Finance New Orleans

Request for Applications: SMART Loan – CLT Mixed-Tenure

Published:
8-6-2026

Notice is hereby given that Finance New Orleans is seeking applications from qualified developers for participation in the Small Multifamily Affordable, Resilient, Transformational (SMART) Loan Program for the development of affordable rental and mixed-tenure homes with 2-4 units.

This Request for Applications (RFA) includes program requirements, eligibility criteria, and details on the underwriting terms and loan structure. This document and the application and instructions for submitting are available at www.financenola.org/htf-smart-loan/ .

All ***applications must be submitted electronically no later than Friday, September 11th, 2026, by 4 p.m. Central Time.*** *Applications submitted after the deadline will not be considered.* ***Applicants must express their intent to apply via email to gain access to the submission portal in SharePoint.*** *Instructions for registration are available in the application document attached to this document.*

FNO reserves the right, in its sole discretion, to reject any or all applications, and to amend or suspend the application at any time, for any reason. Any revisions, clarifications, or modifications to the program guidelines or application will be issued through formal addenda published within a reasonable timeframe. FNO reserves the right to modify program terms and guidelines based on program priorities, funding availability, and applicable requirements. Any modifications to the program terms or guidelines will be published on FNO's website with an effective date.

Contents

Section I. Program Overview

The Small Multifamily Affordable, Resilient, and Transformational (SMART) Loan Program is designed to expand the supply of high-quality, affordable small multifamily housing in New Orleans by reducing financing gaps for developers while supporting long-term affordability, neighborhood investment, and resilient housing development. Through the SMART Loan Program, Finance New Orleans (FNO) provides subordinate construction financing that converts to a forgivable permanent loan upon project completion. The permanent loan remains subordinate to the senior lender, reducing the amount of conventional financing needed to complete the development while supporting financially sustainable property operations and long-term affordability.

FNO seeks qualified affordable housing developers and Community Land Trust (CLT) partners committed to developing small multifamily housing that provides significant, long-term affordability for New Orleans residents. The SMART Loan Program supports two development types:

- **100% Rental Developments** owned and operated as affordable rental housing.
- **Mixed-Tenure Community Land Trust (CLT) Developments** that include both owner-occupied and rental units under a Community Land Trust ownership structure.

This Program Guide establishes the developer requirements, underwriting standards, application procedures, and program terms applicable Mixed-Tenure, CLT developments. The SMART Loan for Mixed-Tenure development is restricted to applicants **that have been operating as a nonprofit community land trust (CLT) for at least 2 years or a developer team applying in partnership with a nonprofit community land trust (CLT).** Non-CLT developers are eligible to apply for SMART loan funds through the corresponding rental program. Requirements for rental development are provided in a separate Program Guide. Applications for both development types will be evaluated concurrently using the same selection criteria, and no preference will be given to either project type

The SMART Loan Program is administered by Finance New Orleans through the 2026 allocation of the City of New Orleans Housing Trust Fund. The program was established in response to recommendations contained in the Housing Trust Fund Advisory Committee's November 2025 report, which identified small multifamily development as a critical strategy for expanding affordable housing opportunities throughout New Orleans.

Purpose

The HTF Guidelines allow FNO to select development projects that are either 100% rental housing or mixed-tenure (owner-occupied rentals) developments managed by a CLT.

The SMART Loan Program was created in accordance with the following goals:

- Efficiently bring new, long-term and deeply affordable units online
- Support both rental developments and mixed-tenure affordable homeownership
- Ensure units are high quality and resilient
- Prioritize development in high-opportunity neighborhoods
- Support opportunities for small / emerging affordable housing developers
- Demonstrate success through initial funding round and scale with future funding

Funding Sources

The initial source of funding for this program is the City of New Orleans Housing Trust Fund (HTF).

FNO is an administrator of the HTF, in accordance with the Housing Trust Fund Cooperative Endeavor Agreement between the City of New Orleans and Finance New Orleans (HTF CEA). Through the 2026 Housing Trust Fund Advisory Committee Report, FNO was selected to administer this "Small Multifamily Construction Subsidy" program.

Funds available: $3,357,349

Implementation Period: August 2026 - July 2028

Funds must be spent by August 2028, per the HTF CEA. Therefore, FNO's expectation is that construction projects will be completed and stabilized prior to this deadline.

Award Amounts and Anticipated Impact

Mixed-Tenure CLTs: Up to $70,000 per proposed unit, with a maximum loan size of $280,000

Maximum Award Amount for Rental Developments: Up to $125,000 per proposed rental unit, with a maximum loan size of $500,000.

Applicants may request an amount less than these thresholds in their applications. Applicants that can leverage the SMART loan with other capital and/or request an amount less than maximum award amounts may receive bonus points in the application scoring process.

Questions and Communication

The final published version of this program guide and any future amendments will be available on the Finance New Orleans website at https://financenola.org/htf-smart-loan/.

