: Friday, February 15th, 2019

Deadline to Submit Proposals: Monday April 8, 2019 4:00P.M. Central Time

To All Applicants:

This addendum is issued to clarify, add, delete, correct and/or change the Notice of Funding Availability (NOFA) documents to the extent indicated herein and is hereby made a part of the NOFA documents on which the contract will be based. Any modifications/changes made by this addendum affect only the portions or paragraphs specifically identified herein; all remaining portions of the NOFA, including those addressed through previously issued addenda, are to remain in force. It is the responsibility of the applicant to conform to this addendum.

1. *Page 12: Section 3.1, Minimum Score is hereby revised to reflect a change, and shall now read as follows:*

The LHC reserves the right to determine that project applications which score below 24 total NOFA points are not eligible for funding. Pursuant to the 2018 QAP, §IV.B., “Bond-financed projects are required to have a minimum [QAP] selection criteria score of 40 (forty) points.” Points earned from the QAP Selection Criteria are used only to establish whether a project meets the required 40-point threshold requirement stipulated in the QAP. Points based on the QAP Selection Criteria are not used toward the competitive score on which awards will be made under this NOFA. Only the scoring criteria below will be used for that purpose.



2. Page 20: Section 5.1, Replacement Reserve Deposit Requirements is hereby revised to reflect a change, and shall now read as follows:

Replacement Reserves will be subject to controls as stipulated in the Legal Documents. See §4.2, Legal Documents.

3. Page 21: Section 5.5, 1st Mortgage Sizing is hereby revised to reflect a change, and shall now read as follows:

Required debt service coverage ratio requirements are governed by QAP §IV.D.2.

4. Page 21: Section 5.6, PSH Underwriting is hereby revised to reflect a change, and shall now read as follows:

Projects must set aside and provide at least five-percent (5%) of total units for Permanent Supportive Housing (“PSH”). Such mandatory PSH Units are strongly preferred to be one-bedroom units.¹² Project-based vouchers (rents set at 110% of FMR) are reserved for PSH units in awarded projects and PBV contracts covering PSH units will be awarded to properties receiving an award of CDBG-DR under this Program. PSH units will be governed by the terms of the PSH Agreement.

All properties should endeavor to dedicate a number of accessible units as PSH units.

Note that the LHC retains the right to determine that a proposed project is not suited for PSH units, and to decline to offer a PSH Agreement. In this event, the project will not be required to set aside five-percent of units for PSH. Applicants will be notified of this determination with the issuance of the Deficiency Letter (see §7.3, Deadline to Submit).

5. Page 22: Section 6.2, TDC Limits is hereby revised to reflect a change, and shall now read as follows:

Pursuant to the 2018 Qualified Allocation Plan (QAP), which governs the policies and procedures related to the allocation of low income housing tax credits (LIHTCs) in accordance with Section 42 of the Internal Revenue Code of 1986 as amended, certain limits on total development cost (TDC) per unit apply. Applicants should refer to Section V(D)(2)(c) of the 2018 QAP entitled “Maximum Unit Development Cost”. The applicable cost limits described in this section apply to funding under this NOFA. Applicants may use the updated HUD 2018 Cost Limits documentation which can be found using the following link: <https://www.hud.gov/sites/dfiles/PIH/documents/TDC.pdf>.

If an application is submitted in which the maximum TDC/unit limitations, and/or the unit cap award of CDBG gap funds, are exceeded, a Waiver Request should accompany the application and the application will be subject to further review and approval by the LHC on a case-by-case basis to determine whether the costs included may be approved. As set forth in the QAP, the LHC will consider Waiver Requests which enumerate and detail Extraordinary Site Costs (§V(D)(2)(d)) based on supporting documentation submitted by the Applicant. Submitted Waiver Requests should establish whether the proposed development conforms to the Hard Construction Cost (HCC) limits which are published by HUD in the same document as the TDC limits. LHC provides no guarantee that any application which exceeds the TDC/unit limitations will receive a waiver of that limitation, but encourages the submission of applications which exceed the limitations for legitimate reasons related to their inherent costs.

6. Page 23: Section 6.4 Permanent Supportive Housing (“PSH”) Set-Aside Requirement is hereby revised to reflect a change, and shall now read as follows:

Projects must set aside and provide at least 5% of total units for Permanent Supportive Housing (“PSH”). Such mandatory PSH Units are strongly preferred to be one-bedroom units. Project-based vouchers (rents set at 110% of FMR) are reserved for PSH units in awarded projects and PBV contracts covering PSH units will be awarded to properties receiving an award of CDBG-DR under this Program.

Note that in addition to the LHC’s strong preference for one-bedroom units for the mandatory five-percent PSH set aside, the LHC has a strong preference that a significant number of PSH units be accessible to persons with disabilities.

See §5.6, PSH Underwriting, and §10, PSH Program Summary.

6. Page 23: Section 6.5. Physical Condition Assessment – Acquisition-Rehabilitation Projects Only is hereby revised to reflect a change, and shall now read as follows:

For Acquisition-Rehab projects only, a Physical Condition Assessment (“PCA”) must be submitted with the application. The PCA will establish, subject to the review and concurrence of the LHC, the Initial Deposit to the Replacement Reserves, and the Annual Deposit to the Replacement Reserves.

Note that New Construction projects are not required to submit a PCA, but that the Initial and Annual deposit requirements are fixed. See §5.1, Replacement Reserve Deposit Requirements.