

2020 AFFORDABILITY PRESERVATION NOFA

Frequently Asked Questions

The following questions were asked during the 2020 Affordability Preservation ([NOFA #HFU-2020-01](#)) technical assistance period.

Applicants are strongly encouraged to:

- (1) Read the [2020 Affordability Preservation Notice of Funding Availability](#), and
- (2) Review the following frequently asked questions below prior to submitting an application.

1. Is the Affordability Preservation funding the same as the HTF Housing Preservation funding?
2. Are rehab activities for a property owned by the applicant organization eligible for the Affordability Preservation funding?
3. Are single-family homes that have individual leases considered multifamily/rental and eligible for the Affordability Preservation funding?
4. Would older manufactured homes exiting the affordability period be eligible for the Affordability Preservation funding?
5. Is there a grace period given to USDA Rural Development projects seeking funds, with respect to the contracting requirement (12 months from award), given the typically protracted application process with USDA Rural Development?
6. How close does the project's loan maturity or commitment expiration need to be in order to qualify for these funds?
7. Is there a definition for rural that can be referenced when applying for these funds?
8. Is the rural definition for the HTF program different than the USDA definition?
9. What does a 'fully funded project' mean, as worded in the conditions section of the Affordability Preservation NOFA?
10. Can capitalized replacement reserves be included in the funding request?
11. Can an application be submitted without a financial statement for the quarter?
12. Is an ESA Phase 1 Environmental Review required to submit with an application?
13. Does the limited survey for asbestos, lead and mold need to be completed and submitted with the application on July 1, 2020?
14. Is the limited survey for asbestos and lead required if the project was built after these materials were made illegal?
15. Is the Evergreen Sustainable Development Standards (ESDS) required for the Affordability Preservation funding source? Can the requirement be modified or waived?
16. Is a Capital Needs Assessment (CNA) required at the time of applicant submittal?
17. Are drawings, site plans, and/or blueprints required at the time of application submittal?
18. Is a Third-Party Construction Cost Estimate required at the time of application submittal? Can this requirement be waived?
19. Does the Third-Party Certification of Final Development Costs need to be contracted at the time of application submittal?
20. Would a single page summary suffice for the Tenant Relocation Plan?

1. Is the Affordability Preservation funding the same as the HTF Housing Preservation funding?

No. Affordability Preservation funding is a separate funding source intended for projects that are not currently funded by the Housing Trust Fund (HTF) program, whereas HTF Housing Preservation funds are for existing projects in the HTF portfolio.

2. Are rehab activities for a property owned by the applicant organization eligible for the Affordability Preservation funding?

No. There are only two eligible activities available for the Affordability Preservation funds: *acquisition* or *acquisition AND rehab*. An organization that owns a property and is seeking funds for rehab of their property, such as deferred maintenance costs, would not be eligible for these funds. Rehabilitation-only projects may be eligible for Traditional HTF (aka Stage 2) funds and should consider applying once the Traditional HTF NOFA has been published.

3. Are single-family homes that have multiple individual leases considered multifamily/rental and eligible for the Affordability Preservation funding?

Yes. Single-family homes are considered by the HTF program to be “multifamily rental” projects when they house multiple individuals under individual separate leases, e.g., a group-home or Oxford House model. The rental component is the key element when determining eligibility for either multifamily rental or homeownership programs. The physical aspect of the property, single-family home or bungalows or apartments, may vary. Commerce is transitioning to using “Multifamily/Rental” or “Homeownership” as delineating terms. Therefore, the project described would be considered “Multifamily/Rental” and may be eligible for these funds, so long as it also qualifies under the NOFA’s other requirements.

4. Would older manufactured homes exiting the affordability period be eligible for the Affordability Preservation funding?

It Depends. The fact that the units are “older manufactured homes” may be problematic. The units must be able to be used for affordable housing purposes for *at least forty years*. Most manufactured homes do not have 60+ year life spans.

5. Is there a grace period given to USDA Rural Development projects seeking funds, with respect to the contracting requirement (12 months from award), given the typically protracted application process with USDA Rural Development?

No. Projects that receive an award from the Affordability Preservation funds must contract within twelve (12) months of award. The funding is intended to serve an immediate, pressing need to preserve these units. Rare exceptions *may* be made but only for completely unforeseen circumstances.

6. How close does the project’s loan maturity or commitment expiration need to be in order to qualify for these funds?

It depends. The purpose of the Affordability Preservation funding is to provide funds for nonprofits buying (or buying and rehabilitating) the properties owned by an organization who is divesting themselves of the affordable housing property. The time remaining before the project is due to exit affordability is one of the ranking mechanisms used to determine which projects should receive funds, presuming more funding is sought than is available, and provided we

receive simultaneous applications. The longer a project has before exiting affordability means that it is less of a priority to fund than a project that is exiting affordability in the next six months.

7. Is there a definition for rural that can be referenced when applying for these funds?

Yes. The HTF program defines rural in the definitions appendix of the [Affordability Preservation Notice of Funding Affordability \(NOFA\)](#), which mirrors the definition in the [Glossary of the HTF Handbook](#).

Projects are determined rural if they are located in:

- Counties with a population of less than 90,000, except for those cities within these counties with a population of greater than 25,000. For example, Franklin County except the City of Pasco.
- Counties with a population greater than 90,000, but less than 390,000 when more than an aggregated 25% of that county’s population resides in one substantially contiguous metropolitan area. The county, except the metropolitan area, would be considered rural. For example: Yakima County except the City of Yakima.
- Counties with a population greater than 390,000, but where the project is located in a sufficiently remote location to be reasonably considered as not associated with an urban center. For example: Eatonville, Pierce County. Projects thought to be in “rural” areas under this definition should contact the HTF staff for an official determination.

