

State of Mississippi

HOME INVESTMENT PARTNERSHIPS PROGRAM

2023 HOME RENTAL AND COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) Application Guide



MISSISSIPPI HOME CORPORATION

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1. Purpose

This manual addresses the management and administration of the HOME RENTAL/CHDO Activities. MHC distributes HOME funds among different categories of housing need, according to the Priorities identified in its approved consolidated plan. Funds are only invested in eligible projects throughout the State.

2. Program Summary

Mississippi Home Corporation (MHC) supports the development of affordable rental housing for low-income and very low-income households with its annual funding allocation from the U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnerships Program (HOME). The HOME Program was created under Title 11 of the Cranston-Gonzalez National Affordable Housing Act of 1990 with implementing regulations at 24 CFR Part 92.

In general, HOME is intended to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention on rental housing. The program include income targeting requirements and is primarily focused on very low-income households (at 50% AMI) and low-income households at 60% AMI.

MHC HOME Rental Set-Aside funds will be used to provide financing and gap financing to projects located in the state of Mississippi. The program will target housing in eligible areas that is affordable to people who are at or below the program's applicable income limits. In exchange for low-cost permanent financing, property owners will agree to income, rent, and other restrictions for an affordability period of at least 5 to 20 years (depending on funding source and level). Projects are monitored for compliance during the affordability period. Project developers, owners, and sponsors must coordinate funders' requirements when there are multiple funding sources.

LIMITATIONS TO A PARTICULAR SEGMENT/ POPULATION

All rental projects will address the affordable housing needs for low to very-low-income households while giving priority to projects that address critical housing needs with an emphasis on the prevention, reduction, and expansion of permanent housing opportunities for persons with serious mental illness; Persons with Disabilities; Persons released from incarceration; Homeless Elderly 55+; Youth homeless or aging out of the Foster Care System.

DISTRIBUTION OF FUNDS

The distribution of funds will be state-wide based on the priority housing needs as determined by MHC in accordance with the HOME regulations (24 CFR Parts 92), the State's Con Plan (24 CFR 91) and the Annual Action Plan (AAP), a strategic one year-plan which outlines programs and activities that will meet identified priority needs of the State.

Applicants for HOME/CHDO must address the following priorities:

1. Rental housing needs of low to very-low-income households.
2. Target at least 10% of units in each property to address prevention, reduction, and expansion of permanent housing opportunities for persons experiencing homelessness and persons with serious mental illness.
3. Be located within priority areas defined by the State's Con Plan and/or low and high opportunity areas.
4. Documented need for housing affordable to lower-income households in the market area served by the property.

CITIZEN PARTICIPATION

MHC facilitates the development and implementation of the Con Plan and subsequent AAP, the Consolidated Annual Performance and Evaluation Report (CAPER) as well as, ensuring Citizen Participation requirements are followed. In identifying uses of HOME Funds, MHC solicit input from an Advisory Team consisting of individuals and groups representing aspects of low-income housing including Low Income Housing Tax Credit Developers, Planning and Development Districts, For-Profit and Nonprofit Developers, Public Housing Authorities, Disability Access Groups, Continua of Care, ESG grantees and individuals working with HIV/AIDS populations. MHC brings together individuals with broad range of expertise and suggestions for best utilizing federal programs included in the AAP, to ensure outreach, connection with the community and to provide a broad understanding of the critical role affordable housing plays in the community.

MHC'S RESPONSIBILITY

The mission of Mississippi Home Corporation (MHC), the State's Housing Finance Agency, is to enhance Mississippi's long-term economic viability by financing safe, decent, affordable housing and helping working families build wealth. MHC is designated as the state entity to administer the HOME Program, make awards, and provide reporting and oversight of the HOME Program on behalf of the State. MHC will use the HOME Program to:

1. Reduce homelessness and help lower-income families avoid paying a disproportionate share of their income for housing.
2. Complement existing Federal, State, and local efforts to increase and preserve the supply of rental housing for low-income households, which includes homeless and serious mentally ill families.

MHC will comply with regulatory and statutory requirements regarding HOME eligible activities by using written policies, procedures, and guidelines. MHC will use a monitoring system to assess the risk of activities to ensure federal and state requirements are met.

The State prioritized homelessness in the HOME portion of the State's Consolidated Plan and will use HOME to support strategies to end chronic homelessness and identify special needs groups in Mississippi. These groups include persons with HIV/AIDs and their families; persons with mental

illness, and persons with disabilities as defined by the Americans Disabilities Act. Consolidated Plan as high priority and targeted populations: (1) Persons with Serious Mental Illness; (2) Persons with Disabilities; (3) Persons released from incarceration; (4) Homeless Elderly 55+; (5) Youth homeless or aging out of the Foster Care System.

MHC will make every effort to balance statutory priorities and preferences and ensure a geographic distribution of funds as defined by the State's Consolidated Plan and Annual Action Plan.

PERFORMANCE GOALS AND BENCHMARKS

MHC will allocate funds state-wide to applicants that mostly and directly address the following performance goals and benchmarks:

1. Developments to increase rental housing for homeless and seriously mental ill populations.
2. CHDO Developments to increase rental housing for low to very low-income households.
3. The maximum amount of HOME funds MHC is allowed to invest will be on a per-unit basis.
4. Developments receiving HOME must designate at least ten percent (10%) of units for Special Needs populations.
5. Incorporate Supportive Services appropriate to residents.
6. Project a specific number of units targeting HOME income-eligible residents.

IMPORTANT DATES:

EVENT	DEADLINE
Application Workshop	August 10, 2023
Notice of Funding Availability (NOFA)	August 9, 2023
Application Cycle Begins	August 10, 2023
Earliest Public Notification	August 10, 2023
Latest Public Notification	September 1, 2023
Public Hearing Deadline	September 8, 2023
Application Cycle Ends	September 15, 2023, at 5:00 p.m. CST
Awards Announced	December 15, 2023

AVAILABILITY OF FUNDS

The State of Mississippi has **available for the 2023 application cycle in the Rental Housing Set-Aside is \$4,848,219 and \$9,286,740 in the CHDO Set-Aside through the HOME Investment Partnerships Program (HOME).** HOME funds are intended to leverage other affordable housing funds to maximize the resources available for the development of affordable housing opportunities. Therefore, these funds will be used for gap financing.

PUBLIC HEARING REQUIREMENT FOR HOME FUNDS

Applicants must conduct a public hearing at least seven (7) days prior to submission of the HOME application. The notice for the Public Hearing must be published in a local or regional newspaper having general circulation in the project area and must be published at least 14 days, but no earlier than 20 days prior to the public hearing. The notice may be published in the legal or non-legal section of the newspaper. Projects located in areas with a Hispanic population should make information available in the Spanish language. Applications must include Proof of Publication of the Notice of Public Hearing, an attendance roster, and minutes of the meeting. Meetings must be conducted in places that are handicap accessible.

3. Application Process & Evaluation Procedure

MHC will solicit funding requests through Notices of Funding Availability (NOFA) issued on an annual basis. Based on the availability of funds, MHC may also issue periodic special or supplemental NOFAs. Each NOFA will outline specific application deadlines, any funding focus (e.g., by project type, population served, etc.), and other special considerations applied to a given funding round.

