

**CITY OF ST. LOUIS COMMUNITY DEVELOPMENT ADMINISTRATION
SPRING 2015 NOFA PERIOD**

QUESTIONS & ANSWERS (Q&A)

Received between 03/20/2015 and 05/01/2015

If an organization received a funding award from a prior NOFA round, is that organization eligible to submit an application during the current NOFA round?

There is currently no prohibition preventing parties from applying to CDA for project assistance if they also received a maximum funding reservation award during a previous NOFA round.

If a developer wishes to conduct more than one CDA-assisted development effort at the same time, the applicant must also demonstrate the financial capacity to conduct all parts as proposed. Each proposal must be sustainable on its own merit to be given reasonable consideration for a funding award.

If a developer wishes to apply to CDA for additional assistance for a project that has already received a maximum funding reservation for a previous NOFA application, then a request for supplemental financing must be submitted during another open NOFA round. However, CDA will only consider approving such requests on an extremely limited basis. Dissatisfaction with the amount of a previous funding reservation is not considered sufficient reason for CDA to increase a previous award.

What items must be included in an application for supplemental financing regarding a project that was previously awarded CDA funding?

All applicants wishing to request additional financing for a project that has already received a maximum funding reservation from CDA must provide suitable justification for the new request. *All* items reflecting *any* changed conditions from one application version to another must be provided to CDA for review prior to the NOFA application deadline.

In an effort to reduce paper waste, CDA will accept references to “see previous NOFA application, dated...and submitted to CDA on...” for the following application items *only* and *only if no change*:

- Description of Development Team Experience
- Organizational Chart
- City of St. Louis Business License
- Articles of Incorporation
- Proof of Nonprofit Status
- Nonprofit By-Laws
- Roster of Board Members
- CHDO Certification Letter
- Development Partnership Agreement
- Preliminary Schematic Plans
- Market Analysis or Independent Appraisal
- Letter of Interest from Construction Lender (if applicable)
- Evidence of Site Control

The following items (current and up-to-date) must be included in a NOFA application for supplemental CDA financing to a previous CDA award:

- Signed Certification Form (Part X of CDA Application & Proforma Worksheet)
- State of Missouri Certificate of Corporate Good Standing
- CDA Conflict of Interest Statement
- Proof of Funds (if applicable)
- Complete CDA Application & ProForma Spreadsheet (for-sale or rental, as applicable)
 - 1 hard copy, with original signatures
 - 3 duplicate copies, provided in individual three-ring binders or separated by binder clip

Please note that CDA will only consider approving such requests on an extremely limited basis. Dissatisfaction with the amount of a previous funding reservation is not considered sufficient reason for CDA to increase the amount of a previous award.

Will CDA consider proposals to develop more than one property, such as scattered sites, and can they be submitted on one proposal?

Yes, but one 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 spreadsheets as directed.

If 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 of the NOFA 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 cannot demonstrate the viability of proposals, then they will be rated lower than other proposals that can indicate the capacity to successfully complete. Also, and as stated in the Regulations & Guidelines section of the NOFA, CDA reserves the right to limit funding to no more than one CDA-funded development project per applicant.

Are there income restrictions on NSP-funded projects?

For-sale projects assisted with NSP funds must be sold to households at or below 120% AMI, adjusted for household size. Rental projects assisted with NSP funds should target households at or below 50% AMI. These income limits are published by HUD annually. Additionally, the NSP income limits for St. Louis City are posted on the CDA website. Note that a CDBG-assisted project that was acquired by LRA with NSP funds must comply with the more restrictive regulations of NSP. The CDA exhibit Detailed Site Information of the NOFA provides detailed CDA project site information, including the funding source used for acquisition.

Can an NSP-assisted project target 80% AMI?

For-sale projects assisted with NSP funds must be sold to households at or below 120% AMI, adjusted for household size. CDA does not prohibit applicants from conducting for-sale developments that target 80% AMI households. In fact, such proposals will rate higher than competing proposals that target higher AMI percentages. However, all rental projects assisted with NSP funds should target households at or below 50% AMI.

