Rental Preservation Loan Program (RPLP)

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AGENDA

- Introduction to the Rental Preservation Loan Program (RPLP)
 - Program description and goals
 - Facilitating 30% AMI units
 - Federal cross-cutting requirements
 - Application process
- Q & A





PROGRAM DESCRIPTION & GOALS Program Motivation & Introduction

- Program vision and goals
 - Preserve existing affordable NCHFA rental housing
 - Address unmet maintenance needs
 - Ensure Targeting Program participation
 - Support NCHFA Strategic Plan
 - Ensure affordability to 30% AMI
- Program basics
 - Financing for the acquisition and rehabilitation needs of affordable rental properties currently in the Agency's rental investment portfolio
 - Long-term financing
 - 0% interest, permanent mortgage loan
 - Can be forgiven upon request





PROGRAM DESCRIPTION & GOALS Project Eligibility Criteria

Eligible properties must meet the following criteria:

- Matured Agency loan or has an existing Agency loan that is within 1 year of the loan maturity date, and the project is subject to Agency deed restrictions and is currently being monitored by the Agency
- Property owner in good standing with the Agency and eligible to apply for Agency programs
- Demonstrated need for rehabilitation





PROGRAM DESCRIPTION & GOALS Eligible Uses

Eligible Uses of Funds

RPLP funds must be used primarily for the **rehabilitation of housing units**. Projects may also include:

- Rehabilitation of project's common areas, community buildings, utility spaces, and amenities
- Project acquisition
- Replacement/restructuring of existing debt
- Establishment of an operating subsidy reserve when project-based rental assistance is not available
- Relocation costs

Ineligible Uses of Funds

- New construction and adaptive reuse
- Any activity not in conjunction with the primary purpose of rehabilitating residential housing units
- Any activity not expressly described, agreed upon, and approved in writing by the Agency

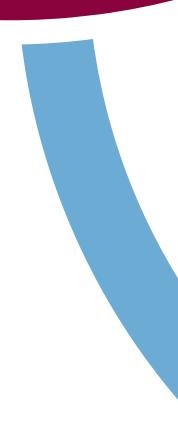




PROGRAM DESCRIPTION & GOALS 30% AMI Units

The project must already have or will establish at least 10% of units affordable to and set-aside for households earning at or below 30% of AMI or, for those projects receiving National Housing Trust Fund dollars, at or below the federal poverty line (whichever is greater)





PROGRAM DESCRIPTION & GOALS Targeting Program Participation

The project must already, or agree to, participate in the Targeting Program, setting aside **at least 10%** of the total number of project units for occupancy by households containing persons with disabilities who will be referred to the property manager by DHHS





PROGRAM DESCRIPTION & GOALS Additional Selection Criteria

In the event that there are more eligible applicants than funding available, the Agency will use the following selection criteria:

- Ability to serve households at or below 30% AMI (up to 25 points)
- County income designation (up to 25 points)
- New, non-Agency below market loans and/or support (1 point)
- Construction loan (1 point)

For this first round, the Agency reserves the right to only fund the number of applications it has capacity to process.



FACILITATING 30% AMI UNITS Operating Deficit Reserve

- The Agency may require participation in an operating deficit reserve payment plan
- Funded monthly through a portion of the project's mortgage payment
- Held in an interest-bearing account, to be held by NCHFA
- Full instructions and agreements will be provided post award



s mortgage payment NCHFA



FEDERAL CROSS-CUTTING REQUIREMENTS

- SAM.gov Registration
- Language Access Plan
- Minority and Women-Owned Business Enterprise Report
- Davis Bacon (?)
- Section 3
- Environmental Assessment



FEDERAL CROSS-CUTTING REQUIREMENTS Section 3 and Developer Fee Structure

- Section 3 is designed to ensure that federal funds used for housing and community development also provides ٠ employment opportunities for low-income people.
- When a project is funded with federal funds (National Housing Trust Fund and HOME), the project has employment • goals to include 25% of total labor hours to be worked by Section 3 workers, and 5% of the total labor hours to be worked by Targeted Section 3 workers.
- Developers who receive a federally-funded RPLP loan and who are able to meet or exceed the Section 3 goals will ٠ be able to take an additional 2% of rehabilitation costs and add to their Developer Fee for a total maximum Developer Fee of 15% of rehabilitation costs.
- Developer fee max without meeting the Section 3 goals, or with a state-funded RPLP loan, shall not exceed 13% of ٠ rehabilitation costs.

