Questions and Responses – AHDF Round 3

THE FOLLOWING QUESTIONS HAVE BEEN RECEIVED DURING THE LETTER OF INTEREST PERIOD. RESPONSES ARE LISTED WITH EACH QUESTION. THIS DOCUMENT MAY BE UPDATED AS ADDITIONAL QUESTIONS ARE RECEIVED.

Questions	Responses
1. For applicants, who is the authorized signor?	The authorized signor for the application must be the person within the Unit of General Local Government (UGLG) who has been authorized by the governing body to officially apply for the funding. This can be anyone from within the UGLG that has received the elected body's official authorization to represent the UGLG for purposes of the project. Examples include but are not limited to: County/City Manager; County Commissioner; City Council Chair; County/City Manager; or Department Head for the department that will be managing the project.
2. Is NCORR's Residential Anti-Displacement and Relocation Assistance Plan (RARAP) available online?	**Yes, the direct link is https://www.rebuild.nc.gov/residential-anti-displacement-and-relocation-assistance-plan-english/open**
3. Can General Contractors oversee qualified volunteer labor?	Yes. 24 CFR Part 70 permits the use of volunteers on projects that are subject to Davis-Bacon and HUD-determined wage rates.
4. Can funds be used for land acquisition?	**Yes, funds can be used to acquire land where the total project description also includes the creation of affordable housing units during the grant period.**
5. Can funds be used for road, water and sewer infrastructure creation/improvement?	Yes, funds can be used for infrastructure creation/improvements where the total project description also includes the creation of affordable housing units during the grant period.
6. Can funds be used for construction of affordable single-family housing units?	**Yes, funds can be used to construction affordable single-family homeownership or rental housing units.**
7. Can funds be used to develop supportive housing?	Yes, funds can be used to develop and construct supportive housing but cannot be used for operating expenses or public/supportive service costs. The application will require that the applicant complete an operating pro forma that accurately depicts total annual revenue and operating expenses of the project once the supportive housing project is occupied by eligible tenants for the entire duration of the stated Affordability Period based upon the amount of funds invested into the project.

8. Who will own the project after it is placed in service?	**HUD regulations do not restrict ownership of the affordable housing that is created. The determination regarding the ownership of completed affordable rental housing units rests with the Unit of General Local Government (UGLG).**
9. The Information Session focused on UGLG applicants. Is funding also available for projects developed by private organizations/property management companies?	It was determined after feedback from various listening sessions and community feedback that the third Round of the Affordable Housing Development Fund would exclusively identify UGLG's as the only eligible applicants; however, it is anticipated that this will be in partnership with other entities. This is designed to take advantage of the existing systems in place within UGLG structure for permitting, inspections, and other such local functions. NCORR has also seen better outcomes for projects that are supported strongly by the respective local government entities.
10. I saw that PHAs are not eligible, but can we utilize Project-Based Vouchers in our proposed projects?	**Yes, use of Project-Based Vouchers is permitted.**
11. Can funds be used for demolition of units?	Demolition activities are only eligible if the total project description includes the creation of new affordable housing units during the grant period and units are declared blighted and determined not suitable for rehabilitation.
12. During the Information Session it was indicated that the final performance measure to close out a project is the creation of the affordable housing units. Do these newly created housing units need to be occupied (either rented or sold to Low/Mod Income households) before meeting this close-out requirement?	**Yes, in order to meet the criteria for close-out of the project, all housing units must be occupied by Low/Mod Income households. The Affordable Housing Development Fund – Round 3 Program Manual further discusses project close-out and can be located here: https://www.rebuild.nc.gov/ahdf-r3-manual-v1formatted508/open**
13. Will there be an ongoing monitoring period?	Yes, specific to the amount of CDBG-DR funding awarded, there is a regulatorily-required Affordability Period that will be subject to ongoing monitoring until the Affordability Period concludes. Please refer to the Affordable Housing Development Fund – Round 3 Program Manual for more details regarding the applicable Affordability Period. You can find the Program Manual here: **https://www.rebuild.nc.gov/ahdf-r3-manual-v1formatted508/open**
14. Should the UGLG identify the development partner in the Letter of Interest or wait until the application?	**Identification of the development partner is not required for the Letter of Interest.**
15. Will the Information Session presentation materials be available on the NCORR website?	Yes, the presentation and the recording of the session are posted on the NCORR website.
16. In the Letter of Interest, should the UEI/TIN be from the developer or the UGLG?	**The only eligible applicants permitted to apply for funds are UGLGs, thus, the UEI/TIN should be the UGLG UEI/TIN.**