Are CDA and/or CRO project reviews available prior to the submission of an application?

Interested parties are encouraged to contact both CDA and CRO to conduct preliminary reviews of their proposals prior to submitting an application under this NOFA. In fact, such proposals will rate higher than competing proposals that have not started these initial discussions. However, these will not be formal reviews, and formal comment from either CDA or CRO will not be available until a formal application is submitted and the project is selected as part of a NOFA round.

I am looking at the Conflict of Interest disclosure form. If I own both the development company and the construction company, will that automatically exclude me from consideration?

Developers who also are either acting as project general contractor or related to another developer team entity are not automatically excluded from participation on a CDA-assisted development effort. Relationships must be properly identified in the application, on the conflict of interest disclosure statement, in an organizational chart, and/or any other NOFA checklist item as applicable. CDA will evaluate such relationships only to ensure that profits and other related fees remain within allowable limits.

What is the explanation for the rule change about qualifying homebuyers at 25% of their income instead of 30% (as was the case for earlier NOFA rounds)?

There has been no rule change about qualifying buyers as a percentage of income. Included in the CDA application are recommendations only. The requirement that homebuyers meet the AMI% eligibility related to the appropriate funding source remains unchanged. The actual qualifying of potential homebuyers (including acceptable front-end ratios or income-to-debt ratios) will be up to their individual lenders.

Is additional consideration given to applicants who utilize MBE or WBE participation?

Per the Mayor's Executive Order #28 and as amended by #51, the City of St. Louis requires maximum utilization of minority- and women-owned businesses in all CDA-assisted housing projects with a goal of at least 25% City of St. Louis certified minority business enterprise (MBE) participation and 5% City of St. Louis certified women's business enterprise (WBE) participation. This is taken as a percentage of the project's total development cost, excluding acquisition. All recipients of CDA funds will be required to keep records of participation by certified MBEs & WBEs. Additional information can be obtained by contacting the Disadvantaged Business Enterprise (DBE) Office at 314-657-3746 or online: www.mwdbbe.org.

How does an applicant determine which properties listed in the RFP section of the NOFA are subject to NSP guidelines?

The NOFA document includes two exhibits labeled “Exhibit A – CDA Project Map” and “Exhibit B – Detailed CDA Project Site Information Spreadsheet” that are both provided as reference material. The Detailed CDA Project Site Information Spreadsheet includes helpful information such as funding source used for initial CDA acquisition and site control.

The CDA For-Sale Guidelines indicate that homebuyers of HOME projects must be income-qualified at or below 80% AMI while the CDA Rental Guidelines indicate that tenants of HOME projects must be income-qualified at or below 60% AMI. In the case of a HOME-assisted for-sale project that must be converted to rental, which income eligibility applies?

Known as the “HOME Program Rule,” HUD requires that participating jurisdictions such as CDA utilize their HOME allocations so that 90% of the occupants of all HOME-assisted rental units have incomes that are at or below 60% AMI. In an effort to maximize the affordability of rental projects using its allocation, the CDA Rental Guidelines indicate that all tenants of HOME-assisted projects must be at or below 60% AMI at initial occupancy and that no tenant of a HOME-assisted project may be above 80% AMI. While HUD gives some flexibility on the matter, CDA will make exceptions only on very rare occasions.

What is a Community Housing Development Organization (CHDO)?

A CHDO is a private nonprofit organization that meets certain legal and organizational characteristics as described in the HOME regulations at 24 CFR Part 92.2. One of the purposes of such organizations must be to provide decent housing that is affordable to low-income and moderate-income persons. A CHDO may participate in residential development efforts either as owner, sponsor, or developer.

If an organization has been previously certified as a CHDO is recertification required?

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.”

What is a Community Based Development Organization (CBDO)?