Comments and questions should be directed to htf@financeauthority.org.

Key Dates

- **Thursday, August 6th -** Final program guide and application released
- **Wednesday, August 12th by 12 p.m. CST –** Deadline to submit questions to be addressed in the info session
- **Friday, August 14th from 10:00-11:00 a.m. CST -** Virtual Info Session for applicants
    - Details for a Teams Meeting will be posted on our website at https://financenola.org/htf-smart-loan/
- **Friday, September 11th by 4 p.m. CST**- Application Due Date
- **Week of September 28th** (Anticipated)- Conditional Award Letters Issued

Section II. Program Guidelines

Eligible Properties and Geography

Funds may only be used to finance development in Orleans Parish.

The SMART Loan must be used to create new small rentals (2-4 units) operating as affordable rental units and mixed-tenure homes in New Orleans. Strong priority for triplexes and fourplexes will be given in the project selection process, meaning applications submitted for triplexes (with 3 housing units) and fourplexes (with 4 housing units) will be evaluated and considered for funding first. If funds remain after triplex and fourplex projects are selected, then FNO may consider applications for development of doubles. Projects may be new construction or substantial rehabilitation of existing blighted and vacant structures that are not currently in use as housing.

If SMART funds remain after triplex and fourplex projects are selected, then FNO may consider applications for development of other development types, including:

- Renter-occupied doubles
- Mixed-use structures with up to four units and compatible on-site uses

Mixed use structures may be considered if applicants are able to demonstrate a true need for subsidy to support affordable housing and FNO determines proposed on-site uses are compatible with affordable housing. FNO will not provide funding to cover the construction of market-rate housing or commercial spaces.

All proposed projects must comply with relevant Use Standards in Article 20 and Article 26, and other relevant regulations in the City of New Orleans Comprehensive Zoning Ordinance. Projects that are found not to be compliant with applicable zoning laws during the application stage may be penalized or disqualified.

Applicant Eligibility

Eligible applicants include not-for-profit corporations or charitable organizations, wholly owned subsidiaries of such corporations or organizations, and private for-profit developers. The borrower must be a single-asset, sole-purpose entity or LLC.

All applicants must meet the following to be selected for funds:

- Organization must be in good standing
- Organization must be current on taxes and may not have any liens associated with associated properties
- The sponsor and principal participants in the project must not be in default under any existing mortgage financing

Required Developer Experience: Applicant must have managed construction and completion of at least two (2) residential development projects (single family or multifamily new construction or substantiable rehabilitation per the Department of Safety and Permit's definition). Additionally, developer should be able to demonstrate they are currently operating the properties as rentals or were able to sell the properties. The criteria must have been met prior to submission of this application.

Community Land Trust Requirement: Applicants for mixed-tenure projects must currently operate as a nonprofit community land trust (CLT) or development teams must apply in partnership with a nonprofit community land trust (CLT). To qualify, CLTs must have been in operation for at least two years with demonstrated success developing and stewarding affordable housing beneficiaries through the home-buying and homeownership process. Applicants pursuing a partnership model should provide documentation demonstrating the CLT's long-term interest in the project and clarifying ownership structure between the Developer and CLT.

Small Developer Definition: FNO has determined that small, locally based development teams in New Orleans face demonstrated barriers to accessing capital and achieving portfolio scale relative to larger, more established developers, and that a distinct, objectively defined Small Developer category furthers the Program's purpose of cultivating a diverse and competitive pool of qualified Program Participants. For purposes of this Program, a "***Small Developer***" is an individual or organization that satisfies all of the following as of the date of application:

a. **Net Worth**. Aggregate net worth calculated in accordance with generally accepted accounting principles across the applicant and all Affiliated Entities (defined below) of less than $1,000,000, based on financial statements dated within the preceding twelve (12) months.

b. **Portfolio Size**. A combined portfolio, including all Affiliated Entities, of fewer than 50 residential units, whether held individually, through a special purpose entity, or through any other ownership structure, at the time of application.

c. **Affiliation**. "***Affiliated Entities***" means any entity in which the applicant or its principals hold, directly or indirectly, an ownership interest, management role, or right of control (including through common ownership, common control, contractual arrangement, or family relationship), regardless of whether such entity is a party to the application. Applicants must disclose all Affiliated Entities and provide financial statements sufficient for FNO to verify aggregate net worth and portfolio size under subsections (a) and (b).

d. **Good Standing**. The applicant and its principals must be in good standing under Subsection II. Applicant Eligibility, General Requirements and must not be debarred or suspended from participation in any federal, state, or local housing finance program.

e. **Certification**. Small Developer status must be certified by the applicant, subject to FNO verification, at the time of each application and is valid only for the funding round in which it is submitted; an applicant must recertify for each subsequent funding round in which it seeks Small Developer status.