17. Is there a percentage of units that must be Low/Mod Income or does it have to be all of them?	NCORR has established that it will require 100% of the units to be set-aside for Low/Mod Income households.
18. If a project begins with infrastructure and partially funds construction, is the cost per unit averaged out across all units produced for the purposes of the Affordability Period or would the infrastructure costs be averaged out and the construction costs be based on how much reimbursement was sought for each individual unit?	**The cost per unit will be calculated based upon all funding sources identified to complete all aspects of the project. In addition, for purposes of the Affordability Period, this it is based upon the total CDBG-DR award to the project. Due to the competitive nature of the process, the more units created during the grant period, the stronger the application for that particular metric.**
19. How will it be handled if there are challenges in identifying sub-contractors that can/will build to the green standards?	HUD requires all CDBG-DR grantees (and subrecipients) to adopt a Green Building Standard for: all new construction of residential buildings; all replacement of substantially damaged residential buildings. The list of HUD-approved Green Building Standards can be found within 88 FR 3198 at **https://www.govinfo.gov/content/pkg/FR-2023-01-18/pdf/2023-00721.pdf**. For rehabilitation of non-substantially damaged residential buildings, CDBG-DR grantees (and subrecipients) must follow guidelines specified in HUD CPD Green Building Retrofit Checklist, which can be found at the following link: **https://www.hud.gov/sites/dfiles/CPD/documents/CPD-Green-Building-Retrofit-Checklist.pdf**
20. Are Payment and Performance Bonds required?	**Yes, P&P bonds are required. If the agency has an alternate policy for protecting the federal interest, this can be discussed.**
21. How do we determine household income for income eligibility purposes? Are there exceptions for seasonal income?	NCORR has adopted the IRS 1040 method of determining household income. NCORR can provide additional information and technical assistance regarding this topic. If the applicant does not file or feels their 1040 is not an accurate depiction of their annual income, third party verifications can be used for income sources.
22. Are UGLGs limited to only one application?	**No, NCORR has not limited the number of applications an UGLG can submit for consideration of funding however, the agency will inherently be increasing competition for available funds by submitting more than one application.**
23. We have already purchased property that we had rezoned. Our plan is to build 48 townhome units that we'll sell as workforce housing. Does funding allow for more than 80% of Median Income?	HUD CDBG-DR regulations stipulate that funds awarded must be used to assist Low/Moderate Income households (80% or less of Area Median Income).
24. For Homeownership Development projects: When indicating that the completed homes must be sold within 9 months, does that mean 9 months	**The completed homes must be sold within 9 months of completion of construction/certificate of occupancy.**

from completion of the home or 9 months from the end of the grant period?	
25. Can the developer and the GC be the same entity?	Yes, the Developer and General Contractor entities can be the same agency. The Program Manual instructs that the maximum Developer Fee permitted is 15% and the maximum General Contractor Fee permitted is 20%. If acting as both Developer and General Contractor, the combined fee to be collected from funds would be limited to 20%.
26. Are mixed income housing development projects eligible?	**No, CDBG-DR funding awarded through Round 3 must be exclusively set aside for Low/Moderate Income households.**
27. What are the ongoing administrative/monitoring roles of the UGLG if the private developer partner rents/sells all of the units?	The Subrecipient must maintain compliance of all regulatory requirements and program rules during the entire affordability period. The Subrecipient may delegate monitoring and compliance tasks to the developer partner but must still monitor compliance at least annually. For a Rental Development project: If the developer partner is providing ongoing rental management services, the developer must maintain all required compliance documentation for periodic monitoring by the Subrecipient. For a Homeownership Development project: The developer partner's responsibilities expire upon sale of the homeownership units. The Subrecipient remains responsible for monitoring of compliance with the homeownership assistance terms, at least annually, during the affordability period.
28. For Homeownership Development projects: (a) Is the buyer's income eligibility determined using the household's previous year IRS Form 1040? (b) What if the household is not Low/Mod at the time they take possession? (c) Is the buyer's household income eligibility recertified after purchase?	**(1) HUD limits the duration of income eligibility certification to no longer than 90 days. If the purchase does not occur prior to the 90-day income certification deadline, the household's income must be recertified. (2) If recertification reveals that the household is no longer Low/Mod Income at the time of purchase, CDBG-DR funding cannot be provided to the buyer. (3) Recertification of income eligibility is not required post-purchase.**
29. Must the entire housing project be offered exclusively to Low/Moderate Income households or is there any exception for veterans or wounded warriors?	100% of awarded CDBG-DR funding must be used to provide housing to Low/Mod Income households. There are no special set-asides for veterans or wounded warriors outside of the LMI.
30. As a tribal government (under G.S. 71A), is a Tribe of North Carolina an eligible applicant for this program?	**Yes, tribal governments would qualify as UGLGs (Units of Local Government) for the purposes of this round of funding.**

