



Off-Farm Labor Housing Repair Loans and Grants

Notice of Solicitation of Applications (NOSA) Workshop

 **USDA** Rural Development
U.S. DEPARTMENT OF AGRICULTURE

April 3, 2024

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–0008]
- Section 514 Off-Farm Labor Housing Subsequent Loans and Section 516 Off-Farm Labor Housing Subsequent Grants To Improve, Repair, or Make Modifications to Existing Off-Farm Labor Housing Properties for Fiscal Year 2024.
- <https://www.federalregister.gov/documents/2024/03/18/2024-05505/section-514-off-farm-labor-housing-subsequent-loans-and-section-516-off-farm-labor-housing>
- Published in the Federal Register on March 18, 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 accepting applications for subsequent Section 514 Off-Farm Labor Housing (Off-FLH) loans and subsequent Section 516 Off-FLH grants to improve, repair, or make modifications to existing Off-Farm Labor Housing Properties for fiscal year 2024. The NOSA describes the method used to distribute funds, the application process, and submission requirements.

Timeline

- Available loan and grant funding posted to the MFH website by March 18, 2024.
- Applications must be submitted by June 18, 2024, 12 p.m., Eastern Time.
- Awards and non-selections communicated to applicants by September 30, 2024.
- Awards posted to the RHS website by October 15, 2024.
- Concept meetings will be scheduled between the dates of April 1, 2024, and April 29, 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. The email must contain the following information:
 - (1) Subject line: “Off-FLH Repair 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 repair 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 the 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 \$10,000,000
 - FLH Grant (516): Up to \$18,000,000
 - Total: \$28,000,000
- Previous year funding amounts are indicated below (2022):
 - Total: \$22,500,000
- Overall funding increase of \$5,500,000
- [Off-Farm Labor Housing Direct Loans & Grants | Rural Development \(usda.gov\)](https://www.usda.gov/off-farm-labor-housing-direct-loans-grants)

Maximum Award

- Award may not exceed \$40,000 per unit (total loan and grant). There is no minimum award. At the sole discretion of the RHS, the maximum award may be limited to \$4,000,000 per project based on funding availability and volume of qualified applications.
- Previous year maximum award indicated below (2022):
 - Award may not exceed \$15,000 per unit (total loan and grant). There is no minimum award.
- Overall increase of \$25,000 per unit.
- A State will not receive more than 30 percent of the Off-FLH funding unless there are remaining section 514 and section 516 funds after all eligible applications from other States have been funded. In this case, funds will be awarded to the next highest-ranking eligible applications among all remaining unfunded applications nationwide. The allocation of these funds may result in a State or States exceeding the 30 percent funding limitation.

Leveraged Funds

- Any proposed leveraged funds must be in the form of a grant, non-amortizing leveraged funds, or similar funding source with no debt service. No source of leveraged funds that require a debt service is acceptable. Applications that propose the use of a grant, non-amortizing leveraged funds, or similar funding source should include firm commitment letters within their application, if available. If not included with the application, the applicant must provide firm commitment letters for any proposed leveraged funds no later than 180 calendar days from the date of issuance of the award letter under the NOSA. If the applicant is unable to secure a third-party firm commitment letter within 180 calendar days from the issuance of the award letter under this NOSA, the application will be deemed incomplete, and the award letter will be considered null and void.
- Applications that propose the use of Low-Income Housing Tax Credits (LIHTC) will not be considered and are not eligible under this Notice.

Project Eligibility

- This Notice solicits applications from the current borrowers/owners of existing Off-FLH projects currently participating in the RHS's Section 514 Off-FLH portfolio for the purpose of improving, repairing, modifying, revitalizing, and preserving the facility to ensure that it will continue to provide decent, safe, and sanitary housing. Any project that is not already participating in the RHS's Section 514 Off-FLH portfolio, as evidenced by currently having an outstanding Section 514 Off-FLH loan, is not eligible under this Notice.
- On-Farm Labor Housing projects are not eligible under this Notice.
- This Notice is for stay-in owner transactions only where the current owner, with an outstanding Section 514 Off-FLH loan, may apply for subsequent loan and/or subsequent grant funds to improve, repair, or make modifications to their Off-FLH property. Proposals that are for a transfer of ownership, to sell the property, to complete a recapitalization, or for an identity of interest (IOI) or third-party acquisition transaction will not be considered and are not eligible under this Notice.

Project Eligibility Continued...

- The project must meet the occupancy requirements outlined in the NOSA.
 - The applicant must provide documentation that the average physical vacancy rate for the twelve (12) months preceding the Notice's application submission due date has been no more than ten (10) percent for projects consisting of sixteen (16) or more revenue units, and no more than fifteen (15) percent for projects with less than sixteen (16) revenue units, unless the project is seasonal Off-FLH, or unless the applicant has an RHS approved workout plan and is in compliance with the provisions of the workout plan.
 - If the project does not meet the vacancy requirements above, a description of the cause of the vacancy rate and the plan to increase the occupancy rate must be submitted. The requested loan or grant funds must be needed to stabilize occupancy.
- The project must have a positive cash flow for the previous full three (3) years of operations as outlined in the NOSA.
 - The applicant must provide documentation that the project had a positive cash flow for the previous full three (3) years of operations preceding this Notice's application submission due date unless the applicant has an RHS approved workout plan and is in compliance with the provisions of the workout plan.
 - Additionally, an exception will apply to projects that have a negative cash flow in operations if surplus cash exists in either the general operating account as defined in 7 CFR 3560.306(d)(1) or the reserve account.
- Proposals to develop or construct additional units within the existing building envelope solely to comply with accessibility requirements will be considered and are eligible under this Notice. Funds may be used to address health, safety and accessibility needs and to repair or renovate existing project items identified in the Capital Needs Assessment (CNA). Additional items may be added to the scope of work, if practical and feasible, at the sole discretion of the RHS.

