

Frequently Asked Questions

- Q:** The property we are considering has an existing house/commercial building that we want to repurpose as a community space or another non-housing amenity for the proposed housing project. Can we use LAP funds to purchase this site?
- A:** LAP funds cannot be used to purchase any structures, or any land intended for purposed other than new affordable housing construction. However, applicants are allowed to combine LAP funds with other funding sources for the purchase of a property if the appraisal excludes the value of any existing structures or states that the structures have no value. LAP funds can cover up to 90% of the eligible land value, with the applicant responsible for the difference between the purchase price and the eligible land value using non-LAP funds.
- Q:** Can a non-profit organization establish a Special Purpose Entity (SPE) to hold the land purchased through LAP?
- A:** No, only organizations eligible to apply for LAP can hold LAP funds.
- Q:** Would a Letter of Intent suffice for a LAP application? They have worked for Notice of Funding Availabilities (NOFAs) and other funding offers in other jurisdictions.
- A:** No, a binding contract, such as a purchase and sales agreement or purchase option, is required for OHCS to move forward with the application for Finance Committee approval and loan document preparation.
- Q:** Our organization purchased some land last year. Can we establish a single-asset entity for the project and use LAP funds to “purchase” the land from our organization and pay off the loan used to acquire it?
- A:** No, this is not allowed. According to program requirements, properties already purchased or donated by the applicant are not eligible for LAP loans. All transactions must be arms-length transactions.
- Q:** Can LAP loans be used for due diligence or design feasibility on a property, that has not yet been acquired?
- A:** No, LAP funds cannot be used for this purpose. The program funding is strictly for acquiring property for new construction.

Q: The LAP Program Manual mentions a two-step application process starting with a pre-application intake form. Is this still the process, and should we use the pre-existing application and checklist previously posted on the LAP webpage?

A: The pre-application intake form for LAP is available on the LAP webpage. Both Homeownership and Affordable Rental Housing LAP applicants will need to request credentials for a Procorem Workcenter via the Land Acquisition Program Intake Form here: <https://app.smartsheet.com/b/form/688101a72afd44639e43185d3f1fafa1>. Once credentials are received, log in to Procorem to access the application checklist: <https://app.procorem.com/login>. When documentation is uploaded to complete a task, mark the task as 'Finished' to notify OHCS staff.

Q: What is a cost reimbursement agreement?

A: It is an agreement where one party in a construction project reimburses the contractor for costs incurred during the work. A project under a reimbursement agreement is not eligible for LAP financing.

Q: How long does the loan process take – from application to review/approval and loan closing?

A: The process is designed to be quicker than competitive applications. It typically takes 60-90 days from application approval to closing, assuming no unusual situations arise.

Q: We are a new non-profit without two years of audited financial capacity. Can our Construction Developer serve as a guarantor on the loan? The non-profit will own the land and oversees the project, but the loan will be secured by our Developer. Would this arrangement work for LAP?

A: Only organizations eligible for LAP can hold the purchased land. If a nonprofit has been recently established and has less than two years of audited financial statements, a for-profit organization can submit two years of CPA-prepared tax returns and balance sheets as a guarantor.

Q: We hired a qualified OHCS consultant to assist with our application. We plan to have our Developer be a guarantor on the LAP loan, then use LIFT funding repay the LPA loan.

A: LAP does not guarantee future OHCS funding. It is expected that most loans will be repaid within four to six years using funds received to construct the affordable housing development.