31. Does the funding allow for administration expenses?	The Subrecipient is permitted to use a portion of the awarded funding to administer, oversee and monitor the project.
32. Are the awarded funds expected to be paid back at the end of the affordability period or sooner?	**Neither HUD regulations nor NCORR guidance within the Program Manual require repayment of any funds awarded by a Subrecipient to a Developer/partner. To assist with enforcement efforts, a Subrecipient may require execution of a recorded loan agreement that may or may not require repayment.**
33. For Homeownership Development projects: How will Low/Mod Income Households afford to purchase the homes?	This detail is left for the applicant to determine. CDBG-DR funding can be used to provide subsidy (down payment/closing costs) to eligible Low/Mod Income homebuyers. There are also several other statewide and/or regional/local assistance programs that provide homebuyer assistance.
34. How will utility allowances be handled in the program vis-a-vis affordability and subrecipient responsibilities?	**Utility allowances are calculated before a tenant occupies the unit. The base affordable rent is established by what is reported on the HUD High HOME rents rent chart. Then, obtain the utility allowance that applies based upon their location of the housing unit. High HOME rent minus utility allowance equals net maximum rent for that rental unit.** **Obtain the utility allowance in one of two ways: (1) ask the local Housing Authority. They're required to calculate it annually; or (2) use the HUD Utility Schedule Model (https://tools.huduser.gov/husm/uam.html) which is contained within the Program Manual.**
35. If the UGLG selects a site 1 mile from the town center, will scoring be impacted for being farther away from amenities?	The Evaluation Criteria do not include scoring of the proximity of the proposed project to amenities or community services.
36. Are construction permits and zoning/rezoning required to be completed prior to application for funding?	**No, permits and zoning/rezoning does not need to be completed prior to application although it is a factor for consideration within the Readiness to Proceed evaluation and scoring.**
37. Are the maximum rents updated annually?	Yes, HUD annually publishes maximum rent limits based upon # of bedrooms and income level (very low, low, mod, etc.).
38. For Rental Development projects: Are tenant income certifications required to be updated annually?	**Yes, all tenant households must be recertified as income-eligible on an annual basis during the applicable affordability period. The subrecipient is responsible for ensuring that annual income recertification occurs.**
39. What kind of leverage should we expect to get for the grant dollars?	NCORR, nor HUD, require that you leverage CDBG-DR funding with any other sources to be eligible for award of funds. As the direct subrecipient, the choice is yours regarding whether you require proposed projects to identify other sources which create leverage; or

	whether proposed projects can be fully funded with CDBG-DR funding only.
40. (a) We're accepting proposals from developers and would like to know if a million dollars in grant funding should result in at least $3million in finished housing. (b) $4million? (c) What has been the average of other similar programs?	**(a) & (b) Similar to the previous question regarding leveraging, neither NCORR nor HUD require additional sources from all proposed projects. Development costs are hard costs that are verifiable and may undergo intense cost analysis to determine validity. The question/statement appears to presume that any awarded CDBG-DR funding would result in a leveraging factor. This is a presumption and may not be fact. Each proposed project will have its own set of criteria and particular scenario(s) which will affect the overall benefit vs. overall award of the CDBG-DR funding.** **(c) NCORR has not previously awarded homeownership development projects and has no average to provide to you.**
41. What's the maximum sales price for a house in Bladen County funded through this program?	Please refer to the HOME and Housing Trust Fund Homeownership Sales Price Limits contained in the Resources section of the Affordable Housing Development Fund webpage in the NCORR website. (**https://www.rebuild.nc.gov/local-and-tribal-governments/community-development/AHDF#Resources-3504**)
42. Regarding the land use restriction: Who will be responsible for overseeing/enforcing it?	**As the Subrecipient that was awarded the funding, it is the Subrecipient that is responsible for monitoring and enforcing the regulatory Affordability Period.**
43. To whose benefit will the land use restriction run?	As a Subrecipient that was awarded the funding as a grant from NCORR (but required to fulfill all HUD and NCORR regulatory/policy requirements), the Subrecipient will create and officially record the land use restriction agreement applicable to the project's housing units and will be named as the grantor/lender/beneficiary. This requires that the Subrecipient establish and maintain a monitoring schedule of at least annually and establish an enforcement element should the project/housing unit default on the terms of the officially recorded land use restriction. Additional technical assistance is available from NCORR that is specific to an awarded project by a Subrecipient.
44. Does the housing unit replacement have to be a unit-for-unit replacement?	**Federal Register Notice 88 FR 3198, IV.F.1. reports that- No, the one-for-one replacement waiver contained within this Federal Register Notice applies *only* to owner-occupied lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation. Unless, tenant-occupied and vacant occupiable lower-income dwelling units demolished or converted to another use other than lower-income housing in connection with a CDBG-DR assisted activity are generally subject to one-for-one replacement requirements at 24 CFR 42.375 and that these provisions are not waived.**

45. Does the Letter of Interest (LOI) have to be postmarked or received by June 27th?	LOIs should be submitted electronically as described in the instructions located here: **https://www.rebuild.nc.gov/local-and-tribal-governments/community-development/AHDF#LetterofInterestProcess-3503**. LOIs should not be submitted via US Postal Service in hard copy form.
*Supplemental Note on Program Income:	The AHDF R3 program manual instructs that if program income is generated from any activities funded by CDBG-DR, the Subrecipient is authorized by NCORR to retain this program income. HUD regulations at 24 CFR 570.504(c) further instruct that a Subrecipient retaining program income funds must create a plan for receipt of program income that includes: (1) Identification of specific and CDBG-eligible activities it can undertake with these funds in accordance with CDBG regulations; (2) A statement that all provisions of the NCORR Subrecipient Agreement (SRA) and the UGLG/Developer Agreement apply to activities funded with program income; (3) Clarification of at what point the Developer/Partner will disperse additional CDBG funds to the Subrecipient; and (4) Requirement of the return of any remaining program income received when the UGLG/Developer Agreement expires.