Applicant Eligibility

- To be eligible to receive a subsequent section 514 loan for Off-FLH, the applicant must meet the requirements of 7 CFR 3560.555(a) and (1) be a broad-based nonprofit organization, a nonprofit 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 subsequent section 516 grant for Off-FLH, the applicant must meet the requirements of 7 CFR 3560.555(b) and (1) be a broad-based nonprofit organization, a nonprofit 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 farm labor housing 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.

Application Information

- The application requirements are outlined in detail in the NOSA.
- The following are application requirements for discussion (list not all inclusive):
 1. 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.

Application Information Continued...

2. Plans and specifications along with the proposed manner of construction. The plans and specifications along with the proposed manner of construction must be submitted prior to the approval of the application. The RHS will notify eligible applicants of the deadline to submit these materials.
3. Construction planning, bidding, and contract documents, including the construction contract and architectural agreement. The construction planning, bidding, and contract documents, including the construction contract and architectural agreement must be submitted prior to the approval of the application. The RHS will notify eligible applicants of the deadline to submit these materials.
4. All applications that propose the use of any grant, non-amortizing leveraged funds, or similar funding source should submit commitment letters with their application, if available. If commitment letters are not available, the applicant should include a statement that firm commitment letters will be provided within 180 calendar days of issuance of the award letter. If the applicant is unable to secure third-party firm commitment letters within 180 calendar days from the issuance of the award letter under this NOSA, the application will be deemed incomplete, the award letter will be considered null and void, and the applicant will be notified in writing that the application will be rejected.

Application Information Continued...

5. 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. Applicants may employ a design or environmental professional or technical service provider to assist them in the preparation of their environmental review documents at their own expense.
6. 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, will serve as evidence of compliance.
 - This process can take up to 30 days.
7. 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 RHS. 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](#)

Application Information Continued...

8. Acceptable appraisal. Please refer to the Agency's appraisal assignment 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 \(usda.gov\)](#)
 - "MFH_514_516_Off Farm_Rehabilitation Only_Appraisal Assignment Guidance"
 - Project funds may be used to obtain the appraisal if there are adequate funds available and the request to use project funds is approved by the Field Operations Division servicing official. No appraisal is required for subsequent Section 516 Off-FLH grant only requests.

9. An acceptable As-Is CNA in accordance with the requirements set forth in the "Addendum: Capital Needs Assessment Process" at the end of the notice.
 - Project funds may be used to obtain the As-Is CNA if there are adequate funds available and the request to use project funds is approved by the Field Operations Division servicing official. The repair plan should be developed in accordance with the CNA and the applicant should submit documentation of the detailed plan and timeline for completion of the repair work.

Review and Scoring

- The RHS will accept, review, and score applications in accordance with this Notice.
- The scoring criteria is outlined in detail in the NOSA.
- Scoring criteria #6:
 - Occupancy by qualified farmworkers (5 points). Five (5) points will be awarded to projects in which all tenants are eligible farm workers, and a partial or full Diminished Needs Waiver (DNW) has not been approved or in place at any time during the twelve (12) months preceding this Notice's application submission due date.
- Previous year NOSA requirement indicated below (2022):
 - Any Off-FLH property that currently has an RHS approved Diminished Needs Waiver (DNW) or is in the process of applying for a DNW, is not eligible under this Notice. All of the tenants residing in the project must be eligible farm labor tenants as defined in this Notice. A DNW allows non-farm labor tenants to reside in farm labor housing if the diminished need for such housing has been determined and accepted by RHS.

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 Repair program, and other topics they may wish to discuss relating to the Notice.
- Concept meetings will be scheduled between the dates of April 1, 2024, and April 29, 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 and must be received by April 15, 2024. The email must contain the following information:
 - (1) Subject line: "Off-FLH Repair 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 Repair NOSA."

Review and Selection Process

- All applications must be received by the due date specified in this Notice. Applications submitted after the deadline will not be considered.
- Each application will be reviewed for overall completeness, as well as compliance with eligibility and program requirements set forth in this Notice. If an application does not meet these requirements, it will be removed from consideration and will not be scored.
- The RHS will rank all eligible applications nationwide by score, highest to lowest. Taking into account available funding, the 10 percent persistent poverty counties set-aside, and the 30 percent funding limitation per State, the RHS will determine which applications will be selected for further processing starting with the highest scoring application.

Administrative and National Policy

- Projects receiving subsequent Off-FLH loans and/or grants are subject to additional restrictive-use provisions contained in 7 CFR 3560.72(a)(2).
- For Section 516 Off-FLH grant awardees, a FLH grant agreement, prepared by the 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 the 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

Questions and Resources

- Questions:
 - MFHprocessing1@usda.gov
- Feedback:
 - Dan Rogers, Director, Production and Preservation Division
 - Daniel.Rogers2@usda.gov
 - Jonathan Bell, Director, Processing and Report Review Branches
 - 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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