

**CITY OF ST. LOUIS COMMUNITY DEVELOPMENT ADMINISTRATION
NOFA QUESTIONS & ANSWERS (Q&A)**

If a private developer will be submitting a proposal in conjunction with a Community Based Development Organization (CDBO) for new construction, how do you reflect on the Application and Proforma?

The CDBO name does not need to be on the Excel spreadsheet of the application, but it should be listed on Checklist Item, II (1) Description of Development Team Experience. The application should still be submitted by the Developer, and the Application Certification should be signed by authorized members of the development entity.

Even if you anticipate a sale or have a pre-sale contract for a HOME-funded project, do you still have to complete Tab 7 "Rental Analysis" of the For-Sale application?

Yes, because HUD requires that we demonstrate that the evaluation is performed in the event that the project converts to rental 9 months after completion.

Will the PowerPoint presentation and handouts be available on our website?

Yes they have been uploaded at the following website: <http://www.stlouis-mo.gov/government/departments/community-development/residential-development/resources/NOFA.cfm>

Are lease-purchase projects eligible under this NOFA?

Due to the recently enacted changes to the HOME program, CDA strongly discourages the use of any Lease-Purchase programs with CDA assisted projects. Developers considering lease-purchase should present a lease purchase plan and all necessary information in conjunction with their application for funding. Lease-purchase will only be considered when it is part of the initial application. It is not to be used in situations where homes are unsold.

Developers should keep in mind that all HOME-assisted homebuyer projects unsold 9 months after completion must be converted to HOME rental units and occupied within 18 months of completion. As a rental, all projects are subject to a HOME Affordability Period (5-20 years) and subject to income and rent restrictions, physical inspections and other annual compliance monitoring. Rental properties are expected to make payments annually from cash flow for any gap loans. HOME regulations do allow for rental units to be converted to for sale units at any point during the affordability period

Are all previous Requests for Proposals closed?

Yes. Parties interested in redeveloping those properties must respond via this NOFA.

If interested in developing a property without requesting additional CDA assistance, do you still need to submit a process through this NOFA process?

Yes. Since there is CDA-assistance in the acquisition and holding costs, there remains a CDA subsidy in the project.

Are there income restrictions on CDBG-funded projects?

CDA has no income restrictions on for-sale projects assisted with CDBG funds.

As far as rental projects, in order to qualify under the Low/Moderate Income Benefit (L/M Housing) CDBG-assisted rental must result in housing that is occupied by Low/Moderate income residents at affordable rents upon completion. For CDBG-assisted rentals, the High HOME rent limits are considered affordable rents. These limits are published on CDA's website: <http://www.stlouis-mo.gov/government/departments/community-development/residential-development/rent-limit.cfm>

For rental rehabilitation projects with CDBG assistance the following restrictions will apply:

1. All assisted single unit structures must be occupied by Low/Moderate income households
2. An assisted two-unit structure (duplex) must have at least one unit occupied by a Low/Moderate income household, and
3. An assisted structure containing more than two units must have at least 51% of the units occupied by Low/Moderate income households.

For new construction of non-elderly, multi-family rental structures at least 20% of the units must be occupied by Low-Moderate income households. However, where Low/Moderate income occupancy of such housing falls between 20 and 50%, the CDBG portion of total development costs may not be greater than the portion of units occupied by Low/Moderate income households.

When awards are made, will we provide the total score and score by category to the applicant, and will scores be published on the website?

We will provide the final score in the award letter, but we will not publish the scores of individual applications online. For projects that are not awarded, we will offer an opportunity for a debriefing to discuss the specifics of the rating of the applicant's proposal.

Is it possible for a proposal to change a Market Value Analysis (MVA) type so that it would score higher on the application's proposal rating?

The MVA market types have already been established by The Reinvestment Fund and Cloudburst. Even though a single project can have a positive impact on the neighborhood, it is unlikely that one housing production application would be of such scale as to immediately change a market type.

Is there a limit on an amount that any one developer can request?

We have not specified a limit. However, applicants still must demonstrate the financial capacity to conduct a project(s) as proposed.

If my organization has been previously certified as a Community Housing Development Organization (CHDO) do we have to be recertified?