FNO retains discretion to request additional information to verify an applicant's Small Developer status and to determine, based on the totality of the applicant's and its Affiliated Entities' financial condition and portfolio, whether the objective criteria in subsections (a)–(d) are satisfied. An applicant may request reconsideration of an adverse Small Developer determination in writing within ten (10) business days of notice.

Timeline

Developers must demonstrate substantial progress towards securing building permits within 4 months and close on private financing and SMART loan within 6 months from receipt of conditional award letter. Conditional award letters will expire after 6 months. Extensions will be considered under limited, extenuating circumstances. Applicants must provide an extension request in writing at least 30 days in advance of award letter expiration date to be considered for an extension. Failure to make requests timely or provide prompt and accurate responses to FNO requests for status updates at any point leading up to closing may impact whether extensions are granted.

From closing on construction loans, developers will have 12 months to complete construction, obtain Certificates of Occupancy for all units, demonstrate compliance with all FNO SMART Loan criteria, sell to qualified buyers and stabilize rental units. Requests for extensions will be considered under extenuating circumstances. Applicants must provide an extension request in writing at least 30 days in advance of 12-month deadline to be considered for an extension. Failure to make requests timely or provide prompt and accurate responses to FNO requests for status updates at any point during the construction phase may impact whether extensions are granted.

Eligible Uses of Funds

Eligible costs are limited to those reflected in the FNO-approved project budget. Developers must maintain accurate, itemized records of all project expenditures throughout both the construction and permanent loan terms, including: final actual development costs by budget line item, developer financial statements, and ongoing project financials (e.g., profit and loss statements). FNO may request supporting documentation — invoices, lien waivers, contracts, or other records — at any time during the loan term to verify compliance with the approved budget.

Eligible Uses for Development Budget

Hard Costs

- New construction of small multifamily housing units (2-4 units)
- Substantial rehabilitation of existing blighted and/or vacant structures to create small multifamily housing units (2-4 units)
- Acquisition of property to be developed
- Site preparation and infrastructure directly related to housing
- Construction labor and materials

Soft Costs

- Architectural and Engineering services, including surveys
- Plans and specifications
- Required Inspections and permit
- Appraisals (excluding Market Studies), Title Work, and other reasonable real estate fees
- Fire Marshal fees and City Agency permitting Fees related to construction/permit fees to the City Agencies
- Real estate fees
- Construction Management
- Developer's Fee

Insurance and Project Costs

- Builder's Risk Insurance
- Property Insurance during construction through stabilization
    - Properties must maintain insurance during permanent loan phase

Templates for the project financials, including construction budget, are provided and must be completed and uploaded as part of the application.

Finance New Orleans has discretion to request further information regarding any of the above expenses and make determinations regarding cost reasonableness for project expenses at any stage (from application to stabilization and conversion to permanent financing).

Ineligible Uses of Funds

Funds may not be used for the following:

- Refinancing of existing or new debt or reimbursement of previously incurred project costs
- Payment of any delinquent taxes, arrearages, liens, judgments
- Payment of governmental fines or penalties
- Buyout any stockholder or equity holder in a business entity
- Purchase of financial instruments intended for the sole purpose of return on investment
- Any other activity determined ineligible by FNO or not compliant with
  Applicable housing trust fund guidance.

Affordability Requirements

The affordability requirements are a key program element, which are prescribed by the HTF Advisory Committee. Adherence to these terms is essential to success in the application process.

Sales Price and Rent Limits

For-Sale Units: At least one unit must be for-sale to an owner-occupant to qualify for this option.

Threshold Requirements: The for-sale unit /units must be sold to a buyer/buyers earning 100% AMI or less, with an estimated front-end ratio not to exceed 30%.

- The remaining non-owner-occupied units must be rented at a rate affordable to households earning 80% AMI or less. Strong priority will be given to developments in which at least half of units are rented at a rate affordable to households earning 60% AMI or less.
- If the development is 2-3 units, no more than 1 of the units may be owner-occupied. For a proposed 4-unit development, 2 units may be owner-occupied.

Rental Units:
Threshold Requirement: All rental units must be rented at a rate affordable to households earning 80% AMI or less.

In general, rents for all units in a project shall be restricted in one or more tiers tied to HUD AMI rents which shall be in 10% increments (e.g., 50%, 60%, 70%). Owners may adjust rents as HUD rents increase, but gross rent may not exceed committed HUD rental limits in any given year (approximately 30% of the applicable AMI tier monthly income) according to adjusted for imputed family size based upon bedroom count (1 person for a studio and 1.5 persons per bedroom for other unit sizes).

Commitment to accepting Housing Choice Vouchers will not earn bonus points, but an award of Project Based Vouchers or another long-term contractual rental subsidy may. Applicants may not receive bonus points for affordability if developers cannot demonstrate financial feasibility while staying compliant with program required DSCR and underwriting terms.