SUBMISSION OF MATERIALS

All HOME Rental Housing Program applicants will need to comply with the submission criteria set forth in the 2023 HOME/CHDO Application Manual which may vary from one cycle to the next. MHC reserves the right to require the submission of additional information as needed to complete project underwriting.

INITIAL REVIEW AND PRELIMINARY AWARDS

Upon submission of a proposal for HOME funds, MHC Grant Management staff will conduct a review and analysis of the project and developer(s) as presented in the proposal. Proposals will be scored based on criteria in the 2023 HOME/CHDO Application Manual. Regardless of strict numerical ranking, the scoring does not operate to vest in an applicant or project any right to a reservation or commitment of HOME funds. MHC will, in all instances, commit HOME funds consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion.

Projects seeking HOME funds prior to the receipt of all other funding sources, including federal Low Income Housing Tax Credit (LIHTC) reservations from MHC, may be provided with a non-binding Preliminary Award. Further, Preliminary Awards may be contingent upon the 1) the applicant's receipt of a LIHTC award; 2) MHC's receipt of the HUD Authority to Use Grant Funds following completion of the Environmental Review process (as applicable); and other items noted in the project-specific Preliminary Award.

CONTRACTING/COMMITMENT PROCESS

Following loan closing and commitment of HOME funds, the Housing Grant Officer will also be

the primary point of contact for the owner through the project being placed in service responsible for processing draw requests, reviewing construction progress and compliance with labor standards, negotiating and seeking internal approvals on any proposed contract changes, and coordination with compliance staff on the handoff of the project as it approaches construction completion, the start of marketing, and being placed in service.

ONGOING COMPLIANCE & ASSET MANAGEMENT

Once a project is placed in service, it is assigned to the Department's Compliance Officer staff who will retain primary responsibility throughout the period of affordability, extended commitment period, and life of the HOME loan, whichever is longer. The Compliance Officer will be responsible for overseeing annual and periodic on-site monitoring of the project.

4. Project Funding Requirements

ELIGIBLE APPLICANTS

Applicants applying for HOME Funds must adhere to the following requirements under the HOME Rental activity: rent and income restrictions, affordability periods, occupancy requirements, property standards, relocation and displacement and other federal requirements. The minimum amount of HOME funds invested in a project that involves rental housing is \$1,000 per each HOME assisted unit.

Developers and owners of affordable rental housing – including nonprofit developers, public housing authorities, and State-designated Community Housing Development Organizations (CHDOs) – are eligible to apply for HOME funding subject to the program-specific limitations noted below:

1. While public housing authorities are eligible to apply, public housing units supported by Public Housing Capital or Operating funds authorized by the 1937 Act are not eligible for HOME funding. Non-public housing units owned and developed by a public housing authority are eligible.
2. CHDOs are a specific type of community-based nonprofit organization defined by section 92.2 of the HOME Final Rule. The HOME program includes an annual set-aside of funds for projects owned, developed, or sponsored by CHDOs. Prior to committing funds, MHC will review the status of any organization seeking funds from the CHDO set-aside to ensure that it meets all HOME requirements, that it has sufficient staff capacity to carry out the project, and that the CHDO meets the requirements of “owner,” “developer,” or “sponsor” as required by 24 CFR 92.300(a).

DEBARMENT

MHC will not fund projects owned, developed, or otherwise sponsored by any individual, corporation, or other entity that is suspended, debarred, or otherwise precluded from receiving federal awards. Nor may the owner contract with any other entity (including but not limited to

builders/general contractors, property management companies, or other members of the development team) that are suspended, debarred, or otherwise so precluded. Similarly, the general contractor will be required to determine that subcontractors are not so precluded.

The System for Award Management (SAM) database should be used by applicants to confirm that development team members are not excluded. The SAM database is available at www.sam.gov.

PROJECT LOCATION

Projects must be in the State of Mississippi. Additional geographic targeting, potentially including set-asides or scoring incentives, may be included in NOFAs issued by the MHC.

All HOME projects involving new construction are also subject to the Site and Neighborhood Standards at 24 CFR 983.57(e)(2) and (3). In general, these standards limit the new construction of rental housing in neighborhoods exhibiting concentration of poverty unless the projects meaningfully contribute to the area's revitalization as part of a larger series of public and/or private investments.

PROJECT TYPES

Funds will be provided for acquisition and/or new construction of single-family and multifamily residential rental projects. Projects funded with other federally regulated affordable housing programs such as, but not limited to, LIHTC, HUD Section 202, Section 811, RAD, Choice Neighborhoods, or United States Department of Agriculture Rural Development (USDA-RD) or with the Housing Trust Fund will be considered.

Ineligible Project Types/HOME Rental

1. Alcohol treatment facilities
2. Chemical dependency treatment facilities
3. Correctional facilities
4. Facilities providing continual or frequent nursing, medical, or psychiatric services.
5. Medical treatment facilities
6. Nursing homes; Student Housing
7. Private foster care facilities

ELIGIBLE ACTIVITIES

MHC will adhere to Eligible and Prohibited Activities in accordance with CFR 92.205. Applicants must describe activities to be undertaken in sufficient detail for MHC to determine that the proposed activities are permitted by regulation. Affordable rental housing may be acquired and/or rehabilitated or constructed. All project costs must be reasonable, whether paid directly with HOME funds. MHC will review all project costs, including hard and soft costs, to evaluate reasonableness and may, at its option, require applicants to obtain additional quotes, bids, or estimates of costs. A cost analysis will be conducted to determine cost reasonableness. HOME funds may be used to pay the following eligible costs:

1. Real Property Acquisition Costs
2. Site improvements and development hard costs (actual cost of constructing or rehabilitating housing)
3. Related Soft Costs
4. Community Housing Development Organization Costs
5. Relocation Costs
6. Demolition of existing structures
7. Financing costs (rehabilitated with HOME funds)
8. Relocation assistance
9. Operation cost assistance and reserves for rental housing
10. Reasonable administrative planning costs

ACQUISITIONS (INCLUDING VACANT LAND OR DEMOLITIONS)

In compliance with §92.205 (a)(2) Acquisition of Vacant Land or Demolition Are Not Eligible Stand-Alone Activities and no HOME program funds shall be expended for these activities alone, but only in conjunction with a housing development activity. No funds shall be committed until MHC has determined that construction will begin within 12 months.

DEVELOPMENT HARD COSTS:

Includes the actual cost of constructing or rehabilitating housing.

- **New Construction:** Project costs must meet MHC's Construction Standards.
- **Rehabilitation:** Project costs must meet MHC's Construction Standards.
- Demolition of Existing Structures
- Uniform Relocation Costs
- Creation of utility connections including off-site connections from the property line to the adjacent street.
- Improvements to the project site (only property owned by the project owner, where the project is located) that are in keeping with improvements of surrounding, standard projects. Including:
 - On-site roads
 - Sewer Lines
 - Water lines
 - Costs to construct or rehabilitate laundry and/or community facilities located in the same building as the housing for the use of project residents (only applicable to multi-unit RENTAL housing).

