

CITY OF ST. LOUIS COMMUNITY DEVELOPMENT ADMINISTRATION
FREQUENTLY ASKED QUESTIONS (FAQ)

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CDA – General

Does CDA provide residential development assistance as a grant or as a loan?

All forms of CDA assistance for residential development projects are loans. These loans may be low-interest, no-interest, or even forgivable. All loans will be secured by a lien on the property. The terms of the type(s) of loan(s) desired by an applicant must be identified in the application. Public funds should be adequately leveraged with private financing or developer equity. 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.

Are all previous CDA Requests for Proposals (RFPs) closed?

Yes. Parties interested in redeveloping LRA-owned, CDA-assisted residential properties – such as those identified in the RFP section of a Notice of Funding Availability (NOFA) must submit an application during an open NOFA round.

If interested in developing a CDA-assisted property identified in the RFP section of the NOFA without requesting additional CDA assistance, does one still need to submit a proposal through this NOFA process?

Yes. Because CDA-funding assisted the acquisition and holding costs, there remains a CDA subsidy in the project. And the project still must comply with the applicable federal regulations governing that funding source.

Is property information available for addresses included in the RFP section of the NOFA?

The CDA exhibit Detailed Site Information of the NOFA provides detailed project site information for CDA-assisted acquisitions, such as property type and neighborhood. The City of St. Louis geospatial database known as Geo St. Louis (stlc.in.missouri.org/citydata/newdesign/index.cfm) is an internet-based information resource that can provide detailed building information, geographic information, and assessment information. Also, interested parties are encouraged to conduct their own inspections prior to submitting an application. Property access can be arranged through the Land Reutilization Authority (LRA) by contacting (314) 657-3754 and with a minimum 48-hour notice.

Why are applications to develop properties located in certain MVA market types given priority over similar proposals in other MVA market types?

The Market Value Analysis (MVA) is a tool provided by HUD to help City agencies such as CDA direct the investment of public funds so that investment may be strategically leveraged for the benefit of its citizens. The MVA uses residential market data to classify geographic areas, and the MVA market types have been designated according to clusters of similar market characteristics. CDA will use the MVA to prioritize its housing production resources in those areas of the City believed to be the most effective. However, all MVA market types are eligible to receive CDA funding, and no area of the City will be excluded from consideration. Additional information regarding the MVA, including methodology, is available online at www.stlouis-mo.gov/mva.

Why are proposals for the development of housing that targets low-income households (at or below 50% AMI) given priority over proposals for market-rate housing?

The housing production resources administered by CDA are federal funds allocated to the City from HUD. NSP was a limited-time funding program designed to help governments and their agencies address the recent foreclosure crisis by targeting redevelopment assistance in those areas most heavily impacted by foreclosures. HUD requires that CDA reserve 25% of its NSP allocation for the assistance of residential development projects that provide quality housing for households at or below 50% of the Area Median Income (AMI), adjusted for household size. If this commitment is not met, then the NSP funds must be returned to HUD. Additionally, housing opportunities for lower-income households are identified as higher priorities in the City's Five-Year Consolidated Plan. Accordingly, applications to address those needs will receive additional points in the Targeted Households section of the Proposal Rating Sheet.

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

The CDA only offers funding to development efforts located within the City of St. Louis.

Will CDA coordinate its deadlines with those of other public funding agencies, such as the MHDC volume cap application deadline or the City's Affordable Housing Commission trust fund 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 local, state, and federal agencies.

How much predevelopment costs are necessary and/or expected to be incurred by an applicant prior to submitting a proposal under this NOFA?

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.

NOFA – Eligibility

Will applications for CDA financing be considered for properties that are not specifically identified in the RFP section of the NOFA?

CDA will accept and rate applications for proposals that involve the redevelopment of sites not included in the list of addresses identified in the RFP section of the NOFA. However, an application must at least include a property presently owned by LRA to score any points in the Priorities section of the Proposal Rating Sheet. Project sites that are privately-owned and have been acquired independently from CDA or LRA will still be considered for funding, but such applications will only be rated in the Target Areas section of the Proposal Rating Sheet.

Will owner-occupied applications be considered?

