



**NATURALLY OCCURRING AFFORDABLE HOUSING (NOAH)
PRESERVATION REHABILITATION LOAN
PROGRAM
DOCUMENTARY STAMP SURTAX LOAN FUNDS**

Apply Online: <https://www.zoomgrants.com/zgf/NOAH>

March 14, 2022



Miami-Dade County
Public Housing and Community Development
701 NW 1st Court, 16th Floor – Miami, FL 33136



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**MIAMI-DADE COUNTY
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PROGRAM**

INTRODUCTION

Naturally Occurring Affordable Housing (NOAH) refers to unsubsidized privately owned residential properties that are lower in cost because they are older and usually poorly maintained. Rents charged for NOAH multifamily units are typically lower than those charged at market-rate units due to their age, condition, outdated design and location. However, many NOAH properties are desirable for tenants because of the location within neighborhoods that are convenient to places of work, worship, transportation hubs, and because the rent is affordable. South Florida's expensive and highly competitive real estate market coupled with low wages has led to a housing affordability crisis. Miami-Dade County is incentivizing the preservation and rehabilitation of existing NOAH rental units by providing flexible rehabilitation financing to owners of existing single-family homes, duplexes or small rental housing developments.

Miami-Dade County Public Housing and Community Development (PHCD) is soliciting applications for its Naturally Occurring Affordable Housing (NOAH) Preservation Program to be funded with Documentary Stamp Surtax (Surtax) Program funds or Affordable Housing Trust Funds. The NOAH Preservation Program provides resources for moderate rehabilitation to owners of existing single-family homes, duplexes and small or midsize rental housing in Miami-Dade County for the purpose of providing moderate rehabilitation. The goal is to preserve affordability by providing Miami-Dade County's low- and moderate-income households with access to decent housing that is convenient to jobs, transportation, and essential services.

PHCD has been authorized through Ordinance number 19-121 to solicit projects for rehabilitation activities through an application process that will be reviewed and approved by PHCD staff. The applicant will complete the attached application package and submit to PHCD. The NOAH Preservation application process consists of guidelines initially approved by the BCC, detailing the required documentation. PHCD will evaluate and determine eligibility of all applications submitted.

PROGRAM GUIDELINES

The NOAH Preservation Rehabilitation Loan Program is a flexible loan at a below-market interest rate that can be tailored to meet the needs of owners and developers of 1 to 20 units of affordable housing within Miami-Dade County. Each application will be evaluated on its own merits and their ability to repay loan funds. **This application will remain open until further notice.**

A conditional loan commitment for preservation rehabilitation activities will be provided to awardees based upon the application submitted. Loans shall be secured by a mortgage or other security instrument, which will be recorded in Miami-Dade County public records.

All requests for rehabilitation loan funds will undergo an underwriting analysis conducted by PHCD staff to determine completeness of the application and financial feasibility of proposed projects.

PHCD will review the proposed scope of work for the rehabilitation activities with the applicant. If needed, PHCD will assist the applicant to prioritize rehabilitation activities that are most essential to tenant safety, security and welfare, i.e., roof, windows, doors, and functioning heating, ventilation and air conditioning (HVAC) systems.

PHCD will determine loan disbursements schedules that will be developed with the applicant, including approved loan drawdowns to fund phases of the rehabilitation project.

All funds will be disbursed to the borrower on a reimbursement basis, based on proof of payment, releases of liens and the percentage of work completed. Funds may be disbursed directly to vendors/providers for work completed and properly invoiced. Exceptions can be made with PHCD approval and adequate proof of eligible expenses.

PHCD reserves the right to limit or exceed established number of units and/or loan amounts based on project scope and the applicant's ability to meet program objectives.

PHCD reserves the right to rescind or reduce loan funds for projects that present significant material changes, including but not limited to financing, financing terms for the rehabilitation project type, or a reduction in the number of affordable housing units after being loaned funds for the project proposed in the application.