8. Is the rural definition for the HTF program different than the USDA definition?

Yes. USDA employs several definitions, based on the needs of its individual programs. Please see USDA’s discussion of classifications, available here: <https://www.ers.usda.gov/topics/rural-economy-population/rural-classifications/what-is-rural/>.

The HTF program is required by statute to establish a rural definition. For HTF’s definition, please see the definition of rural in the [Glossary of the HTF Handbook](#).

9. What does a ‘fully funded project’ mean, as worded in the conditions section of the Affordability Preservation NOFA?

It depends.

- If the applicant’s current project scope encompasses only the acquisition and related activities, then only the funds needed to accomplish that would be required at time of application submittal.
- If the project is currently scoped to include critical (health and safety) repairs, then the funding to accomplish all such repairs would be required at time of application submittal.

10. Can capitalized replacement reserves be included in the funding request?

No. Replacement reserve capitalization is not an allowable expense for the Affordability Preservation funds. The budget proviso states there are only two eligible activities for these funds: *acquisition* **or** *acquisition AND rehabilitation*, which is interpreted as strictly applying to only those activities directly related to purchasing a property and to rehab work.

11. Can an application be submitted without a financial statement for the quarter?

Yes. A statement in place of the financial statement will be accepted given that it:

1. Is on the applicant organization's Accounting Department's letterhead (if one does not exist, the organization's letterhead will be acceptable), and
2. Clearly states a hard date for the financial statement submittal to HTF.

Please be advised that while the application will be considered complete, it may be considered less competitive during the application scoring review due to lack of the required financial documents.

12. Is an ESA Phase 1 Environmental Review required to submit with an application?

No. A Phase I is not required at time of application. Given that these projects are currently under USDA/HUD/someone else's restrictions, it is assumed that an ESA Phase 1, or ESA Phase 2, has long since been conducted on any property coming forward.

13. Does the limited survey for asbestos, lead and mold need to be completed and submitted with the application on July 1, 2020?

No. All surveys can be delayed until after the application is submitted. Applicants must describe on the Checklist the intent and timeline for having the surveys completed. An HTF contract will NOT be executed until the surveys have been conducted and any necessary remediation appropriately planned for.

Please be advised that while the application will be considered complete, it may be considered less competitive during the application scoring review due to lack of surveys.

14. Is the limited survey for asbestos and lead required if the project was built after these materials were made illegal?

Yes. LBP and ACM surveys are required. Even though these materials were banned, it's still possible that they were used (e.g., a contractor still had some in the back of their van). Surveys can be delayed until after the application is submitted. Applicants must describe on the Checklist the intent and timeline for having the surveys completed. An HTF contract will NOT be executed until the surveys have been conducted and any necessary remediation appropriately planned for.

15. Is the Evergreen Sustainable Development Standards (ESDS) required for the Affordability Preservation funding source? Can the requirement be modified or waived?

It depends.

- If the project being submitted includes no physical work (the funds being sought are only to secure the purchase), **ESDS would not apply.**
 - If the project being submitted includes elements like health and safety upgrades, or any other capital improvements, **then ESDS would apply to those elements.** For example, paint used to paint the building would need to be compliant with Criterion 6.01 of the [ESDS 3.0.1](#) or a roof replacement would require attic insulation to be installed, do air sealing, etc. as per Criterion 5.1b of the [ESDS 3.0.1](#).
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16. Is a Capital Needs Assessment (CNA) required at the time of applicant submittal?

No. Applicants seeking funds for the acquisition of a property that has not had a CNA conducted within the last 12 months may conduct a CNA **after an award has been made**, but must

commit to completion of the CNA prior to HTF contract execution. Applicants must describe on the Checklist the intent, timeline for securing a CNA, and an estimate of when a CNA will be submitted to Commerce.

Please be advised that while the application will be considered complete, it may be considered less competitive during the application scoring review due to the lack of a CNA.

17. Are drawings, site plans, and/or blueprints required at the time of application submittal?

No. Applicants seeking Affordability Preservation funds for the acquisition, or acquisition and rehabilitation of a property without drawings, site plans, and/or blueprints, may seek funding under the 2020 Affordability Preservation NOFA, but must commit to submitting all necessary physical plan information prior to HTF contract execution. Applicants must describe on the Checklist the intent, timeline for securing these materials, and an estimate of when these materials will be submitted to Commerce.

Please be advised that while the application will be considered complete, it may be considered less competitive during the application scoring review due to the lack of drawings, site plans, and/or blueprints.

18. Is a Third-Party Construction Cost Estimate required at the time of application submittal? Can this requirement be waived?

No. Applicants seeking Affordability Preservation funds for the acquisition, or acquisition and rehabilitation of a property without a third-party construction cost estimate, may seek funding under the Affordability Preservation NOFA, but must commit to submitting a third-party construction cost estimate prior to HTF contract execution. Applicants must describe on the Checklist the intent, timeline for securing these materials, and an estimate of when these materials will be submitted to Commerce.

Please be advised that while the application will be considered complete, it may be considered less competitive during the application scoring review due to the lack of third-party construction cost estimates.

19. Does the Third-Party Certification of Final Development Costs need to be contracted at the time of application submittal?

No. The Third-Party Certification of Final Development Costs **does not** need to be contracted prior to submitting an application, but it will be required to be submitted to HTF in accordance with current policies described in the [HTF Handbook Chapter 4, Section 407](#).

20. Would a single page summary suffice for the Tenant Relocation Plan?

- Yes. A single-page summary document is acceptable.** The applicant must also:
- a. provide appropriate detail in the application materials where asked for,
 - b. provide the other relocation-related documents that are listed on the Checklist document (GINs and such), and
 - c. be prepared to submit additional detail if awarded.