



## Residential Construction Lending Program Guidelines and Application

This Application is for organizations and individuals applying to purchase lots owned by New Orleans Redevelopment Authority (“NORA”) and receive financing from New Orleans Redevelopment Unlimited, Inc. (“NORU”) to support the redevelopment of those lots.

Applicants should note the following:

- 1) Applications must be completed electronically using Adobe Reader 8 or later. Exhibits must be completed electronically using Microsoft Excel. (Adobe Reader 8 is free software available at <http://get.adobe.com/reader/otherversions/>).
- 2) As part of the application packet, be sure to complete and submit *Exhibit A: Application Checklist* to confirm that your application is complete prior to submittal. All Exhibits are provided in one Excel Workbook, with each Attachment or Exhibit enclosed and labeled as an individual worksheet (refer to the bottom of the Excel document to view all worksheets).
- 3) Review the Guidelines prior to completing the application.

## GUIDELINES

### **Purpose/Background:**

The New Orleans Redevelopment Authority (NORA) is the owner of various properties throughout the City of New Orleans acquired through the State of Louisiana's Road Home Program, expropriation or other means. Properties include both vacant lots and structures. The NORA properties available for disposition pursuant to this program are located in the Gentilly, New Orleans East, and Treme-Lafitte neighborhoods and more specifically identified on Appendix A. To facilitate the residential redevelopment of the properties offered by NORA, New Orleans Redevelopment Unlimited, Inc. (NORU), a subsidiary of NORA, is making available financing for the redevelopment of NORA owned lots included in this notice, as well as other blighted properties in the immediate vicinity of the same NORA owned lots. This notice seeks qualified applicants to undertake quality, residential redevelopment of these properties in a timely manner.

### **Application Directions and Evaluation:**

Interested parties should review these Guidelines thoroughly prior to starting the Application. Applicants must submit completed applications along with attachments and exhibits directly to NORA as described below.

An informational meeting will be held at NORA's office located at 1409 Oretha Castle Haley Boulevard, 4th Floor, on **Friday April 11<sup>th</sup>, from 3:00 to 4:00 PM (CST)**. Respondents are urged—but not required—to attend this meeting, during which time NORA staff will discuss the application process, redevelopment requirements and answer questions.

Applicants must use Adobe Reader to complete the application electronically. Exhibits must be completed using Microsoft Excel. Once completed, submit the entire application packet together in a sealed envelope including parts "a" and "b" as described below. All applications must be submitted to NORA no later than **Friday May 30, 2014 at 4:00 PM (CST)** directed to the attention of: Kristy Sclafini, Procurement Officer, 1409 Oretha Castle Haley Boulevard, New Orleans, LA 70113, 504-658-4400, kdsclafini@nola.gov as follows:

- a) One signed submission as a .pdf file on CD, USB or other electronic delivery method, marked with the applicant's name and
- b) Five printed copies of the application enclosed in a sealed envelope, marked with "*Residential Construction Lending 2014*".

Any questions regarding the applications may be directed to Kristy Sclafini at (504) 658-4400 or kdsclafini@nola.gov.

**Please read and complete the entire application, including Exhibits and Attachments. All applications must be complete upon submission in order to be considered. Missing items may disqualify you from consideration.**

All applications submitted on time will be evaluated by staff based on the following 5 categories; (i) Experience and Capacity, (ii) Project Strength, (iii) Repayment Ability, (iv) Community Impact and (v) Diversity and Capacity Building. More information about how NORA will apply these criteria is enclosed.

NORA/NORU staff will also use information provided by applicants to perform an initial underwriting of the project to help determine feasibility and establish the terms of the financing. NORA/ NORU reserves the right to cancel this program at any time and to accept or reject, in whole or in part, any and all proposals for any reason. No award is final until final documentation has been executed between the parties.

NORA/ NORU reserves the right to re-open this application and will announce such via the website at [www.noraworks.org](http://www.noraworks.org).

