STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF COMMUNITY DEVELOPMENT

NOTICE OF FUNDING AVAILABILITY AND PROGRAM IMPLEMENTATION
GUIDELINES FOR MULTIFAMILY CDBG-DR LOAN FUNDING

Fast Gap Program (FAST GAP)

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1. **General Program Terms**

1.1. **Overview**

The State of Louisiana, Division of Administration, Office of Community Development (“OCD”) hereby releases this Notice of Funding Availability (“NOFA”) for the availability of **Fourteen Million Four Hundred Thousand Dollars** ($14,400,000.00) in Community Development Block Grant Disaster Recovery (CDBG-DR) funds.

These CDBG-DR funds are made available through an allocation to the State of Louisiana from the United States Department of Housing and Urban Development (“HUD”) following appropriation under Public Law 114-223 to assist the State in recovery from the 2016 Severe Storms and Flooding. HUD’s allocation and associated waivers and alternative requirements for the expenditure of the funds are through Federal Register Notices (FR-5989-N-01, FR–6012–N–01 and FR-6039-N-01, FR–6136–N–01).

The State’s Substantial Action Plan Amendment 16 for the **Utilization of CDBG-DR Funds in Response to the Great Floods of 2016** established, along with other programs, the FAST GAP A program (which shall be referred to herein as “FAST GAP” or “the Program”). These funds are available for projects located in the fifty-one (51) FEMA Disaster-Declared Parishes affected by the 2016 Floods for which FEMA Individual Assistance was available (see “Eligible Parishes” at §12, Definitions).

FAST GAP will primarily address financing needs of affordable multifamily rental housing development transactions which have failed to close due to a financing gap resulting from construction cost increases and/or changes in originally sufficient financing commitments which occurred prior to financial closing. Successful applications will demonstrate that these changes have resulted in a reduction of sources or an increase in uses, or both. FAST GAP is **not** designed for projects which have not yet received commitments of funding from other sources. FAST GAP is **not** designed as an opportunity to increase total project costs by adding discretionary construction to projects which otherwise have adequate sources to close. FAST GAP is **not** designed or intended to reduce deferred developer fee unless certain reductions in deferred fee are needed for transactional feasibility.

There is no requirement for or restriction against what types of other funding sources the applicant may have in the project. Each application will be subject to a financial underwriting by OCD for determination of viability. This determination shall be the sole opinion of OCD. As a condition of award, OCD may require revisions to the affordability mix, an expansion of resident services, addition of resilient construction features, or other changes, or a combination thereof, based on OCD’s analysis of the project in its sole discretion.

Subject to funds’ availability, in addition to awarding funds to close a recognized financing gap, OCD may offer additional funds to substitute other funding sources to address feasibility issues or increase viability.
Projects funded through FAST GAP must at a minimum primarily provide affordable housing in which (a) no less than 51% of households must (i) earn below 80% of Area Median Income (“AMI”) at move-in and (ii) pay no more than thirty percent of 80% of AMI for rent plus utilities. The affordability period depends on the size of the property. For further information see §4, Affordability.

For projects that do not have an existing commitment of CDBG funds from OCD or the Louisiana Housing Corporation (“LHC”), an award of FAST GAP funds will result in a mortgage loan with a term which is the greater of 35 years or the mortgage term of the proposed 1st mortgage, with a priority cash flow repayment requirement from annual Surplus Cash, and with balloon repayment of all outstanding amounts at maturity. The FAST GAP mortgage will be in second lien position if the borrower has commercial permanent financing and will otherwise be in first lien. The loan non-default interest rate will be selected by the borrower, at rates between 0% and the Applicable Federal Rate, provided any selected rate above 0% does not result in a determination by OCD that the loan balance at maturity will exceed an amount which is reasonably repayable. For an award of FAST GAP funds to a project with a pre-existing CDBG and/or HOME award from OCD or LHC with a surplus cash payment requirement, the FAST GAP surplus cash repayment requirement will be subordinate to the mortgage resulting from the prior award(s) both in lien position and payment. Notwithstanding the subordinate lien position of the FAST GAP mortgage, OCD’s regulatory agreement associated with the loan agreement must be senior to all other liens, mortgages, or other encumbrances, and will survive foreclosure of any senior lien. See §8, CDBG-DR Loan Terms. For an award of FAST GAP funds to a project with a pre-existing CDBG and/or HOME award from a unit of government other than the OCD or LHC, the FAST GAP surplus cash repayment requirement and lien position will be superior to that of any such loans.

Projects submitted for application should be ‘shovel ready’, with environmental reviews in active process or completed. See §2, Readiness to Proceed.

There is a firm deadline requirement. See §1.11, Schedule.

Funds will be awarded under this NOFA based on a competitive score, which allocates points as established at §7, Scoring Criteria.

1.2. Funding

Fourteen Million Four Hundred Thousand Dollars ($14,400,000.00) in CDBG-DR funds will be made available through this NOFA. The highest scoring projects will be awarded until the funds are exhausted, subject to the provisions herein.

1.3. Eligible Uses

CDBG-DR Funds awarded under this NOFA will only pay CDBG-eligible costs incurred to develop a project. No CDBG-DR Funds will be issued in advance. OCD will pay project costs only when the electronic Funds Requisition Form with back-up AIA certification, invoices and receipts are submitted and approved. CDBG-DR Funds will not be advanced or paid prior to submission of evidence that eligible costs have been incurred. The CDBG-DR Loan will close simultaneously will
all other funding sources, but no CDBG-DR Funds will be available at closing. No funds will be disbursed until all funding commitments and loan agreements are fully executed, and environmental conditions are satisfied. Funds must be drawn on a schedule approved by the OCD, in its sole discretion.

Real estate purchases from affiliated persons or entities must be supported with an appraisal, acceptable to the OCD in its sole discretion. Notwithstanding appraised value, OCD retains the right to determine that net proceeds to an affiliated seller are excessive in relation to the proposed expenditure of CDBG funds and to consequently reject transactions in which OCD’s funds are not efficiently resulting in affordable housing. This determination will be in OCD’s sole discretion, will not be subject to appeal, and any application submitted under this NOFA acknowledges OCD’s right to deny funding on this basis.

1.4. **Ineligible Uses**

CDBG-DR will not be disbursed for any costs enumerated at 24 CFR §570.207, unless permitted by a waiver from HUD. The State has received a HUD waiver permitting the use of CDBG-DR funds for new construction activities.