Miami-Dade County will not fund an individual or entity or an affiliate with outstanding defaulted loans, debarment actions or any other legal encumbrances with the County, State of Florida, or Federal programs regardless of the merits of the submitted proposal. Applicants may be disqualified from consideration for funding based on poor performance or non-compliance on any other projects with PHCD.

Eligible structures must be in compliance with all applicable local, state, and federal health, fire prevention, housing codes and standards, and the Florida Building Codes; or funds must be used to bring the structure up to code.

As a condition for receiving NOAH Preservation Rehabilitation loan funds, the applicant is required to maintain a minimum affordability period for set aside rehabilitated units through means of an executed and recorded restrictive covenant agreement. The required affordability period will be based on an applicant's loan amount, beginning with a minimum of 5 years and a maximum of 20 years or more.

Applicants who fail to complete an approved rehabilitation project within the contract terms will be in default under loan documents. Timely completion for rehabilitation projects should not exceed 6-12 months.

Owners and developers must provide verification of insurance appropriate to accomplish the proposed rehabilitation activity, subject to approval by Miami-Dade County.

Owners will be required to submit an owner's certification and report occupancy data annually to Miami-Dade County PHCD. NOAH Preservation Program funded properties will be monitored and inspected periodically to ensure a safe, sanitary, and secure unit for the tenant.

Displacement and/or relocation of tenants during the rehabilitation project is strictly prohibited unless expressly authorized by PHCD in advance. Any proposed relocation of a tenant must be associated with a County approved relocation plan. Certification is required by borrower that no displacement will occur. Per Florida Statutes, Chapter 83, Part II, the landlord is obligated to provide a dwelling unit, comply with applicable building codes, and maintain the premises. It is the duty of the landlord to make arrangements with the County and any existing tenants, prior to relocating any tenant. Owners must provide signed and notarized certification that no residents will be displaced.

Owners/developers agree that the Applicant/Borrower may be funded by the County for NOAH activities. Further, the applicant borrower agrees that all events funded by this NOAH application shall recognize the County as a funding source and that the applicant/borrower shall ensure that all publicity, public relations, advertisement and signs recognize the County for the support of all contracted activities. The applicant/owner/developer is responsible for all costs for the project sign, including replacing any amended, lost, defaced or missing sign. PHCD will have the discretion to determine those NOAH funded developments that must place a sign at the project development site. The sign shall remain on the premises at least sixty (60) days after issuance of the Certificate of Occupancy (CO) or Certificate of Completion (CC).

All NOAH applications must be approved by the Miami-Dade Board of County Commissioners. The NOAH Preservation Rehabilitation Loan Program will be administered by Miami-Dade County Department of Public Housing and Community Development.

NOAH applications must be submitted online via ZoomGrants. Information on the program and how to apply can be found at <https://www.zoomgrants.com/zgf/NOAH>. Applications will be accepted until further notice. Inquiries about the NOAH program may be directed to CommunityDevelopmentServices@miamidade.gov with copy to jamccal@miamidade.gov and IngramC@miamidade.gov. PHCD will respond within 3 (three) business days.

All applicants are required to have an initial meeting with PHCD staff prior to the submittal of an application.

DEFINITIONS

Affordable Housing: The federal Department of Housing and Urban Development (HUD) defines an "affordable dwelling" as one that a household can obtain for 30 percent or less of its income.

Applicant: Organization submitting a proposal for funding of a housing development project.

Application Checklist: Forms identifying documents required to complete this application. **Applications lacking items and/or criteria needed to meet minimum threshold will be deemed non-responsive and will not be scored.**

Board of County Commission (BCC): The governing body for Miami-Dade County. NOAH applications must be approved by the BCC.

C Corporation: A C Corporation, under United States federal income tax law, refers to any corporation that is taxed separately from its owners. C Corporations are distinguished from S Corporations where the profits are passed on to the shareholders, and are taxed based on personal returns.

Credit Underwriting (CU): An analytical process that determines the amount of financing necessary for completion of the construction and development of a project under the direction and oversight of PHCD. While the general intent of credit underwriting is to determine the developer's ability to repay debt, the intent of the subsidy layering review is to determine the appropriate amount of financing and the reasonableness of cost allocations. Credit underwriting is also for the purpose of determining the terms of financing and determining whether the project is financially feasible. The terms set forth in the underwriting shall be controlling.

