



# Off-Farm Labor Housing New Construction Loans and Grants

Notice of Solicitation of Applications (NOSA) Workshop



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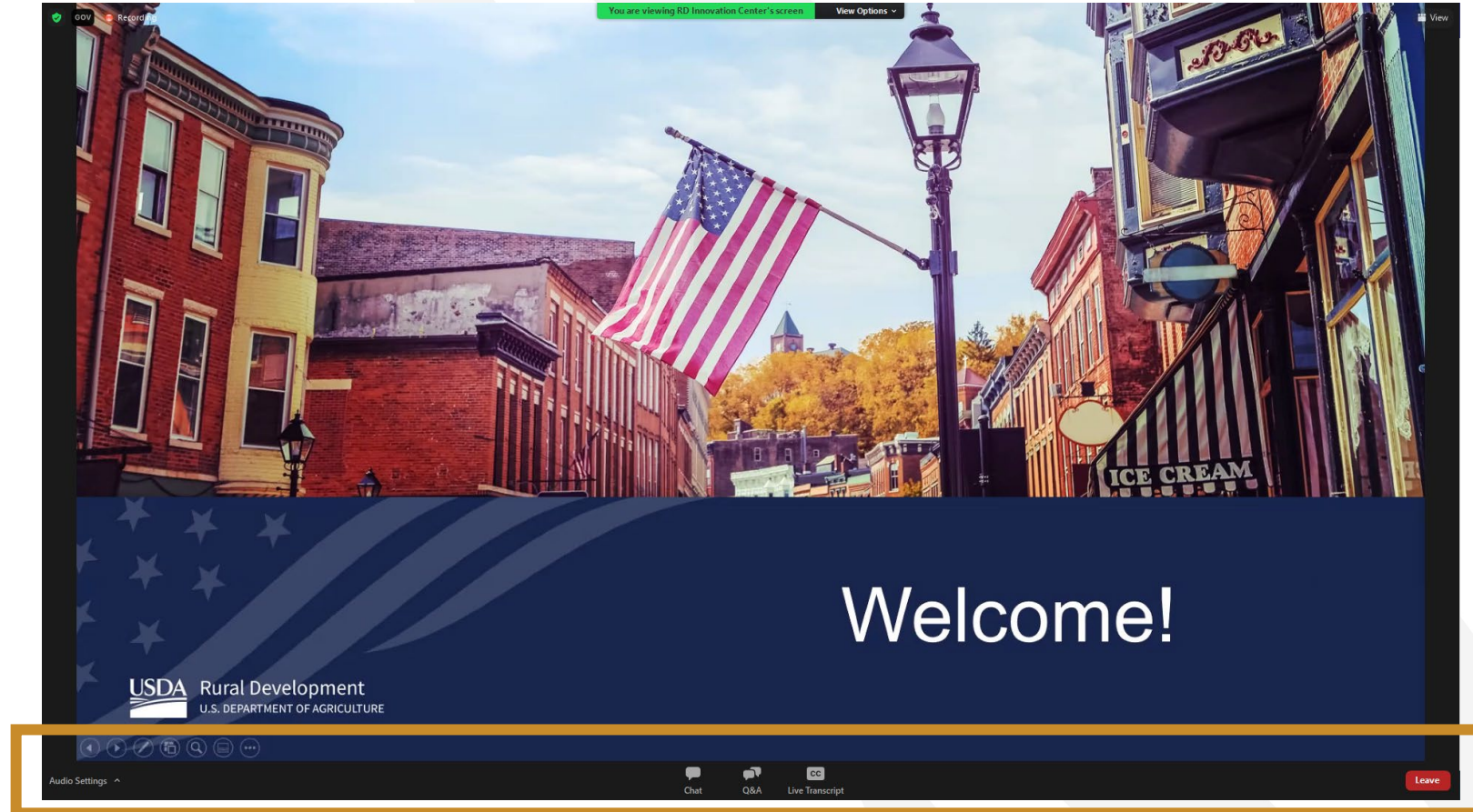
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5