CDA housing production programs are not intended to provide gap assistance for owner-occupant rehabilitation or new construction projects. However, such proposals will not be considered ineligible and will not be excluded from consideration. Such applicants still must demonstrate the feasibility of their proposals, including the experience and capacity of all members of the development team.

Is non-permanent housing eligible to apply for assistance?

Eligible housing includes manufactured housing and manufactured housing lots, permanent housing for disabled homeless persons, transitional housing, single-room occupancy housing, and group homes. Housing also includes elder cottage housing opportunity (ECHO) units that are small, free-standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing single-family dwellings. Housing does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farmworker dormitories). These types of residences constitute facilities or provide short-term or transitory housing and not some form of permanent housing.

Will mixed-use new construction be considered for funding?

This is a NOFA for residential development applications. CDA financing awarded through this process for mixed-use proposals will be limited to the housing portions of the application.

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 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.

Would CDA entertain redevelopment applications for occupied units?

There are many challenges (for example, potential relocation expenses) that a developer must consider and address when planning a development that involves CDA financing for occupied property. It is preferred that CDA funds be utilized for the redevelopment of vacant property. All the sites identified in the RFP section of the NOFA are vacant, LRA-owned properties. Priority will be given to those applications that propose the redevelopment of these sites.

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.

For which projects do the provisions of Davis-Bacon apply?

The Davis-Bacon and Related Acts are prevailing wage provisions that apply to contractors and subcontractors performing on federally-funded contracts. CDBG-assisted or NSP-assisted residential development efforts consisting of 8 or more units and HOME-assisted residential development efforts consisting of 12 or more units must comply with these regulations.

Will applicants proposing the rehabilitation of five or more residential units be required to provide accessible units?

HUD has a statutory responsibility under Section 504 to ensure that individuals are not subjected to discrimination on the basis of disability by any program or activity receiving HUD assistance. The Regulations & Guidelines section of the NOFA references 24 CFR Part 8.22 for the new construction of multifamily housing projects requiring that a minimum of five percent of the total dwelling units or at least one unit (whichever is greater) shall be made accessible for persons with mobility impairments and that an additional two percent of the units (but not less than one unit) in such a project shall be accessible for persons with hearing or vision impairments. However, 24 CFR Part 8.23 applies these standards also to those multifamily rehabilitation projects consisting of 15 or more units where the rehab costs are 75% or more than the replacement costs of the project. Additionally, accessibility need not be provided according to 24 CFR Part 8.31 if such accessibility would substantially impair the significant features of a historic property or result in undue financial and administrative burdens for the redevelopment properties defined as eligible for listing in the National Register of Historic Places under the National Historic Preservation Act.

Is there a limit to the amount of funding that one application can request?

CDA Underwriting Standards establish a limit to CDA-funded development requests, not intended to exceed 50% of the project Total Development Cost (TDC). Additionally, HOME regulations

prohibit subsidies that exceed the per unit maximums set forth by Section 221(d)(3) of the National Housing Act.

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.

Is CDA funding available to assist with acquisition costs under this NOFA?

CDA funding awarded under a NOFA may be utilized to assist with development gap subsidy, bridge loan financing, and homebuyer assistance. However, CDA will not consider requests to directly fund project acquisition costs of applications received.

The acquisition costs for LRA-owned properties identified in the RFP section of the NOFA have already been pre-paid with CDA funding prior to the release of this NOFA. Accordingly, the acquisition subsidies for these properties have already been expended. Therefore, an application submitted under this NOFA for a property included in the RFP section does not need to factor acquisition cost as part of either the TDC or the total CDA subsidy funding request.

What are the CDA maximum limits for allowable developer profit?

The CDA Development Cost Standards are available in both the CDA Application Guidelines and in the Compliance Info section of the CDA Application & Proforma spreadsheet. The maximum allowable Developer Profit for CDA-assisted new construction projects cannot exceed 12% of the TDC, excluding acquisition costs and Developer Profit itself. The maximum allowable Developer Profit for CDA-assisted rehabilitation projects cannot exceed 15% of the TDC, excluding acquisition costs and Developer Profit itself.

What are the CDA maximum limits for allowable general contractor profit & overhead items?