**Funding Sources:** The disposition of NORA properties and all NORU loan funds which may be made available hereunder are subject to Community Development Block Grant Program regulations, 24 CFR 570.208(b), as well as satisfaction of all required federal, state, NORU and NORA program requirements.

**Eligibility:** Individuals, non-profit and for-profit developers are eligible to apply for this program. Only residential projects are eligible for financing.

**Use of Funds:** Financing is available for hard costs of construction/rehabilitation as approved by NORU, to be funded on a reimbursement basis. Financing may also be available for select soft costs, as approved by NORU. Financing will not be available for refinancing of existing debt, payment of any tax arrearages, governmental fines or penalties, buying out any stockholder or equity holder in a business, the purchase of instruments or investments for the sole purpose of a return on investment or any other use determined to be ineligible by NORU.

**Financing Terms:** Awards generally will be made as loans at low interest (2% or less based upon project approval), with a portion that may be forgiven based upon NORU's project underwriting. The maximum loan amount per applicant is \$1,000,000.00 and the minimum loan amount is \$250,000.00. All loans must be secured by a mortgage on the land, buildings and any fixed assets, or as approved by NORU. NORU agrees to subordinate its liens in favor of the applicant's approved construction lenders. Other forms of security may also be required upon a review of the application and project.

To ensure that NORU is maximizing leverage it will follow these guidelines:

- NORU financing will be limited to \$75,000 or 50% of the total development costs per property, whichever is less.
- The maximum loan forgiveness may not exceed \$25,000 per unit. NORU has a STRONG PREFERENCE for applications that require smaller levels of loan forgiveness.

All terms and other guidelines may be modified where NORA or NORU finds cause based on program priorities. All addendums will be posted on NORA's website at [www.noraworks.org](http://www.noraworks.org).

**Eligible Properties:** NORA properties listed in Appendix A are available for this program as well as a limited number of an applicant's own properties if applicable.

Applicants may include a limited number of their own properties as part of their application as long as 80% of the properties in their proposal are directly from NORA's list in Appendix A. Moreover, applicants may not request financing for their own properties if those same properties were purchased from NORA within the last 2 years. Additional information about Non-NORA owned properties is required as part of the application when applicable.

Generally, the purchase price of NORA properties listed in Appendix A will be the fair market value determined pursuant to appraisals obtained by NORA; however, discounts of the purchase price down to ten percent (10%) of the fair market value may be granted provided such properties are later sold to low and moderate income households (120% of area median income or below) and the construction complies with NORA's building standards. The difference between fair market value at the time of closing with developer and the discount amount will be payable in the event the specified conditions are not met.

NORA will require that the redevelopment of awarded properties be completed within 12 months of purchase. A phasing plan may be required by NORA if an applicant is selected for more than five (5) properties.

**Act of Sale, Loan and Disposition Agreements:** If an applicant is selected, the parties shall enter into a purchase and development agreement for the awarded properties based on the standard NORA form a draft of which may be reviewed ahead of time upon request. Those applicants that also receive financing from NORU will enter into a standard loan agreement, a draft of which is available upon request. Purchase and loan agreements must be executed within fifteen (15) calendar days after delivery, or NORA/ NORU may elect to cancel the award. These agreements shall ensure that the properties are developed in a suitable and timely manner, and provide for NORA's reversion rights in the event

that properties are not developed as required. Among other matters, these agreements shall ensure that the properties comply with the submission requirements contained in the Application and any other regulating requirement as may be determined. If the purchase price is reduced or the applicant utilizes a NORU loan, the purchase agreement and loan documents will restrict the sale of the property to households at or below 120% of the area median income. The selected applicants will be responsible for all customary closing costs associated with closing, including without limitation, all recordation and closing costs, financing expenses, survey, notarial fees for passing the Act of Sale, title insurance and/or examination and all fees and costs of services related to any financing. Taxes will be prorated from the date of closing. If any of the foregoing time periods are not met, NORA/ NORU may elect to cancel the award and accept another application or proceed in any other manner determined by NORA/ NORU.