1.5. **Eligible Projects**

The following are requirements applicable to all properties:

- All borrowers must be single asset entity limited partnerships (“LPs”) or limited liability companies (“LLCs”). General Partners of LPs and Managing Members of LLCs may be for- or non-profit entities.
- Projects must demonstrate an ability to close within no more than six months, must have existing financing commitments for the project and require only a commitment of FAST GAP funds to address a financing gap which has resulted from increased development costs or a change in financing due to market conditions or construction delays or other factors outside the control of the Borrower. See §1.1, Overview, §1.11, Schedule and below.
- Eligible projects must meet the requirements at §2, Readiness to Proceed.
- Eligible projects must be located in an Eligible Parish and must meet site requirements. See §12, Definitions and §5, Eligible Sites.
- Eligible projects must include thirty (30) or more residential rental units. However, properties of at least 10 units are eligible provided (a) the affordability restrictions do not exceed twenty (20) years and (b) the CDBG-DR request does not exceed $80,000 per unit and (c) all other requirements of this NOFA are met.
- Eligible projects may include market-rate units (units unrestricted as to rent and initial household income) but must include affordable units (restricted as to rent and initial household income). Set-aside requirements further delineated at §4, Affordability.
- Eligible projects may be Rehabilitation or New Construction.
- Eligible projects must meet all eligibility requirements of this Program Description, including underwriting requirements.
- Eligible projects must comply with all application requirements.

1.6. Ineligible Projects

The following properties are Ineligible Projects:

- Properties not located in an Eligible Parish. See §12, Definitions.
- Properties failing to submit a complete and fully responsive application for award of funding, or to respond to questions and concerns put forth by the OCD by the deadline imposed by the OCD for such responses.
- Lease to Own Properties; because of the structure of the financing envisioned under this NOFA, lease-to-own properties will not be permitted.
- Projects which do not satisfy the requirements of §1.5, Eligible Projects.

1.7. Ineligible Applicants

Applicants that meet any of the below criteria will be disqualified from this NOFA:

- Any person or entity (or affiliate thereof) on the federal debarred list, or an organization controlled by such person or entity on that list.
- Any person or entity (or affiliate thereof) that received notice that they are currently out of compliance with the Louisiana Housing Corporation (“LHC”) and/or Louisiana Office of Community Development (“OCD”) regarding annual audits or who are in arrears on payments of LHC/OCD loans as of the date of application submission.
- Any person or entity that currently owns or controls an LHC- and/or OCD-financed project with outstanding issues of non-compliance that are unresolved for greater than 90 days as of the date of the application submission.

1.8. Prior Awards

FAST GAP does not prohibit prior awards of CDBG funding and does permit FAST GAP to be awarded in conjunction with prior awards. FAST GAP will not be awarded conditioned upon the award of other funding, however; all other sources must be committed prior to an award of funds under this NOFA.

1.9. Non-Assignability of Application and Award

The entity or individual submitting an application for CDBG-DR must be a principal of the proposed development team with the legal authority to execute a binding agreement with OCD on behalf of the LP or LLC ownership entity. All awards made will be to the proposed or established single-asset entity LP or LLC identified in the application and will be addressed to the principal of that entity submitting the application. Any assignment of such an award without the prior, written consent of the OCD may immediately and irrevocably void the award, at OCD’s sole discretion.
discretion. Any change in the proposed ownership from that which is stipulated in the application will constitute an assignment.

1.10. **Strictly Enforced Deadlines**

The OCD will strictly adhere and impose deadlines for committing and expending CDBG-DR awards under this NOFA based upon the activity proposed and other information provided in the application. Any CDBG-DR funds not committed or expended within the timeframes included in the award letter or the loan documents may be recaptured by the OCD. Projects must adhere to the following:

- CDBG-DR awards may be terminated at any time prior to the CDBG-DR award expiration date due to the absence of adequate project progress. If closing has occurred and the project is terminated for any reason, all CDBG-DR funds advanced prior to the termination of a project (whether voluntary or involuntary) must be repaid to the OCD immediately upon written notice.

- Applicants must submit a project schedule in their application submission and must adhere to such project schedule. All project schedules must conform to the schedule outlined at §1.11, Schedule and §11.5, Important Dates and Deadlines. Adherence to the schedule will also be a formal requirement of any award.

1.11. **Schedule**

The FAST GAP borrower must fully expend FAST GAP CDBG-DR funds (which can only be drawn down for eligible, incurred costs on a pari passu basis with other construction-period financing, and must meet the CDBG National Objective by achieving lease-up of the project with qualified households, and must submit compliance reporting) by **October 31, 2024**. OCD will not award to, nor will it close on a financing on, a project which OCD determines in its sole discretion cannot meet this deadline requirement. Any application submitted under this NOFA acknowledges and assumes risk in these matters. See §11.5, Important Dates and Deadlines.

2. **Readiness to Proceed**

Readiness to proceed is a central element of FAST GAP. Accordingly, in this program there are specific threshold criteria related to readiness. These requirements generally exceed standards typically associated with requests for gap funding.

The following are required of all properties applying for funding under FAST GAP:

- Funds will **not** be awarded under FAST GAP for properties which intend to apply for LIHTCs; for properties which are eligible for LIHTCs, funds will only be awarded to those which have applied and have had credits reserved under either the 4% or 9% programs.

- A Phase I Environmental Site Assessment (ESA) must have been completed. If required by the Phase I ESA, a Phase II ESA must have commenced, as evidenced by a contract with a

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1 Note that a Phase I is valid for six months. Specific sections can be updated to extend its validity to one year.
qualified firm. The OCD will accept a completed Phase I which has expired and must be re-completed and/or updated.

- A building construction plan set has been completed (which is sufficient to permit a General Contractor to propose a Guaranteed Maximum Price Contract) as of the date of submission of an application under this NOFA. A letter from the architect will demonstrate this condition has been met.

- FHA-Insured Financing is either (a) not being sought, or (b) a request was submitted by the lender to HUD no later than the date of submission of an application under this NOFA.

- The proposed property is either (a) consistent with existing zoning and no zoning variance is required, or (b) a zoning variance was required but was issued prior to the submission date of the application under this NOFA.

- All sources of financing, including equity investment, project-based rental assistance contracts, construction and permanent loans, and subordinate financing (if any) have been fully committed. The OCD will not accept letters of interest or general, non-binding commitments in lieu of this requirement.

See also §7.2, Readiness.

3. **CDBG-DR Limits**

3.1. **Funds Available, Maximum and Minimum Funding**

Total funding to be awarded under this NOFA is **Fourteen Million Four Hundred Thousand Dollars ($14,400,000.00)**. This amount is subject to upward or downward adjustment by the OCD. OCD has sole discretion to increase the amount of funds awarded under this NOFA without re-issuance or amendment of the NOFA, subject to HUD approval of an amendment to the governing Action Plan.