SOFT COSTS:

Costs include other reasonable and necessary costs incurred by the owner and associated with the financing, or development (or both) of new construction, rehabilitation or acquisition of housing

assisted with HOME funds. These costs include, but are not limited to:

- Architectural Services
- Engineering Services
- Preparation of plans, drawings, specifications, or work write-ups
- Costs to process and settle the financing for a project
- Private lender origination fees
- Credit reports
- Fees for title evidence
- Fees for recordation
- Filing of legal documents
- Building permits
- Attorney fees
- Private appraisal fees
- Fees for an independent cost estimate
- Builders or developers' fees
- Costs of a project audit
- Affirmative marketing and fair housing information to prospective homeowners and tenants
- Staff and overhead costs directly related to carrying out the project, such as:
 - Work specifications preparation, Loan processing inspections, and
 - Other services related to assisting potential owners, tenants, and homebuyers.
- Pre-purchase housing counseling and education (only for recipients who purchase a HOME unit) – **CHDO only**.
- All costs must be reasonable and thoroughly documented (including timesheets detailing actual time worked on HOME activities).
- For both new construction and rehabilitation, costs for the payment of impact or other fees that are charged for all projects within a jurisdiction.
- Costs of environmental review and release of funds in accordance with [Title 24 Part 58](#) which are directly related to the project.
- Cost of funding an initial operating deficit reserve, not to exceed 18 months (ONLY eligible for new construction or rehabilitation projects):
- Only can be used to pay project operating expenses, scheduled payments to a replacement reserve, and debt service.
- Any HOME funds placed in an operating deficit reserve that remains unexpended after the period of project rent-up may be retained for project reserves only upon written approval of MHC.
- Relocation costs (for persons displaced by the project):
 - Replacement housing payments
 - Moving expenses
 - Other reasonable out-of-pocket costs incurred in the temporary relocation of

persons.

- Staff time associated with providing relocation to displaced persons (including referrals housing search assistance, property inspections, counseling, and other assistance necessary to minimize hardship).
- Payment of Construction Loan, Bridge Financing, or Guaranteed Loan (principle & interest), if the Project meets all HOME requirements and the loan was used for eligible costs specified in HOME Regulations and these policies and procedures manual; & The HOME assistance is part of the original financing for the project.

OPERATING COST AND OPERATING RESERVES

No more than a designated percentage of the annual HOME Allocation may be used for operating cost assistance and/or an operating cost assistance reserve. Operating cost assistance and/or an operating cost assistance reserve may be provided only to rental housing acquired, rehabilitated, reconstructed, or newly constructed with HOME funds.

MHC will have discretion on how it awards operating cost assistance to projects each fiscal year. The written agreement between MHC and the recipient will set forth the maximum amount of the operating assistance to be provided to HOME assisted rental projects.

DEVELOPMENT REQUIREMENTS

The percentage of HOME-assisted units must equal or exceed the percentage of HOME funds to Total Development Cost. HOME assistance per unit cannot exceed the maximum per unit subsidy defined in the HOME subsidy layering and underwriting guidelines.

The project schedule must include estimated dates for the start of construction and certification of occupancy or substantial completion. Funds will be committed within twenty-four months and construction, or rehabilitation must begin within 12 months of the agreement date. The application announcement and award letter may identify a specific date by which the start of construction is expected to begin.

All projects will be evaluated based on several factors, including but not limited to:

1. Cost reasonableness
2. Financial feasibility
3. Readiness
4. Applicant's experience and capacity to develop and manage the project.
5. Ability to provide appropriate services, if applicable

PROHIBITED ACTIVITIES AND FEES

The following activities and fees are prohibited:

1. Provide assistance to a project previously assisted with HOME funds, during the affordability period.
2. Pay for the acquisition of property owned by the grantee.

3. Pay delinquent taxes, fees, or charges on properties to be assisted with HOME funds.
4. Pay for political activities, advocacy, lobbying, counseling services, travel expenses, and preparing or providing advice on tax returns.
5. Pay for administrative, outreach, or other costs to manage and operate the grantees HOME funds.
6. Pay for any cost that is not eligible under 92.371 and 92.732.
7. Project owners are prohibited from charging origination fees or charging more than is customary for parking and laundry room uses.
8. HOME funds ***shall not*** be used for non-residential accessory structures such as free-standing community/leasing buildings, garages, carports, or maintenance structures. However, HOME funds may be used for community space or common laundry facilities included in residential buildings.
9. HOME funds ***shall not*** be used for luxury improvements according to 24 CFR 92.205.
10. HOME funds ***shall not*** be used to fund an initial operating deficit reserve.

5. Key Federal Requirements

HOME/NHTF projects are subject to a range of “cross-cutting” federal requirements broadly applicable to federal funding in general or HUD programs. Applicants must be aware of these requirements which affect the planning and design of a project, contracting for construction, and ongoing operations.

ENVIRONMENTAL REVIEW REQUIREMENTS

Federally assisted projects are subject to a variety of environmental requirements. Therefore, Environmental Review must be submitted to Shirley Thompson, (Environmental Impact Officer) within four (4) months of receiving a Reservation of Home funds Letter. Applicants should be familiar with these requirements and are strongly encouraged to discuss any questions they have with MHC Environmental Impact Officer prior to entering into a purchase agreement or submitting an application.

HOME Projects:

1. All HOME-assisted projects shall be implemented in accordance with environmental review regulations as defined in 24 CFR Part 58.
2. The Applicant shall be responsible for conducting the environmental review or hiring a consultant to assist with completing all necessary public notifications, and the request for release of funds (RROF), as applicable, from HUD. The applicant is responsible for cooperating with MHC in the environmental review process and providing information necessary for the Environmental Impact Officer to fulfill its responsibilities under Part 58 and other applicable regulations.
3. Submitting an application for HOME funds triggers environmental review requirements under 24 CFR Part 58, including the National Environmental Policy Act (NEPA). Once an application for federal funds is submitted, a project proposal is now subject to the

environmental review requirements and requires an environmental clearance and issuance of a Release of Funds (ROF), as applicable, by the U. S. Department of Housing and Urban Development.

4. Applicants are prohibited from undertaking or committing or expending any funds (including non-federal funds) to any physical or choice-limiting actions on the site prior to an environmental clearance as required by Part 58. Physical and choice-limiting actions include, but are not limited to, property acquisition, demolition, movement, rehabilitation, conversion, repair, or construction. This prohibition applies regardless of whether federal or non-federal funds are used and taking a choice limiting action prior to completion of the required environmental clearance process will result in the denial of any HOME funds from MHC.

UNIFORM RELOCATION ACT (URA)

All Rental Housing projects fall under requirements of the URA. Applicants must further document that any purchase of property meets the requirements of URA, including provision of notices to the seller identifying the transaction as a voluntary sale not under the threat of eminent domain.

Additionally, for properties occupied by commercial or residential tenants at the time of application, URA requires certain notices to tenants in place as of the application for federal funds. Failure to provide such notices may result in substantial compliance costs or render a project ineligible. To ensure compliance with URA, applicants should consult the Grants Management staff prior to the submission of any application involving an occupied property to understand the requirements of URA.

LABOR STANDARDS

HOME Labor standards, including Davis-Bacon federal prevailing wage requirements, shall apply to all projects with 12 or more HOME-assisted units.

