

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

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

Yes, the materials have been uploaded and are available through the following website:
<http://www.stlouis-mo.gov/government/departments/community-development/residential-development/resources/NOFA.cfm>

Will CDA notify individuals on the email list to receive regular updates, 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 may distribute notifications or technical corrections via email blast if necessary.

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

Yes. Parties interested in redeveloping LRA-owned, CDA-assisted properties must respond via this NOFA. The list of such properties for which CDA is actively soliciting redevelopment proposals is included in Section 4 of the NOFA.

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

As stated in the Section 1 introductory, this NOFA only applies to residential developments located within the City of St. Louis.

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

Yes. Because CDA-funding was used towards the acquisition and holding costs, there remains a CDA subsidy in the project.

How will CDA be making decisions regarding 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. Please refer to Section 9 of the NOFA and the sample Proposal Ratings Sheet provided for detailed information on the evaluation and rating process to be conducted by CDA staff.

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 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.

Should a separate application to request CDBG and a separate application to request HOME and/or NSP funds be submitted on the same proposed development?

Only one application per proposed development is necessary regardless of funding source.

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, 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 or to be considered for CDBG-assisted efforts.

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

Yes. Based upon on the proposals receives and in an effort to award the maximum number of projects, CDA may switch funding sources. However, an applicant must specify the targeted AMI households for the residential development in your Summary of Proposed Residential Development Project section of the list of required items.

Where should an applicant indicate the targeted AMI households for the development?

Applicants are expected to provide an actual, written summary of their proposed residential development projects. 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).

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 Section 4 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 Section 10 of the NOFA, CDA reserves the right to limit funding to no more than one CDA-funded development project per applicant.

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.

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 safeguard against an excessive amount of 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.

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.

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.

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.

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 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.

Even if a sale is anticipated or a pre-sale contract has been obtained, must an applicant still complete Tab 7) “Rental Analysis” of the For-Sale application?

Yes, because HUD requires that we 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 the default Estimated Monthly Rent (or any of the other Units, Rents, Mortgages defaults) of Tab 7) “Rental Analysis” 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.

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.

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.

If an organization has been previously certified as a Community Housing Development Organization (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 a private developer will be submitting a proposal in conjunction with a Community Based Development Organization (CDBO) for new construction, how should this be reflected 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.

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. If you have not been re-certified as of 2014 you are not considered a certified CDBO for the purposes of the NOFA.

If an organization was certified by CDA to serve one neighborhood, but it is 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.

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.

How do I apply to be a CDBO 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 November 7 and approved no later than December 3.

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?

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. 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 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.

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. Tab 1) “Application” 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.

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.

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.

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

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

Is an appraisal needed for each individual property of a multi-house build, or can one be used as representative for all properties?

An appraisal is not required for for-sale projects by the November 7 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.

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 does one 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.

Tab 4) "Sources & Uses" of the Application & Proforma spreadsheet includes 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 CDA 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 Tab 4) "Summary Sources & Uses" 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.

ADDITIONAL QUESTIONS RECEIVED AFTER SEPTEMBER 26, 2014

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

CDA intends to award up to \$4,000,000 in development assistance to be financed solely from the Community Development Block Grant (CDBG) program. No HOME or NSP funds are anticipated to be awarded this funding round. Note that NSP was a limited-time funding program designed to help governments and their agencies redevelop areas most heavily impacted by instances of foreclosures.

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 a Tab) "INSTRUCTIONS" that recommend completing the worksheets in the order corresponding to their numbering. However, note that the totals from Tab 3) "Construction Costs" carry over to Tab 2) "Development Budget." 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 in Tab 1) "Application." 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 September 2014) for this NOFA round.

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.

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 CRO 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.

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 Section 4 of the NOFA are vacant, LRA-owned properties. Priority will be given to those applications that propose the redevelopment of these sites.

Where can one obtain property information for sites identified in Section 4 of the NOFA?

Exhibit A of the NOFA provides detailed CDA project site information, 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.

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.

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 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.

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.

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.

How many application sets must have original signatures?

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.

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.

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.

Is there an amount for a CBDO set-aside as part of this NOFA?

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. However, it will be necessary for applicants to identify a CBDO if their proposal involves the new construction under this NOFA as it involves CDBG funding only.

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 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 November 7 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.

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.

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.

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 Section 10 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 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.

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 will only be extended to those properties identified in Section 5 of the NOFA when determined reasonable.

How will CDA approach the MHDC quiet period for LIHTC applications?

There will be an MHDC Regular Commission Meeting on December 5, 2014. CDA has formally and publicly announced that it will announce awards under this NOFA on December 3, 2014.

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:

4. All assisted single unit structures must be occupied by Low/Moderate income households (at or below 80% Area Median Income)
5. An assisted two-unit structure (duplex) must have at least one unit occupied by a Low/Moderate income household, and
6. 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.

Are there income restrictions on NSP-funded projects?

For-sale projects assisted with NSP funds must be sold to households at or below 120% Area Median Income (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. Exhibit A of the NOFA provides detailed CDA project site information, including the funding source used for acquisition.

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.

Would there be a conflict with CDA programs for a new construction rental project that offers a sale option in Year #16?