The CDA Development Cost Standards are available in both the CDA Application Guidelines and in the Compliance Info section of the CDA Application & Proforma spreadsheet. The maximum allowable General Contractor Profit for CDA-assisted projects cannot exceed 8% of the total

construction costs, excluding profit and overhead items themselves. The maximum allowable General Conditions (or Direct Overhead) for CDA-assisted projects cannot exceed 6% of the total construction costs, excluding profit and overhead items themselves. The maximum allowable Indirect Overhead for CDA-assisted projects cannot exceed 2% of the total construction costs, excluding profit and overhead items themselves.

What items or responsibilities are included in General Conditions (or Direct Overhead)?

What items are covered by Indirect Overhead?

General Conditions (or Direct Overhead) refers to the cost for General Contractor responsibilities that are directly related to the supervision and maintenance of the project site. These items can include (but are not limited to): temporary utilities, alarm service monitoring during construction, portable toilets, tool rental & storage, dumpster fees, and clean-up. Indirect Overhead refers to the general contracting costs related to the operations of a general contracting business. These items can include (but are not limited to): general office expenses (such as rent, utilities, or supplies), salaries, professional fees, and marketing.

How will mixed-use proposals be evaluated?

This is a NOFA for residential development applications. CDA financing awarded through this process for mixed-use proposals will be limited to the housing portions of the application.

Would CDA permit a purchase, demo, and hold-for-future-development scenario of one or more CDBG/NSP acquired lots listed in the NOFA as part of a larger CDA application for new construction and/or rehab for-sale housing, to be held for future development?

Applicants who are able to demonstrate in their applications that privately-owned properties currently held by the development team were acquired directly from LRA will score points in the Priorities section of the Proposal Rating Sheet for the development of LRA-Owned properties. However, land-banking is not permitted. LRA maintains reversionary rights on property it sells, more commonly referred to as a Right-of-ReEntry clause within its special warranty deed. If development is not completed within the timeframe allowed and agreed upon by all parties in writing, then LRA may at its sole discretion pursue legal action to have the property returned.

Is an applicant required to obtain aldermanic approval for a redevelopment proposal and application for CDA assistance?

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 to the Summary of Proposed Residential Development Project section of the NOFA application. Proposals that demonstrate strong community support will rate higher than competing proposals 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.

NOFA – Procedures

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.

Can an applicant make changes to a development proposal after receiving a CDA funding award through a NOFA?

Note that any deviations to a proposal (including – but not limited to – changes to development team members, substantial design alterations not directly resulting from CDA or any necessary design reviews, or significant budget increases that result in higher gap amounts) subsequent to an award under this NOFA may jeopardize that application's CDA funding. Accordingly, applications should be as complete as possible and should identify all the sources and uses necessary to complete the redevelopment effort.

CDA Application

Is there a recommended order for completing the Application & Proforma spreadsheet?

Both the CDA For-Sale Application & Proforma and the CDA Rental Application & Proforma contain instructions that recommend completing the worksheets in the order corresponding to their numbering. However, note that the totals from Construction Costs section carry over to Development Budget section. It may be helpful to complete the construction budget first. The spreadsheets are protected, so cells with formulas cannot be overwritten. It is important to complete all applicable cells that are highlighted in yellow. It is advisable to provide as much information and detail as possible. It is acceptable to attach additional pages with hard copies if needed. Additionally, all applicants should be using the most updated versions of the CDA application spreadsheets (dated March 2015) for this NOFA round, which are available online: <https://www.stlouis-mo.gov/government/departments/community-development/residential-development/resources/applicationguidelines.cfm>

How should an applicant indicate on the application whether CDBG, HOME, or NSP funds are being requested?

It is not necessary to identify a specific funding source in an application under this NOFA. CDA reserves the right to assign or even switch funding sources in an effort to award the maximum number of projects. However, applicants still must specify the targeted AMI households in their applications. It will also 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. Only one application per proposed development is necessary regardless of funding source.

Where does an applicant enter the unit square footage in the rental pro forma spreadsheet?

Proposed unit information such as number of bathrooms, square footage, and rent amounts should be indicated on Tab 6) "Units & Revenue" of the CDA Application & ProForma spreadsheet.

