



Louisiana Housing Corporation
2415 Quail Drive, Baton Rouge, Louisiana 70808

Memorandum

Date: April 11, 2013
To: Development Community
From: Administration
Subject: HOME Funds Availability

The Corporation currently has approximately \$5,000,000 in HOME funds available to be used in conjunction with 4% Low Income Housing Tax Credits (LIHTC) under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") generated from a tax-exempt bond financing under Section 142(d) of the Code. In order to promote maximum utilization of the available funds, staff is recommending the following strategies to allocate these HOME funds:

- Priority will be given to projects utilizing local governmental in an amount at least equal to 7% of a project's total development costs.
- Projects demonstrating a readiness to proceed with an environmental clearance that is completed by the application deadline based upon other federal funding sources evidenced in the development budget of the project or with an environmental clearance that is reasonably expected to be completed within 45 days following the application deadline. Applicants awarded HOME Funds will be required to execute a "Conditional Commitment for HOME Funds" pursuant to which the applicant agrees not to undertake any choice limiting activity until environmental clearance is obtained.
- Projects currently included on the 2013 LIHTC Waiting List will be given a point advantage.
- Community Housing Development Organization ("CHDO") participation is encouraged; However, if HOME Funds are made available from the mandatory CHDO set-aside, the CHDO must be the sole managing member or general partner of the taxpayer/owner of the project receiving a CHDO set-aside. In accordance with CPD Notice 12-007, a CHDO may not be reserved any HOME Funds unless the Corporation has determined that the CHDO staff has demonstrated development experience and capacity.
- The maximum amount of HOME funds awarded to any project competing in this initiative is \$1,500,000.

I. Submission Requirements must include the following:

- (i) Completed LIHTC Application. (A completed AMEC model will be required as a condition of closing).
- (ii) Completed Tax Exempt Bond Application. Upon award of HOME Funds, the applicant must coordinate with LHC on the submission of the volume cap request and State Bond Commission application.
- (iii) Financial commitments and identification of the construction lender/bond purchaser for the tax-exempt bonds should be evidenced in the LIHTC Application.
- (iv) Market Study completed within 12-months of the application submission deadline date must examine the neighborhood market conditions to ensure adequate need for the project in accordance with the requirements of CPD Notice 12-007.
- (v) Capital Needs Assessment required for all rehabilitation projects and must be dated within 12-months of the application submission;
- (vi) Appraisals for rehabilitation projects must be submitted for any existing property when the purchase price exceeds \$500,000 or the Acquisition Costs of the buildings are included in Eligible Basis. Appraisals should have been completed within 12-months of application submittal date;
- (vii) Documentation supporting that the project meets the threshold requirements outlined in the 2013 QAP; and
- (viii) Certification of the project's readiness to proceed (optional).

II. Guidelines for Requests of HOME Funds in conjunction with 4% LIHTC

Credits will be reserved to applicants based on the following criteria:

(1) Selection Criteria Score (60 Point Minimum)

The minimum selection criteria score for any project receiving an award of HOME funds through this initiative is **60** points. Selection criteria points will be based on selections made on the selection criteria portion of the AMEC model.

(2) Ability to leverage HOME funds and 4% tax credits with local governmental funding or support. (10 Points)

Ten (10) selection criteria points will be added to the selection criteria score of any project that evidences leveraging of HOME funds and 4% tax credits with local governmental funding or support greater than 7% of the project's development costs. Governmental support reduces project development costs by providing CDBG, HOME, or other governmental assistance/funding in the form of loan, grants, rental assistance, or a combination of these forms or by:

- Waiving water and sewer tap fees;
- Waiving building permit fees;
- Foregoing real property taxes during construction;

- Contributing land for project development;
- Providing below market rate construction and/or permanent financing; or
- Providing an abatement of real estate taxes;

Requests for 4% tax credits and tax exempt bonds must be included in the application submittal. All requests are subject to an acceptable feasibility and viability review based on the submitted AMEC Model and requests are subject to being in compliance with the applicable IRS Section 42 requirements. Any awarded project will be further subjected to the HOME Program requirements.

(3) Readiness to Proceed (10 Points)

Ten (10) selection criteria points will be added to the selection criteria score of any project demonstrating a readiness to proceed by the developer self certifying that all necessary development approvals for the project have been obtained and that environmental clearance is completed or will be completed within forty-five (45) days of the application deadline. The project must be ready to proceed without requiring any additional development approvals (i.e. zoning, permitting variances).

(4) Projects Currently on the 2013 Waiting List (Maximum 10 Points)

Selection criteria points equaling one-tenth of the project's 2013 Funding Round final score (rounded to the nearest point) will be added to the score of project competing in this initiative. For example, a project that received a final score of 76 in the 2013 Funding Round will have eight (8) selection criteria points added to the selection criteria score. No changes in the project from the 2013 Funding Round submission will be allowed.

(5) Material Participation by Community Housing Development Organizations (10 Points)

Ten (10) selection criteria points will be added to the selection criteria score of any project developer partnering with state certified CHDO in which the CHDO serves as the sole managing member, or general partner. Officers and employees of any for-profit entity that created or sponsored a CHDO may not serve as officers, or employees of the CHDO. The CHDO must have paid employee staff with housing development experience which shall not be met by the use of consultants, or volunteers.

Waivers of the minimum threshold requirements will only be considered for rehabilitation projects and only if a federal program finances the units and the federal agency administering the program which finances the units requests a waiver of such limits. There will be no waiver of any limits associated with project costs.

Awarded HOME Funds will accrue interest at a rate and will be payable from fifty percent (50.0%) of Surplus Cash so that at the end of the Extended Use Period the unpaid balance of the

HOME Note combined with any other soft financing not to exceed 80% of the residual value of the project.

All Applicants must submit a completed LIHTC Application (including all required attachments), the AMEC Model along with the appropriate fees. The fees must be received by the LHC within five (5) business days of the electronic submittal of the application. An award fee in an amount equal to five percent (5%) of the award will be required if funds are awarded to the project. All projects receiving an award of HOME Funds will be subject to asset management by the LHC's designated consultant for TCAP and 1602 Funds.

Requests for HOME funds with supporting information must be submitted **electronically by no later than close of business, 4:30 pm CST, May 31, 2013.**