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1

2

3

4

5

# Agenda

- Opening Remarks
  - Dan Rogers, Director, Production and Preservation Division
- Notice of Solicitation of Applications (NOSA) Review
  - Jonathan Bell, Director, Processing and Report Review Branches
- Questions and Resources

# Notice of Solicitation of Applications (NOSA)

- DEPARTMENT OF AGRICULTURE  
Rural Housing Service  
[Docket No. RHS–24–MFH–0010]
- Notice of Solicitation of Applications for Section 514 Off-Farm Labor Housing Loans and Section 516 Off-Farm Labor Housing Grants for New Construction for Fiscal Year 2024
- <https://www.federalregister.gov/documents/2024/04/19/2024-08155/notice-of-solicitation-of-applications-for-section-514-off-farm-labor-housing-loans-and-section-516>
- Published in the Federal Register on April 19, 2024

# Summary

- The Rural Housing Service (RHS or Agency), a Rural Development (RD) agency of the United States Department of Agriculture (USDA), announces that it is soliciting competitive pre-applications for Section 514 Off-Farm Labor Housing (Off-FLH) loans and Section 516 Off-FLH grants for the construction of new Off-FLH units for domestic farm laborers, retired domestic farm laborers, or disabled domestic farm laborers. The program objective is to increase the supply of affordable housing for farm laborers. This NOSA describes the method used to distribute funds, the pre-application and final application process, and submission requirements.

# Timeline

- Available loan and grant funding posted to the RHS Multifamily Housing (MFH) website by April 19, 2024.
- Pre-applications must be submitted by July 3, 2024, 12 p.m., Eastern Time.
- RHS pre-application notice to proceed and non-selection notifications to applicants by September 3, 2024.
- Final applications must be submitted by October 16, 2024, 12 p.m., Eastern Time.
- Awards communicated to applicants by December 16, 2024.
- Awards posted to the RHS website by January 14, 2025.
- Concept meetings will be scheduled between the dates of May 6, 2024, and May 31, 2024.
- At least three business days prior to the application deadline, the applicant must email the RHS a request to create a shared folder in CloudVault.

# Application Submission Process

- Applications to this Notice must be submitted electronically to the Production and Preservation Division, Processing and Report Review Branch.
- At least three business days prior to the application deadline, the applicant must email the RHS a request to create a shared folder in CloudVault. The email must be sent to the following address: [Off-FLHapplication@usda.gov](mailto:Off-FLHapplication@usda.gov). The email must contain the following information:
  1. *Subject line:* “Off-FLH New Construction Application Submission.”
  2. *Body of email:* Borrower Name, Project Name, Borrower Contact Information, Project State.
  3. *Request language:* “Please create a shared CloudVault folder so that we may submit our new construction application documents.”
- Once the email request to create a shared CloudVault folder has been received, a shared folder will be created within two business days. When the shared CloudVault folder is created by the RHS, the system will automatically send an email to the applicant’s submission email address with a link to the shared folder. All required application documents in accordance with this Notice must be loaded into the shared CloudVault folder. The applicant’s access to the shared CloudVault folder will be removed when the submission deadline is reached. Any document uploaded to the shared CloudVault folder after the application deadline will not be reviewed or considered.

# Available Funds

- Funding amounts are indicated below (2024):
  - FLH Loan (514): Up to \$31,100,000
  - FLH Grant (516): Up to \$11,900,000
  - Total: \$43,000,000
- Previous year funding amounts are indicated below (2022):
  - Total: \$39,394,000
- Overall funding increase of \$3,606,000
- [Off-Farm Labor Housing Direct Loans & Grants | Rural Development \(usda.gov\)](#) (Click “To Apply” tab)
- Rental Assistance (RA) and Operating Assistance (OA) may be available for projects funded under this Notice, subject to the availability of funds.