Where does one indicate on the For Sale Application the amount of homebuyer assistance requested and anticipated to maintain affordability?

Applicants are required to complete the Buyer Affordability section of the For-Sale Application. This is not an optional section. Applicants must provide this analysis in order for their application to be considered complete. All cells highlighted in yellow must be completed.

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.

Is there a preference for how should an applicant present a scattered site proposal?

Applicants are expected to provide an actual, written summary of their proposed residential development projects. Parties should identify the characteristics (such as neighborhood or ward) that the properties of a scattered site proposal share in order to be considered as one proposal. This information should be included in the Summary of Proposed Residential Development Project section of the list of required items.

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

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. Additional consideration will be given to applications that involve multiple properties that are either contiguous or in concentrated areas.

Will CDA consider partial approval of funding for a multi-address proposal?

CDA may consider a partial award for a proposal involving the development of multiple addresses. However, such consideration will be given only on a limited basis and generally to those properties identified in the Priority List of CDA Properties section of the NOFA when determined reasonable.

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.

Can photographs of elevations with markup and photos of comparable or similar improvements be used instead of architectural elevation plans?

Yes, photographs are suitable and acceptable representations of proposed or anticipated elevations as required for a complete NOFA 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.

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 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.

Is the CDA Conflict of Interest Disclosure Form available online?

All CDA Residential Development Application & Guidelines material – including the For Sale/Rental Conflict of Interest Disclosure Forms – is available online:

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

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 there a limit to the number of applications that any one developer can submit?

CDA has not specified a limit. However, applicants still must demonstrate the financial capacity to conduct any project(s) as proposed. Each proposal must be sustainable on its own merit to be given reasonable consideration for a funding award. 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.

What would happen if more than one applicant applies for the same address, but one of the proposals includes other addresses? Would CDA consider an award for the other addresses in that application?

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. Should an application rank high enough for funding consideration during a NOFA round but one of the

properties is no longer available, CDA would then consider a partial award for the remaining addresses in the application.

HOME

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.

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.

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.

What is a CHDO set-aside?

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." Any organizations applying to CDA for HOME funding under the CHDO-set aside must be certified by CDA prior to any commitment of funding.

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."

If not in an ownership role, then what role can a CHDO hold?

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.

Are CHDO checklist and application materials available online?

Yes, CHDO checklist and application materials can be accessed online:

<https://www.stlouis-mo.gov/government/departments/community-development/residential-development/documents/CHDO-Certification-and-Checklist.cfm>

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

Interested organizations should contact CDA Asset Manager at (314) 657-3700.

CDBG

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 (at or below 80% Area Median Income)
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.

Must CDBG-assisted for-sale projects convert to rental if unsold after 9 months?

Presently, only HOME-assisted homebuyer projects unsold 9 months after completion must be converted to HOME rental units and occupied within 18 months of completion. This requirement does not currently affect CDBG-assisted for sale projects. However, CDA allows for any for-sale project that remains unsold for a period of time to be converted to rental. 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 because HUD requires that we demonstrate that the proper underwriting evaluation is performed in the event that the project does convert to rental. As a rental, all projects are subject to a HOME Affordability Period (5-20 years, depending upon the per unit subsidy amount) 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.

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. Additionally, CDBG-assisted new construction efforts that do not include affordability must satisfy some other HUD National Objective. In such cases, elimination of slums or blight on an Area Basis (elimination of determinable signs of slums or blight within a strictly defined area) would be appropriate. A blighting study on an Area Basis (not a Spot Basis) will be required.

Are CBDO checklist and application materials available online?

Yes, CBDO checklist and application materials can be accessed online:

<https://www.stlouis-mo.gov/government/departments/community-development/residential-development/documents/cbdo-application.cfm>

If a private developer will be submitting a proposal in conjunction with a CBDO for new construction, how should this arrangement be reflected on the Application and Proforma?

The CBDO name does not need to be on the Excel spreadsheet of the application, but it should be listed on the Description of Development Team Experience checklist item. The application should still be submitted by the Developer, and the Application Certification should be signed by authorized members of the development entity.

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

All organizations wishing to be certified as a CBDO should submit an application and all required documents to CDA. CBDO's are re-certified annually and should be certified prior to application.

