

**On-FLH New Construction, Repair, and Rehabilitation Funding Availability
Questions and Answers
May 14, 2024**

Question 1: How long does the process take?

Answer 1: Application processing timeframes depend on the completeness of the application, whether the transaction is sole-source financed, and the volume of applications received. For complete applications, we anticipate being able to review applications for completeness, complete underwriting, and issue a conditional commitment of funds in approximately 90 to 120 calendar days from application receipt.

Question 2: Is this a reimbursable-only grant? Can awardees request advance payments?

Answer 2: Awards under this program are Section 514 Loans with a term of 33 years and an interest rate at 1%. Loan proceeds are released based on review of eligible costs, draws, and requests.

Question 3: Could this funding apply to seasonal farm labor barracks style housing?

Answer 3: Yes, commonly referred to as "dorm style" housing. For further discussion on specific aspects of a proposal, please schedule a concept call as outlined in answer #6 below.

Question 4: Is \$5 million the total amount of funds available to all on-farm loan applications, or is that number a cap per application? Also, please clarify this application criteria: Denial of credit by two commercial lenders to qualify to apply, but applicants are also encouraged to have other funding sources along with the on-farm housing loan.

Answer 4: \$5 million is the total amount for this funding opportunity, there is no award minimum or maximum. Evidence of lack of credit can be in the form of either rejection letters or award letters with less favorable rates and terms. Lack of credit can also be demonstrated by closed funding rounds from other public lenders.

Question 5: Under the application eligibility section can you elaborate what "own resources" covers in the following statement: The applicant must, as determined by the Agency, be unable to provide the necessary housing from their own resources.

Answer 5: Statements and certifications that an applicant is unable to self-finance the transaction.

Question 6: How do we set up consultation call?

Answer 6: Requests for concept meetings can be sent to the following email address: MFHprocessing1@usda.gov. The email must contain the following information:

- (1) Subject line: “On-FLH New Construction, Repair/Rehab Concept Call Request.”
- (2) Body of email: Borrower Name, Project Name, Borrower Contact Information, Project State.
- (3) Request language: “We request to schedule a concept call to discuss our proposed application for On-FLH New Construction, Repair/Rehab.”

Question 7: Do Farm Labor contractors qualify for this program? We supply H2A workers.

Answer 7: H2A workers are eligible for this program.

Question 8: As a sea farmer, I am looking for funding for employee housing; however, it cannot be directly on my sea farm. What are the qualifications for “on farm” labor housing?

Answer 8: Follow the instruction in answer #6 to schedule a concept call with the agency to discuss the particular/specific details of your proposal.

Question 9: Should we have a few homes in mind, are we required to submit different applications for each home?

Answer 9: This question could be better answered in the form of a concept call. However, there is the ability to have more than one single family structure for on-farm labor housing, depending on the proposed project. Please follow the instruction in answer #6 to schedule a concept call with the agency to discuss the particular/specific details of your proposal.

Question 10: After 8 months, we have finally received a permit approval through our local county agencies to begin building. We plan to start building next week. Are there any concerns with the review process as we begin our project?

Answer 10: The proposed construction schedule is outside of our application review process. There are certain environmental considerations and requirements that we are required to review as part of the application process, so it does not sound like what you are proposing aligns with this funding opportunity. However, you may wish to schedule a concept call with us so we can go over what your timing is and be fully transparent with our application review and processing timeframes to see if they are compatible with your current project.

Question 11: Will there be requests for more information after applications are submitted or will an application be denied without further requests for more information?

Answer 11: We will return incomplete applications. If there is an omission that is not substantive (e.g., an unsigned certification or clerical omission), we can work with you to rectify.

Question 12: Can you describe an eligible rehabilitation project for a unit NOT in the on-farm labor housing portfolio.

Answer 12: The capital would be used for the renovation of units, to bring them up to standard or code, usability/functionality, to house farm laborers. Funds may be used under this program to acquire or rehabilitate units that do not currently have a Rural Development (RD) mortgage, and once they are assisted with RD funds, they will be considered to be part of our on-farm labor housing portfolio.

Question 13: Based on eligibility requirements, is this a loan of last resort thereby making an applicant with good credit ineligible?