In order to qualify as a CBDO, an organization must meet the characteristic defined in 24 CFR Part 570.204. The primary purpose of such organizations must be the improvement of the physical, social, economic environment of its service area by addressing one or more critical problems in the area, with particular attention to the needs of low-income and moderate-income persons. In some cases, CHDOs certified under the HOME Program may also qualify as CBDOs. It is important to remember that new construction assisted with CDBG must have a CBDO participant, so it will be necessary for applicants to identify a CBDO if their proposal either involves the new construction of market-rate housing or to be considered for CDBG-assisted efforts.

If an organization was previously certified as a CDBO is recertification required?

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 and should be certified prior to application.

Will an applicant be required to obtain an appraisal prior to the NOFA closing date?

An appraisal is not required for for-sale projects by the application 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.

Who would be qualified to conduct an independent appraisal?

Any individual licensed by the Missouri Real Estate Appraisers Commission who does not have any financial or other interest in the property or project being reviewed would be qualified to conduct an independent appraisal for a planned redevelopment. It is important to use a suitable valuation method that is representative of the type of proposal considered. For example, a sales approach to value would be reasonable for a for-sale project. But an income approach to value would be more appropriate for a rental project.

Who would be qualified to conduct a Comparative Market Analysis (CMA)?

Any individual licensed by the Missouri Real Estate Commission who does not have any financial or other interest in the property or project being reviewed would be qualified to conduct an independent CMA for a planned redevelopment.

What happens if the results of a CMA differ from the results of an appraisal?

An appraisal is not required for for-sale projects by the application deadline. Applicants are encouraged to submit proposals for concepts in which they have confidence can succeed as planned. The risk of not achieving the desired outcome will rest solely with the developer.

What are the CDA standards for a professional market analysis?

CDA requires a professional market analysis for rental projects consisting of twelve or more units. At a minimum, the analysis should include an assessment of both the reasonableness of the projected rents and the ability for the rental market to absorb the number of proposed units and types. It is recommended that as much detail as possible be provided in the market analysis to demonstrate this.

Will CDA consider proposals to develop more than one property, such as scattered sites, and can they be submitted on one proposal?

Yes, but one 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 spreadsheets as directed.

How will CDA be making decisions regarding NOFA funding awards?

All applications received will be initially evaluated for eligibility and completeness. The benefits and financial impacts of submitted proposals will then be carefully reviewed. Each NOFA includes a sample Proposal Ratings Sheet provided for detailed information on the evaluation and rating process to be conducted by CDA staff.

The NOFA offers bonus points for those applications that successfully pass an Eligibility Analysis & Completeness Review. However, because one cannot submit an application for both a for-sale and rental on the same proposal, how can rental applications avoid getting a “No” marked for for-sale questions and for-sale applications avoid getting a “No” marked for rental questions?

Neither “Yes” nor “No” boxes will be marked for questions that are not applicable to projects when CDA conducts its initial Eligibility Analysis & Completeness Review.

If not awarded funds during this NOFA round, how can applicants improve their proposal(s) for future NOFA rounds?

For projects that are not awarded funding, CDA will offer applicants an opportunity for a debriefing session to discuss the specifics of the rating for their specific proposal(s).

How will CDA treat competing proposals for the same address?

It is possible for CDA to receive multiple development proposals for the same address. In such an event, CDA will evaluate each application for completeness and rate each proposal on its own merits. Then CDA will rank the proposals against all other applications received during the open NOFA period. While it will not be possible for competing proposals to receive funding for the same address, it may be possible for none of the proposals to rank high enough to be awarded assistance.

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.

How are income-eligibility guidelines determined?