Bonus Points: Developers committing to overall deeper levels of affordability (either deed restricted rentals or for-sale units) may earn bonus points in the application scoring process.

Failure to provide a project financial model reflecting these requirements which demonstrates affordability at the committed level may result in disqualification from consideration for FNO SMART Loan.

Tenant Income Qualifications

Apart from units priced at 80% AMI, units within a given regulatory tier may be rented to households earning up to 10% above the rent limit (e.g., a 60% AMI unit may be rented to a household earning up to 70% AMI) at the time of rental application. No tenant earning over 80% AMI shall qualify if their household income is above 80% AMI.

Period of Affordability

Threshold Requirement:

- For-sale units must remain affordable according to the standards above for a minimum of 10 years
- All rental units must remain affordable according to the standards above for a minimum of 30 years

CLT policy, ground lease, and other relevant documents must reflect the committed standards of affordability. Policy documents must reflect the resale formula and method for ensuring CLT homeowner/landlord is clear on permitted rental rates and resale formula for CLT.

Bonus Points: Developers committing to longer term affordability and long-term ownership may earn bonus points in the application scoring process

Note: More details on scoring and project commitments in Section V. Application and Selection

Scope of Work and Development Standards

All housing units must be found to meet the following conditions upon completion of construction, prior to closing on permanent financing. Agreement to adhere to these threshold requirements will be a requirement of applying and receiving funds, if awarded.

Code Compliance: Comply with relevant Use Standards in Article 20 and Article 26, and other relevant regulations in the City of New Orleans Comprehensive Zoning Ordinance

Meet applicable state and local building codes, permitting, and construction requirements

Resilience Standard: Roofs must meet FORTIFIED standards. In addition to the design and construction of a building that is compliant with the standard, this certification *requires* the participation of a certified FORTIFIED Evaluator. You can find evaluators through the building professionals link provided on the main IBHS Fortified website Visit https://ibhs.org/guidance/fortified-construction-standards/ and follow the links to "Fortified Home" to learn what is needed to certify your homes.

Energy Efficiency Standards

- Include Energy Star certified refrigerators and in-unit or on-site washer/dryer
- Include Energy Star certified HVAC system
- Include Energy Star certified, electric water heater

Green Infrastructure Standards: Include at minimum two green infrastructure features from this list:

  - Bioretention Facilities (Rain Gardens)
  - Stormwater Planter Boxes
  - Rain Barrels or Cisterns
  - Infiltration Trenches
  - Bioswales
  - Detention Basins
  - Permeable Sidewalks
  - Permeable Driveways
  - Other comparable stormwater management practices approved by FNO

Bonus Points: Projects committing to more rigorous resilience standards that go above and beyond code requirements (such as FORTIFIED Gold, solar and battery power storage, additional green infrastructure features, etc.) and energy efficiency standards (such as commitment to Energy Star certification, etc.) may earn bonus points in the application scoring process

Note: *More details on scoring and project commitments in Section V. Application and Selection*

Other Standards and Program Requirements

Renter Protections

Owners must adhere to national standards for renter protections and reflect these protections in tenant leases if applicable:

- Source of Income Non-Discrimination
- Just-cause eviction protections
- Adhere to LHC's criminal background check screening policy
- 30-day eviction notice
- No short-term rentals are permitted in any units

Compliance activities for tenant/owner legal protections will include reviews of SMART tenant leases, which FNO will review on a regular basis and may spot-check at any time.

CLT Standards

Participating CLT partners must demonstrate adherence to the following national best practices:

- CLT must be a 501©3 nonprofit, governed by a board, ideally comprised of CLT leaseholders as well as technical experts in affordable housing, finance, real estate, and public policy
- CLT must hold land separately from improvements during the committed period of affordability at minimum
- Provide ongoing stewardship of CLT properties and property-owners, including education and counselling pertaining to purchasing and selling a CLT home, being a landlord, disaster preparedness, etc.
- Provide a ground lease that aligns with the terms of the SMART loan and includes the following:
- Responsibilities of the CLT, homeowner, and other interested parties according to the CLT model:
    - Terms for homeowner re-financing, foreclosure, and resale
    - Guidelines for recourse and/or penalty if terms of the ground lease are violated
    - Gives CLT priority option to purchase improvements at sale or foreclosure
    - Terms for dissolution of CLT

Section III. Fund Structure and Underwriting Criteria

SMART Loan Structure Overview

The SMART Loan Program is a forgivable construction-to-permanent loan to enable the construction and long-term affordability of small multifamily housing units. All Mixed-Tenure CLT projects must be financed by a private loan during construction and purchased by a qualified, mortgaged buyer at project completion. The final subsidy is determined by the certified total development cost and actual sales price.

Loans will initially be invested as leverage with a construction loan from a private institutional lender. Private lender selection will be the responsibility of the program participants, but participating lenders must demonstrate experience with this type of loan product and be willing to sign an agreement with FNO and agree to service the combined construction loan according to FNO's terms. FNO SMART Loan funds will be disbursed with senior loan on the same draw schedule.