If an organization was certified by CDA to serve one neighborhood, but it is interested in applying as a CBDO to do new construction in another neighborhood outside of our service area - is this allowed?

All CBDO'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 CBDO project for the NOFA and under the CDBG regulations, all project addresses must be located within the neighborhood(s) the CBDO 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.

NSP

Will Neighborhood Stabilization Program (NSP) funds be awarded this NOFA round?

NSP was a limited-time funding program designed to help governments and their agencies redevelop areas most heavily impacted by instances of foreclosures. No further NSP funding availability is currently anticipated.

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.

FOR SALE APPLICATIONS

What is homebuyer assistance and how should an applicant estimate the anticipated amount needed for a for-sale project?

One of the primary purposes for CDA financing is to expand homeownership opportunities for low- and moderate-income households. Homebuyer affordability assistance is a financing mechanism to help such households afford the mortgages anticipated for for-sale projects. CDA funding may be used for down-payment assistance, mortgage buy-down, or closing costs – so long as no cash is taken by the buyer at closing. CDA homebuyer assistance is recorded as a forgivable loan (with pro-rated forgiveness) for a period depending on the amount of subsidy provided directly to the homebuyer. A minimum of \$3,000 homebuyer assistance should be considered for all income-eligible, for-sale CDA projects to maintain a target housing-to-income ratio of 25%. However, the maximum CDA-funded homebuyer assistance cannot exceed 20% of the home sales price. The Buyer Affordability section of the CDA For Sale Application & Proforma should be completed to anticipate the amount needed for a specific project.

Should applicants apply for more than one house on a for-sale application to improve chances of selection?

The ratings criteria includes a scoring section that scales increasing points for applications proposing to develop multiple parcels of City-owned property. This section only applies to applications for the redevelopment of LRA-owned and to CDA's Request for Proposals (RFP) property lists.

Even if a sale is anticipated or a pre-sale contract has been obtained, must an applicant still complete the Rental Analysis of the For-Sale application?

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

May an applicant modify any of the defaults (such as Estimated Monthly Rent, Units, Rents, Mortgages, etc.) of the Rental Analysis of the For Sale Application?

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.

RENTAL APPLICATIONS

What are the underwriting criteria regarding for-sale projects converting to rental?

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, depending upon the per unit subsidy amount) 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.

For rental developments consisting of 11 or fewer units, is any kind of independent appraisal, comparative market analysis (CMA), or professional market study required to be submitted at the time of the application?

A professional market analysis is only required for rental projects consisting of twelve or more units. However, a rental application must demonstrate a property's value based on an income-approach to value using the information provided in the Operating Budget section of the Rental Application.

Does the Affirmative Fair Housing Marketing Plan (if required) need to be submitted as part of the initial application or prior to the issuance of a Firm Commitment?

An Affirmative Fair Housing Marketing Plan is not a required item for a complete NOFA application. One must be provided for any development consisting of five or more units financed with CDBG, HOME, and/or NSP funding prior to CDA authorization to disburse such funds.

Can developments of rental units be separated into different projects?

Additional consideration will be given to applications that involve multiple properties that are either contiguous or in concentrated areas. However, applicants may submit separate or phased proposals depending upon their own preferences. Applicants still must demonstrate the financial capacity to conduct each project as proposed, and each proposal must be sustainable on its own merit to be given reasonable consideration for a funding award. 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.

LIHTC

If an applicant is also applying for 9% Low Income Housing Tax Credits (LIHTCs), what would happen to a CDA award if the project is not chosen for LIHTCs?

CDA financing awards under a NOFA are maximum considerations, pending final design/plan approval, budget review, and other necessary financing commitments. If a project is not able to utilize a CDA award because of the inability to complete this underwriting, then the CDA funding could potentially be rescinded. It is highly recommended that applicants applying for 9% LIHTC demonstrate how a proposal remains feasible if not selected to receive them. It is also recommended that LIHTC applicants seek ways to utilize 4% LIHTCs for project financing.

What happens to the CDA financing if, while construction is underway, it were determined that a project is not awarded tax credits?