To calculate the Median Family Income (MFI) estimates, the U.S. Department of Housing & Urban Development (HUD) incorporates 5-year American Community Survey (ACS) data. Specifically, for each metropolitan area, subarea of a metropolitan area, and non-metropolitan county, 5-year ACS data is used as the new basis for calculating MFI estimates. In areas where there is a valid 1-year ACS survey MFI result, HUD endeavors to use this data as well to take advantage of more recent survey information. By using both the 5-year data and the 1-year data, where available, HUD is establishing a new basis for median family income estimates while also capturing the most recent information available. After using the 2012 ACS income data, a Consumer Price Index

(CPI) forecast as published by the Congressional Budget Office brings the ACS data forward to the middle of the fiscal year. Income limits vary from one Metropolitan Statistical Area (MSA) to another. Data sets and full documentation of all calculations for Median Family Income and Income Limits is available through the HUD Income Limits Documentation System website at: <http://www.huduser.org/portal/datasets/il/il15/index.html>

CDA publishes the HUD limits for the City of St. Louis on its website: <https://www.stlouis-mo.gov/government/departments/community-development/residential-development/income-limit.cfm>

Will an application be considered if the request for total CDA funding exceeds 50% of the total development costs?

Applicants are encouraged to submit competitive proposals that also demonstrate sufficient financial capacity to successfully complete. Public funds should be adequately leveraged with private financing or developer equity. Requests for CDA gap financing should also be supplemented with other available types of construction period assistance, such as tax credits for example. Applications that are judged to not sufficiently or appropriately leverage CDA funds will rate low in the Applicant Financial Qualifications section of the Proposal Rating Sheet. However, such a condition alone will not be cause for a proposal to be considered ineligible for CDA assistance.

What is a recommended project cost-per-square foot that CDA will consider reasonable?

CDA understands that all redevelopment projects are unique and that all buildings and sites offer their own attractions and challenges. There is no all-encompassing equation for measuring different development proposals equally. Applicants are encouraged to submit competitive proposals with particular attention to the developer profit and contractor profit maximums allowed by CDA. If concerned that costs may be considered excessive by CDA's selection committee, an applicant is encouraged to include additional information and detail, including copies of multiple and competitive bids for work, to demonstrate that the estimates provided are both reasonable and necessary for the successful completion of a quality project.

Does the Construction Budget tab of the CDA Application allow for additional information that may explain proposed budgets that would otherwise be considered excessive or unreasonable costs?

Most, if not all, line item categories of the Construction Budget include a subcategory labeled "Other." This cell is not protected and can be used to itemize or explain any additional costs that an applicant wishes to clarify.

Does CDA recommend including an additional page or pages in an application that details special conditions to supplement the construction budget?

As this is a highly competitive process, CDA recommends that applicants provide as much detail as possible to promote their proposals. Supplemental information such as photos or bid estimates

may be included with an application and should be provided in Section III Summary of Proposed Residential Development Project.

Will preference be given to the number of units an applicant proposes to develop?

Preference will be given to multi-address projects only if they involve either properties identified in Section 4 of the NOFA or other City-owned parcels. Additional consideration will be given to applications that involve multiple properties that are either contiguous or in concentrated areas.

If a proposal involves the redevelopment of multiple parcels, how many of those parcels need evidence of site control?

An applicant must be able to demonstrate site control for all parcels where the development of residential housing is planned. It is not necessary to demonstrate site control for planned amenities, such as a community center or off-site parking areas. For those projects where site control cannot be evidenced, phased development should be considered.

How should an applicant demonstrate site control for properties that are not LRA-owned?

Applicants may demonstrate evidence of site control for privately-acquired parcels in the form of warranty deed, sale contract, purchase option, or any other suitable and recognizable form of equitable title. It is not necessary to demonstrate site control for developments involving LRA-owned property. However, it is recommended that applicants proposing to develop property acquired from LRA include documentation/evidence of that transaction as part of their NOFA application.

If the applicant does not currently own the site(s) proposed to be developed, how should the current owner be identified?

Detailed site information – including the seller information and for of applicant/buyer site control should be provided in the CDA Application spreadsheet.

On the NOFA Proposal Rating Sheet, do any sections score negative (or less than 0) points?