After completion of project construction and demonstration of compliance with committed resilience and sustainability criteria, the remainder of awarded funds will be provided (if applicable) and the SMART loan will convert to take-out / permanent financing to close the gap between TDC and affordable sales price, structured as a 0% interest deferred and forgivable loan held by the CLT.

Construction Loan Structure and Underwriting Criteria

Financial model submitted at the application stage must demonstrate project feasibility with these terms and assumptions in place.

Construction Loan Structure

- **Type:** Construction Loan that converts to forgivable permanent financing once
- **Term:** No more than 12 months*
- **Payments During Term:** No principal or interest payments during construction phase
- **Retainage:** FNO will require a 10% retainer at construction loan closing, to be held by FNO until construction scope is completed and verified
- **Key Forgiveness Terms:** Interest forgiven at conversion to permanent (construction loan would convert to 0% interest permanent debt)

Key Terms for Underwriting Construction Loan

- **Rate:** To be determined according to FNO's risk profile during application review and underwriting
- **Minimum Equity Requirement:** 10% of TDC, including cash or land value (as determined by purchase price or appraisal, whichever is less)
- **Max. LTC:** Up to 60% of TDC, or $70,000 per unit, whichever is less
    - If projects are awarded a total amount of subsidy that is greater than 60% of TDC, the remaining awarded subsidy can be provided to take-out private construction loan at stabilization if still needed.
    - FNO reserves the right to adjust total amount awarded at takeout contingent on total, actual construction costs
- **All-in Max. LTC:** 90% of TDC
- **Maximum Developer Fee:** 10% of hard costs
- **Construction Contingencies:**
    - **Max soft cost contingency:** 5%
    - **Max hard cost contingency:** 10%

**Limited opportunities for extensions may be considered under extenuating circumstances.*

Cost Certification of Project Budget and Variations

FNO expects applicants to provide a project budget that is informed by submitted architectural plans and scope of work (if a rehab project) and/or a schedule of values from a licensed contractor. Applicants are strongly encouraged to have project budgets thoroughly vetted prior to submission of their SMART applications. FNO may require SMART developers to certify total project costs at any time prior to closing on their construction loan. **During construction, applicants will be required to provide periodic project milestone reports, including updates on budget variations. FNO encourages SMART developers to proactively communicate significant variations in costs as soon as they are aware.**

At conversion, FNO will re-underwrite the permanent loan based on the final construction budget and actual costs incurred, the updated/stabilized appraisal, and operating pro forma. FNO reserves the right to adjust the final award amount — subject to the maximum subsidy amount and Max. LTC caps described in this section — if actual construction costs or final appraised value differ materially from the assumptions underwritten at construction closing. This is a confirmation step, not a full re-application.

FNO may reduce SMART Loan amount if:

- Certified costs are lower than projected
- Budgeted contingencies are found to be unused
- Sales price is higher than projected

If project budget variation occurs, FNO will not allow developers to amend the level of affordability committed in their application under any circumstances. If a project is found not to be financially feasible with the committed levels of affordability, FNO reserves the right to adjust the amount of subsidy committed or require repayment of the SMART loan.

Disbursement of Funds during Construction

Awarded SMART funds for eligible construction costs will be disbursed to selected private lender at construction loan closing to be held in escrow by lender. Pending approval of lender and FNO required documentation, FNO SMART funds will be disbursed by the lender along with private capital at planned construction milestones.

Draw Requirements
Draw requests will be submitted to the lender according to private lender's guidelines. FNO will require approval of SMART loan specific criteria at pre-determined construction milestones (for example, certification of FORTIFIED roof by certified third-party evaluator) but draw requests and disbursement of funds will generally be handled through selected private lender.

Conditions and Process for Converting to Permanent Loan
Construction loans convert to permanent and additional awarded SMART funds will be released when the project is sold to a qualified buyer. Principal, interest, and retainage fee will be forgiven when the developer has demonstrated compliance with all committed standards and program requirements according to Regulatory Agreement. Projects that do not meet standards may be subject to repayment, withholding of retainage, reduced conversion amount, default remedies, or other remedies defined in the loan/program documents.

At conversion, FNO will re-underwrite the permanent loan based on the final construction budget and actual costs incurred, the updated/stabilized appraisal, and the sales price to the buyer. The subsidy will be structured as a long-term, forgivable loan to the CLT partner. FNO reserves the right to adjust the final award amount — subject to the Max. LTC caps described in this section — if actual construction costs or final appraised value differ materially from the assumptions underwritten at construction closing. This is a confirmation step, not a full re-application.