Yes. HUD regulations require that "the participating jurisdiction must certify the organization as meeting the definition of "community housing development organization" and must document that the organization has capacity to own, develop, or sponsor housing each time it commits funds to the organization."

Do we anticipate another NOFA?

We are planning to have another NOFA sometime in the fall.

How much funding do you anticipate for the next NOFA?

We expect a similar amount as is available in this NOFA.

Can you discuss underwriting for sale-projects converting to rental?

As stated above, developers should keep in mind that all HOME-assisted homebuyer projects unsold 9 months after completion must be converted to HOME rental units and occupied within 18 months of completion. As a rental, all projects are subject to a HOME Affordability Period (5-20 years) and subject to income and rent restrictions, physical inspections and other annual compliance monitoring. Rental properties are expected to make payments annually from cash flow for any gap loans. HOME regulations do allow for rental units to be converted to for sale units at any point during the affordability period

If a project has to be converted from for-sale to rental because the nine-month deadline has expired, can additional HOME funds be requested?

No, as HOME regulations do not allow this.

Will CDA consider shifting funding sources, i.e. CDBG, HOME, NSP on a particular project?

Yes. Based upon on the proposals that we receive and in an effort to award the maximum number of projects, CDA may switch funding sources. However, you need to specify the targeted AMI households in your Summary of Proposed Residential Development Project section of the list of required items.

Should we submit separate applications to request CDBG and a separate application to request HOME funds on the same proposed development?

No. You only need to submit one application per proposed development regardless of proposed funding source.

How will CDA be making decisions regarding funding awards?

Please refer to Section 1.8 of the NOFA and the sample Proposal Ratings Sheet provided for detailed information on the evaluation and rating process to be conducted by CDA.

How does CDA plan to safeguard against an excessive amount of multiple applications from one party?

A developer must demonstrate financial capacity for each proposed project application. If a developer is offering applications for projects that cannot be financially supported, then those proposals will be rated lower than other proposals that do demonstrate capacity.

If an application is not selected for funding this NOFA round, can the applicant re-apply for the same project in a future NOFA round?

Yes. Applicants who are not chosen will be encouraged to re-apply in the future. However, because this is a competitive funding round, it may be possible that the particular project was awarded to another applicant.

Will CDA coordinate its deadlines with those of other public funding agencies, such as the MHDC volume cap application deadline?

It is our intent to coordinate CDA deadlines with as many related funding deadlines as possible. However, it is unlikely that CDA will be able to align with all other possible deadlines for all other state and federal agencies.

Will CDA notify individuals on the email list to receive regular updates, such as periodic technical corrections as needed, or will everyone need to check the website for changes?

CDA recommends all parties regularly check the website for updates. However, anyone wishing to be included on the CDA email list should email their contact information to CDAnofa@stlouis-mo.gov. CDA plans to distribute at least one notification of technical corrections via email blast and may consider future notices if necessary.

Will we consider proposals that address more than one property even if they are scattered sites that are not located in close proximity to each other, and can they be submitted on one proposal?

Yes, but you cannot submit an application for both a for-sale and rental on the same proposal. The development budgets and construction budgets should be separated by address on the application as directed.

What happens if a for-sale project converts to a rental?

CDA allows for any for-sale project that remains unsold for a period of time to be converted to rental. Note that HOME for-sale projects will be required to convert to rental if unsold 9 months after completion. Conversion will require modifications to all for-sale legal documents. Forgiveness of the CDA project subsidy will not be considered, and CDA will begin monitoring and regularly inspecting the project to ensure that the unit(s) are maintained to appropriate living standards. As a result, all for-sale applications must include a completed Rental Analysis assessment provided in the Excel spreadsheet of the application.

Will black line elevations and floor plans be sufficient for the NOFA submittal as the time frame would be very tight for full architectural drawings? How far do we proceed with this as a cost to be incurred to put drawings together with no guarantee of being chosen for NOFA funding?