The NOFA Residential Development Proposal Rating Sheet includes scoring categories that each indicate a maximum amount of points possible. Any points that an application receives will be positive (added to the rating score rather than subtracted from the rating score). However, it may be possible for a proposal to score no points for a particular section if the category does not apply to that specific application.

How does an applicant demonstrate community support for one's proposal?

Applicants are encouraged to obtain community support for their proposed projects before applying to CDA for funding. Such support can come from a variety of acceptable sources, including but not limited to: elected officials, neighborhood organizations, community groups, and residents/business owners of area near proposed development site(s). Evidence of support is typically provided in letter format, and should be provided as an attachment in Section III: Summary of Proposed

Residential Development Project of the NOFA application. Proposals that demonstrate strong community support will rate higher than competing proposal that lack support. However, this is not a required item, and it may be possible for an application to be awarded funding without providing copies or other proof of community support.

How many copies of an application must be submitted to CDA?

Respondents must submit one (1) complete application (either CDA For Sale Application or CDA Rental Application, as appropriate) with original signatures and provided in a three-ring binder and one (1) electronic version of the Excel-based CDA Application & Proforma emailed to CDAnofa@stlouis-mo.gov. These forms are available online at www.stlouis-mo.gov/cda. In addition, three (3) duplicate copies of the complete application must also be provided. These sets may be submitted either in individual three-ring binders or separated by binder clip. Applications received by US Mail or courier will be accepted but must be received by CDA prior to the deadline.

Are original signatures necessary on all application sets?

Only one application set must have original signatures for required certification forms (including either Part X of For-Sale Worksheet or Part XII of Rental Worksheet *and* CDA Conflict of Interest Disclosure Statement). 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.

Is a Phase I Environmental Site Assessment required?

CDA recommends that all applicants adequately evaluate their sites before applying to CDA for development assistance. While a Phase I Environmental Site Assessment is certainly recommended, CDA does not require one as part of its NOFA application checklist of items. If a proposal is selected for funding, the City of St. Louis Planning & Design Agency (PDA) will conduct an internal evaluation to determine what if any environmental site assessments will be needed before federal funding can be used to assist the development effort.

Can a non-profit eligible to be involved in a CDA-assisted residential development effort?

Private builders, developers, nonprofit community groups, Community-Based Development Organizations (CBDO), and Community Housing Development Organizations (CHDO) are eligible to apply for CDA financing. Applicants must demonstrate that they have appropriate housing development experience and sufficient financial capacity for the proposed project. Those parties that have defaulted on a previous CDA loan or have failed to return to CDA the payment of historic tax credit sale proceeds are not qualified to apply for or be a party to an application under this NOFA.

Are rehabilitation, new construction, or demolition activities eligible to apply for CDA assistance?

CDA assistance is available to facilitate the new construction or rehabilitation of either market-rate or low-income, residential or mixed-use development projects. Demolition activities must comply

with the Section 106 regulations of the National Historic Preservation Act and must result in the creation of new housing units.

Where can one find the most up-to-date version of the CDA Guidelines & Application?

Copies of the Excel-based CDA Application & Proforma (*VERSION – March 2015*) can be downloaded from the CDA website:

<https://www.stlouis-mo.gov/government/departments/community-development/residential-development/resources/applicationguidelines.cfm>

How does a CBDO officially sponsor a new construction development by a for-profit developer?

In order to qualify as an eligible activity by a Community-Based Development Organization (CBDO), an organization must first be certified by CDA as meeting the characteristics defined in 24 CFR Part 570.204. To carry out a project means that the CBDO undertakes the funded activities directly or through contract with an entity other than CDA, or through the provision of financial assistance for activities in which it retains a direct and controlling involvement and responsibilities.

Is a development project that already has a sizable CDA subsidy invested in it eligible to apply for additional funding assistance through this NOFA?