The Summary Sources & Uses section 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 conducted by a for-profit entity. If a project is awarded a CDA-financed tax credit bridge loan through a NOFA, then the Developer will be expected to apply to the Missouri Department of Economic Development to secure a preliminary award prior to construction start. Upon receipt of an award, then the Developer will be required to enter into a tax credit purchase agreement for the sale of those tax credits upon project final approval. If the tax credit sales proceeds are insufficient to repay the project's CDA tax credit bridge loan, then the unpaid amount will be applied towards the total amount of CDA-financed construction gap subsidy.

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. However, for the purposes of this NOFA, applicants should only indicate the amount of actual NPTC or other similar awards on Summary Sources & Uses section 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. If a project is awarded CDA-financed construction gap assistance, then the Developer will be required at a minimum to apply to the Missouri Department of Economic Development through the lottery system of the Missouri Neighborhood Preservation Tax Credit Program (NPTC).

NON-PROFIT

Must a non-profit entity obtain a 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.

LRA

What is the LRA? What does this acronym mean?

The Land Reutilization Authority (LRA) is a pseudo-public entity of the City of St. Louis that maintains, markets, and sells City-owned property and performs land assemblage for future development. LRA receives title to all tax-delinquent properties not sold at Sheriff's sale. It also receives title to properties through donation. Additional information is accessible online: <https://www.stlouis-mo.gov/government/departments/sldc/boards/Land-Reutilization-Authority.cfm>

How can one arrange to access and inspect LRA-owned property?

Access can be arranged by contacting LRA directly at (314) 657-3754. LRA will require a minimum 48-hour advance notice for scheduling access. Anyone planning to enter and conduct a walkthrough on the premises will be required to sign an LRA waiver prior to inspection. In limited cases, a Request to Open Boarded-Up LRA Property may be available.

What does the LRA inspection deadline mean?

Parties interested in developing LRA-owned property will have an opportunity to inspect throughout the NOFA period. However, for scheduling purposes, a deadline (set for approximately one week prior to NOFA application deadline) has been established for those needing LRA staff assistance. Access can be arranged by contacting LRA at (314) 657-3754. LRA will require a minimum 48-hour advance notice. Anyone planning to enter and conduct a walkthrough on the premises will be required to sign an LRA waiver prior to inspection. In limited cases, a Request to Open Boarded-Up LRA Property may be available.

Miscellaneous

Will the NOFA PowerPoint presentations and related handouts be available online?

Available NOFA materials are available through the following website: <http://www.stlouis-mo.gov/government/departments/community-development/residential-development/resources/NOFA.cfm>

How does CDA certify a homebuyer or tenant's household income-eligibility?

For the purpose of determining eligibility, CDA must project a household's income in the future. To do so, a review of the household's current circumstances is used to project its future income. In general, it is assumed that existing income levels will continue, unless there is verifiable evidence to the contrary. CDA staff can provide a homebuyer/tenant certification checklists and applicable documentation necessary to determine household eligibility.

Is there a list of City-approved energy auditors?

All CDA-assisted residential development projects must be rated for Energy Star certification upon completion. The City of St. Louis does not maintain a list of approved energy auditors. However, any RESNET energy auditor would be appropriate for energy audit and ratings.

Is there a list of City-approved roofing inspectors?

All CDA-assisted residential development projects will require an independent roof inspection and transferable roofing warranty prior to CDA approval for completion. The City of St. Louis does not maintain a list of approved roofing inspectors. However, any member of the American Society of Home Inspectors (ASHI) would be appropriate for roofing inspections.

Is there a list of City-preferred REALTORS®?

All CDA-assisted for-sale projects are encouraged to work with licensed real estate professionals to help price homes appropriately and market them effectively to qualified buyers. The City of St. Louis does not maintain a preferred list. Any individual licensed by the Missouri Real Estate Commission (MREC) would be appropriate. It is also important to note that, while recommended, having such a person on the development team is not a CDA requirement.

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.

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.

How frequently will the CDA NOFA Questions & Answers be updated?

General queries regarding the NOFA may be submitted to CDA staff by email or by US Mail. In an effort to provide fair and impartial service, all questions and answers will be publicly available online. This information will be updated as often as new questions are received and as soon as appropriate responses are prepared. 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 may also distribute notifications or technical corrections via email blast if necessary.