Summary of Conditions for Converting to 0% Interest Forgivable Permanent Loan

- Construction complete, with Certificates of Occupancy for all units
- CLT buyer/s incomes have been certified and are found to be compliant with SMART income guidance
- Tenant incomes have been certified and are found to be compliant with SMART tenant income guidance
- Required CLT documents have been provided and approved by FNO
- FNO determines all committed resilience standards are met
- FNO determines all committed energy efficiency standards are met
- FNO determines all committed green infrastructure standards are met

Permanent Loan Structure and Underwriting Criteria
Permanent Loan Structure
- **Type:** Forgivable Permanent Loan / Leave-In Subsidy
- **Term:** Commensurate with Committed Period of Affordability
- **Payments During Term:** No principle or interest payments during loan term
- **Repayment /Reassignment Triggers:** Sale of CLT Land, transfer of CLT land, abandonment, uncured regulatory agreement violation, unauthorized change in use, and failure to maintain affordability
- **Key Forgiveness Terms:** Fully forgivable at the end of committed period of affordability

Key Terms for Underwriting Permanent Financing
- **Rate:** 0% interest
- **SMART Loan LTC:** 60% of TDC
- **Min. Required Reserves:**
  - **Annual Repair and Replacement Reserves:** $350 per rental unit
    - The required reserves shall be collected by the CLT through the process defined in the CLT Ground Lease
  - **Homebuyer Reserves (Post Closing Liquid Assets):** Qualified buyers should retain at least one month of housing costs (PITI) plus rental income at closing.
    - Applicants have the option to include this in their development budget, to be provided to qualified homebuyers as direct subsidy at closing

Target Underwriting Terms for CLT Buyer

- **Max. Front End Ratio:** 30%
    - Can include up to 75% of prospective rental income from the property
- **Target Max. Back End Ratio:** 45%

Program Fees

- **Compliance Fee to FNO:** Annual flat fee of $100 per unit

Conditions for Permanent Loan Forgiveness

Maintain ownership and remain in compliance with affordable housing provisions for the duration of the loan period or period of affordability.

Partnering with Lenders

Finance New Orleans allows developers to seek private financing from lenders independently. However, participating lenders will be required to sign an inter-creditor agreement to close a loan with FNO's SMART Loan. It will be the developer's responsibility to communicate with FNO about their selected lender and ensure the lender signs necessary agreements and attends FNO trainings on loan servicing.

Terms and Conditions for Sale or Refinance of CLT Owner-Occupied Home

CLT ground leases and/or permanent financing must include a rider stating that FNO will be notified if a sale or refinance of CLT properties occur during the period of affordability.

Terms and Conditions of Dissolution of CLT, Sale, Transfer or Abandonment of CLT Property

In its Ground Lease, the CLT must name another nonprofit or government entity to take ownership of the CLT land, assume owner and tenant stewardship responsibilities, and support compliance for CLT SMART properties in the event the CLT dissolves or CLT property is sold, transferred, or abandoned. Finance New Orleans may be named as an owner of last resort.

FNO shall have the right, in its sole discretion, to conduct a full underwriting, financial, legal, and compliance review of the proposed purchaser to determine whether the purchaser satisfies the eligibility requirements and program objectives of the SMART Loan Program and demonstrates the capacity to own, operate, and maintain the Project in compliance with all applicable program requirements.

No sale, transfer, or assignment of the SMART Loan or related loan documents shall be effective without FNO's prior written approval. As a condition of approval, FNO may require the proposed purchaser to assume all obligations under the SMART Loan documents and execute such agreements and certifications as FNO deems necessary. FNO reserves the right to approve or deny any proposed transfer or assignment in its sole discretion.

In the circumstance that a new buyer is either not identified or not approved to assume the SMART loan through the process above, FNO may require full repayment of the SMART loan. FNO may also exercise an option to purchase or assume the property in the event of foreclosure or other extenuating circumstances.

Unused reserve balances are released to the owner (or transferred to a new owner) at sale, refinance, or the end of the affordability period, whichever comes first. Upon sale, refinance, or the end of the Period of Affordability, whichever occurs first, unused balances in the Operating Reserve and Annual Repair and Replacement Reserve accounts shall be released to the Owner (or transferred to a new owner, as applicable), provided that: (i) the Project is, at the time of the triggering event, in compliance with all applicable program requirements, including the Regulatory Agreement and deed restriction; and (ii) the Project is in good physical condition and repair, consistent with the standards required under this Program Guide and City of New Orleans Code. If FNO determines that deferred maintenance or capital needs exist at the time of the triggering event, FNO may require that some or all of the reserve balance be applied toward those repairs prior to release, or that a portion be retained by or transferred with the Project to fund such repairs.

Section IV. Program Requirements and Compliance

Governing Documents and Monitoring

Important Note: Applicants should expect that commitments made in their applications will be reflected in governing documents.

Monitoring

FNO will conduct monitoring of all funded housing developments throughout the project lifecycle and during any required affordability or compliance period. Monitoring will occur on a periodic basis, at intervals determined by the Agency based on project risk, program requirements, and other relevant factors.