## Selection Criteria

- 1) Experience & Capacity (30%)
  - a. Development Team
  - b. Previous Projects
  - c. References
  
- 2) Project Strength (30%)
  - a. Funding secured (except funding requested from NORU)
  - b. Market research
  - c. Marketing plan (for-sale or lease-up)
  - d. Financial projections
  - e. Building standards
  - f. Readiness to proceed
  
- 3) Repayment Ability (15%)
  - a. Size of projected leave-in subsidy
  - b. Timing of repayment
  - c. Repayment risk
  
- 4) Community Impact (15%)
  - a. Neighborhood Revitalization
  - b. Design Appropriateness
  - c. Leverage Existing Community Development Programs/Investments
  
- 5) Diversity and Capacity Building Program (10%)
  - a. Plan for the Utilization of Disadvantaged Business Enterprises (DBE)
  - b. Section 3 goals

### When considering projects NORA/ NORU's preferences will be for:

- Projects that are ready to proceed and have a high likelihood of success
- Projects undertaken by development teams with deep experience on similar projects and a demonstrated track record of success
- Projects with financial projections that reflect existing market conditions
- Projects that target properties that require limited or no leave in subsidy from NORU
- Projects that demonstrate the ability to repay NORU financing
- Projects that contribute to restoration of real estate markets and neighborhood stabilization
- Projects that include fully developed, realistic marketing plans
- Projects that adopt high-quality and energy efficient building standards

**Additional Requirements**

NORA/NORU reserves the right to add any and all requirements that are needed to effectuate the goals of this program or comply with any legal requirements. NORA/NORU reserves the right to amend the instructions, requirements, general and special conditions, or scope of work. Copies of such amendments shall be posted to NORA's website, [www.noraworks.org](http://www.noraworks.org). Further, NORA/NORU may waive certain provisions of these requirements based upon a determination of the public benefits of the project.

**Building Standards:** All applicants must incorporate compliance with NORA/NORU building standards into their plans, including budgets, as described further in Appendix B.

**Conflict of Interest:** All applicants agree to disclose any direct or indirect, current or future, conflicts of interest between themselves and NORA/ NORU and their respective employees. If questions arise about potential conflicts of interests, please contact NORA prior to submitting a response.

**Ownership of Submission:** All materials submitted in response to this request shall become the property of NORA/ NORU. Selection or rejection of a submission does not affect this right.

**Proprietary Information:** As a public agency, NORA is subject to the disclosure requirements of the Public Records Act, La.R.S. 44:1, et seq. Only information which is in the nature of legitimate trade secrets or non-published financial data may be deemed proprietary or confidential. Any material within a submission identified as such must be clearly marked as CONFIDENTIAL and will be handled in accordance with the Louisiana Public Records Act, R.S. 44: 1-44 and applicable rules and regulations. Any submission marked as CONFIDENTIAL in its entirety may be rejected without further consideration or recourse.

**Cost of Preparing Submission:** NORA/NORU shall not be liable for any costs incurred by applicants. Costs associated with developing the proposal, preparing for oral presentations, and any other expenses incurred by the applicant in connection with this application are entirely the responsibility of the applicant and shall not be reimbursed in any manner by NORA/NORU.

**Errors and Omissions in Proposal:** NORA/NORU shall not be liable for any errors in proposals. NORA/NORU have the right to request clarification or additional information from the applicants. The application and proposal of selected applicants may become part of any contract initiated by NORA/NORU.

**Compliance with All Applicable Laws:** Any work completed pursuant to NORA/NORU's Residential Construction Lending Program shall be governed and/or construed in accordance with the laws and jurisprudence of the State of Louisiana. At the time of applicant's submission of its proposal, the applicant must be in compliance with all applicable laws of the State of Louisiana, the United States and local ordinances, including licensure requirements.

**Publication and Promotion:** This application shall be posted on the NORA website, [www.noraworks.org](http://www.noraworks.org), advertised in the *Times-Picayune*, and available upon request. Successful applicants agree to participate in any reasonable promotional activity and to prominently display NORA signage on the site of redevelopment. Such signage must be at least as large as standard real estate "For Sale" signage and shall be provided by NORA. All successful applicants also agree to participate in community meetings scheduled by NORA and to make information about their plans available to the community.