Developer: Any individual, association, corporation, joint venture or partnership which possesses the requisite skill, experience, and credit worthiness to successfully produce affordable housing as required in the application.

General Contractor (GC): A person or entity duly licensed in the state of Florida with the requisite skills, experience and credit worthiness to successfully provide the units required in the Application.

Income Levels: An individual or family's economic means based on Area Median Income (AMI) standards.

- Low – Income is 80% of AMI or lower
- Very Low – Income is 50% of AMI or lower
- Extremely Low - Income is 30% of AMI or lower

Limited Liability Company (LLC): An LLC is a business structure allowed by state statute. Similar to a corporation, it offers limited personal liability. LLCs are not required to hold regular stockholder or management meetings, and there are no requirements to comply with other corporate formalities. An LLC business structure

allows flexibility in operation and management and passing through its income to its members with no tax at the entity level.

Minimum Threshold Requirements: Application requirements that must be satisfied for the application to be considered for funding. All documentation included on the application checklist are required. The applicant must have firm commitments for all project funding. **Applications lacking any items and/or criteria needed to meet minimum threshold will not be considered for funding.**

Naturally Occurring Affordable Housing (NOAH): NOAH properties refer to unsubsidized privately owned residential properties that are lower in cost because they are older and usually poorly maintained. Rents charged for NOAH multifamily units are typically lower than those charged at market-rate units due to their age, condition, outdated design and location. However, many NOAH properties are desirable for tenants because of the location within neighborhoods that are convenient to places of work, worship, and transportation hubs, and because the rent is affordable.

NOAH Set-Aside Unit: Those units designated within the subject project that are reserved for renters that qualify for NOAH at 80% AMI or below. Example 1: In a 1-4 unit rehabilitation, a minimum of 1 unit must be designated as a NOAH set-aside unit. Example 2: In a 20-unit rehabilitation, a minimum of 5 units must be designated as NOAH set-aside units. Existing tenants in NOAH set-aside units are not to be displaced.

Non-Recourse: No personal liability. PHCD may take the property as collateral to satisfy a debt, but have no recourse to other assets of the borrower. A Non-Recourse Loan is a loan for which the sole source of satisfaction for default thereon is the real property that was given as collateral.

Reconstruction: the rebuilding of a structure on the same site in substantially the same manner. Reconstruction is a form of rehabilitation.

Recourse: The ability of PHCD to claim money from a borrower in default, in addition to the property pledged as collateral.

Rehabilitation: The alteration, improvement or modification of an existing structure where less than 50 percent of the proposed construction work consists of New Construction. This includes but may not be limited to the installations of improvements to upgrade substandard electrical, plumbing, roofing, siding, insulation, weatherization, heating systems, hot water heaters, and dry rot repairs.

S Corporation: Corporations that elect to pass corporate income, losses, deductions and credits through to their shareholders for federal tax purposes. Shareholders of S Corporations report the flow-through of income and losses on their personal tax returns and are assessed tax at their individual income tax rates.

Site Control: Applicants must demonstrate site control (e.g., recorded title, executed lease agreement, firm purchase contract, Option-to-Purchase, or Local Government Resolution) for the site proposed for funding.

Small Development: A multi-family development that consists of 20 units or less and includes affordable housing.

Utility Allowance: The portion of housing expenses for utilities paid directly by tenant. Affordable rents assume payment of all utilities not including phone, internet or satellite service. The gross rent is reduced by the utilities that are paid by the tenant. Utility allowance means the average amount of separately metered utility costs.

NOAH PRESERVATION REHABILITATION LOAN PROGRAM

ELIGIBILITY CRITERIA

Owner/Applicant/Borrower

- Individual owners, Developers, Non-profits
- Individuals, sole proprietorships, and legal entities:
- Limited partnerships and corporations
- All existing debt on the property proposed for rehabilitation/preservation must be disclosed

Eligible Properties

- Affordable housing rental unit(s)
- Affordable Single-family home, townhome or duplex
- Affordable Small residential rental housing complex (1-20 units)*
- PHCD reserves the right to limit or exceed established unit limits based on project scope and the applicant's ability to meet program objectives.