The requirement to include preliminary schematic plans (including proposed site plan, elevations, and floor plans) with an applicant's proposal does not mandate that such plans be full architectural drawings. However, those proposals that do include detailed plans by a registered architect will score higher than others in the Design section of the Proposal Rating Sheet. Whatever costs an applicant chooses to incur in an effort to improve a project's rating is done so solely at his/her own risk, as the NOFA is a highly competitive process and there is no guarantee of an application's award for funding. Please note that, if a project is awarded CDA funding, detailed plans by a registered architect will be required in order to obtain final design approval and notice to proceed.

Under the Applicant/Organization Profile, what is an Organizational Chart?

Corporate entities, regardless of their for-profit/non-profit status, are required to include with their CDA application a list of all their owners, members, general partners, or corporate officers. The Application tab of the CDA Application & Proforma may be used as a guide to complete this information. It is important to include as much detail as possible, especially for more complex

development partnerships. Where more than one corporate entity plans to work together as a development team (co-developer, affiliate, general partner, limited partner, etc.) on a project, an organizational chart must be provided to identify the proposed roles and project ownership of each.

Are CDA funds available for a project in located in St. Louis County?

As stated in the Introduction Section (1.1), this NOFA only applies to developments located within the City of St. Louis.

Our organization was certified previously as a CDBO. Do we have to be re-certified for the NOFA application?

All organizations wishing to be certified as a CDBO should submit an application and all required documents to CDA. CDBO's are re-certified annually. If you have not been re-certified as of 2014 you are not considered a certified CDBO for the purposes of the NOFA.

Our organization was certified by CDA to serve one neighborhood, but we are interested in applying as a CDBO to do new construction in another neighborhood outside of our service area. Is this allowed?

All CDBO's are certified by CDA to serve specific neighborhood(s) within their service area. Those neighborhoods must fall into the organizations service area as defined in its Articles of Incorporation and/or By-Laws. Unless special permission is granted by CDA and prior to certification, organizations cannot serve more than 3 neighborhoods. To qualify as a CDBO project for the NOFA and under the CDBG regulations, all project addresses must be located within the neighborhood(s) the CDBO is approved to serve.

How do I apply to be a CBDO and who do I contact?

Interested organizations should contact CDA Monitoring Section at (314) 657-3700. To be considered under the NOFA, all CDBO applications must be received by May 16 and approved no later than June 20.

When working with a private developer, does the CBDO have to be part of the entity for our project to qualify under the set-aside? If not in an ownership role, then what role do they need to play for us to qualify?

CDA is required to use a minimum of 15% of its HOME allocation for housing development activities in which qualified CHDOs are the owners, developers, and/or sponsors of the housing development activity. This is known as a "CHDO set-aside." There is no such requirement for CBDOS.

A CHDO acting as Owner holds legal title to or has a long-term (99-year minimum) leasehold interest in the property. The CHDO may be an owner with one or more individuals, corporations, partnerships, or other legal entities. The 2013 HOME Final Rule clarifies that a CHDO may act as Owner of a rental project if it has the capacity to own and manage rental housing but not the capacity to develop a rental project. A CHDO acting as Sponsor develops a property that it solely or partially owns and agrees to convey ownership to a second nonprofit organization at a predetermined time. A CHDO acting as Developer either owns and develops the property or is under a contractual obligation with the owner to obtain financing and develop the property.

If an organization is awarded Federal CDBG housing funds, do those funds add to other Neighborhood Improvement Program (NIP) Federal grants to count towards the \$500,000 threshold requiring an A-133 audit?

No. Only Federal awards expended as a recipient or a subrecipient would be subject to the audit threshold. Developers and general contractors using federal awards for housing development, under the terms of a housing development loan agreement, are not expending the federal awards as subrecipients.

We are planning a multi-house build in a two-block section of one neighborhood in the City. Is an appraisal needed for each individual property, or can we use one as representative for all properties?

An appraisal is not required for for-sale projects by the May 16 closing deadline. However, a Comparative Market Analysis (CMA) must be provided if an appraisal is not. Additionally, a professional market analysis is required for rental projects consisting of twelve or more units.

For budgeting and planning purposes, if an application is selected for funding, then only one appraisal for each model type is necessary for CDA approval processes. It is important to note that both floorplans and elevations of different houses must be identical to be considered as one model type.

How should we indicate whether we are requesting CDBG, HOME, or NSP funds on the application?