MINORITY BUSINESS ENTERPRISE AND WOMEN BUSINESS ENTERPRISE (MBE/WBE) PLAN

Developers must maintain an MBE/WBE plan that demonstrates marketing and solicitation of MBE/WBE businesses and contractors for the construction of the project.

SECTION 3

Owners and developers of projects receiving \$200,000 or more in aggregate HUD funding (including HOME or HTF as well as HOME, CDBG, or other similar funding from a local government) are subject to the requirements of Section 3 of the Housing and Community Development Act of 1968 as outlined in 24 CFR 75. The purpose of Section 3 is to provide economic opportunities, particularly employment, generated by HUD-assisted development activity to low- and very low-income persons. In practice, the Department expects that all HOME/NHTF projects will be subject to Section 3.

Projects subject to Section 3 are required to take steps to achieve HUD-specified benchmarks (and maintain records and provide reporting) on total labor hours worked including by eligible “Section 3 workers” (25% of total labor hours) and by “Targeted Section 3 workers” (5% of total labor hours). **Note that the Section 3 regulations were comprehensively updated in 2020.** HUD continues to provide guidance and training on the updated requirements. More information is available on the HUD Exchange’s Section 3 page [Section 3 - HUD Exchange](#)

NONDISCRIMINATION AND EQUAL OPPORTUNITY

The following Federal nondiscrimination and equal opportunity guidelines apply to all Rental Housing projects and affect both development and operation of assisted housing:

1. The requirements of the Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR Part 100; Executive Order 11063, as amended by Executive Order 12259 (3 CFR 1958 B1963 Comp., P. 652 and 3 CFR 1980 Comp., P. 307) (Equal Opportunity in Housing) and implementing regulations at 24 CFR Part 107; and of the Civil Rights Act of 1964 (42 U.S. C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1.
2. The prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing Regulations at 24 CFR Part 146.
3. The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8.
4. The requirements of Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR 1964-65, Comp., p. 339) (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60.
5. The requirements of 24 CFR 5.105(a)(2) requiring that HUD-assisted housing be made available without regard to actual or perceived sexual orientation, gender identity, or marital status and prohibiting subrecipients, owners, developers, or their agents from inquiring about the sexual orientation or gender identity of an applicant for, or occupant of, HUD-assisted housing for the purpose of determining eligibility for the housing or otherwise making such housing available. This prohibition on inquiries regarding sexual orientation or gender identity does not prohibit any individual from voluntarily self-identifying sexual orientation or gender identity.

6. Underwriting & Subsidy Layering Reviews

Project Underwriting for all HOME and/or NHTF project applications, the Grants Management Division will require the submission of a professionally prepared market study from a provider acceptable to the MHC. If more than 12 months old at the time of application submission, the Division may require an updated market study. Proposed rent levels must be supported by the applicant’s market study and within HOME and/or NHTF regulatory limits, as applicable.

Owners must disclose all other firm commitments for funding with the initial HOME and/or NHTF Rental Housing application to the Department at the time of application and upon receiving any additional commitments of funding. The Department will conduct a subsidy layering review as part of the underwriting process for any project that includes other public subsidies. Using its underwriting criteria, the Department will assess the project and may require changes to the transaction to ensure that cash flows to the owner/developer are not excessive. Changes may include a reduction in HOME and/or NHTF funds awarded, reductions in the rents being charged to tenants, requirements that excess cash is deposited to an operating reserve or increases in annual payments on the HOME and/or NHTF loan.

The Department will consider adjusting its underwriting in consultation with other funders to the project. The Department retains, at its sole discretion, the power to decide whether to accept alternative standards.

All HOME and/or NHTF applications must include personal financial statements (audited if available) and the three most recent tax returns from all underlying developers, owners, and guarantors and will be subject to the MHC's evaluation of fiscal soundness as required by 24 CFR 92.250(b)(2) (HOME) and 24 CFR 93.300(b)(2) (NHTF).

Project Underwriting will include:

1. Vacancy factor of at least seven (7%) percent for family developments and at least five percent (5%) for elderly developments, unless the market study indicates a higher vacancy factor is needed.
2. MHC staff will use a maximum two (2%) percent inflation factor for all sources of income.
3. All operating expenses will be underwritten with an inflation factor of at least three (3%) percent.
4. All HOME and/or NHTF projects must maintain a total project Debt Coverage Ratio (DCR) between 1.10-1.30 for the affordability period. Properties with a DCR that exceeds 1.30 may have rent increases reduced or denied.
5. Proposals must include justification of operating costs that includes a comparison to similar projects in the local market. Whenever possible, comparable properties should be operated by the proposed management company.
6. At a minimum, projects must make replacement reserve deposits of \$350 per unit, per year. The Replacement Reserve must be funded and maintained for the full Affordability Period, Extended Commitment Period, or loan term, whichever is longer, and reflected in the operating expenses for the full 20-to-30-year projection of expenses at application. Replacement Reserve deposits will be inflated at three (3%) percent annually.
7. • Projects must include a capitalized operating reserve equal to six (6) months of underwritten operating expenses, amortizing debt service, and required reserve deposits. If drawn, the operating reserve must be replenished prior to distributions of cash flow. The operating reserve is intended to protect against unplanned operating deficits. If MHC's underwriting projections anticipate deficits within the applicable affordability period, a separate operating deficit reserve must be capitalized as well.
8. To substantiate LIHTC equity pricing, if applicable, applicants must submit

documentation indicating that a syndicator or investor has reviewed the proposal and indicated preliminary pricing along with their interest in the project.

9. Applicant must provide the amounts and terms for the construction financing, permanent financing, and if applicable, owner equity information. Amortizing permanent financing that will be senior to MHC's HOME/NHTF loan may not mature prior to the expiration of the HOME/NHTF affordability period.

MHC will also perform a Subsidy Layering Analysis before committing HOME Funds to a project. The analysis will determine that costs are reasonable, sources are verifiable, and the use of funds and amounts requested are necessary and determined feasible. MHC's evaluation of developments that use HOME funds in combination with other forms of assistance will ensure that no more than the necessary amount of HOME funds is invested in any one development. The subsidy layering review is conducted during the application period.

HOME required review elements:

1. Actual total development cost including costs that are not eligible to be paid with HOME:
 - a. Costs funded from sources other than HOME.
 - b. Costs of meeting applicable codes and standards for rehabilitation or new construction in the area.
 - c. Costs Associated with meeting all applicable HOME requirements and other federal requirements.
 - d. Costs associated with meeting priority housing needs of the State (e.g., accessibility for special needs populations).
 - e. Costs in producing housing units for extremely low-income families.
 - f. An assessment of current market demand for the neighborhood of project location.
 - g. Financial Return to the Owners or Developers.
2. Firm Financial Commitments for the project
 - a. Geographic location of the project
 - b. Adjustment for number of bedrooms

MAXIMUM PER UNIT SUBSIDY LIMITS

MHC adopted the HOME program maximum per unit subsidy limits. These limits will assist in underwriting and determining the maximum amount of HOME funds that may be invested on a per-unit basis in HOME assisted projects. MHC will use Section 234 Condominium Housing Limits for elevator-type projects. This rate will be used as a tool to avoid over subsidizing investment of HOME funds. Each project will be analyzed to ensure that HOME funds investment is necessary and reasonable to provide housing that is financially feasible throughout the period of affordability.