Eligible Improvements

- Permanent general improvements to a residential structure
- Renovations or repairs that preserve or improve the basic livability, safety or utility of the roof, windows, doors, HVAC and mechanical systems, energy and water saving improvements of an existing structure

Income and Rent Limits

- Income limits are up to 80% of the Area Median Income for a family of four in Miami-Dade County
- Rents for NOAH set-aside units must not exceed the annually published Florida Housing Finance Corporation rent limits for SHIP and HHRP at:
[https://www.floridahousing.org/docs/default-source/developers-and-property-managers/compliance/limits/ship-and-hhrp---2021-combined-income-and-rent-limits-\(eff-4-1-2021\).pdf](https://www.floridahousing.org/docs/default-source/developers-and-property-managers/compliance/limits/ship-and-hhrp---2021-combined-income-and-rent-limits-(eff-4-1-2021).pdf)
(floridahousing.org)
- A minimum of one unit must be designated as NOAH set aside
- Purpose: Rehabilitate/Preserve Minimum 1 unit; up to a Maximum of 20 affordable housing units
- Loan Amount: Loan amounts can range from \$5,000 - \$15,000 per unit*
- Interest rate: Minimum 0% interest; Maximum 3.0% interest ; interest deferred during rehabilitation period
- Length: Minimum of 5 years – Maximum of 50 years; loan principal and interest is deferred until the completion of the rehabilitation activity (certificate of occupancy is issued), or until 12 months elapse after loan closing
- Affordability Period: Minimum of 5 years; Maximum of 20 years or more

Affordability Period	5 years	10 years	15 years	20 years or more
Loan Amounts per unit	\$5,000 - \$7,000	\$7,001 - \$10,000	\$10,001 - \$14,000	\$14,001 or greater

- Amortization begins at the completion of the rehabilitation activity (certificate of occupancy is issued)
- Conditions: Annual or Monthly loan installments. No pre-payment penalties will apply. Loans are not transferable to other projects owned by an applicant. No loan forgiveness.
- Negotiation: PHCD reserves the right to negotiate loan terms with the applicant to allow flexibility, while accomplishing the program's purpose of preserving Naturally Occurring Affordable Housing units.
- These loans are non-recourse if property is unencumbered by any other debt. If prior liens exist on the property then personal recourse may be required.

- Adequate collateral is required, inclusive of property or personal guarantee.
- * PHCD reserves the right to limit or exceed established loan limits based on project scope and the applicant's ability to meet program objectives.

MINIMUM THRESHOLD REQUIREMENTS

- Eligible Affordable Housing Preservation Rehabilitation Project
- Demonstrated Site Control
- Firm commitment; proof of all financing (if applicable)

UNDERWRITING CRITERIA

The underwriting analysis will consist of a review of the following:

- Project Description: location, number of affordable rental units to be rehabilitated, unit AMI mix, accessibility, demographics, and income restrictions
- Feasibility: An analysis of application documents, firm commitments, and executed agreements
- Timeliness: The application must demonstrate that the rehabilitation project can be completed within the established deadline of 6 to 12 months
- Copies of all secured mortgages on the property and corresponding loan balances

Determine Project Feasibility by analyzing the following documents within the application:

- Review of public records for outstanding debt, liens, civil court cases, judgements or building code violations
- Cost Estimate for rehabilitation is feasible based on the Physical Needs Assessment or similar rehabilitation cost estimation documentation
- Rehabilitation Plan, budget, sources and uses statement

Applicant's Budget reasonably ensures that:

- General Contractor, hard cost and soft cost contingencies meet County program requirements
- The funds requested meet program guidelines and limitations based on the information available
- The funds requested from the County in addition to owner's equity and additional declared sources of funding in the application will fully fund the proposed rehabilitation project