The minimum CDBG-DR award under this NOFA will be Five Hundred Thousand Dollars ($500,000.00). The maximum CDBG-DR award under this NOFA will be Four Million Dollars ($4,000,000.00). However, note that properties of under 30 units are limited to $80,000 per unit.

4. **Affordability Requirements**

FAST GAP itself does not impose affordability requirements beyond the limited requirements below; applicant properties will have existing affordability commitments associated with existing commitments of financing and scoring will preference transactions with more extensive affordability (see §7, Scoring Criteria, specifically §7.3, Affordability Value). Qualifying properties must at a minimum meet the following affordability requirements:

- All units must be subject to extended affordability restrictions. Such restrictions may be at any level of affordability, notwithstanding the following requirements:

- At least 51% of units must be designated as qualifying ‘low-mod’ units pursuant to CDBG-DR requirements.
Households occupying these units must earn no more than 80% of AMI at move-in, and rents for these units may not exceed 30% of 80% of AMI, adjusted for imputed household size, less a utility allowance.

These restrictions will apply for the greater of 35 years, or the term of the 1st mortgage. For properties which are less than 30 units, these restrictions shall apply for 20 years (or more at the election of the borrower.)

- 2% of total units must be designated as Permanent Supportive Housing (PSH), subject to the award of vouchers, and referral of qualifying households. These units will qualify as ‘low-mod’ units, and will count within the 51% which must be set aside for 80% AMI households. See §10.2, Permanent Supportive Housing (“PSH”) Set-Aside Requirement.

- Model units are not counted as residential units and are not included in the calculation.

- Staff units are not counted as residential units and are not included in the calculation.

Affordable units will not be fixed (designated as specific units within the property). Affordable units will ‘float’ such that the next available unit must be rented to an income qualifying household at a restricted rent, if at the time the next unit becomes available the set-aside requirements are not met. Affordable units must be dispersed throughout the property to avoid any concentrations by income level.

5. **Eligible Sites**

Disaster Resilience of funded projects will be partly accomplished through project siting. Unless stricter requirements are required by any applicable law, in which case such requirements shall govern, the following rules shall apply:

- The building footprint (for buildings with residential units) may not be located within or partially within the Special Flood Hazard Area (“SFHA”). Parking is not required to be at or above the building elevation requirements required in the NOFA.

- The building footprint may be in Zone B or X-Shaded (500-YR); however, all building mechanicals and finished residential floors must be built at elevations of no less than three feet above the higher of (a) the lowest point within the building footprint, or (b) the nearest road centerline.

- Irrespective of the Flood Insurance Rate Map ("FIRM") designation, the application must clearly establish whether the proposed building footprint experienced flooding in the 2016

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2 The applicable AMI for this requirement will be the most recently HUD published AMI in effect at the time the lease is entered.

3 The percentage must be the lowest percentage resulting from the allocation of units to the PSH requirement, which is equal to or greater than 2% of total units. If a voucher contract is not tendered by the LHC, the PSH requirement shall not apply.
Great Floods⁴; if the proposed residential building footprint was flooded, the plan must clearly address how such risks are mitigated, either through elevation above the Base Flood Elevation ("BFE"), flood proofing, or both.

- Irrespective of FIRM designation, the application must identify the flood risk exposure as indicated by the Coastal Protection and Restoration Authority’s (CPRA) Master Plan Data Viewer.⁵ To look up property in the Data Viewer - Select ‘View Louisiana Coast’; Select ‘View My Community’; Input the street address of the proposed property; Select ‘My Info!’; Select ‘My Flood Risk’; and on the right select ‘Medium Scenario’, ‘With Plan’, and ‘.2% Flood Event (500-Year)’. If your property is shown to be in a location with flood depth (the colored map), your plan must address how you will withstand such a future, equal flooding event. Such mitigation may be by means other than elevation.

5.1. Eligible Sites—Waiver Requirements

No waivers will be granted for properties in the Special Flood Hazard Area (SFHA). FAST GAP funds will not be invested in properties proposed to be built or rehabilitated within the SFHA.

For properties within Zone B or X-Shaded, requirements related to the elevations of mechanical equipment and finished floor levels may be waived on specific application to OCD.

For properties proposed to be constructed or rehabilitated on sites which experienced flooding in the 2016 Great Floods, the required mitigation plan will be subject to OCD’s review and acceptance.

For properties shown to be in a location with flood depth on the CPRA Master Plan Data Viewer based on the required parameters (i.e., ‘with plan’ and 500-Year Flood Event) the proposed mitigation measures will be subject to OCD’s review and acceptance.

6. Construction Specifications

In addition to complying with Louisiana State Uniform Construction Code (LSUCC) and local planning and zoning requirements, properties constructed with CDBG-DR funds awarded under this NOFA will be required to adhere to the LHC 2022 QAP Design and Construction Standards.⁶ Applicants must request—within their application under this NOFA—waivers for any 2022 QAP Design and Construction Standards which conflict with required or proposed resilience measures, or which the applicant otherwise asserts would be unattainable. The OCD may grant these waivers, unless there is a specific rationale for not doing so when considering the impact

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⁴ Applicants are strongly advised to consult the local floodplain manager in the jurisdiction in which their proposed project is located to determine whether and to what extent their proposed site was impacted by the 2016 floods.

⁵ https://cims.coastal.louisiana.gov/masterplan/).

⁶ Note that FAST GAP does not require an allocation of Low-Income Housing Tax Credits, and the 2022 LHC QAP does not inherently apply to projects awarded hereunder. However, the OCD will by reference incorporate and require awarded projects be built consistent with the LHC’s Design and Construction Standards, as found in the LHC’s 2022 Qualified Allocation Plan document.
of the measure toward the property’s disaster resilience. Note that a central element of disaster-resilience under this NOFA is project siting. See §5, Eligible Sites. Note that applicants may optionally elect to enhance specifications to incorporate either the Fortified Gold Standard or the Enterprise Green Standard, or both. See §7.1, Disaster Resilience Scoring.

7. Scoring Criteria
Awards for FAST GAP funds will be based on a scored application, as determined by OCD and using a scoring formula unique to this Program.

CDBG-DR Scoring will be based on the following criteria:

- Disaster Resilience (see §7.1, below) = up to 30 Points, comprised of:
  - FORTIFIED Gold Standard (see §7.1.1, below) = 15 Points
  - Enterprise Green Communities Certification (see §7.1.2, below) = 15 Points

- Readiness (see also §2, above) = 40 Points, comprised of:
  - Environmental Readiness, up to 20 Points
  - Cost, Plan and Permitting Readiness, up to 20 Points

- Affordability Value (see §7.3, below) = up to 30 Points.