HUD's Office of Multifamily Housing updates the Section 234 basic mortgage limits annually and publishes them in the Federal Register and establishes High-Cost Percentage exceptions (HCP) for specific areas.

The maximum per-unit subsidy limits calculation demonstrates the maximum amount that can be invested per unit development for **HOME Assisted projects**.

PROFORMA REQUIREMENTS

MHC requires submission of a project proforma in a format provided by the Tax Credit Department. If not otherwise itemized, applicants must be able to separate the hard costs of any stand-alone accessory buildings, including leasing offices, community buildings, laundry facilities, free-standing garages or carports, or maintenance buildings so that MHC can complete preliminary HOME and/or NHTF cost allocation calculations.

COST LIMITATIONS

Per the requirements of 92.250(b) for HOME, and 92.300(b) for NHTF, all project costs must be reasonable, whether paid directly with HOME and/or NHTF funds. MHC will review all project costs, including hard and soft costs, to evaluate their reasonableness and may, at its option, require applicants to obtain additional quotes, bids, or estimates of costs. MHC may also require an applicant, at its own cost, to obtain a third-party cost review from a professional provider acceptable to MHC. The Grants Management staff, or its agents, must be allowed access to the property, as necessary, to evaluate the cost projections associated with a project's plans and specifications. Applications may be determined ineligible if access is not granted or costs are determined to be unreasonable.

Additionally, HOME and/or NHTF projects will be subject to the following specific cost limitations:

1. The maximum developer fee is 15% of net development costs approved by MHC. "Net development costs" are total development costs less syndication related costs and the developer fee itself. Consultant fees are payable only from proceeds of the developer fee.
2. Maximum allowable builder General Requirements, Overhead, and Profit are 7%/4% and 10%, respectively. The builder line-item percentages are calculated on the construction contract price which cannot include construction contingency. If the Department's Inspector approves a Change Order for use of construction contingency, the same percentages for builder line items apply.
3. Generally, Architectural, including Engineering fees, may not exceed six (6%) percent of total project hard costs (excluding builder's line items) unless the Department has approved a larger fee (e.g. in response to specific project characteristics such as a requirement for historic rehabilitation or unusual site conditions requiring additional engineering).

Acquisition costs may not exceed the lesser of the appraised value of a property, the purchase price negotiated with an arms-length seller, or the cost basis of an identity of interest seller. Acquisition costs shall be supported by an independent appraisal of the property. Acquisition costs exceeding the appraised value of the property will be ineligible for HOME and/or NHTF funding reimbursement. When a project's sources include USDA-RD or other HUD funding, the USDA-RD or HUD appraisal methodology will apply.

7. Structure of Transaction

HOME/NHTF Funding Limits

The Department will use Tax Credit maximum cap on its investment in a single development, which may vary by project location and characteristics. Such limits will be based on the availability of funding and other Department priorities. To qualify for HOME/NHTF funding, a project must demonstrate the need for an investment of no less than \$1,000 in HOME/NHTF funding per HOME/NHTF-assisted unit.

For all HOME projects, in no case will the Department investment exceed the maximum HOME investment allowed under 24 CFR 92.250. The HOME Maximum Per-Unit Subsidy Limits are published each year by HUD and will generally be provided as part of any NOFA.

DRAW PROCESS

The Department's HOME and/or NHTF Loan is intended as construction and/or permanent financing. Proceeds of the HOME and/or NHTF loan will only be released as reimbursement for eligible project costs.

CONDITIONS OF CONSTRUCTION DRAWS

Proceeds of the HOME and/or NHTF loan will only be released to Owner for actually incurred HOME-eligible and/or NHTF-eligible project costs. The obligation of the Department to approve any draw or to make any disbursement of HOME and/or NHTF funds is subject to the satisfaction of the following conditions at the time of making such disbursement:

1. Draws will not be processed if the Owner is in default.
2. The Project shall not have been materially damaged by fire or another casualty.
3. The Department shall have received evidence satisfactory to the Department that all work and improvements requiring inspection by any governmental authority having jurisdiction have been inspected and approved by such authorities and by any other persons or entities having the right to inspect and approve construction.
4. Owner shall have submitted a completed disbursement request using the Department's approved HOME/NHTF payment request form (A-19), and such other appropriate source documentation as may be required by the Department including, without limitation, the following:
 - a. Current Contractor Inspection Form and lien waivers, which are to be dated no less than thirty (30) days precedent to the date of the requested disbursement.
 - b. Evidence satisfactory to the Department that the required building permits and other permits have been obtained as required.
 - c. Appropriate certifications of compliance in all respects with labor standards and prevailing wage requirements.

CONDITIONS OF FINAL DISBURSEMENT

In addition to the requirements set forth above, the Department shall require the following prior to the final disbursement of funds, the request for which shall not be submitted before completion of the Project, including all landscape requirements and offsite utilities and streets and correction of defects in workmanship and/or materials:

1. A certificate of occupancy, if applicable, or a final approved construction report from the Department's for the Project.
2. Identification of the designated street address of the Project, including as applicable the street addresses assigned for the leasing office and each residential structure and the specific unit designations (e.g., unit number or lettering such as #12 or Apartment B-3) for all HOME/NHTF units.
3. Evidence satisfactory to the Department that the Project has been completed lien free and substantially in accordance with the plans and specifications.
4. Review and final settlement of the cost certification.
5. Such other supporting evidence as may be requested by the Department or its agent to substantiate all payments which are to be made from the final disbursement and/or to substantiate all payments then made with respect to the Project.
6. A determination by the Department that all HOME and/or NHTF requirements pertaining to the initial development of the Project have been met, including but not limited to monitoring of Davis-Bacon compliance, as applicable.
7. Evidence that any project-based rental assistance contract anticipated as part of the Department's underwriting has been fully executed and is in effect.

ALLOCATION

HOME funds are allocated by formula to Participating Jurisdictions (PJs), which are defined as state and local governments (including consortia) that receive funds to operate the program.

The State will reserve a minimum of 15 percent of its annual allocation for activities undertaken by qualified Community Housing Development Organizations (CHDOs). MHC will commit CHDO/HOME allocation for single family and multi-family rental housing activities in accordance to addressing the State's priority needs.

For a CHDO to be eligible for set-aside funds, the CHDO must be organized and structured according to the standards provided in the HOME regulations and must develop, own or sponsor HOME-assisted housing according to 24 CFR 92.300. Only nonprofit organizations that have been certified by MHC as CHDOs can receive funds from the minimum 15 percent set-aside.

FORM OF ASSISTANCE

The level and type of assistance provided by the Home Program to a specific project must be the minimum amount necessary to achieve the desired degree of affordability. Funds from the Home Program may be used to support the acquisition, development, or preservation of affordable rental housing units. HOME funds will be awarded on a competitive basis to projects that address the criteria outlined in this document (See Addendum A & B).

CASH FLOW LOAN

Loans are structured as payable from cash flow after deducting operating expenses, debt service, and other expenses determined eligible by MHC, from operating revenue. Developments sponsored by non-profit organizations serving high-need individuals that may not generate net operating income are eligible.

FORGIVABLE LOAN

Based on the results of underwriting and subsidy layering review, assistance to non-profit organizations may result in the form of a grant/forgivable loan. This will be determined after final completion of subsidy layering review.

