



# *New Orleans Housing Investment Program (NOHIP) RFA Information Session*



# *Program Objectives*



Return vacant properties to market for residential use



Recycle and leverage public financing



Support quality and affordable housing development



# Program Overview

- ❖ Convert vacant lots into single family homes for low-income families
- ❖ Homes sold to buyers at or below 80% AMI
- ❖ Subsidy for both the development and purchase of homes
- ❖ Expect to develop 8 properties



# *Eligible Applicants*

- ❖ Individuals, non-profit or for-profit entities.
- ❖ Must be able and willing to purchase at least 2 properties from NORA.
- ❖ Must have capacity to develop and sell at least 2 properties to qualified homebuyers.



# Project Award Summary

## NORA - Land Sales

- Properties are sold at 10% of the appraised value or \$4,000, whichever is greater.

## NORU - Subsidy

Low interest construction loans of **\$120,000 per property.**

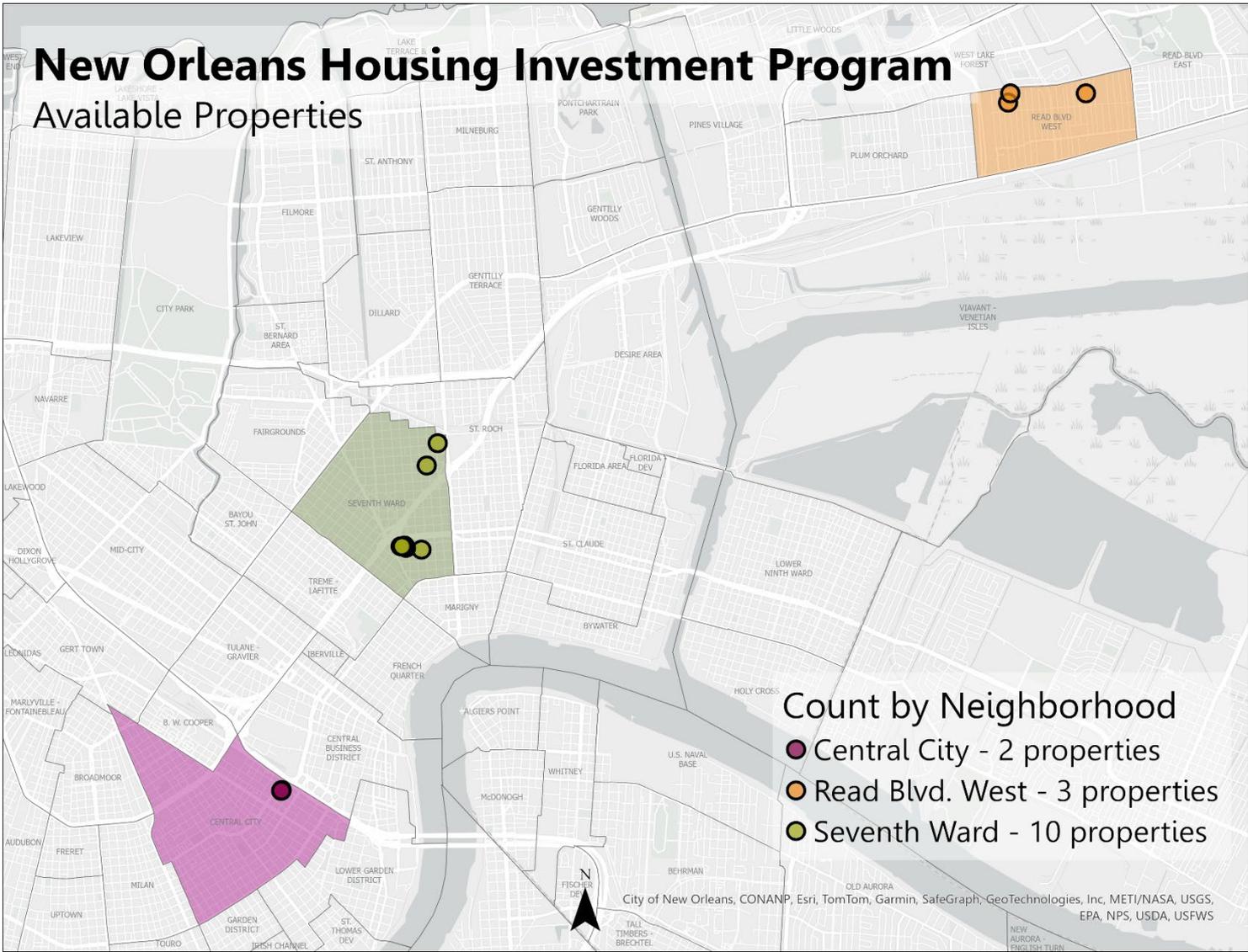
- **A minimum of \$20,000 of the loan plus interest is repayable** either at closing with an eligible homebuyer or within a timeframe to be specified in your loan and developer agreement.
- NORU will not finance more than 75% of the total development costs.
- Up to \$80,000 may be forgiven to cover a project gap. A project gap occurs when the Total Development Costs (TDC) exceed the sales price of the home. This gap fluctuates based on final sales price and final TDC. However, NORU forgiveness can not exceed \$80,000.
- Any project subsidy that is not used must be repaid to NORU.
- **In exchange for project subsidy from NORU (loan forgiveness), developers may only sell homes to low-moderate income buyers, up to 80% AMI.**