# Maximum Award

- Total Award amounts for Section 514 loans and Section 516 grants under this notice for Off-FLH may not exceed the per unit, as adjusted by number of bedrooms, Basic Statutory Mortgage Limits published by the U.S. Department of Housing & Urban Development for the 221(d)(4) program for elevated building as follows:

- SECTION 221(d)(4)—MODERATE INCOME HOUSING

Bedrooms	Per unit limit
0 .....	\$66,591
1 .....	76,340
2 .....	92,831
3 .....	120,090
4+ .....	131,826

- The maximum award per selected project may not exceed \$5 million (total loan and grant).
- A state will not receive more than 30 percent of the Off-FLH funding (excluding awards made to Federally Recognized Tribes or Tribally Designated Housing Entities) unless there are remaining Section 514 and Section 516 funds after all eligible applications nationwide have been funded. In this case, funds will be awarded to the next highest-ranking eligible applications among all of the remaining unfunded applications. The allocation of these funds may result in a state or states exceeding the 30 percent limitation.

# Housing Eligibility

- Housing that is constructed with FLH loans and/or grant funds must meet RHS's design and construction standards contained in 7 CFR part 1924, subparts A and C. All projects must comply with current building codes and standards.

# Tenant Eligibility

- Tenant eligibility is limited to persons who meet the definition of a “domestic farm laborer,” a “disabled domestic farm laborer,” or a “retired domestic farm laborer” as defined in Section 514(f)(3) of the Housing Act of 1949, as amended (42 U.S.C. 1484(f)(3)).
- Section 514(f)(3)(A) of the Housing Act of 1949 (42 U.S.C. 1484(f)(3)(A)) was amended to extend FLH tenant eligibility to agricultural workers legally admitted to the United States and authorized to work in agriculture.

# Applicant Eligibility

- To be eligible to receive a Section 514 loan for Off-FLH, the applicant must meet the requirements of 7 CFR 3560.555(a) and (1) be a broad-based non-profit organization, a non-profit organization of farmworkers, a Federally recognized Indian tribe, a community organization, or an Agency or political subdivision of state or local Government, and must meet the requirements of § 3560.55, excluding § 3560.55(a)(6), or (2) be a limited partnership with a non-profit general partner which meets the requirements of § 3560.55(d).
- To be eligible to receive a Section 516 grant for Off-FLH, the applicant must meet the requirements of 7 CFR 3560.555(b) and (1) be a broad-based non-profit organization, a non-profit organization of farmworkers, a federally recognized Indian tribe, a community organization, or an agency or political subdivision of State or local Government, and must meet the requirements of § 3560.55, excluding § 3560.55(a)(6), and (2) be able to contribute at least one-tenth of the total FLH development cost from its own or other resources.
- Limited partnerships with a non-profit general partner are eligible for Section 514 loans; however, they are not eligible for Section 516 grants.



# Two Phase Application Process

- The application process will be in two phases: The initial pre-application and the submission of a final application. Only those pre-applications that are selected for further processing will be invited to submit a final application.

# Pre-Application Information

- The pre-application requirements are outlined in detail in the NOSA.
- The following are pre-application requirements for discussion (list not all inclusive):
  - Submit a current (within 6 months from the date of issuance) comprehensive credit reports that contain details of both current open credit accounts and closed accounts for both the entity and the actual individual principals, partners, and members within the applicant entity, including any sub-entities who are responsible for controlling the ownership and operations of the entity. If any of the principals in the applicant entity are not natural persons (including but not limited to corporations, limited liability companies, trusts, partnerships, or limited partnerships), separate comprehensive commercial credit reports must be submitted on those organizations as well.
  - Market feasibility documentation to identify the supply and demand for Off-FLH in the market area. A market study must be submitted.

## Pre-Application Information Continued...

- Preliminary plans and specifications, including a plot plan, site plan with contour lines, floor plan for each living unit type and other spaces, such as laundry facilities, community rooms, stairwells, etc., building exterior elevations, typical building exterior wall section, building layouts, and type of construction and materials. The housing must meet RHS's design and construction standards contained in 7 CFR part 1924, subparts A and C, including meeting all current applicable building codes, and must also meet all applicable federal, state, and local accessibility standards and be in compliance with all building codes.
- Environmental information in accordance with the requirements in 7 CFR part 1970. The applicant is responsible for preparing and submitting the environmental review document in accordance with the format and standards provided by RHS in 7 CFR part 1970.
- Evidence of the submission of the project description to the applicable State Housing Preservation Office (SHPO), and/or Tribal Historic Preservation Officer (THPO) with the request for comments. A letter from the SHPO and/or THPO where the Off-FLH project is located stating they have reviewed the site and made a determination, signed by their designee, is required to demonstrate compliance.
  - This process can take up to 30 days.