Monitoring activities may include, but are not limited to, reviews of project documentation, financial records, construction progress, on-site inspections, and other information necessary to verify compliance with program requirements.

While FNO reserves the right to monitor compliance with all applicable program requirements, monitoring may include verification of the following:

- **Cost Effectiveness:** Confirmation that project costs remain reasonable, necessary, and consistent with the approved budget and funding agreements.
- **Affordability:** Verification that affordability requirements, including any income restrictions, rent limitations, and affordability periods, are being met.
- **Building Standards:** Confirmation that construction and rehabilitation activities comply with FNO's applicable building standards.
- **Labor Standards:** Verification of compliance with local labor standards and related reporting requirements, as required by the funding source and applicable laws.

Developers shall provide timely access to records, personnel, project sites, and any other information reasonably requested by the Agency to facilitate monitoring activities and demonstrate ongoing compliance with program requirements.

Regulatory Agreement

Borrowers will be required to enter into a Regulatory Agreement to ensure compliance with FNO's policies including but not limited to, income restrictions, restrictions on transfers, financial reporting, and compliance periods, typically for at least 30 years.

The Regulatory Agreement must be executed prior to construction closing. Requirements imposed by other loan and/or subsidy sources may be more restrictive but must be consistent with the FNO Regulatory Agreement.

Deed Restrictions

Small multi-family affordable developments must have a covenant or deed restriction to ensure the affordable housing units remain affordable for the committed period of affordability. This covenant or deed restriction must be disclosed to prospective buyers. The deed restriction shall be recorded in the Office of Conveyances, and a copy of the recorded document needs to be submitted to the Department of Safety and Permits, Inclusionary Zoning (IZ) office prior to the issuance of a Certificate of Occupancy.

Loan Requirements
Loan documents will be structured according to terms and conditions provided to selected developers. Loan documents will mirror the terms and conditions outlined in the deed restriction and regulatory agreements and will include terms and conditions for repayment of SMART loans if FNO finds unremedied violations.

Selected Developer Requirements
Developers selected for participation in the SMART program must be prepared to:

- Execute separate agreements with FNO, including but not limited to developer agreements, loan documents, regulatory agreements, and deed restrictions.
- Secure and close on a private loan for construction financing and permanent financing within 6 months of conditional award letter
- Demonstrate best efforts to comply with the City's Disadvantaged Business Enterprise (DBE) 35% participation goals, including engagement of qualified small and disadvantaged businesses
- Submit timely and accurate documentation of committed building standards for Resilience, Energy Efficiency, Green Infrastructure, and other documents requested by FNO during construction
- Complete construction and stabilize properties within 10-12 months
- Develop and maintain homes in accordance with committed levels of affordability for period of affordability committed in the application.
- Submit timely and accurate documentation of property operations when requested by FNO, including but not limited to tenant income certifications, tenant leases, project profit and loss statements, and other financial and/or real estate data
- Familiarize and maintain compliance with the Housing Trust Fund requirements per FNO's CEA with the City, including but not limited to:
    - Living Wages City Code Sections 70-801, et seq.,
    - HireNOLA, City Code Section 70-496, et seq.,
    - Non-discrimination and Equal Employment Opportunity
    - Employee Verification
    - Ban the Box
- Maintain compliance with all applicable federal, state, and local requirements, including insurance requirements such as flood insurance where applicable.

Other Compliance Items and Requirements
Ownership of Submission Materials
FNO has the ability to retain all materials submitted in response to this request and utilize program data and materials as needed. Selection or rejection of a submission does not affect this right.

Contact and References
FNO staff may contact references and industry sources, investigate previous projects and current commitments, interview some or all the proposed development team members, and take any other information into account in its evaluation of the responses. FNO reserves the right to request clarification or additional information and to request that applicants make presentations to the FNO Board of Commissioners, community groups, or others. FNO staff will independently evaluate the financial materials submitted and may adjust the projections provided, with applicant's knowledge, to more realistic levels as determined by FNO.

Cost of Preparing Applications
FNO shall not be liable for any costs incurred by applicants. Costs associated with developing the proposal, preparing for oral presentations, and any other expenses incurred by the applicant in connection with this application are entirely the responsibility of the applicant and shall not be reimbursed by FNO, regardless of whether applicant is selected for funding or not.

Errors and Omissions in Proposal

FNO shall not be liable for any errors in proposals. FNO has the right to request clarification or additional information from the applicants. The application and proposal of selected applicants may become part of any contract or agreements initiated by FNO.

Publication and Community Engagement

Applicants agree to participate in any reasonable promotional activity and to prominently display FNO signage on the site of redevelopment if requested by FNO. Such signage must be at least as large as standard real estate "For Sale" signage and shall be provided by FNO. All successful applicants also agree to participate in community meetings scheduled by FNO and to make information about their plans available to the community.