TERMINATED PROJECTS

HOME-assisted projects that are terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity. Therefore, the recipient of HOME funds will be responsible for the repayment of any HOME funds invested in the project.

WRITTEN AGREEMENT

Written Agreements are used to contract with funded Applicants in order to implement proposed HOME activities and govern project execution. It is an executed written agreement that evidences a commitment of Home Funds. The agreement must be legally binding, **signed** by all parties to the agreement, and all signatures must be dated to verify compliance.

BINDING COMMITMENTS REQUIRED FOR ALL FINANCING

MHC will enter binding commitment of HOME at the same time legally binding commitments are present for all other funding sources. The definition of a “commitment” of HOME funds is a legally binding Written Agreement with a State recipient, non-profit developer, or for-profit developer to use a specific amount of HOME funds to produce affordable housing. Contingent awards do not constitute a commitment of HOME funds.

EXTENSION OF WRITTEN AGREEMENT

Extensions of Written Agreement periods may, at MHC’s discretion, be permitted for any HOME recipient that can demonstrate that the project is proceeding in a manner such that completion of the project is certain in the time identified. However, Written Agreements cannot be extended beyond the Project completion deadlines set forth in the Home Interim Rule.

Projects selected for funding in conjunction with Applications for tax-exempt bond financing may receive a reservation of Home, contingent on closing the bond issue. Contingent reservations may be withdrawn if the Applicant does not close the bond financing within 12 months.

WITHDRAWAL OF ASSISTANCE

Recipients receiving an award of HOME must commit to beginning construction within 12 months of receiving notice of reservation of funds. If MHC determines a project will not proceed within 12 months, MHC may, at its discretion pursuant to 24 CFR Part 92, reallocate the funds to another project in order to meet federal expenditure deadlines for Home. MHC regularly assesses the performance of its HOME partners. Based on the performance pursuant to the requirements contained in its Written Agreements and the Program regulations, MHC may withdraw funding due to non-performance, poor performance, and/or untimely performance.

8. COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

CHDO SET-ASIDE

MHC will allocate at least 15% of its HOME fund for CHDO projects.

MAXIMUM AWARD PER PROJECT/CHDO DEVELOPMENT

The maximum award per project will be determined by performing a subsidy layering review which involves reviewing the applicant's sources and uses, development costs, debt service coverage, and operating revenues.

ELIGIBLE APPLICANTS

Organizations eligible to receive funding through the HOME/CHDO Program for Rental Activities are nonprofit organizations with demonstrated development experience and capacity with creating, rehabilitating, or preserving affordable housing.

Nonprofit organizations applying for HOME funds must submit a certification to verify that they are registered to do business in the State of Mississippi as a nonprofit organization. Furthermore, nonprofit organizations must submit a letter from the Internal Revenue Service designating them as a tax-exempt nonprofit organization 501(c)(3) or 501(c)(4) and a copy of their bylaws stating a clear housing purpose. Organizations that share common by-laws, board members (more than 50%), and service areas will be regarded as the same organization within their common service area.

Nonprofits seeking HOME funds through CHDO set asides must first become certified as a CHDO.

ELIGIBLE / INELIGIBLE PROJECT TYPES

Applicants/entities that are not in good standing may not file HOME applications. An applicant is not in good standing, if it has failed to comply with the terms of any HOME or HTF Program requirements. The general and limited partners for partnerships and for all applicants, the management agent proposed as a member of the development team must disclose any finding or a violation of any Federal or State laws or regulations pertaining to fair housing, housing

accessibility, or non-discrimination in the areas of ownership and rental housing.

Applicants disclosing such findings of violations or convictions must obtain a waiver from MHC in order to apply for funding. The granting of such waivers is at the discretion of MHC.

HOME/CHDO Set-aside funds shall be used for affordable single family and multi-family rental housing development and single-family homeownership housing that meets the requirements of the HOME Program.

CHDO PROGRAM REQUIREMENTS

CHDOs must adhere to all HOME requirements listed in this Application Package and the additional CHDO specific program requirements:

Applicants that would like to apply as a CHDO must apply for CHDO certification prior to submitting a HOME application. The CHDO Certification application can be found as a separate document on the MHC website.

The CHDO application and Proposal must be submitted prior to the submission of a HOME application.

An application for a CHDO eligible undertaking must demonstrate the following:

- Low-income persons have had the opportunity to advise the CHDO in its decision regarding the design, site, development, and management of the affordable housing undertaking.
- Certify that the organization continues to meet the definition of a CHDO by being a certified CHDO by MHC.
- Complete the CHDO related sections in the HOME Application Forms.

TREATMENT OF PROGRAM INCOME BY A CHDO

Proceeds generated from a Community Housing Development Organization (“CHDO”) development activity may be retained by the CHDO but must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2).

Such proceeds are not considered program income and are not subject to HOME Program requirements. However, funds recaptured because housing no longer meets affordability requirements are not considered CHDO proceeds and are subject to the requirements of 24 CFR 92.503(b) and must be returned to MHC.

9. QUALIFICATION AS AFFORDABLE HOUSING

INCOME DETERMINATION

Each family occupying a HOME-Assisted unit is required to be Eligible to ensure that income targeting requirements are met. **The Home Program adopted Part 5 Income Eligibility Determination Method.**

INCOME-TARGETING REQUIREMENTS

The HOME program has income-targeting requirements, therefore each family occupying a HOME assisted unit is income Eligible by determining the family's annual income as defined in CFR 92.216. For subsequent income determinations during the period of affordability, MHC will use the method which will examine at least 2 months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the family.

ELIGIBLE BENEFICIARIES

The HOME assisted units in a rental housing project must be occupied by households in accordance with the income targeting requirements in CFR 92.216 regulations. The eligibility of households for HOME assistance varies with the nature of the funded activity. Eligible beneficiaries selected to occupy HOME- assisted units are low- to very-low-income families. The incomes of households receiving HUD assistance must not exceed 80% of the area median.

During the period of affordability, the income of in-place tenants must be recertified using source documentation at least every sixth year of the project's affordability period (e.g., in the sixth year, all in-place tenants must be recertified using source documentation even if a given tenant is only in his/her second year of occupancy). In other years, owners must recertify the income of existing tenants annually.

ELIGIBLE TENANTS

HOME assisted units in a rental housing project must be occupied by households in accordance with the income targeting requirements regulations. Eligible tenants selected to occupy HOME-assisted units are low-to very low income (LI/VLI) families. HUD will publish the HOME rent limits on an annual basis and limits will be provided to grantees on an annual basis. MHC will ensure that rents do not exceed the maximum rent limits and are following HOME regulations.

10. RENT LIMITATIONS

INCOME AND RENT RESTRICTIONS

To qualify as affordable housing, HOME units must be rented only to households with certain incomes at rents regulated by each program to be affordable to households at the targeted income levels.

Note that HUD releases updated specific income and rent limits annually for the HOME program, which MHC will provide to owners. Until HUD releases the program-specific income and rent limits, owners must continue to use the current HOME limit as applicable.

INCOME LIMITS

- High-HOME units must be rented exclusively to tenants with household incomes, at the time of move-in, at or below 60% of AMI for the county, as adjusted by family size, thereafter and
- Low-HOME units must be rented exclusively to tenants with household incomes at or below 50% AMI for the county both at initial occupancy and thereafter.