## Pre-Application Information Continued...

- Intergovernmental review. Evidence of compliance with Executive Order 12372. The applicant must initiate the intergovernmental review by submitting the required information to the applicable State Clearinghouse. The applicant must provide documentation that the intergovernmental review process was completed. The applicant must also submit any comments that were received as part of this review to the agency. If no comments are received, the applicant must provide documentation that the review was properly initiated and that the required comment period has expired. Applications from Federally recognized Indian tribes are not subject to this requirement.
  - This process can take up to 60 days.
  - [Intergovernmental Review | USDA](#)



# Leveraged Funds

- All applications that propose the use of any leveraged funds should submit firm commitment letters within their pre-application or final application, if available. Applicants dependent upon third-party funding, including but not limited to local-, state-, and federal resources through competitive and noncompetitive application rounds, must obtain and submit to the Agency a satisfactory commitment of those funds, as determined by the Agency, upon receipt, but no later than the twelve-month time frame, as specified in the award commitment. An extension of the award commitment of up to six months may be given, at the sole discretion of the Agency, and will be based on project viability, current program demand, and availability of program funds. Applicants unable to satisfy this condition of the award commitment will be subject to having the award rescinded and will be required to reapply in future funding announcements.
- The NOSA currently contains language that third-party commitment letters must be submitted within 180 calendar days from the issuance of the award. This language is not accurate and a NOSA correction is currently in process to be released. The correction will be made by publishing a correction notice in the federal register.

# Pre-Application Review and Scoring Information

- RHS shall make a preliminary eligibility assessment using the following criteria:
  1. The pre-application was received by the applicable submission deadlines specified in the Notice;
  2. The pre-application is complete as specified by the Notice;
  3. The applicant is an eligible entity and is not currently debarred, suspended, or delinquent on any Federal debt; and
  4. The proposal is for authorized purposes.
- RHS will rank all eligible and complete pre-applications nationwide by score, highest to lowest. Taking into account available funding, the 10 percent persistent poverty counties set aside, and the 30 percent limitation per state, RHS will determine which preapplications will be selected for further processing starting with the highest scoring pre-application. RHS will notify applicants with pre-applications found eligible and selected for further processing.

# Final Application Information

- The pre-applications that are selected for further processing will be invited to submit final applications.
- The following are final application requirements for discussion (list not all inclusive):
  - The final application must contain any document that was submitted within the pre-application that has since changed or needs to be updated. The Agency will advise the applicant of any documents that are required to be updated. The applicant may also change or update additional documents at the applicant's discretion.
  - A narrative that contains a description of any changes from the preapplication submission.
  - Final plans and specifications along with the proposed manner of construction, if available. The housing must meet RHS's design and construction standards contained in 7 CFR part 1924, subparts A and C, and must also meet all applicable Federal, state, and local accessibility standards and be in compliance with all current building codes. The final plans and specifications, along with the proposed manner of construction, are not required to be submitted prior to the final application deadline. However, these documents must be submitted prior to the approval of the final application. The Agency will communicate to applicants the deadline to submit these documents.

# Final Application Information Continued...

- Final construction planning, bidding, and contract documents, including, but not limited to the construction contract and architectural agreement, if available. The final construction planning, bidding, and contract documents, including the construction contract and architectural agreement, etc., are not required to be submitted prior to the final application deadline. However, these documents must be submitted prior to the approval of the final application. The Agency will communicate to applicants the deadline to submit these documents.
- Acceptable appraisal. Appraisals for applications requesting an Off-FLH loan may be conditioned but will be required prior to closing. Please refer to the Agency's appraisal guidance under the "To Apply" tab on the Off-Farm Labor Housing Direct Loans & Grants website
  - [Off-Farm Labor Housing Direct Loans & Grants | Rural Development \(usda.gov\)](#) (click "To Apply" tab)
  - MFH\_514\_516\_Off Farm\_New Construction\_Appraisal Assignment Guidance