Additional Requirements & Amendments

FNO reserves the right to add any and all requirements that are needed to effectuate the goals of this program or comply with any legal requirements. FNO reserves the right to amend the instructions, requirements, general and special conditions, or scope of work. Copies of such amendments shall be posted to FNO's website at www.financenola.org. Further, FNO may waive certain provisions of these requirements based upon a determination of the public benefits of the project.

Section V. Application and Selection

Application Process Overview

Applicants will be evaluated based on a multi-tiered scoring rubric. The rubric will be comprised of threshold program requirements ("threshold requirements"), and all applicants must demonstrate adherence and commitment to the threshold requirements to be considered for SMART loan financing. Additional "bonus points" may be earned with technical and qualitative factors. Total scores will be used to determine application competitiveness. Applications will be reviewed and scored by a committee.

Applicants will be evaluated under one of the following tracks:

Small Developer Set-Aside Track: A competitive track reserved exclusively for applicants that meet the Small Developer definition set forth in the Applicant Eligibility section. Applicants competing under this track are scored against, and compete only among, other Small Developer applicants in the same funding round, subject to the allocation and terms described in the Prioritization of Funds section below.

General Track: Open to all eligible applicants, including Small Developers. A Small Developer may apply under the Set-Aside Track, the General Track, or both, but may not receive a SMART Loan award under both tracks in the same funding round. An applicant not selected under the Set-Aside Track in each round remains eligible for consideration under the General Track in that same round or a subsequent round, subject to the applicable application deadlines.

All applicants, regardless of track, are evaluated under the same multi-tiered scoring rubric, comprised of threshold criteria (which all applicants must satisfy to be eligible for funds) and additional technical and qualitative factors through which applicants may earn bonus points. Applications are reviewed and scored by the selection committee described below; the Set-Aside Track and General Track are scored independently, but under identical rubric criteria.

Remaining Funds Track: Open to all eligible applicants including Small Developers. If there are remaining SMART funds after scoring and allocation to competitive Small Developer Track and General Track Applicants, FNO will issue a notice to developers applying for projects in other eligible small multifamily categories and select projects that are most competitive based on the same scoring criteria as applicants to other tracks.

Prioritization and Selection for Funds

Maximum Award to a Single Entity per Funding Round: No single organization or developer (including its Affiliated Entities) is eligible for an award of more than 50% of the funds available in any given funding round.

Prioritization for Construction Financing of Triplexes and Fourplexes: SMART funds are designed to catalyze development of triplexes and fourplexes and support long-term affordability. Applications submitted for such developments in the Small Developer Track and General Track will be evaluated and considered for funding first. If funds remain after these funds are selected, then FNO may consider applications for other types of small multifamily projects, including:

- Projects seeking gap funding at permanent phase that comply with the guidance in Section II. Program Guidelines, Eligible Uses of Funds and/or
- Doubles and mixed-use developments that comply with the guidance in Section II. Program Guidelines, Eligible Properties
-

Prioritization for Qualified Small Developers: FNO has determined that small, locally based development teams face demonstrated barriers to capital access and portfolio scale that limit their ability to compete for SMART Loan financing on equal footing with larger, more established developers. To further the Program's purpose of cultivating a diverse and competitive pool of Program Participants, FNO shall reserve, for each funding round, a Set-Aside Allocation equal to the lesser of (i) $1,000,000, or (ii) funding for two awards to be awarded exclusively to the most competitive applicants that qualify as Small Developers under the Applicant Eligibility section and satisfy the applicable minimum scoring threshold. If, in a given funding round, an insufficient number of qualified Small Developer applications are submitted, or submitted applications do not meet the minimum scoring threshold, FNO may reallocate all or part of the Set-Aside Allocation to the General Track for that round.

Designation as a Small Developer is not required to receive SMART Loan funding, and Small Developers remain fully eligible to compete for funding outside the Set-Aside Allocation, under the General Track, on the same terms as all other applicants. Any applicant that submits a complete application, satisfies all program eligibility requirements, and achieves the minimum scoring threshold will be considered for funding based on the overall competitiveness of its application and the availability of program funds.

FNO shall review the Set-Aside Allocation, including program participation data and market conditions for small developers, at least once every two (2) years to confirm the continued need for and appropriate scope of the allocation.

Scoring Criteria

I. **Overall Application and Project Strength**
II. **Level of Affordability**
III. **Period of Affordability**
IV. **Financial Feasibility**
V. **Shovel-Readiness**
VI. **Developer Team Experience and Capacity**
VII. **Market Strength**
VIII. **Energy Efficient and Resilient Building Design**

APPENDIX

These items are provided on the FNO SMART Website: https://financenola.org/htf-smart-loan/

I. Application

II. Project Budget and Financial Model Template – CLT

III. Project Budget and Financial Model – Rental

IV. HUD AMI and Rent Charts for 2026