7.1. Disaster Resilience Scoring
FAST GAP will prioritize awards to properties which are more resilient to natural disaster. Note that applicants can qualify for the points in this Section by agreeing to these requirements (under this NOFA), or can claim these points if the property has existing commitments to these requirements.

Applicants should consider that any redesign of the proposed project to achieve scoring under this section may result in additional costs and delays. Whereas FAST GAP is fundamentally intended to close existing financing gaps and thereby enable otherwise feasible properties to close quickly, this program will permit certain re-engineering of the proposed construction specifications provided (with the award of the requested FAST GAP funds) the proposal is financially feasible (see §2), and any resulting delays do not violate the timing requirements of the program (see §1.10 and §1.11).

If an applicant has been awarded points for FORTIFIED Gold or EGC criteria and the requirements of either of these standards is determined to not have been met at construction completion, applicants and their affiliates will be ineligible to receive future CDBG awards through the OCD and/or LHC for a period to be determined by these entities, in their sole discretion. IBHS will adjudicate achievement of the FORTIFIED Gold Standard. Enterprise will adjudicate whether the
EGC criteria have been met. Additionally, failure to achieve these standards may result in financial penalties to the borrower.

7.1.1. *IBHS FORTIFIED Gold Standard*

Any property committing to the achievement of the Insurance Institute for Business and Home Safety (“IBHS”) FORTIFIED Gold Standard will be awarded fifteen (15) points.

The IBHS FORTIFIED Gold Standard is concerned with the application of proven technologies, materials and techniques in (a) the design and installation of the roof system for enhanced performance, (b) building envelope protection and reduction of business operations downtime, and (c) enhanced structural performance, including a continuous load path from roof to ground. Such requirements are generally recognized by the insurance industry as superior in terms of their ability to withstand wind and weather-related impacts, ensuring rapid recovery of operations in the aftermath of a major weather event. OCD anticipates that there will be an incremental cost for construction to this standard. Certification by the IBHS, through its contractor, is required. There are costs associated with certification (inclusive of design review, site visit and other costs).

7.1.2. *Enterprise Green Communities (EGC) Certification*

Any property committing to the achievement of certification pursuant to the 2020 Enterprise Green Communities Criteria, and as stipulated herein, will be awarded fifteen (15) points.


Note that EGC certification requires that all Mandatory criteria be achieved; in addition, new construction projects must also achieve at least 40 optional points and rehab properties must achieve 35 optional points. Within these optional points, applicants must select 1.6 Resilient Communities: Multi-Hazard/Vulnerability Assessment (10 points); 3.5 Surface Stormwater Management (6-10 points); 4.7 Access to Potable Water During Emergencies (8 points); 5.9 Resilient Energy Systems: Floodproofing (8 points). Accordingly, if the applicant elects to pursue EGC certification, at least 32 and as many as 36 of the EGC optional points are mandated by this NOFA to be specific items concerned with disaster resilience. The remaining points required to meet the EGC’s mandatory-minimum point requirements may be selected by the applicant. There is no preference in this NOFA for properties which achieve more than the required minimum optional points under the EGC criteria.

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7.2. **Readiness**

FAST GAP is intended to provide gap financing for projects otherwise ready to close, and is only available to projects which meet certain criteria related to readiness at §2. Readiness to Proceed. Beyond these requirements, projects more likely to close quickly will be preferred in the scoring.

7.2.1. **Environmental Clearance Readiness**

- Twenty (20) Points will be awarded if Environmental clearance is complete and the property has been issued an Authority to Use Grant Funds or Release Letter as of the date of the application submission; or
- Ten (10) Points will be awarded if the property has completed all required environmental analyses and studies, and has submitted all materials required to the entity responsible for the processing of its request for environmental clearance as of the date of the application submission.

Additional environmental clearance requirements resulting from modifications made to the property construction as a result of new commitments under §7.1.1 and/or §7.1.2 will not disqualify applicants from receiving points at §7.2.1.

7.2.2. **Cost, Plan and Permit Readiness**

- Five (5) Points will be awarded if the Applicant has received all governmental permits except building permits and federally-required environmental clearance, including but not limited to grading, encroachment, right of way, demolition, and air quality; and
- Fifteen (15) Points will be awarded if the application contains a letter to OCD from the engineer or architect who prepared the construction plans and specifications certifying the following:
  - that the signed, sealed and dated plans and specifications are complete; and
  - that the bid documentation, including the plans and specifications, provided with the application contains all of the information that a contractor would need to bid on the project, except for the Davis-Bacon wage decision(s) and modifications of the construction scope proposed pursuant the funds requested under FAST GAP; and
  - that applications have been submitted for all permits that are required to begin construction on the infrastructure activities included in the application. (If the only permitting agency is the project site’s local government, the engineer shall certify that such agency is the only agency from which a permit is required. If no permits are required for the project, the engineer shall certify to that effect); and

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8 See 24CFR, Part 58.
providing a digital copy of the plans and specifications, plus all necessary bid documents, except for the Davis-Bacon wage decision(s) and modifications of the construction scope proposed pursuant the funds requested under FAST GAP; and

providing documentation establishing that all required infrastructure permit applications were submitted to the appropriate agency. Such documentation shall include receipts from UPS or the U.S. Postal Service, and/or an email or letter from permitting agency indicating that the permit applications had been received.

7.3. Affordability Value

Up to thirty (30) points will be awarded for the calculated Affordability Value of the Applicant’s proposed development. This scoring criterion recognizes developments in which there is a greater difference between market and restricted rents, reflecting a greater ‘street value’ of the affordability restrictions. For this calculation, OCD will divide (A) the requested CDBG by the difference between (B) the Gross Potential Rent (“GPR”) of all units at Market-Rent and (C) the GPR of the project with the proposed Affordability Mix (inclusive of commitments relative to all funding sources)9 over the period of affordability, and (D) will multiply this by 10 and will round the result to the nearest tenths decimal place.

For example, Applicant A requests $3,000,000 of CDBG and proposes 80 two-bedroom units and a 35-year period of affordability. The annual GPR at market rent for these units would be $1,248,000 ($1,300 average monthly market rent,10 times 12 months, times 80 units, equals $1,248,000). The applicant proposes the 80 units be restricted to household income and rent affordability at the 60% AMI level. The resulting as-restricted annual GPR is $1,050,000. The difference between the Market Rent GPR and the GPR at the restricted rents is $198,000 in the initial stabilized year (i.e., this property’s residents will benefit from this amount of annual rent discount relative to market). This amount is then multiplied by the period of affordability (i.e., $198,000 X 35 = $6,930,000). The developer has requested $3,000,000 of CDBG-DR through the FAST GAP program. The difference in rents over the period of affordability of $6,930,000 divided by the CDBG-DR ($6,930,000 / $3,000,000 = 2.31), multiplied by 10 (10 X 23.1). Scores will be rounded to the tenths decimal place (23.1). Scores may not exceed 30 points, even if the calculation would result in a larger score.