# Eligible Properties

- ❖ Only properties purchased from NORA will be eligible for financing. (See available properties in Appendix A).
- ❖ Indicate on Exhibit B which properties you want to purchase. Applicants may be awarded fewer properties than requested. If overlap occurs, priority will be given to the applicant with the highest score.
- ❖ If an applicant is offered an award which does not include the properties they requested, they have the opportunity to either select from other remaining properties or decline participation altogether prior to signing an agreement.





# Eligible Costs

- ❖ ONLY hard costs related to construction of single-family homes built on lots indicated in Appendix A.
- ❖ Rental properties are not eligible in this program.
- ❖ Expenses are funded on a reimbursement basis ONLY. Keep detailed and accurate documentation of all expenditures.
  - Total Development Costs (TDC) must be certified at the end of construction.
  - Reimbursement schedule is on average 4-6 weeks, from the date all paperwork is submitted correctly.
- ❖ NORU financing will not reimburse for any of the following;
  - Acquisition
  - Soft costs such as; A/E, developer fee, real estate agents, legal fees or closing costs.
  - Refinancing existing debt.



# *Applicant Evaluation Criteria*

30% Experience & Capacity

25% Project Strength

15% Repayment Ability

15% Community Impact

15% Diversity and Capacity Building



# 1. *Experience and Capacity* (Part 1, Page 12-15)

- ❖ Applicants are encouraged to submit examples and details of your past work as attachments. Similar work as what is proposed is best.
- ❖ Tell us about your team and highlight the roles that make each one an integral part .
  - MB/WB, and Sec. 3. Indicate on Page 13 and Exhibit F.
- ❖ Tell us what projects you have on the horizon.



## 2. Project Strength (Part II, page 16-17)

### **DON'T FORGET TO COMPLETE ALL EXHIBITS** **Exhibits B, C, D, E correspond to this scoring section**

- ❖ Your sample budget (Exhibit C) should include all costs - Developer fee, hard costs, soft costs, HERS rater, Fortified Evaluator, marketing costs....
- ❖ The Developer fee includes your profit, overhead and admin. Don't forget to include this in your budget.
- ❖ Do not create your own Exhibits or make edits to the existing format.
- ❖ Failure to complete Exhibits may deem your application “non-responsive” or just not competitive.
- ❖ A more detailed budget will be required prior to starting construction.