**Good Standing:** Applicants that have been or that contract with any person or entity that has been barred by, and is otherwise not in good standing with, NORA, NORU, the State of Louisiana, the City of New Orleans or the U.S. Department of Housing and Urban Development (HUD) are not eligible.

**Environmental Review:** Compliance with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) is a requirement of this program. Applicants will be required to obtain and submit to NORA and NORU a HUD Environmental Review Record, prepared pursuant to 24 CFR Part 58, and completed by an approved environmental consultant. By submission of an application, the applicant acknowledges and agrees that from and after the date of submission of its application for program funds, ***no “choice-limiting” activities may be undertaken with respect to the project until a Notice to Proceed or equivalent letter has been issued by NORU.*** “Choice-limiting” activities include property acquisition, demolition, movement, rehabilitation, conversion, repair, construction and leasing or disposition. ***Performing a choice-limiting activity after submission of an application without issuance of a Notice to Proceed will disqualify a project from receiving any program funds from NORU.*** Note that any purchase agreement executed prior to receipt of a Notice to Proceed/Notice of Environmental Clearance must be conditioned upon this review being completed by NORU.

Completion of the environmental review process is **mandatory** before taking any choice-limiting action even if reimbursement of costs is not sought for the choice-limiting activity.

**Uniform Relocation Act (URA):** private property acquisition under projects receiving assistance from this program must follow the process prescribed by the Uniform Relocation Act. Contact NORA staff if property acquisition, or if the relocation of people or businesses (other than the actual applicant for these funds), is a necessary component of your project. **Failure to comply with these requirements will disqualify a project from receiving any funds from NORU.**

**Section 3:** To ensure that employment and other economic opportunities generated by certain federal financial assistance shall, to the greatest extent feasible, be directed to low- and very low-income persons, Developers awarded funds will be required to provide a “Section 3 Plan” to NORA/NORU as part of the Developer Agreement in accordance with Section 3 of the Housing and Urban Development Act of 1968.

**Diversity and Capacity Building:** It is important that Applicants demonstrate a commitment to incorporate minority and women participation, as well as small and local businesses, including but not limited to ownership, financing, design, construction and management. Because NORA endeavors to dispose of 25 or more properties through this solicitation, all respondents are required to incorporate a “Plan for the Utilization of Disadvantaged Business Enterprises (DBE’s)” which will be submitted to the City of New Orleans’ Office of Supplier Diversity for review and in compliance with City of New Orleans Ordinance No.025369 M.C.S. Failure to incorporate the Plan for the Utilization of DBEs shall render the proposal unresponsive.

**Contact and References:** Applicants must provide accurate contact information and attest to the veracity of the information supplied. At its discretion, NORA/NORU staff may contact references and industry sources, investigate previous projects and current commitments, interview some or all of the proposed development team members, and take any other information into account in its evaluation of the responses. NORA/NORU reserves the right to request clarification or additional information and to request that applicants make presentations to the NORA Board of Commissioners, NORU Board of Directors, community groups or others. NORU will independently evaluate the financial materials submitted and may adjust the projections provided to more realistic levels as determined by NORU.

**APPLICATION**  
**RESIDENTIAL CONSTRUCTION LENDING**  
**March 28, 2014**

**Summary**

<b>APPLICANT INFORMATION</b>	
<b>Applicant Name and Title</b>	
<b>Signatory Name and Title (if different)</b>	
<b>Address</b>	
<b>City, State, Zip</b>	
<b>Telephone</b>	
<b>Fax</b>	
<b>Email</b>	
<b>Contact Name (if different)</b>	
<b>Tax ID Number</b>	
<b>DUNS#</b>	
<b>Applicant Type</b>	<input type="checkbox"/> LLC <input type="checkbox"/> Sole Owner <input type="checkbox"/> 501(c) 3 <input type="checkbox"/> Partnership <input type="checkbox"/> Joint-Venture <input type="checkbox"/> Corp.