## Final Application Information Continued...

- A Capital Needs Assessment (CNA) is not required. When underwriting new construction applications, the Agency will require an initial and ongoing capitalization of the replacement reserve account to address future replacement reserve-eligible needs. This shall be reflected in the applicant's development budget as an Initial Deposit for Replacement Reserve (IDRR) in an amount equal to \$250 per-unit. The Annual Deposit for Replacement Reserve (ADRR) requirements shall be reflected in the operating budget and shall be the lower of the following:
  - i. 0.2% of the Total Development Costs (TDC) per unit.
  - ii. \$450 per unit.
  - iii. An amount determined to be acceptable, at the sole discretion of the agency based on the underwriting analysis, that is required by another participating state or federal: program, lender, or investor in the proposed transaction.

# Technical Assistance Providers

- RHS awards grants to nonprofit organizations to provide technical assistance to applicants for Farm Labor Housing (FLH) loans and grants. These loans and grants are used to increase the availability of affordable, decent housing for farm laborers.
- Eligible grantees are public and private nonprofit organizations.
- Eligible Use of Funds
  - Technical assistance provided during the application, underwriting, and closing processes.
  - Assistance with transaction costs associated with the application process, and for other agency approved consultation, advisory and non-construction services.
- [Off-Farm Labor Housing Technical Assistance Grants | Rural Development \(usda.gov\)](#) (Click the “Contact” tab for a list of awardees)

# Concept Meeting

- Prior to the submission of an application, the applicant is encouraged to schedule a concept meeting with RHS to discuss the application process, the specifics of the proposed project, and the borrower's responsibilities under the Off-FLH new construction program, among other topics.
- Concept meetings will be scheduled between the dates of May 6, 2024, and May 31, 2024. No concept meetings will be scheduled outside of the specified dates.
- Requests for concept meetings can be sent to the following email address: [MFHprocessing1@usda.gov](mailto:MFHprocessing1@usda.gov) and must be received by May 20, 2024. The email must contain the following information:
  - (1) *Subject line*: "Off-FLH New Construction Concept Call Request."
  - (2) *Body of email*: Borrower Name, Project Name, Borrower Contact Information, Project State.
  - (3) *Request language*: "We request to schedule a concept call to discuss our proposed application for the Off-FLH New Construction NOSA."

# Administrative and National Policy

- All FLH loans and grants are subject to the restrictive-use requirements contained in 7 CFR 3560.72(a)(2).
- For Section 516 Off-FLH grant awardees, a FLH grant agreement, prepared by RHS, must be dated and executed by the applicant on the date of closing. The grant agreement will remain in effect for so long as there is a need for the housing and will not expire until an official determination has been made by RHS that there is no longer a need for the housing.
- Build America, Buy America Act (BABAA). Funding to Non-Federal Entities. Awardees that are Non-Federal Entities, defined pursuant to 2 CFR 200.1 as any State, local government, Indian tribe, Institution of Higher Education, or nonprofit organization, shall be governed by the requirements of Section 70914 of the Build America, Buy America Act (BABAA) within the Infrastructure Investment and Jobs Act (Pub. L. 117–58), and its implementing regulations at 2 CFR part 184.
- For construction utilizing a Section 516 grant, the provisions of the Davis-Bacon Act (40 U.S.C. chapter 31, subchapter IV) and implementing regulations published at 29 CFR parts 1, 3, and 5.

# Questions and Resources

- Questions:
  - [MFHprocessing1@usda.gov](mailto:MFHprocessing1@usda.gov)
- Feedback:
  - Dan Rogers, Director, Production and Preservation Division
    - [Daniel.Rogers2@usda.gov](mailto:Daniel.Rogers2@usda.gov)
  - Jonathan Bell, Director, Processing and Report Review Branches
    - [jonathan.bell@usda.gov](mailto:jonathan.bell@usda.gov)
- Resources:
  - [Off-Farm Labor Housing Direct Loans & Grants | Rural Development \(usda.gov\)](#)
  - [USDA Rural Development \(govdelivery.com\)](#)



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