# Sample Budget

\*This sample budget does not represent expected costs

SAMPLE- NEW CONSTRUCTION	
Typical Square Foot	1,200
<b>Budget</b>	
<b>.01 Acquisition</b>	\$ 4,000.00
<b>.02 Demo/Site Work</b>	\$ 12,000.00
<b>.03 Foundation</b>	\$ 12,000.00
<b>.04 Plumbing</b>	\$ 12,000.00
<b>.05 Carpentry</b>	\$ 12,000.00
<b>.06 Electrical</b>	\$ 12,000.00
<b>.07 Mechanical</b>	\$ 12,000.00
<b>.08 Insulation</b>	\$ 12,000.00
<b>.09 Doors/ Windows</b>	\$ 12,000.00
<b>.10 Roofing</b>	\$ 12,000.00
<b>.11 Drywall</b>	\$ 12,000.00
<b>.12 Exterior</b>	\$ 12,000.00
<b>.13 Landscaping</b>	\$ 2,000.00
<b>GI applications/stormwater mgt</b>	\$ 2,000.00
<b>.14 Interior/Finishes/Special</b>	\$ 12,000.00
<b>.15 Misc. Items hard cost related (totals from items below)</b>	\$ 10,000.00
Contractor's GL Insurance	\$ 2,000.00
Builders Risk Insurance	\$ 2,000.00
Payment and Performance Bond	\$ 2,000.00
Building Permit	\$ 2,000.00
General Requirements (01000 - Gen. Conditions AIA G703)	\$ 2,000.00
<b>Subtotal - Hard Costs</b>	<b>\$ 158,000.00</b>

<b>.16 Soft Costs</b>	<b>\$ 4,600.00</b>
HERS rater (Energy Star)	\$ 200.00
Evaluator (Fortified Home/IBHS)	\$ 200.00
Legal	\$ 2,000.00
Architecture and Engineering	\$ 2,000.00
Permits	\$ 100.00
Appraisals	\$ 100.00
	\$ -
<b>.17 Disposition/Marketing/Holding</b>	<b>\$ 3,200.00</b>
Flood insurance	\$ 200.00
Real Estate Agent	\$ 3,000.00
	\$ -
<b>.18 Interim Financing Costs</b>	<b>\$ 200.00</b>
Construction Interest	\$ 100.00
Owner Loan Interest	\$ 100.00
	\$ -
<b>.19 Contingency (calculates automatically)</b>	<b>\$ 7,900.00</b>
<b>SUBTOTAL:</b>	<b>\$ 177,900.00</b>
<b>Developer Fee</b>	<b>\$ 22,000.00</b>
<b>Total - New Construction</b>	<b>\$ 199,900.00</b>
<b>Cost per sqft (calculates auto)</b>	<b>\$ 166.58</b>
<b>Hard Costs as % of TDC</b>	<b>89%</b>
<b>Soft Costs as % of TDC</b>	<b>4%</b>
<b>Developer Fee sa % of TDC</b>	<b>12%</b>



## 2. Project Strength Cont'd (Part II, pages 16-17)

- ❖ Home Designs - Attach new construction plans and specs
- ❖ What is your market research (informal or formal)?
  - Explain why/how your houses will sell to eligible buyers
  - How did you set the projected sales price?
  - Estimate how long it will take to sell a house
- ❖ Marketing & Sales Team - describe the sales team and approach used to market and sell properties to qualified buyers
  - Housing Counselors + Knowledgeable Real Estate Agents = Qualified Buyers
- ❖ When will you be able to commence construction?
  - Typically, permits pulled within 60 days after site control



# 3. Repayment Ability (Part III, Page 18)

- ❖ How do you reasonably justify the level of loan forgiveness you are requesting in your proposal?
- ❖ What if you can't sell the homes quickly? How will you repay yourself and the NORU loan within 6 months of project completion?
- ❖ When thinking about repayment ability, consider;
  - A buyer ready pipeline
  - A knowledgeable and proactive sales team/agent
  - Carefully phased construction