For clarity:

(A) CDBG-DR Requested ................................................................. $3,000,000
(B) Annual Market Rent GPR11 ..................................................... $1,248,000
(C) Annual As-Restricted GPR ...................................................... $1,050,000

9 The affordability mix considered here (and which will be the use restriction corresponding to the CDBG-DR) will be based on the aggregate commitments made regarding affordability to other programs for which the applicant has existing funding commitments. No incrementally greater commitments are required under this NOFA. See §3, Affordability Requirements.

10 All figures in this example are provided for illustration only. The market rent would be based on the required Market Study. The AMI-based rents would correspond to the year and location and utility allowance.

11 Both (a) and (B) are based on the first, full stabilized operating year in the operating proforma.
Note that projects with project-based rental assistance contracts should calculate the rental assistance units, for purposes of GPR as-restricted, at rents equal to 20% AMI, net of utilities.

8. **CDBG-DR Loan Terms**

8.1. **Payments from Cash Flow**

CDBG-DR financing will be secured by a second priority mortgage lien.

The CDBG-DR will be subject to pay-in during construction consistent with §1.3, Eligible Uses. No more than 95% of awarded CDBG will be paid prior to final closeout requirements. CDBG will not pay in faster than other sources. For example, if CDBG is $4M and construction financing is $35M, then the total construction-period sources participating in relative shares are $39M and the 95% of the CDBG is 9.8% ($3.8M / $38.8M) of total pari passu sources and the CDBG will pay no more than 9.8% of total, accrued construction-period draws.

The first FAST GAP draw, and the final 5% of FAST GAP will not be released prior to certain conditions being met. The conditions for these and all other draws are outlined in the loan documents.

OCD will provide a definition of Operating Expenses in the Loan Documents. Only defined Operating Expenses may be paid prior to the determination of Cash Flow Available for Distribution (“Surplus Cash”).

Payments on the FAST GAP Loan will be made annually from Surplus Cash.

8.2. **Interest Rate**

The CDBG-DR FAST GAP loan will be at an interest rate proposed by the Applicant. The loan non-default interest rate will be selected by the borrower, at rates between 0% and the Applicable Federal Rate, provided any selected rate above 0% does not result in a determination by OCD that the loan balance at maturity will exceed an amount which is reasonably repayable. Note that default interest may be charged, pursuant to the terms of the Legal Documents.

8.3. **Required Affordability**

All affordability will be deed-restricted for the greater of 35 years or the term of the 1st mortgage to correspond with the anticipated maturity of the 1st mortgage. The CDBG Regulatory Agreement will prime the 1st mortgage; the CDBG Period of Affordability will survive prepayment and/or foreclosure.
8.4. **Legal Documents**

If OCD determines an application merits the issuance of an award, OCD will send an award acceptance agreement that will more fully detail the terms and conditions of the loan and the use of CDBG funds. The award acceptance agreement will contain a deadline to accept the award. The FAST GAP loan will be structured around standard-form legal documents, including an Award Acceptance Agreement, Loan Agreement, Note, Mortgage, Regulatory Agreement, Subordination Agreement (if required by the senior lender), Completion Guaranty, Operating Deficit Guaranty, and Guaranty of Non-Recourse Carve-Outs. It is anticipated that these template legal documents will be posted no later than fifteen (15) days prior to the deadline for submission of applications under this NOFA.

Unless the application contains a summary of specific provisions which the applicant requests be amended, in submitting an application in response to this NOFA the applicant asserts its agreement with the terms and requirements set forth in these legal documents. The submission of a request for amendment or modification of provisions is not binding on the OCD, and it reserves the right to make any award of funds contingent on closing without modification of the legal documents.

9. **Underwriting Standards and Requirements**

9.1. **Replacement Reserve Deposit Requirements**

To better ensure funded properties are physically viable for the term of the CDBG loan, all applicants must either (a) make an initial deposit (from development sources) to a dedicated Replacement Reserve (IDRR) Account of $1,000 per unit and an Annual Deposit to the Replacement Reserve (ADRR) of $500 per unit inflated 2.5% p.a., or (b) must provide evidence, satisfactory to OCD, that a proposed alternate approach to funding the likely physical needs of the property over the CDBG period of affordability does not depend upon additional governmental financing.

Replacement Reserves will be subject to controls as stipulated in the Legal Documents. See §7.3, Legal Documents.

9.2. **Operating Deficit Reserve Requirements**

The project must fund from Development Sources an Operating Deficit Reserve in an amount to be negotiated between the OCD and the Borrower, consistent with the requirements of the First Mortgage Lender, and as determined by OCD to be sufficient for its purpose. As will be enumerated in the Legal Documents, any reserves released from the account for purposes other than curing operating deficits as defined in the Loan Agreement must be in the form of a payment against the CDBG-DR Loan.

9.3. **Lease-Up Reserve Requirements**

This program does not impose Lease-Up reserve requirements, but will recognize reasonable establishment of such reserves from development funds, as proposed by the applicant. All uses
of such funds must appear in the audit of the partnership in the year the project is placed in service.

9.4. **Rents**

Reference §9, Affordability

- AMI-based rents must be underwritten at the maximum net rent (gross rent less applicable utility allowance) for the set-aside applicable to the unit; or (b) the market rent as established in the Market Study.
- Permanent Supportive Housing (PSH): PSH are underwritten to applicable voucher-based rents. 2% of units are required to be set aside as PSH units.
- Market units must be underwritten at the market rent established in the Market Study, unless otherwise required or agreed to by OCD.

9.5. **First Mortgage Sizing**

At maturity of the First Mortgage the underwriting must model a refinancing of the First Mortgage to establish that at its maturity there is sufficient likelihood in OCD’s sole determination, that the property can be sold or refinanced to produce sufficient proceeds to repay the remaining principal balance of the First Mortgage.

9.6. **Payment and Performance Bond**

Each funded application that receives an award of CDBG-DR Funds will be required to post payment and performance bonds during the period of construction corresponding to the requirements of the Disaster Recovery CDBG Grantee Administrative Manual. The minimum requirements are as follows:

- A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
- A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

10. **Other Requirements**

10.1. **General Requirements**

- Applicants must complete and submit their own financial model and the FAST GAP Application by no later than the Application Deadline. See §11.5, Important Dates and Deadlines. See also §11.2, Application.
• Applicants must provide the required payment and performance bond as a condition of closing. See §9.6, Payment and Performance Bond.

