

Louisiana Loan Fund



Low-Cost Loans for Developers Restoring and
Building Affordable Housing in Communities Most
Affected by Hurricanes Katrina and Rita

What is the LLF?

- It is a component of the state of Louisiana's CDBG Disaster recovery program, administered by the Office of Community Development.
- It's goal is to spur the development of 4,500 affordable or mixed income housing units over a 3 -5 year period.
- It is comprised of a \$47 million revolving loan fund designed to provide qualified developers, seeking to rebuild and repair homes lost or severely damaged by Hurricanes Katrina and Rita, with low costs predevelopment and acquisition financing.

Loan Amount and Terms

■ **Early Predevelopment**

- ✚ Up to \$200,000 per project depending on project size;
- ✚ 12 months, repaid from acquisition financing; and
- ✚ 0% interest .

■ **Acquisition/Predevelopment**

- ✚ Up to \$3 million per project;
- ✚ 24 months, repaid at construction closing; and
- ✚ 5.5% interest, paid monthly or quarterly.

■ **Security/Collateral**

- ✚ First position deed of trust/mortgage.

Additional Terms

- **Maximum loan to value**

- ✚ Nonprofits: up to 100%; for profits: up to 95%;
- ✚ lesser of “as-is” appraised value or acquisition costs; and
- ✚ Appraisals ordered by Fund.

- **Fees and other costs:**

- ✚ 1% due upon loan commitment date;
- ✚ 1% due at loan closing; and
- ✚ Borrower’s fees.

- **Extensions:**

- ✚ Up to 2 extensions of three (3) months each for a maximum loan term not to exceed 24 months.

Eligible applicants

- ✚ Nonprofit community-based developers.
- ✚ For-profit developers.
- ✚ Joint-venture partnerships.









Eligible Use of Proceeds

- ✓ Environmental assessment and soil studies;
- ✓ Environmental remediation plans and cost analyses;
- ✓ Site planning and assessments;
- ✓ Market studies;
- ✓ Engineering studies;
- ✓ Architectural plans;
- ✓ Appraisals;
- ✓ Project or development consultants;
- ✓ Property options;
- ✓ Surveys;
- ✓ Relocation planning and cost analyses, if applicable;
- ✓ Legal work;
- ✓ Title work;
- ✓ Real estate purchases;
- ✓ Acquisition and loan closing costs; and
- ✓ Loan carrying cost during loan term (non profit borrowers only).

Ineligible Uses:

- Hard costs, including construction and/or remediation costs.
- Demolition Costs.
- Refinancing existing mortgage loans.

Eligible Locations

- All funds must be used in GO Zone designated parishes.
- Funds will be used to finance projects located in the most-impacted eight (8) parishes of Louisiana:
 -  Calcasieu
 -  Cameron
 -  Plaquemines
 -  St. Tammany
 -  Jefferson
 -  Orleans
 -  St. Bernard
 -  Vermillion
- Projects should be compatible with the approved Unified New Orleans Plan adopted by the City Planning Commission for the subject neighborhood.

Project Requirements

■ Income Guidelines

- ✚ At least 51% of the homes or apartments must be affordable to households with incomes below 80% of the Area Median Income.

■ Flood Insurance

- ✚ Must comply with State Uniform Construction Code and FEMA's most recent Base Flood Elevations (BFEs) available and the most currently available Advisory Base Flood Elevations (ABFEs).
- ✚ Upon issuance of updated BFEs, compliance shall be assessed based on requirements stated therein and the new Flood Insurance Rate Maps (FIRMs).

Developer Requirements

- Demonstrated ability to assemble all project financing;
- Financial Capacity;
- Evidence of commercial general liability insurance;
- Flood insurance, where applicable; and
- All risks property insurance.

Federal Regulations

- 2 CFR part 230 (formerly OMB A-122);
- 2 CFR part 215 (formerly OMB A-110);
- OMB A-133;
- Commercial Organizations reference the Federal Acquisition Requirements (31.2);
- Title 24 Part 570 (CDBG Program Regulations).

What is the Uniform Relocation Act?

- URA was passed by Congress in 1970;
- Is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property or displaces persons from their homes, businesses, or farms.
- The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

When does URA apply?

- The URA is applicable at the point when:
 - 1) Site is found to be suitable;
 - 2) Project is named for purchase; and
 - 3) Project is deemed viable and application for funding is made.
 - 4) It may apply for units vacated post 8/28/05.
- Predevelopment work, such as market studies, does not trigger the URA.

Is the property really vacant?

- If the property was vacant prior to August 28th, 2005 (prior to the storm), URA would not apply.
- If the property was vacated due to the storm or sometime after the storm, URA may apply.
- Borrowers must attempt to contact former tenants and let them know that the property is being sold and that they may be entitled to benefits under URA.

Planning for URA benefits

- Borrowers should plan to set aside funding in their development budgets for URA benefits.
- Tenants are eligible for increased out of pocket rent costs; and moving expenses - actual (as documented by receipts) or based on the State schedule.
- State schedule for moving costs:
<http://www.fhwa.dot.gov/realestate/fixsch96.htm>
- URA can be complicated...Please contact us in writing with any specific questions you may have and we will be sure to post them at www.louisianaloanfund.org and/or send you a response.

Decent, Safe and Sanitary

- The Borrower is responsible for inspecting the replacement housing to ensure that it meets decent, safe and sanitary standards (e.g. hot and cold running water, safe electric system, etc), even if the tenant has moved to another state.

Examples of Acceptable URA Documentation

- Rent receipt;
- Cancelled rent checks;
- Copy of lease;
- Copy of the Driver's License with this address;
- Utility bills in the name of the former tenant.

Environmental Compliance

- Overview of standards/procedures;
- Timeline for review and approval;
- When additional environmental consultations may be necessary; and
- Other considerations.

Environmental Compliance

- Developers must obtain an environmental study that complies with the following standards:
 - 1. ASTM 1527-05
 - 2. All Appropriate Inquiries (AAI)
 - 3. 24 CFR Part 58

For Properties being improved

- The scope of the ESA shall be expanded to include testing for LBP, LIW, ACM, mold and radon, as applicable.
- The developer's environmental consultant must complete the State of Louisiana Environmental Review Forms D2-1, D2-2 and D2-3, as applicable based on the project being proposed (some forms will not apply to all projects).

Third Party Professionals

- All environmental assessments must be performed by Fund-approved third party professionals.
- When Phase II environmental reviews are needed, they must be reviewed by an independent qualified environmental consultant selected by the Fund.

Programmatic Support

Free consultations to encourage:

- Sustainable Green-building and design

Technical Assistance:

- Supportive Housing funding and management issues

How to Apply

- Borrowers may apply through Enterprise or LISC, but not through both entities
- The loan application form is available at www.louisianaloanfund.org/application
- The Fund urges potential borrowers to contact Enterprise or LISC with any questions prior to completing the application.

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Sample Application Review

- Refer to handouts.