## 4. *Community Impact* (Part IV, Page 19)

- ❖ How will your homes contribute to the community in a positive way?
  - Attractive and marketable designs
  - NORA will perform a design review prior to construction
  - Neighborhood revitalization



# 4. Community Impact Cont'd (Part IV, Page 19)

## Building Standards (Appendix B)

- ❖ Fortified GOLD an IBHS program
  - “Evaluator” Professional - only 2 in Louisiana but professionals in adjacent states may travel and work remotely.
  
- ❖ Energy Star Certification is required for all homes
  - HERS Professional
  - HVAC Contractor Certification
  
- ❖ Green Infrastructure
  - Incorporate at least 2 features to manage stormwater.
  - Combined minimum storage capacity must be 1,000 gallons
  
- ❖ Design Appropriateness - You must be prepared to meet with the community about your designs if awarded.

**Consider these costs in your budget**



# 5. Diversity and Capacity Building (Part V, page 20)

- ❖ Use Exhibit F to describe how you will seek out partners that add diversity to your team and increase capacity in low-income communities.
  - If awarded, NORU will regularly request reports from the Developer on contracting with Minority and Woman owned businesses (MB/WB) and Section 3 sub-contractors or individuals (Section 3 = “low income”)
  - NORA will accept DBE certified firms as meeting the MB/WB goals.
  - Section 3 Goal:
    - 25% of the aggregate number of new hires as Section 3 residents and/or
    - 5% of the total dollar amount of construction related contracts are awarded to Section 3 business concerns.
  - While there is no specific goal for MB/WB, we expect to see substantial participation through the application



# Eligible Homebuyers

- ❖ Household income limits - 80% or below Area Median Income (AMI)

	1 person	2 person	3 person	4 person
80% AMI	\$50,300	\$57,500	\$64,700	\$71,850

Based on 2025 income limits ([FY 2025 Income Limits Documentation System -- Summary for Orleans Parish, Louisiana](#))

- ❖ Buyers are required to attend 8 hours of homebuyer counseling taught by a HUD approved agency prior to closing.

- ❖ How will low income buyers afford to pay the estimated market value of the homes?



# Homebuyer Subsidy

- ❖ NORU will offer a minimum homebuyer subsidy of \$20,000 based on need in the form of down payment and/or closing cost assistance.
- ❖ The homebuyer assistance may be increased up to a maximum of \$60,000 using any unused project subsidy that is identified prior to marketing the home. Therefore...
  - Developers who commit to using less of their forgivable loan prior to marketing the home, will be able to increase the homebuyer subsidy up to \$60,000.
  - For example: \$80,000 forgivable loan – \$20,000 (unused portion) = \$60,000 forgiven to developer/project. The \$20,000 remaining is available to a homebuyer for \$40,000 total (\$20,000 + \$20,000).



# Subsidy Summary Example

Developer XYZ determines that their total development costs (TDC) will be \$260,000. They expect the home to sell for \$200,000 and are confident that their sales team can find homebuyers who qualify for at least a \$170,000 first mortgage.

Program Basics		
\$120,000	Amount of NORU Loan Per Property	
-\$20,000	Minimum Due Back To NORU	
\$100,000	Maximum Forgiveness Per Property (Includes Project + Homebuyer Subsidy)	
Project Specifics		
\$260,000	Certified Total Development Cost (TDC)	
-\$200,000	Sales Price	
\$60,000	Gap Between TDC and Sales Price Filled by NORU Subsidy (Developer Loan Forgiveness AKA Project Subsidy)	(Project Subsidy Can Not Exceed \$80,000)
Homebuyer Specifics		
\$200,000	Sales Price	
-\$170,000	First Mortgage	
\$30,000	Gap Between First Mortgage and Sales Price Filled by NORU Subsidy (Homebuyer Subsidy)	(Homebuyer Subsidy Can Not Exceed \$60,000)
Loan Specifics		
\$60,000	Project Subsidy	
\$30,000	Homebuyer Subsidy	
\$90,000	Total Forgiveness (Can Not Exceed \$100,000)	