Answer 13: No. A requirement of the program is that applicants must demonstrate that other credit sources are not available. That does not necessarily mean that they have poor credit, it could be other credit sources with less favorable financing terms than we offer, which is a loan term of 33 years at an interest rate of 1%. It is not just a lack of credit, it could be less favorable terms than the terms we offer. Another example of how an applicant could accomplish meeting that threshold is if, for example, there are other sources of public credit available through state and federal entities, low-income housing tax credit or other funding source providers, other competitive funding rounds that your typical affordable housing resources. If applicants apply for those programs in a competitive round and they do not receive an award, that could also be used as evidence that they attempted to get credit to finance these affordable farm worker housing transactions and were unable to obtain that credit. If you are having difficulty either documenting that or communicating this requirement in your application, please reach out to us in the form of a concept call so we can have a deeper conversation.

Question 14: Can an old farm labor barracks be rehabbed if not in the on-farm labor housing portfolio?

Answer 14: Yes.

Question 15: Based on first-come, first-served basis, will incomplete applications, once re-submitted, still be at the front of the line?

Answer 15: No, they will not. An applicant's place in line is established by the date and time the Agency receives a complete application. Applicants cannot submit to us a placeholder letter, get a spot in line, get feedback from us that they need to submit an application, and then submit an application and retain that spot. So, the first-come, first-served basis is based on when the Agency receives a complete application from the applicant.

Question 16: Will this be "first-come, first-served" regardless of project dollar amounts?

Answer 16: Yes, until funds are depleted.

Question 17: We have a building with 4 units, not sure how old it has to be to be eligible for this grant? This is not located on farm, but we transport from town to the farms H2A workers.

Answer 17: Grant funds are not available under the Repair NOSA. This funding is only for loans with a term of 33 years and a 1% interest rate. Please follow the instruction in answer #6 to schedule a concept call with the agency to discuss the particular/specific details of your proposal.

Question 18: An appraisal may cost \$5,000. Can this be contingent on the application approval?

Answer 18: The appraisal is a required document as part of the application process. It potentially could be repaid through loan closing, but third-party reports and other information required as part of the application process is a cost and risk to the applicant while they are putting the application together. An appraisal is an eligible project cost, that may be reimbursed if your application is funded, but we cannot make a credit-extending decision conditional upon not knowing whether or not the agency has submission security value to extend that loan.

Question 19: Are there any further USDA 514/516 programs expected to open in the next 12 months?

Answer 19: There are two funding opportunities currently open: The off-farm labor housing new construction loan and grant program, which opened in April and will close on July 3rd, 2024, and the off-farm labor housing repair loan and grant NOSA, which opened in March and will close on June 18th, 2024. All the information and links to the federal register for applying for those funds are available on our website. Our application review and award cycles will take us into October/November 2024, depending on Fiscal Year 2025 appropriations, which means a fiscal year appropriation of budget after October 1st, 2024. We will then know to what extent we can have farm labor housing funding rounds in FY 25. It is possible that in the next 12 months we could have off-farm labor housing new construction, off-farm labor housing repair, and on-farm labor housing funding opportunities, depending on the appropriations for next fiscal year. If we do receive an appropriation, we believe we will be on track to do that next year at about the same schedule as this year.

Question 20: In the future if we decide to stop farming, for example, upon retirement, what happens with the housing?

Answer 20: The housing would be subject to use-restriction and regulatory requirements for at least the life of the loan, so we would take a deeper look at what the requirements will be and whether or not those regulatory requirements remain if the loan is paid off or paid early.

Question 21: Do you need to own the land?

Answer 21: Yes. Our legal agreements, our lending agreements and our regulatory agreements, all of our controlling documents, are with the property owner that is providing the housing. In order for us to facilitate this transaction, site control is a necessary component, whether it is through land ownership or some type of lease or other acceptable form of site control.

Question 22: Can funding be received for a project which was started or completed prior to application?

Answer 22: Similar to the response to question # 10, there are environmental considerations, requirements, certifications, reviews and approvals that need to be in place prior to proceeding or completion. However, if the units already exist and the purpose is to acquire and rehabilitate those units, then that may be something that we could do, but again, we need to understand exactly what the situation is before we can give you proper guidance. Please follow the instruction in answer #6 to schedule a concept call with the agency to discuss the particular/specific details of your proposal.