LOW INCOME TENANTS

For rental housing and rental assistance, at least 90% of benefiting families must have incomes that are no more than 60% of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median and shall be charged no more than the Low HOME rent during the entire HOME period of affordability. MHC must specifically approve the project's rent schedule annually.

RENT ADJUSTMENTS

Owners must obtain approval before implementing HOME assisted units rent increases. Owners shall also provide not less than 30 days' written notice to tenants upon receiving approval of HOME unit rent increases.

In the event a tenant occupying a HOME unit becomes over-income, the HOME-assisted unit continues to qualify as affordable housing despite a temporary noncompliance caused by increases in the existing tenant's income if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with regulations until the noncompliance is corrected.

11. UTILITY ALLOWANCES

The HOME rent limits are gross rent limits. The actual rent collected from a tenant must be adjusted considering an allowance for tenant paid utilities. MHC must approve the project's utility allowance (UA) annually. HOME regulations at 24 CFR 92.252(d) require that the UA for the project be based on the type of utilities used at the project and updated annually.

HOME further specifies that the UA is to be established using a project-specific methodology and based on actual utility usage at the property or estimates an allowance based on project-specific factors such as size, orientation, building materials, mechanical systems, and construction quality, as well as local climate conditions.

For HOME projects funded on or after Aug. 23, 2013, the Public Housing Authority area-wide UAs prepared for the housing choice voucher program are no longer an acceptable method of calculating UAs.

The following methodologies, used in other Federal housing programs, will meet HOME regulatory requirements and are generally acceptable to MHC. The Grants Management Division must approve the methodology selected by an applicant. The same methodology must be used for all HOME units within a single project, thereafter, approved by the Department.

- **HUD Utility Schedule Model (HUSM):** The HUSM enables users to calculate utility schedules by housing type after entering utility rate information (tariffs). This model is based on climate and survey information from the U. S. Energy Information Administration of the Department of Energy and it incorporates energy efficiency and Energy Star data. This model is allowed for LIHTC projects per IRS regulations at 26 CFR 1.42-10(b)(4)(D). The HUSM and use instructions can be accessed on HUD User at <https://www.huduser.gov/portal/resources/utilallowance.html>. The HUSM is available as either a spreadsheet model in MS EXCEL or a web-based model on HUD User at <https://www.huduser.gov/portal/datasets/husm/uam.html>.
- **Multifamily Housing Utility Analysis:** In 2015, HUD published Multifamily Notice H-2015-4 to provide instructions to owners and management agents for completing the required utility analysis. This analysis is also used for the USDA Rural Housing Service program and allowed for LIHTC projects per IRS regulations at 26 CFR 1.42-10(b)(3). This method is applicable for the following programs: Project-based Section 8, Section 101, Section 202/162, Section 811, Section 236, and Section 221(d)(3).
- **Energy Consumption Model (Engineer Model) (26 CFR 1.42-10(b)(4)(E))** –UA based on an energy and water and sewage consumption and analysis model (energy consumption model) prepared by a properly licensed engineer or a qualified professional. IRS regulations require that such professionals be independent from the property owner, and they specify the building factors that must be included in the model.

12. MAXIMUM AWARD PER APPLICANT/PER PROJECT

The maximum award per applicant is determined by reviewing the financial feasibility of the project including its operating revenues. HOME funds may be combined with other federal and non-federal sources such as, Housing Trust Fund (HTF), LIHTC and tax-exempt bonds to produce and preserve affordable units. The maximum award per project will be determined by performing a subsidy layering review which involves reviewing the applicant's sources and uses, development costs, debt service coverage, and operating revenues.

Before monies are released, a Regulatory Agreement must be signed between MHC and the recipient. The agreement will satisfy Federal requirements and establishes the terms under which the funding is being provided. Funds will not be released until a funding agreement is executed and all applicable regulations have been met (e.g., environmental review requirements).

The drawdown of funds will not be completed until all necessary documentation is received by staff, including a draw request form, invoices for work completed, inspection and approval of work

by the Architect and MHC. In addition, Developers, Subrecipients and CHDOs must comply and not in default of their HOME program Agreements. Developers shall allow additional time for staff to verify completion of work through on-site inspection before draw requests are processed.

TAX EXEMPT BOND DEVELOPMENT REQUIREMENTS (IF APPLICABLE)

Developments that intend to use 9% Low Income Housing Tax Credits must apply for HOME funds at the same time as they submit the application for 9% tax credits. The expected HOME funds should be listed as a source on the 9% tax credit application. HOME is designed to fill a gap in financing to help make a project financially feasible.

MHC solicits applicants that incorporate significant funding from other sources, such as tax-exempt bonds with 4% Low Income Housing Tax Credits, federal and local government programs, or other sources. Tax-Exempt Bond developments must meet the exempt facility bond requirements under 26 US Code §142 as well as the tax credit requirements under 26 US Code §42(h)(4). Applicants that anticipate receiving an award of other funding must provide evidence that they have applied for such funding, including acknowledgement from the funding entity that the application has been received and the amount requested is consistent with the sources and uses statement presented with the HOME application.

13. DISBURSEMENT OF FUNDS

HOME awards will be disbursed **at 50% of project completion and final disbursement at 100%** completion. Ten percent (10%) of the final draw will be held as retainage until monitoring, closeout, and compliance completion of the project. At MHC's discretion, an alternative disbursement schedule may be considered at the request of the owner.

MHC may identify Special Conditions that must be satisfied prior to the drawdown of HOME funds. Special Conditions may arise due to documentation required to comply with MHC's policy and procedures, federal HOME regulations and other federal crossing cutting requirements compliance. Any drawdown of funds is conditioned upon the provision of satisfactory information by MHC about the project and compliance with other procedures, as specified by HUD.

Recipients may not request disbursement of funds until funds are needed for payment of eligible costs. This will be documented by an AIA Report signed by the Developer's Architect certifying that the development is at percentage of completion and confirmation of funds requested.

MHC requires property to be inspected to confirm that development units conform to the phases of completion. In addition to the Architect certification, MHC's staff will perform an inspection of the property. Recipients are required to notify MHC to schedule the inspection. Once the inspector provides written authorization that the property complies and is at the percentage of completion, documents may be submitted requesting disbursement of funds.

The following documents must be submitted when requesting disbursement of funds:

- 1) Request for Cash Form
- 2) Rental/Homebuyer Setup and Completion Form

- 3) W-9 Form- Request for Taxpayer ID Number & Certification
- 4) ACH Credit Authorization Form
- 5) Updated Project Completion Schedule
- 6) AIA Report-Sample
- 7) Invoice for Eligible Cost
- 8) Cost Certification (final draw)

Recipients are required to prepare and submit a Rental Setup & Completion form identifying allocated HOME units and beneficiaries within 120 calendar days of the date of the final project drawdown.

Any HOME funds invested in housing that does not meet the affordability requirements for the period specified in the written agreement as applicable, must be repaid. Any HOME funds invested in a project that is terminated before completion, either voluntarily or otherwise, must be repaid.