Active CDA-assisted HOME projects cannot receive additional HOME funds during their HOME affordability periods. However, such projects may be eligible to receive additional CDBG funding. Applicants may apply to CDA for supplemental project financing during an open NOFA round but should be aware that CDA will only consider approving such requests on an extremely limited basis. Applications will be rated based upon how well proposals leverage CDA funds. The request for additional HOME or CDBG funds will therefore rank lower than other applications not needing supplemental CDA financing.

If a developer wishes to apply to CDA for additional assistance for a project that has already received a maximum funding reservation for a previous NOFA application, then a request for supplemental financing must be submitted during another open NOFA round. Again, CDA will only consider approving such requests on an extremely limited basis. Dissatisfaction with the amount of a previous funding reservation is not considered sufficient reason for CDA to increase a previous award.

If a CBDO is going to sponsor a new construction project for a for-profit developer does the developer need to make the CBDO part of the ownership entity of the project and does the CBDO need to have a financial interest in the project?

New construction assisted with CDBG must have a CBDO participant. In order to qualify as an eligible activity by a Community-Based Development Organization (CBDO), an organization must first be certified by CDA as meeting the characteristics defined in 24 CFR Part 570.204. The primary purpose of such organizations must be the improvement of the physical, social, economic environment of its service area by addressing one or more critical problems in the area, with

particular attention to the needs of low-income and moderate-income persons. To carry out a project means that the CBDO undertakes the funded activities directly or through contract with an entity other than CDA, or through the provision of financial assistance for activities in which it retains a direct and controlling involvement and responsibilities. The CBDO does not need to be directly a part of the ownership entity nor does it need to have a direct financial interest in a project.

What other green/sustainability certifications other than Energy Star will CDA accept for credit for Sustainability & Energy Standards section of the Rating Sheet?

Energy Star certification is required for all CDA-assisted residential developments. Projects will need to be reviewed and monitored by a certified RESNET (<http://www.resnet.us>) energy auditor in order to achieve this standard. Proposals that include sustainable materials and/or construction methods that exceed these standards will be given additional consideration. Also, proposals that include accessibility features will be given additional consideration. CDA does not provide a full and complete list of all available green or sustainability or accessibility certifications available but does itemize some of the more common certifications in the Rating Sheet. Scores for this category will be weighted by level of difficulty. Accordingly, it will be up to the individual applicant to provide CDA with sufficient information on any unlisted certification type that would be necessary to make a suitable judgment for any such certification not already listed.

How do we handle the situation where we have a new construction home and a historic rehab within the same project application? How do we avoid the computation of tax credit equity for both the rehabilitation and the new construction home, even though the new home would not qualify for the credits?

The CDA application acts as a helpful guide by auto-calculating an estimate of state historic rehabilitation tax credits if all of the following conditions are met: the proposal involves rehabilitation, the development site is located in a certified National or Local Register Historic District, and the developer is a for-profit entity. For proposals that involve both rehab & new construction elements where tax credit equity may be available, select "New Construction" and then estimate potential tax credit equity on your own. This estimate should then be included in one of the available cells marked "Other" in the Permanent Sources section of the Proforma Summary worksheet page. As with all "Other" items included in the application spreadsheet, be sure to also appropriately define any such references in available spaces so that CDA staff can properly assess the proposal.

For properties listed in the RFP section of the NOFA, can applicants negotiate sales prices directly with CDA or do we need to contact LRA?

CDA does not have the authority to negotiate sales prices of LRA-owned properties. If interested in acquiring LRA parcels, one must submit an offer to purchase that can be considered by the LRA Commission, according to their meeting schedule. However, those properties listed on the Request for Proposals (RFP) section of the NOFA were acquired by LRA using federal funding administered by CDA. This means that acquisition cost for these addresses is part of the subsidy

that CDA is already offering to assist with redevelopment efforts there. If a proposal to develop property listed in the RFP section of the NOFA is awarded funding, then an option can be obtained from LRA by coordinating through CDA directly.