<b>PROPERTY AND FINANCING REQUEST SUMMARY (Complete after Section II*)</b>	
<b>Total Loan Amount</b>	
<b>Total Loan Forgiveness</b>	
<b># of NORA Owned Properties</b>	
<b># of Non-NORA Owned Properties</b>	

\* After completing Exhibits referenced in Section II, use the information to complete your request summary.

**I) Experience & Capacity (30%)**

a. Development Experience:

Complete the chart below to summarize your past performance and experience in carrying out housing projects with or without public subsidy.

Project Name/Location	Type <sup>1</sup>	Public Funding Source and Amount	# units	Project Start Date	# units completed/ date	Applicant's Role	Reference contact (name/title/phone)

<sup>1</sup> Types: OOR = Owner Occupied Rehab, RR = Rental, HO = Homeowner, MF = more than 2 units in one building  
03/12/14

b. Proposed Development Team:

Complete the chart below for each proposed **development team member**. Resumes or other biographical materials may be submitted in addition to below. Please notate next to name if attaching material.

Role	Years of Experience	DBE?	Contact Name	Email	Phone
Architect					
General Contractor					
Construction Manager					
Development Consultant					
Marketing Agent					
Realtor					
HERS Rater:					
Other:					

Provide the names of the **officers and any direct or indirect shareholders** or members of the applicant owning 10% or more interest; for partnerships, provide the names of all General Partners and all Limited Partners owning 10% or more. For joint ventures, provide the information separately for each entity that comprises the joint venture. Also, state the role that each principal would play in the development of the site. Please use additional sheets as necessary.

Shareholder or Member Name	% of Ownership or Interest	General Partner or LP?	Role in Proposed Project

Has any principal identified above OR any organization in which any principal is or was a GP, Corporate Officer or owns 10% or more been subject of any of the following:	<u>Yes</u>	<u>No</u>
1. <i>Felony conviction or pending case:</i>		
2. <i>Had an ownership or interest in a property that has received a code enforcement judgment or received multiple citations:</i>		
3. <i>In the past 5 years, failed to qualify as a responsible bidder or refused to contract after a government award has been made:</i>		
4. <i>In past 5 years, failed to file any required tax returns or failed to pay any federal, state, or city taxes or other charges:</i>		
5. <i>In past 7 years, filed a bankruptcy petition or was involved in involuntary bankruptcy proceedings:</i>		
6. <i>Been convicted of fraud, bribery or grand larceny:</i>		
7. <i>Been barred by, or otherwise not in good standing with, NORA, the State of Louisiana, the City of New Orleans or the U.S. Department of Housing and Urban Development:</i>		
8. <i>Have any governmental lien pending against real estate owned by applicant or any principals in Orleans Parish or elsewhere:</i>		

**II) Project Strength (30%)**

- a. Project Summary: In the space provided, describe the project you propose. Include information about your development strategy and anything else to supplement the Exhibits you will attach.

A large, empty rectangular box with a thin black border, intended for the applicant to write their project summary. The box is currently blank.

- b. Complete and attach **Exhibit B: Property Request List**.
- c. Complete and attach **Exhibit C: Example Development Budget**
- d. Complete and attach **Exhibit D: Development Budget and Sources**
- e. Complete and attach **Exhibit E: Development Schedule**
- f. **Building Plans** - In addition to meeting the NORA Building Standards for this program, NORA will review your standard building plans. Please provide the following information on your proposed new construction or housing rehabilitation project.
  - 1. For **new construction** full building plans and specifications are required.
  - 2. For **rehabilitation** a narrative description of the finishes, building materials and amenities that will be installed. To facilitate the development of a detailed scope of work for housing rehabilitation projects, access to structures will be provided prior to the submission of proposals.
- g. **Description of Market Research** – Provide a narrative to support the appropriateness of the sale prices, absorption rate, building design (# of bedrooms, bathrooms, square footage, etc.) Market research could be a list of comparable sales in the market, vacancy information on surrounding properties or a more formal market study. The information in this section should make it clear that there is demand for the housing you plan to develop at the price point you are targeting.

