

Stakeholder Listening Session
Section 538 GRRHP Updates

February 2023

The proposed updates to the Section 538 GRRHP are as follows:

- They will be renaming the NOSA Response Form to the Section 538 GRRHP Response Form.
- Each submission will be the new Section 538 GRRHP Response Form PLUS all supporting documents in one complete application
- If there will be both a 515 and 538 application, both applications will need to be submitted at the same time. One from the Borrower and one from the Lender.
- Before construction begins, plans and specs must be submitted and Agency conditional comments issues
- Must enroll in US Environmental Protection Agency's Portfolio Manager program
- They are bring back tribal lands as priority criteria again
- There will be revisions to the Handbook, both Chapter 3 and 4
 - o Lease up reserve calculation
 - o Attachment 4A GRRHP checklist
- Both market study and appraisal need to be included in submissions

Priority Criteria Proposed Rule published in Federal Register on January 23 aligns with 7 CFR part 3565 with the Housing Act of 1949 and comments are due on April 3, 2023

Session now open for questions and comments:

Will mixed use property be considered? Not usually looked at. Would be a special circumstance and would have to be at least 10% or less of the property

A comment regarding having both the Lender and Borrower submitting their 515 and 538 submissions at the same time could pose a problem in logistics. RD commented they understand and will try to work to enhance the timing.

Where will the updated contacts for funding be? They will be published in the final notice

What will the timeframe for reviewing applications once complete application is submitted? "depends" they are trying to turn around in 3-6 months but currently 12-18 months

Can you get a bridge loan to pay for rehab and then the 538 to pay back that loan? Case by case basis depending on the status of construction document review.

521 can only be coupled with 515 or farm labor. Can't do a stand alone 538. Check USDA for other rental assistance and check with local Housing authorities and state agencies

No predevelopment funds. Responsibility of the borrower
538 can be used with LIHTC