It is not necessary to identify a specific funding source in an application under this NOFA. As referenced earlier, CDA reserves the right to assign or even switch funding sources in an effort to award the maximum number of projects. However, an applicant still must specify the targeted AMI households in your Summary of Proposed Residential Development Project section of the list of required items. It will also be necessary for applicants to identify a CBDO if their proposal involves the new construction of market-rate housing.

If we are interested in conducting multi-address developments, should all properties be included as one application or is it better to submit individual applications for each?

Preference will be given to multi-address projects only if they involve either properties identified in the RFP section or other City-owned parcels. Applicants still must demonstrate the financial capacity to conduct a project as proposed, regardless if either a multi-address application or several individual applications. If a developer is offering applications for projects that cannot be financially supported, then those proposals will be rated lower than other proposals that do demonstrate the capacity to successfully complete. Also, and as stated in Section 1.9 of the NOFA, CDA reserves the right to limit funding to no more than one CDA-funded development project per applicant.

Are original signatures necessary for all seven application sets?

Only one application set must have original signatures for required certification forms. This set will be considered the original application. All other sets will be considered copies. It is not necessary for these copies to include original signatures.

If a project's co-developers consist of both a for-profit entity and a non-profit entity, does each need their own City Business License?

City ordinances require that all businesses operating in the City of St. Louis must obtain a business license. Depending upon their activities, some non-profit entities may be exempt. Please contact the License Collector's Office (314-622-4528) or visit their webpage (<http://www.stlouis-mo.gov/government/departments/license/index.cfm>) for further guidance on this subject.

May an applicant modify the default Estimated Monthly Rent (or any of the other Units, Rents, Mortgages defaults) of the Rental Conversion Projection tab of the For Sale Application & Proforma worksheet?

Applicants should keep in mind that all HOME-assisted homebuyer projects unsold 9 months after completion must be converted to HOME rental units and occupied within 18 months of completion. The Rental Conversion Projection worksheet is available to assist both applicant and CDA selection committee determine the viability of a for-sale proposal in the event that any homes do not sell within the required timeframe. The Estimated Monthly Rent defaults to the projected mortgage payment (including Principal, Interest, Taxes, and Insurance) of the anticipated homebuyer(s). This estimate can certainly be amended to reflect the terms of the construction period financing if such financing is renewable. Also, the other defaults in the Units, Rents, Mortgages section of this tab may be amended to reflect more realistic Vacancy Rates, Operating Costs (particularly if projected Taxes and Insurance costs are previously accounted in the Estimated Monthly Rent estimate), and Replacement Reserves. However, project viability will be determined by how well a rental conversion can sustain a 1.25 Debt Coverage Ratio, so it is advisable to not modify this default figure.

The Checklist of Required Items III Summary of Proposed Residential Development Project lists 4 required items but does not include specification of the targeted AMI households. Where should we indicate this?

Applicants are expected to provide an actual, written summary of the proposed residential development project. This written summary must include the project's targeted AMI households (as referenced in the Proposal Ratings Sheet: 50%, 80%, 120%, or no restrictions/market-rate). In addition to the written summary, applicants must provide preliminary schematic plans (including site plan, elevations, and floorplans), market analysis or independent appraisal, letter of interest from construction lender or proof of funds, and evidence of site control.

On Tab 4 Sources & Uses of the Application & Proforma spreadsheet, there is a cell available for Neighborhood Preservation Tax Credits (NPTCs). I know that CDA requires Developers to apply for all available project assistance, including NPTCs. But if a project has not received an NPTC award, should we estimate credits or leave this cell blank?

In an effort to leverage potential gap financing from CDA, Developers will be required to apply for any available tax credit assistance – both federal and state – as available. The Summary Sources & Uses tab of the Application & Proforma spreadsheet will automatically estimate a State of Missouri Historic Tax Credit financing amount for applications involving rehabilitation in a Local or National Register Historic District. However, for the purposes of this NOFA, applicants should only indicate the amount of actual NPTC or other similar awards on the Summary Sources & Uses tab of the Application & Proforma spreadsheet. If such an award has been issued, applicants should include proper evidence with their NOFA application. If an NPTC or Other award has not been issued, then those cells should remain blank.