• Applicants must include a narrative describing the project.

• Applicant must demonstrate evidence of prior commitments and changes in construction costs or financing making it eligible this program. Documentation establishing this information may be requested by OCD if not included in the application.

• Applicants must provide a third-party market study by a qualified firm. Unless otherwise permitted by OCD, the Market Study must conform to the requirements of the Multifamily Accelerated Process (MAP) Guide, Revision 03/19/21.

• The project must be determined by OCD in its sole discretion to be feasible and viable with an award of requested CDBG-DR Funds.

• Projects with multiple environmental issues which cannot be addressed timely and cost-effectively will cause the award of CDBG-DR Funds to be canceled.

• An applicant receiving funds under this NOFA will be expected to maintain the fiscal, physical and managerial soundness of the benefitting rental housing development for the Period of Affordability covered by the CDBG-DR Use Agreement and must ensure compliance with all federal cross-cutting and OCD regulatory and administrative requirements, including but not limited to:
  - Implementing the project or program activity as proposed in the submitted application;
  - Ensuring compliance with all reporting requirements;
  - Managing funds disbursement and accounting;
  - Preparing work specifications;
  - Conducting inspections;
  - Affirmatively marketing the units for rental;
  - Administering the Program;
  - Documenting the Program; and
  - Ensuring that all CDBG-DR and LIHTC (if applicable) requirements are met for the entire affordability period applicable to the project.

10.2. Permanent Supportive Housing (“PSH”) Set-Aside Requirement

Projects must set aside and provide at least 2% of total units for Permanent Supportive Housing (“PSH”), if the project is offered a PSH Voucher Contract. Such PSH Units are strongly preferred to be one-bedroom units.
The PSH units must be included in the property’s set aside. These units will receive project-based subsidies and rents should correspond to the payment standard, less the utility allowance. Household incomes may be up to 30% AMI.

PSH residents will have access to supportive services through the LDH and its supportive service provider network. PSH will be operated pursuant to the terms and requirements of the PSH program. Note that if PSH units are not referred tenants through the Louisiana Department of Health within the timeframes set forth in the PSH Set-Aside Agreement, these units may be rented to non-PSH households with incomes at or below 60% AMI, at rents not to exceed 60% AMI, less the utility allowance.

10.3. Market-Study Determined Absorption Rate

The OCD will not fund a project for which the market study indicates the proposed units cannot be effectively absorbed.

10.4. Changes to Project after Award

After a notice of award under this NOFA, any changes to a project must be approved in advance by the OCD in writing. The OCD will not close on a CDBG Loan in which there have been unapproved Material Changes.

10.5. Completed Projects

Projects are considered complete only after certificates of occupancy have been issued for all buildings within a project, and the project sponsor has complied with all conditions precedent to the final release of CDBG-DR funds, as stipulated in the Legal Documents.

10.6. Regulatory Authority and Requirements

All applications under this NOFA are governed by 24 CFR Part 570. Modification of federal statutes or regulations governing the CDBG-DR Program by Congress, the Department of Housing and Urban Development (HUD), the state legislature, or OCD may become effective immediately and apply to the activities funded under this NOFA.

This NOFA does not include the text of all applicable regulations that may be important to a particular project. For proper completion of the application, OCD strongly encourages potential applicants to consult the federal CDBG-DR Program regulations, and other federal cross-cutting regulations. Applicants should also consult the State’s Uniform Construction Code.

10.7. Site Development Requirements

Construction that is financed by CDBG-DR Funds must meet all applicable State and local building codes along with appropriate zoning ordinances in effect at the time of project financial closing. See §5, Eligible Sites regarding project siting requirements specific to this NOFA.
10.8. Insurance Requirements


Additionally, all funded projects are required to obtain and maintain flood insurance throughout the life of the project, irrespective of whether such insurance is required by other parties, and without regard to the siting of the property outside of the SFHA. Projects must carry the lesser of full replacement coverage or the maximum available NFIP insurance on all individual buildings. Sponsors are hereby advised to ensure that costs for these insurance premiums are fully reflected in their proposed operating budgets.

10.9. Housing Choice Opportunities

Projects awarded CDBG-DR Funds must comply with Title VI of the Civil Rights Acts of 1964, the Fair Housing Act, Section 504, Executive Order 11063 and HUD regulations issued pursuant thereto so as to promote greater choice of housing opportunities.

10.10. Uniform Relocation and Real Property Acquisition Act

If CDBG-DR Funds are proposed to pay for acquisition costs and activities, the Applicant must follow the procedures of the Uniform Relocation and Real Property Acquisition Act to acquire the project site. The procedures must be followed prior to the site acquisition. CDBG-DR Funds cannot be used to pay or reimburse an applicant for site acquisition activities that do not comply with the requirements of the Uniform Act. In no case will CDBG-DR be used to pay for URA related costs; other sources must be applied to these costs.

10.11. Cross Cutting Federal Requirements

All applicants shall comply with the following:

- Environmental clearance;\(^{12}\)
- Uniform Residential Requirements as applicable;
- Lead Safe Housing Rule;
- Section 3

\(^{12}\) Projects may proceed to secure all Environmental Site Assessment reports prior to award and prior to closing. However, no choice limiting actions, including, but not limited to, physical work or activity, may start until environmental clearance is obtained. All prohibitions regarding ‘choice limiting actions’ will apply, rendering the award void and applicant ineligible for award.
10.12. **Davis Bacon Prevailing Wage Compliance**

Project budget costs must be based on the prevailing wage rates. The then-current wage rates must be attached to the construction contract and accepted by the general contractor prior to closing.

10.13. **Accessibility Requirements**

All funded projects must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined at 24 CFR 100.201, and must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619). These requirements must be met for the entire affordability period.

10.14. **Nondiscrimination Requirements**

The Sponsor, Applicant, and Borrower each agree to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran’s Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and the requirements of the Americans with Disabilities Act of 1990.

Sponsor, Applicant and Borrower each agrees not to discriminate in its employment practices, and will render services under this Contract without discrimination on the basis of applicable protected classes.

11. **Application Submission**

This NOFA does not commit the OCD to award any contract nor to pay any costs incurred in the preparation or delivery of applications. Furthermore, the OCD reserves the right to accept or reject, in whole or in part, any and all applications submitted, and/or to cancel this NOFA. The OCD also reserves the right to ask for additional information or conduct interviews from/with any applicant and/or all applicants as may be necessary or appropriate for purposes of clarification. OCD reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. Any such revisions will be formalized by the issuance of an amendment to this NOFA.

