

Off-FLH New Construction NOSA Workshop
Questions and Answers
May 7, 2024

Question 1: Can the nonprofit general partner in a limited partnership donate the land for the FLH project and receive the 5 scoring points?

Answer 1: Points are provided if the proposal uses a donated site which meets the following conditions: (A) The site is donated by a state, unit of local government, public body or a nonprofit organization; (B) The site is suitable for the housing proposal and meets Agency requirements in accordance with § 3560.56 (c) (1) (iv); (C) Site development costs do not exceed what they would be to purchase and develop an alternative site; (D) The overall cost of the FLH is reduced by the donation of the site; and (E) A return on investment is not paid to the borrower for the value of the donated site nor is the value of the site considered as part of the borrower's contribution.

If the applicant is seeking points for land donation, provide a narrative to explain how the land donation meets all the requirements.

Question 2: Will the recording and slides be made available after the conclusion?

Answer 2: Slides and Q&As are available on our website. (<https://www.rd.usda.gov/programs-services/multifamily-housing-programs/farm-labor-housing-direct-loans-grants#events>)

Question 3: Is there a summary of any changes from the last NOSA? Or are there no changes to the requirements/scoring?

Answer 3: The summary of changes were described throughout this presentation. The following list of changes are not exhaustive:

- Conducting a single funding round (replaced three rounds of pre-application submissions/selections with one round).
- Removed requirement that the applicant must provide two letters from other lenders showing that credit cannot be obtained on the same terms from them.
- Added Maximum Per Unit Award: All awards are subject to the availability of funding. 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.
- Applicants are required to submit environmental documents in the pre-application stage.
- Removed the requirement for applicants to submit a Capital Needs Assessment (CNA). Instead, an initial and ongoing capitalization of the replacement reserve account to address future replacement reserve-eligible needs will be calculated based on standard

industry benchmarks or will be based on requirements from other government lenders providing funding for the project.

- Included language that allows the applicant more flexibility to obtain other financing sources to combine with the FLH program financing.
- Encouraging and setting a four-week window after NOSA publication for applicants to request concept meetings with the Agency to discuss their proposals and the application process.
- Added language that reduces the applicant's score if they submit proposals in areas where the Agency has approved a Diminished Needs Waiver (DNW).
- Updated RD key priorities as follows:
 - Creating More and Better Markets: Assist rural communities to recover economically through more and better market opportunities and through improved infrastructure.
 - Advancing Racial Justice, Place-Based Equity, and Opportunity: Ensure all rural residents have equitable access to RD programs and benefits from RD funded projects.
 - Addressing Climate Change and Environmental Justice: Reduce climate pollution and increase resilience to the impacts of climate change through economic support for rural communities.
- Updated and simplified the Scoring section:
 - Development Team Experience (up to 15 points).
 - Market Conditions/Need for Farm Labor Housing (up to 15 points).
 - Ownership and Management Capacity (up to 15 points).
 - Leveraging Other Funds (up to 10 points)
 - Operational cost savings (up to 5 points)
 - Targeted Locations (5 points).
 - Tenant Support Services (up to 5 points)
 - Rural Communities (5 points).
 - Creating More and Better Markets (5 points).
 - Advancing Racial Justice, Place-Based Equity, and Opportunity (5 points).
 - Addressing Climate Change and Environmental Justice (up to 10 points).

Question 4: When will USDA know when and if rental assistance (RA) is available?

Answer 4: The Agency will know if we have sufficient RA to fund applications received once we have greater awareness of the number of applications and units proposed.

Question 5: What's the likelihood that a project will be awarded 100% rental assistance (RA) assuming the need for RA is justified and supported by the budget?

Answer 5: The Agency will know if we have sufficient RA to fund applications received once we have greater awareness of the number of applications and units proposed.

Question 6: Given the limited amount of funding available, does USDA anticipate that applicants will need to score the maximum 106 points to be considered in the competition?

Answer 6: While we expect to be oversubscribed, we do not know to what extent, nor the quality of applications received; therefore, we do not have an expectation of a total point threshold for comparative competition.

Question 7: Do you have the distribution of awards from the last NOSA, i.e., which states received funds?

Answer 7: The awards announced in the previous round are posted on our [website](#) under the “To Apply” tab.

Question 8: If rental assistance (RA) availability is subject to availability of funds, how should applicants underwrite RA? If RA funding is not available, will applications requesting RA be tossed out?