All CDA rental projects are subject to a HOME Affordability Period. For new construction projects, there is a 20-year affordability period. If a CDA-assisted rental project were to convert to for-sale in Year #16, the recapture provisions of the CDA loan documents would require repayment of the prorated portion of assistance for that unit only if the unit was sold to a homebuyer that was determined to be over the 80% AMI income limit for their household size.

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.

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.

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.

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.

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 transferrable 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.

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.

What is the deadline for CBDO certification 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 November 7 and approved no later than December 3.

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.

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.

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.

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 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.

Will non-profit entities be required to obtain City Business Licenses?

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.

Would CDA award funding to be used directly towards acquisition costs under this NOFA?

As stated in the Section 1 introductory, funds awarded under this NOFA may be utilized to assist with development gap subsidy, bridge loan financing, and homebuyer assistance. However, 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 Total Development Cost (TDC) or the 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 Tab 0) "Compliance Info" of the CDA Application & Proforma spreadsheet. The maximum allowable Developer Profit for CDA-assisted new construction projects cannot exceed 12% of the Total Development Cost (TDC), excluding acquisition costs and Developer Profit itself. The maximum allowable Developer Profit for CDA-assisted rehabilitation projects cannot exceed 15% of the Total Development Cost (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 Tab 0) "Compliance Info" 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.

We are considering a development plan that involves the rehabilitation of a multi-family building. In an effort to address high development cost, would CDA consider financing a proposal that leaves one or more residential units unfinished (or “white-boxed”)?

This is a NOFA for residential development applications. CDA-assisted residential units for projects awarded financing through this process must obtain occupancy permits in order to receive CDA approval for completion. All residential units under the same roof will be considered part of the same project. Plans for the creation of unfinished spaces should be limited to mixed-used applications and applied only to the commercial spaces of such buildings.

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 30%. However, the maximum CDA-funded homebuyer assistance cannot exceed 20% of the home sales price. Tab 5) “Buyer Affordability” of the CDA For Sale Application & Proforma should be completed to anticipate the amount needed for a specific project.

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

Tab 4) “Summary Sources & Uses” 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. 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 Tab 4) “Summary Sources & Uses” 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).

We propose the subdivision of a four-family building to two fee-simple townhomes. Should an application be prepared based on the number of existing units or on the number of units we intend to create?

Section I “General Information” within Tab 1) “Application” of the For Sale Application asks applicants to describe their proposals in detail. Information should be provided on the total number of units planned, the number of those units that are intended for low- or moderate-income households, and the housing type of the development proposed (Single Family Detached, Two-Family, Townhouse/Rowhouse, Three-Family, Four-Family, Multi-Story with Elevator, or Other). Additionally, Tab 2) “Development Budget” itemizes costs associated with each unit, categorizing Unit Type for each of the proposed. When completed, then the Home Pricing & Market Assessment section within Tab 1) “Application” of the For Sale Application will auto-populate with the projected sale prices for each of the for-sale units proposed to be created.

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. Appraisals will not be required by the November 7 closing deadline. However, a rental application must demonstrate a property’s value based on an income-approach to value using the information provided on Tab 7) “Operating Budget” of the Rental 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. 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.

Would it be possible for an applicant to hire a different general contractor when project begins than the contractor identified on the CDA NOFA application?

This NOFA is a highly competitive application process. Applicants are required to identify all members of the development team in their proposals. In an effort to maintain the integrity of its selection process, any deviations to a proposal (including – but not limited to – changes to development team members, substantial design alterations not directly resulting from CDA or CRO 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. CDA reserves the right to review and approve the qualifications, experience, and capacity of any proposed replacement of the development team. If awarded funding, please keep your assigned housing analyst informed of anticipated changes at all times.

Where can a copy of the CDA Conflict of Interest Disclosure be located?

Pages 16-18 of the CDA Fall 2014 NOFA contain the Conflict of Interest Disclosure that must be completed and signed according to the checklist of required application materials.

The NOFA states that “Projects consisting of five (5) or more units must have a minimum of 5% of the total units (or at least one unit) accessible to the physically handicapped and an additional 2% of total units equipped for those with hearing or visual impairments.”

According to Section 504 of the Rehabilitation Act, this only applies to new construction developments. 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. Section 10 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.

For the purposes of this NOFA, does the number of units refer only to residential units or should the number of commercial units be included?

This is a Residential Development NOFA. Mixed-use applications are eligible, however all funding awarded under this NOFA must be limited to the residential units created.

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 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.

We are proposing the new construction of multiple single-family homes, but we will not begin construction on any until sales contracts have been obtained. When completing the Tab 4) “Sources & Uses,” this strategy shows a development financing surplus but a construction financing gap. How should our application reflect this situation?

Applicants are expected to provide an actual, written summary of their proposed residential development projects. Information regarding the anticipated marketing plan for a proposed development should be indicated in Section V “Home Pricing & Market Assessment” of Tab 1) “Application” of the CDA For-Sale Application & Proforma spreadsheet.

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?

Tab 5) "Buyer Affordability" of the For-Sale Application is a required section. Applicants must complete this section in order for their application to be considered complete. All cells highlighted in yellow must be completed.