11.1. **Application Fees**

No application fee is required. However, all costs associated with applying under this NOFA are the sole responsibility and obligation of the applicant. Awarded transactions may seek reimbursement for certain predevelopment costs at closing, as development costs.
11.2. Application

The full Application is comprised of the elements enumerated hereunder. No specific format is required and there are no specific forms. All submissions must be clear, coherent, and well organized. All submissions must be in Adobe PDF format, with navigation tools to facilitate review by OCD.

- **Narrative.** This element of the submission should articulate the proposed development and the developer’s qualifications. It must include a detailed discussion, with supporting schedules, indicating the reasons for the financing gap.

- **Eligibility.** Signed statement that no aspect of the proposed development violates any restrictions at §1.4, Ineligible Uses, §1.6, Ineligible Projects, or §1.7, Ineligible Applicants; and that all aspects are consistent with requirements at §1.3, Eligible Uses; §1.5, Eligible Projects; and §10, Other Requirements.

- **Design and Approach.** Narrative and statements of conformance with requirements at §2, Readiness to Proceed; §3, CDBG-DR Limits; §4, Affordability Requirements; and §5, Eligible Sites. If selecting points under §7.1, Disaster Resilience Scoring, include related materials, including (if applicable) the Enterprise Green Checklist (2020); information regarding the siting of the proposed project, zoning, site control, and other relevant evidentiaries.

- **Disclosure.** Organizational charts, resumes, and In Good Standing Certificates for all entities proposed as Sponsor / Borrower. Statement of contact person and evidence of authority. Acknowledgement of §1.9, Non-Assignability of Application and Award.

- **Schedule and Readiness.** Proposed schedule in detail, consistent with all requirements of §11.5, Important Dates and Deadlines.

- **Scoring.** Specific discussion and proposed calculations of scoring criteria, following the structure at §7, Scoring Criteria, and responsive to those items being measured. While the Applicant may propose scoring, determination of the score will be made by OCD in its sole discretion.

- **Proposed Loan Terms.** The Applicant must stipulate all proposed arrangements related to Loan Terms, consistent with the requirements of this NOFA at §8, CDBG-DR Loan Terms, including a statement of amount of CDBG-DR requested.

- **Financial Model.** Applicants will submit their own financial model; however, it must be in Excel, and be unprotected. The model must contain the following: (a) detailed development proforma, (b) operating proforma including loan repayments and cash flow waterfall, (c) rents and unit mix, (d) construction flow of funds, and (e) other relevant schedules and data.

OCD reserves the right to determine that a submitted application is incomplete, and to refuse further consideration of the application without providing an opportunity to the Applicant to provide additional materials.
11.3. **Deadline to Submit**

Applications must be received by the OCD, in their entirety, by no later than the date and time published herein (see §11.5, Important Dates and Deadlines).

The Application must be addressed as follows:

Louisiana Office of Community Development  
Housing Production  
1201 N. Third Street, Suite 3-150  
Baton Rouge, Louisiana 70802  
Re: 2022 FAST GAP CDBG-DR Program  
*Must include: Project Name, Sponsor Name and Return Address*

*NOTE: There is no regular mail delivery to the above address, which may be used for FedEx or UPS or other delivery services. For US Mail, the address is P.O. Box 94095, Baton Rouge, LA 70804.*

11.4. **Methods of Submission**

Applicants assume the risk of the delivery method chosen, including delivery via private courier or the U.S. Mail. Be advised that applications arriving after the application deadline, whether via personal delivery, U.S. Mail, FedEx, UPS, or other comparable method of delivery, will not be accepted for any reason.

11.5. **Important Dates and Deadlines**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOFA published and posted to OCD website</td>
<td>Friday, February 25, 2022</td>
</tr>
<tr>
<td>Deadline to submit written inquiries regarding the NOFA to OCD* (see §11.6)</td>
<td>Friday, March 11, 2022</td>
</tr>
<tr>
<td>Posting by OCD of FAQ in response to written inquiries (Amendment of NOFA—if required)</td>
<td>Friday, March 25, 2022</td>
</tr>
<tr>
<td>Application Submission Deadline*</td>
<td>Thursday, May 26, 2022</td>
</tr>
<tr>
<td>Award Letters issued</td>
<td>Monday, August 1, 2022</td>
</tr>
<tr>
<td>Financial Closing Deadline</td>
<td>Friday, January 27, 2023</td>
</tr>
<tr>
<td>Full expenditure of CDBG, Lease-Up Complete, National Objective of ≥51% of units leased to qualifying households complete</td>
<td>Thursday, October 31, 2024</td>
</tr>
</tbody>
</table>

*For each deadline imposed on the applicant, the materials must be provided no later than 4:00 pm, CST, on the date of the deadline.*

See §1.10, Strictly Enforced Deadlines.
NOTE: OCD reserves the right to revise this schedule. Any such revision will be formalized by the issuance of an amendment to the NOFA.

11.6. Questions and Communication

OCD will consider written inquiries from applicants regarding this NOFA. Inquiries will only be considered if they are submitted in writing to housing.inquiries.ocd@LA.GOV by the deadline for the submission of written inquiries set forth above. Inquiries shall clearly reference the section of the NOFA for which the applicant is inquiring or seeking clarification. Any and all written inquiries from applicants submitted in writing will be deemed to require an official response.

In addition to written responses to individual inquiries, an official response to each inquiry, along with the actual inquiry, will be posted by the deadline above in the form of a Frequently Asked Questions Addendum (FAQ) at https://www.doa.la.gov/doa/ocd/contracts/.

OCD reserves the right to amend this NOFA. Additionally, OCD reserves the right to withdraw this NOFA, and to elect not to select any awardees of the funds committed herein. This NOFA does not constitute a commitment by OCD to grant any funds to any applicant.

It is the sole responsibility of the applicant to inquire into and clarify any item of the NOFA that is not understood. OCD also reserves the right to decline to respond to any inquiry that will cause an undue burden or expense for OCD.

It is the strict policy of the OCD that prospective respondents to this NOFA refrain from initiating any contact or communication, direct or indirect, with OCD staff or advisors with regard to the competitive selection of applicants. Any violation of this policy will be considered as a potential basis for disqualification from consideration.

The OCD will produce public records in accordance with LA R.S. Title 44.

12. Definitions

Terms not specifically defined herein have the meaning given to them in LHC’s 2022 Qualified Allocation Plan (QAP) available on LHC’s website at: http://www.lhc.la.gov/page/archives

- **Applicant** - A developer submitting an application to this NOFA.

- **Construction Completion** - the point at which all construction work has been performed, certificates of occupancy for all units has been issued, and the final drawdown of CDBG-DR Funds has been disbursed for the project.