The developer must make sure that her marketing agent/team is aware of the \$40,000 available to the homebuyers (\$20,000 from NORU + \$20,000 from unused project subsidy). The marketing team/agent must make all buyers aware of the level of homebuyer subsidy available at the beginning of marketing, but the final homebuyer subsidy is based on need.



# Compliance Housekeeping

- ❖ Developers will execute the following agreements:
  - One Loan and Developer Agreement with NORU
  - Promissory Notes for each property with NORU
  - Mortgage for each property with NORU
  - Declaration of Covenants and Restrictions with NORA for each property
  - PSA and Act of Sale with NORA for each property within the 2025 FY
- ❖ AIA invoices (G702 and G703), signed by the GC and the architect or engineer of record are required to support each draw request.
- ❖ Redevelopment of each property must be completed within 12 months of purchase from NORA.
- ❖ Section 3 and MB/WB reports are required monthly or quarterly.
- ❖ NORA is responsible for all reporting to the State, City and Federal government. The information comes from the Developer.



# Key Elements

Key elements of successful Developers that use public financing:

- ❖ Capable Development and Sales Team
- ❖ Appropriate and accurate Development Budget
- ❖ Quality Construction
- ❖ Affordable Homes (Homebuyers can afford it)



# *Application Submission Instructions*

## **ALL ELECTRONIC SUBMISSIONS, NO PHYSICAL DROP-OFFS PERMITTED**

Application submission instructions are described on page 2 of the RFA. Request your shared drive link early.

**Applications are due in the shared drive by  
July 16, 2025 by 4 pm (CDT).**

- ❖ Use **Adobe Reader** and **Microsoft Excel** to complete the application and exhibits.
- ❖ Submit applications electronically via the **Microsoft Oneshare drive**
  - Contact Audrey Plessy directly at [Audrey.Plessy@nola.gov](mailto:Audrey.Plessy@nola.gov) to get access to your shared drive.
  - You will receive instructions about how to access the shared drive after you request the link.



# *Timeline (estimate)*

- ❖ **July 16, 2025**- Complete applications due in shared drive by 4 pm.
- ❖ **August 11, 2025**- Recommended Awards Presented to NORA Board
- ❖ **Aug - Sept** - Negotiation of Loan & Transfer Terms
- ❖ **Oct - Nov** - Loan Closing & Property Transfers
- ❖ **Dec 2025 - Jan 2026** - Construction and Sales Period



# Resources

- ❖ HUD certified homebuyer counselors - <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=LA>
- ❖ Fortified Home - <https://fortifiedhome.org/>
- ❖ Energy Star main page - [https://www.energystar.gov/index.cfm?c=bldrs\\_lenders\\_raters.nh\\_v3\\_guidelines](https://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.nh_v3_guidelines)
- ❖ HVAC contractor look-up - [https://www.energystar.gov/index.cfm?c=bldrs\\_lenders\\_raters.nh\\_hvac\\_contractors\\_finding](https://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.nh_hvac_contractors_finding)
- ❖ Enterprise Community Partners -  
0% Pre-Development Financing up to \$50,000 available per developer that can be used for early-stage project feasibility, architectural work, etc. Repayment due at close of construction financing.
  - ❖ Contact Michelle Whetten - [mwhetten@enterprisecommunity.org](mailto:mwhetten@enterprisecommunity.org)



# *Questions or Comments?*

**For Additional Information Please Contact:**

**Audrey Plessy, Procurement Manager**

**[Audrey.Plessy@nola.gov](mailto:Audrey.Plessy@nola.gov)**

**504-658-4402**