Answer 8: Applicants should underwrite to the operating expenses of the asset. If RA is unavailable, and the transaction is not financially feasible, applicants will need to demonstrate financial feasibility without rental assistance.

Question 9: Does the per-unit limit applies to USDA funds? Can leveraged funds can be used to pay for costs above the per-unit limit or does the per-unit cost limit apply to the total project without considering how much is funded by USDA?

Answer 9: The per-unit limit applies to Section 514 and 516 funds under this NOSA. Leveraged third-party funds can and are expected to exceed the limits posted.

Question 10: Is “farm worker” being construed expansively to include other natural resource-based employment sectors, such as seafood processing and timber?

Answer 10: Eligibility is described in the program regulations. DEFINITIONS: Farm labor. Services in connection with cultivating the soil, raising or harvesting any agriculture or aquaculture commodity; or in catching, netting, handling, planting, drying, packing, grading, storing, or preserving in the unprocessed stage, without respect to the source of employment (but not self-employed), any agriculture or aquaculture commodity; or delivering to storage, market, or a carrier for transportation to market or to processing any agricultural or aquacultural commodity in its unprocessed stage.

Question 11: If the intergovernmental review process takes 60 days, applications submitted today would not receive approval until after the pre-application due date. Will USDA consider extensions for this item?

Answer 11: The intergovernmental review process can take up to 60 days, but it’s possible that it could take less than that if you receive comments back prior to expiration of the required comment period. The 60-day period is the time you wait for that process to unfold, and if you receive no comments back, then you would move forward. It is possible to receive comments

and conclude the process in less than 60 days. If you have started the process, we encourage you to provide that documentation within your application, it will be considered as part of your pre-application, and we will return to you any comments we have on that. We encourage you to begin the process as soon as possible. The intergovernmental review process is also very specific to your state. Some states have a special point of contact (SPOC), and some do not. We encourage you to review the information on the provided website to clarify what is needed for this process.

Question 12: When will we know if a project will be receiving Rental Assistance (RA) and will RA be eligible to leverage additional debt?

Answer 12: The Agency will know if we have sufficient RA to fund applications received once we have greater awareness of the number of applications and units proposed. RA can be used to leverage additional debt in accordance with the Agency's regulations.

Question 13: If I have questions, where do I send them?

Answer 13: MFHprocessing1@usda.gov

Question 14: Are we still eligible if we are just a for-profit farm with h2a workers?

Answer 14: Depending on what you are proposing and the organizational structure of the borrower. If Off-Farm Labor Housing is not compatible with your proposal, please see information related to our On-Farm Labor Housing funding opportunity.

Question 15: Is this program limited to new construction only? Or can it be used for an existing house?

Answer 15: The Off-FLH New Construction NOSA is specific to new construction. Our NOSA to repair existing 514/516 units is also open until June 18, 2024 and information is available on our public website: <https://www.rd.usda.gov/programs-services/multi-family-housing-programs>.

Question 16: Do projects need to be in rural areas to qualify?

Answer 16: Housing may be constructed in urban or rural areas, as long as there is a demonstrated need for Farm Labor Housing.

Question 17: Is this program limited to populations less than 40,000? Or can they be anywhere?

Answer 17: Properties may be located in any area with a demonstrated need for Farm Labor Housing.

Question 18: How do we document “demonstrated need”?

Answer 18: Through the market study requirements described in the NOSA.

Question 19: Is farmworker housing funded under the 514 program formally designated as infrastructure for Build America, Buy America Act (BABAA)?

Answer 19: Yes.

Question 20: Is a NEPA or Phase I Environmental Site Assessment (ESA) required for the pre-application?

Answer 20: The NOSA states the following in part: Pre-Application Requirements. The application must contain the following: 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. The Phase I Environmental Site Assessment, ASTM E-1527 (Phase I ESA) is required to be submitted as part of the pre-application in accordance with 7 CFR part 1970.

Question 21: Do I need to complete an appraisal for the pre-application?

Answer 21: An appraisal is not required as part of the pre-application, it is required as part of the final application and could be conditioned as part of the conditional commitment.

Question 22: Will you send out a copy of all Q&A responses to attendees of this webinar? Will the presentation be available off-line for review and replay?

Answer 22: Slides and Q&As are available on our website (<https://www.rd.usda.gov/programs-services/multifamily-housing-programs/farm-labor-housing-direct-loans-grants#events>).