SECTION 3 TRAINING SCHEDULED FOR FEBRUARY 20, 2024

Please email Brian O'Donnell at bjodonnell@nchfa.com if you'd like to attend.



FEDERAL CROSS-CUTTING REQUIREMENTS Environmental Review Considerations

WHAT?

• An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it complies with the National Environmental Policy Act (NEPA) and related laws and authorities.

WHO?

• All HUD-assisted projects are required to undergo some level of environmental review to evaluate environmental impacts. The analysis includes both how the project can affect the environment and how the environment can affect the project, site, and end users.





FEDERAL CROSS-CUTTING REQUIREMENTS Environmental Review Considerations

WHEN?

An environmental review must be performed before any funds, regardless of source, are committed to a project.

• When does the clock start? At application.

<u>WHY?</u>

HUD's regulations at 24 CFR 58.22 prohibit the Agency and their partners from committing or spending <u>HUD or</u> <u>non-HUD funds</u> on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environment review once a project has become "federal." This prohibition on <u>"choice-limiting actions"</u> prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions.



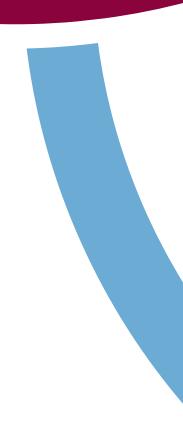
FEDERAL CROSS-CUTTING REQUIREMENTS Environmental Review Considerations

Choice limiting activities:

- Once your application for RPLP funding is submitted to the Agency, applicants may not acquire, demolish, move, rehabilitate, convert, lease, repair or construct property, or commit or expend HUD or non-Federal funds for HOME activities with respect to any eligible property, until the environmental review process has been completed.
- Choice limiting actions also include activities that could have an adverse environmental impact or limit the choice of reasonable alternatives (for example, tree removal actions that could adversely affect threatened or endangered species or prejudice the site layout).
- These actions could have an adverse environmental impact or limit the choice of reasonable alternatives, thus disqualifying the entire development.
- The only activity that may occur is completion of the environmental review itself.



Applicants should email **EAQuestions@nchfa.com** for additional information and guidance prior to taking any action.



NOTICE TO PROCEED

Applicants cannot proceed with any choice-limiting activities, including but not limited to entering into contracts (committing of funds), rehabilitation or renovation activities (e.g., repaving parking lots, removing trees, renovation of units, etc.), addition of amenities, etc. regardless of funding source, until they receive <u>written</u> <u>notice to proceed</u> from NCHFA.

Applicants should email <u>EAQuestions@nchfa.com</u> for additional information and guidance prior to taking any action.



RPLP & LIHTC AWARDS

If an applicant applies and is awarded RPLP for the same project that is awarded Low-Income Housing Tax Credits and has not received Notice of an Allocation for LIHTCs, the applicant will have to determine which award will be kept and which will be forfeited. **One project cannot keep awards from both RPLP and LIHTCs.** In the event an applicant is awarded RPLP and is later awarded LIHTCs for the same project, the applicant organization has 10 business days to decide which funding award will be forfeited.



APPLICATION PROCESS

- 1. Submit Project Description & Questionnaire
 - Feb 9, 2024 at 5 PM
 - Applicants will receive a Notice to Proceed with Full Application or Notice of Failure to Meet Threshold
- 2. Submit full application (Part 1 & Part 2)
 - March 25, 2024 at 5 PM

Visit <u>www.nchfa.com/rental-preservation</u> for RPLP Program Guidelines, Project Description & Questionnaire (Appendix B) and full (draft) application materials







www.nchfa.com/rental-preservation

RPLP@nchfa.com