- h. **Description of Marketing Plan** – Describe how your properties will be marketed; include targeted income levels, the qualifications of third parties that will be used (housing counselors, real estate agents) and other details of how your marketing budget will be spent.

### III) Repayment Ability (15%)

- a. Loan Forgiveness - The amount of loan forgiveness requested per property will be evaluated based on information provided in Exhibit D: Development Budget and Sources.
- b. Repayment Sources –Please describe how NORU’s financing will be repaid and measures taken to ensure full and timely repayment – e.g. pre-sale of properties with deposits, take-out financing that repays NORU, low cumulative loan to value where the developer has significant funds at risk ahead of NORU’s loan or other options presented by the developer. The description provided below should align with the information provided in Exhibit D: Development Budget & Sources. Projects that can demonstrate a high likelihood of repayment will be scored higher.

#### IV) Community Impact (15%)

- a. Neighborhood Revitalization: Summarize how your proposed redevelopment will promote clustered development and impact the surrounding neighborhood - e.g. all of the NORA owned structures on block X will be redeveloped; half of the vacant lots in 2 block radius will be redeveloped; the two vacant corner lots at the intersection of Maple and Oak will be redeveloped, etc.

- b. Design Appropriateness: Explain how the design plans will integrate redeveloped properties with the surrounding neighborhood – e.g. building materials, finishes, size, configuration, parking location and other relevant factors. Keep in mind, your proposals here must be in-line with your budgets from Part II.

- c. Leverage Existing Community Development Programs/Investments – explain how your activities will support other investments from public and private sectors. (e.g. Choice Neighborhoods Initiative, adjacent to a school, located within an Housing Opportunity Zone, support an existing neighborhood redevelopment plan, etc.)

## V) Diversity and Capacity Building (10%)

- a. Complete and attach ***Exhibit F: Plan for the Utilization of DBEs and Section 3***. NORA has determined 35% DBE to be an acceptable participation goal. Because NORA endeavors to dispose of 25 or more properties through this solicitation, all respondents are required to incorporate a “Plan for the Utilization of DBEs” which will be submitted to the City of New Orleans’ Office of Supplier Diversity for review and in compliance with City of New Orleans Ordinance No.025369 M.C.S. Failure to incorporate the Plan for the Utilization of DBEs shall render the proposal unresponsive. Technical guidance on how to develop an appropriate plan for the Utilization of DBEs is available upon request. Please contact Victoria Hines (504) 658-4400.

Separately, the projects proposed are subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended. If awarded, Developers will be asked to complete an official Section 3 Plan, to be kept on file with NORA. For application purposes, use the space provided on Exhibit F to show how you will make “good faith efforts” to meet goals towards providing training, employment and contracting opportunities to low and very low-income residents and business as to be established in your plan.

**Certification:** To the best of my knowledge, information in this application and all attachments are true and correct. I am authorized to sign on behalf of the applicant. All steps necessary to submit this application have been taken. By execution below I acknowledge and agree to the provisions of the New Orleans Redevelopment Unlimited, Inc. (NORU)/ New Orleans Redevelopment Authority (NORA) Residential Construction Lending Program Guidelines. I understand that government representatives may be entitled to review records regarding the project and any other information submitted in connection with this application. Applicant authorizes NORU and NORA to release to the government or any court of competent jurisdiction any project related information in its possession. Applicant and its principals authorize NORU and NORA to request and confer with bank references, to check and receive reports from credit references and credit reporting agencies concerning the credit worthiness of applicant and its principals. Applicant and its principals authorize credit references and reporting agencies and persons and entities and persons familiar with applicant's or its principal's work to release and make available to NORU and NORA credit reports, and any other data and references. I further authorize NORA to share with applicable state and federal agencies the information contained in this application and any information obtained or reasonably necessary for loan consideration.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_