- **Eligible Parishes**. Properties which will be located in the fifty-one (51) FEMA Disaster-Declared Parishes affected by the 2016 Floods for which FEMA Individual Assistance was available are eligible to apply and to receive awards under the FAST GAP NOFA: Acadia, Allen, Ascension, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Catahoula, Claiborne, DeSoto, East Baton Rouge, East Carroll, 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.

- **Entity/Organization** – A legal body (non-profit, for-profit, local units of government) that will have legal ownership of the project and property before and after project completion. A developer may contract with an entity or be a part of a development team.

- **New Construction** – For purposes of this NOFA, which is limited to New Construction projects, a project shall be considered New Construction if at least 51% of total units are newly constructed. Adaptive-reuse projects are permitted, so long as at least 51% of the residential units that are created are not previously occupied residential units.

- **Project** – A site or sites together with any building or buildings located on the site(s) that are under common ownership, management, accounting and financing and are to be assisted with CDBG-DR Funds as a single undertaking located within a single governmental entity.

- **Sponsor** – Person(s) with respect to the project concerned, having site control (evidenced by an act of sale, a sales contract, or an option contract to acquire the property), a preliminary financial commitment, and a capable development team.

13. **PSH Program Summary**

PSH is an “evidenced-based” best practice housing model which provides affordable rental housing units in a non-institutional setting linked with flexible community-based supportive services. This approach leads to reduced utilization of emergency room services and other high-cost health/social service interventions, and to cost savings that outweigh amounts spent to provide the supportive services.

OCD seeks to facilitate the development of permanent supportive housing for the eligible target populations located in the eligible parishes. All properties that receive reservations of CDBG-DR funds will agree to make at least 2% of total units available to PSH consumers, who will be supported by appropriate services provided through the Louisiana Department of Health (LDH) and its supportive service provider network. Additional set-aside PSH units are required to be offered by the Sponsor to the Louisiana Department of Health (LDH) and if accepted are required to be operated pursuant to the terms and requirements of the PSH Program.

**Public Purpose:** By requiring that applicants/owners make at least 2% of the total units in the property available to PSH clients, the goal of creating opportunities for LDH priority populations to obtain deeply affordable permanent housing, in a residential setting, with appropriate services available is achieved. Applicants of elderly properties who wish to restrict PSH units to elderly PSH clients may do so, wherever such a restriction is otherwise lawful.

**PSH Set-Aside Program Requirements.** Under the PSH Set-Aside Program, project owners are required to work cooperatively with LDH who will refer potential tenants. LDH through its service provider network will be solely responsible for the development and provision of supportive Service Plans in the PSH Set-Aside Program. The initial PSH Set-Aside agreement will have a term of fifteen years. The owner (and its successors and assigns) shall accept renewals of the PSH Set-
Aside agreement, if offered on substantially the same terms, for a term (or terms) not to exceed in the aggregate thirty-five years after the commencement date of the initial PSH Set-Aside Agreement. The PSH Set-Aside Agreement will provide that the owner may terminate the Agreement upon 90 days’ advance written notice if, at any point, the owner notifies OCD that LDH through its service provider network can no longer provide supportive services to the PSH consumers. However, neither expiration nor termination of the Agreement shall relieve the owner of any of its obligations under leases with PSH residents, nor shall it otherwise relieve the owner of the affordability obligations enumerated in the CDBG Regulatory Agreement.

Referral Process for PSH Set-Aside Units. Applicants must promptly notify the LDH PSH coordinator whenever an eligible PSH unit becomes available through vacancy (that is, whenever the owner has not yet filled its PSH set-aside requirement). If, LDH refers one or more PSH clients within a reasonable period not to exceed one week, the owner must accept or decline such PSH consumer prior to considering any other applicant(s) for such unit. The owner is not required to hold a unit if the PSH applicant fails to provide the needed information (for example, verification of income) within a reasonable time in accordance with requirements specified in the PSH Set-Aside Agreement. The owner is not obliged to accept a referred PSH applicant unless the potential tenant is acceptable in accordance with the applicant’s standard nondiscriminatory resident selection criteria (which must be applied consistently to all applicants for units in the property). Project owners may vary the terms of the tenancy (including, specifically, requiring a lease term as short as month-to-month), so long as the applicant’s decision is based on nondiscriminatory criteria consistently applied to all applicants for all units in the property. LDH will not refer a tenant to a property unless (a) the potential tenant has affirmatively expressed a desire to live in that specific property, (b) the potential tenant has sufficient and sufficiently stable income to afford the rent and utilities (typically affordable at 20% AMI), and (c) the potential tenant is likely to uphold his or her responsibilities under the lease. The potential applicant must be the tenant/lessee on the lease agreement. LHC provides additional guidance to owners regarding PSH Set-Aside Program and the details associated with the LDH referral process, resident selection expectation and lease requirements through the PSH Set Aside Agreement.

The units initially identified for PSH must consist of a mix of accessible and non-accessible units and cannot be made up of more than 50% of the accessible units required under Section 504.13 PSH units must be integrated throughout the entire development and should not be segregated to one area of a building or development.14 OCD anticipates that PSH applicants (both initially and over time) be able to exercise choice among available units; accordingly it is possible that the physical units used for PSH will change over time.

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13 Unless the actual PSH applicants select a greater percentage of the accessible units

14 However, the units initially identified for PSH should be selected from those units that are located on accessible routes
The eligible target populations for permanent supportive housing will be extremely-low-income individuals and family households (i.e., with incomes at or below 30% of AMI)\textsuperscript{15} who have one or more of the following conditions:

- Individuals displaced as a result of the 2016 Floods in need of Permanent Supportive Housing (as determined by the LDH) living in the homeless shelter system or otherwise in temporary housing.
- The individual/household member has a substantial, long-term disability as determined by the LDH including any of the following:
  - Serious Mental Illness;
  - Addictive Disorder, i.e., individuals in treatment/recovery from substance abuse disorder;
  - Developmental Disability, i.e., mental retardation, autism, or other disability acquired before the age of 22;
  - Physical, sensory, or cognitive disability occurring after the age of 22;
  - Disability caused by chronic illness (e.g., people with HIV/AIDS who are no longer able to work); and
  - Age-related disability (i.e., “frail elderly”).
- The household is homeless, or is determined by the LDH to be (1) most-at-risk of homelessness, and (2) in need of Permanent Supportive Housing. This will include family services clients with a goal of family reunification who are at risk for homelessness.
- The individual/household member is aging out of the state Foster Care system and is determined by the LDH to be in need of Permanent Supportive Housing.

\textsuperscript{15} Note however that households with PSH vouchers may earn up to 50% AMI.