14. PROJECT EVALUATION

MHC reviews and evaluates the project from a number of perspectives, including the following:

CAPACITY AND FINANCIAL STRENGTH

Applicant/Borrower's financial statements and/or tax filings for at least the past two years plus the current year to date to evaluate whether there is sufficient income, equity, and cash flow to undertake, carry out and successfully complete the proposed projects.

PROJECT BUDGETS AND FINANCING

The project's pro-forma budgets are reviewed and analyzed to determine and evaluate the project's development costs, operating income and expenses, and sales proceeds. Financial Commitments for the key sources the project have received.

SOURCES OF REPAYMENT

During the term of the loan, the project/borrower should have sufficient income and cash flow to make interest payments on loan.

LOAN COLLATERAL

Properties that serve as collateral for the loan must have sufficient value to support the loan. Liens are subject to be subordinated to other financing under acceptable terms and conditions.

APPRAISALS OR INDICATORS OF VALUE

Appraisals of the property are required by a certified licensed appraisal.

DEVELOPMENT EXPERIENCE

Applicants must complete the Development Experience Form for each Qualified Principal

Member.

- A **qualified principal member** is a person who has previous experience (as a developer or general partner) in the Low-Income Housing Tax Credit Program or other affordable housing programs (i.e., Rural Development, HUD). A qualified principal member must have a minimum of 51% ownership interest in the general partnership to be eligible. In cases where the principal of the general partner is an entity, the qualifying principal member must own a minimum of 51% ownership of the entity. Additionally, all members of the general partner must be in good standing with all MHC programs.

MANAGEMENT EXPERIENCE

The proposed management entity must have experience in managing at least one qualified development. The proposed management entity must have begun managing the development no later than January 1, 2020, and must be currently managing the development.

SUSPENSION/DEBARMENT

Recipients are prohibited from contracting with or making sub-awards to parties that are suspended or debarred or whose principals are suspended or debarred by any federal agency, the Mississippi Home Corporation, or other Mississippi State agency. Suspension or debarment may apply to new and/or ongoing transactions. **Prior to submission of a HOME application, applicants must register with the System for Award Management www.sam.gov.**

READINESS TO PROCEED

The applicant must demonstrate the ability to commit HOME dollars and undertake funded activities in a timely manner. Funds must be committed within 24 months and expended within 5 years. Funds that were reserved and not committed within 24 months are subject to be re-evaluated and withdrawn at the discretion of MHC.

For new construction or rehabilitation, construction must start within 12 months of the date of the Regulatory Agreement between the recipient and MHC. MHC will not fund any project that does not indicate in its application the ability to adhere to this requirement.

16. PROPERTY STANDARDS 92.251

HOME-ASSISTED REHABILITATION

HOME-Assisted Rehabilitation projects must meet all applicable state and local codes, ordinances, and requirements upon project completion.

NEW CONSTRUCTION AND GUT REHAB PROJECTS

MHC written standards ensure that project plans, specifications, and work write-ups follow State and local codes, ordinances, requirements, standards, and cost estimates. HOME assisted new construction and gut rehabilitation projects must meet all applicable state and local codes,

ordinances, and zoning requirements. They must also meet the International Residential Code or International Building Code (as applicable), or state or local residential and building codes for new construction or gut rehabilitation.

ENERGY AND WATER EFFICIENCY

All mid- or high-rise multifamily housing over 3 stories must exceed by 20% the minimum energy efficiency requirements defined by the American Society of Heating, Refrigerating, and Air-Conditioning engineers (ASHRAE) Standard 90.1-2007. All water usage products installed in HOME assisted units must bear the Water Sense label.

REHABILITATION STANDARDS

Projects - All rehabilitation of multi-family and single-family dwellings that utilize HOME funds must meet requirements. MHC will adhere to HOME Rehabilitation Standards by adopting the (Minimum Design Quality Standards (MDQS)). The Grant Management Department will inspect properties in accordance with HUD's Physical Condition Standards and Inspection Requirements 5.701 (Physical Condition Standards for HUD housing that is decent, safe, sanitary and in good repair; 5.703; Uniform Physical Inspection Requirements 5.705 Subpart G). MHC will follow written standards to ensure that project plans, specifications, and work write-ups follow state and local codes, ordinances, requirements, standards, and cost estimates.

Considering that HOME regulations encourage the use of other funding sources to achieve financial feasibility. LIHTC/4% may be used in conjunction with HOME funds in developing units for extremely low-income households. The standards noted in the QAP will also be utilized. These standards are designed to assist in achieving consistency throughout the State for all LIHTC rehabilitation activities and are intended to provide acceptable standards for development units rehabilitated according to LIHTC.

The adopted standards are in compliance with the following HOME Rehabilitation Standards Requirements:

MHC will assure that knowledgeable inspectors and architects thoroughly inspect each dwelling for compliance of regulations and certification. They will also ensure that each development complies with all the minimum requirements. Inspections will verify compliance of HOME rehabilitation standards which are inclusive of health and safety, major systems, state and local codes, ordinances, zoning requirements, uniform physical condition standards, capital needs assessment, lead-based paint requirement, accessibility, disaster mitigation, construction documents, cost estimates, and frequency of inspections.

HEALTH AND SAFETY

MHC certifies that all dwellings will be free of all health and safety defects twelve months after project completion and during the period of affordability. All properties assisted with HOME funds must be free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances where a hazard could affect the health and safety of occupants or conflict with the intended use of the property. The Uniform Physical Condition Standards (UPCS) utilized

by the LIHTC Department will also serve as a guide to ensure compliance.

ON-SITE INSPECTIONS/RENTAL

Onsite inspections will occur twelve months after project completion and at least once every three years thereafter during the period of affordability. MHC will issue a preliminary audit review letter in writing within 45 days of the date of the initial inspection. MHC's Grant Management Department will randomly select samples of HOME assisted units for inspection to determine compliance. For projects with one to four HOME assisted units, items designated for inspection (site, building exterior, building systems, and common areas) will be reviewed in all the HOME assisted dwelling units.

HEALTH AND SAFETY DEFICIENCIES

According to the standards adopted by MHC, any deficiencies considered a LIFE THREATENING HAZARD must be addressed immediately and NON-LIFE-THREATENING HAZARDS that generate health and safety issues must be addressed within twelve months.

OCCUPANCY SUITABILITY

To adhere to HOME Rental requirements, property owners are required to certify on an annual basis that each unit in the development is suitable for occupancy considering state and local health and safety codes and ordinances.

MAJOR SYSTEMS

Major systems are structural supports, roofing, cladding, and weatherproofing (e.g., windows, doors, siding, gutters), plumbing, electrical, heating, ventilation, and air conditioning. MHC's designated inspector will estimate (based on age and condition) the remaining useful life of these systems upon project completion.

Energy Star labeled and Water Sense labeled products must be installed when older obsolete products such as windows, doors, lighting, fans, water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers, dryers, dishwashers, toilets, showers, and faucets are replaced as part of the approved rehabilitation work. When it is necessary to replace items, the replacement items must conform to the Minimum Design Quality Standards and HOME Rehabilitation Standards.

CAPITAL NEEDS/PHYSICAL NEEDS ASSESSMENT

For multifamily rental housing projects of 26 or more total units, MHC will determine all work that must be performed in the rehabilitation of the housing and the long-term physical needs of the project through a Capital Needs Assessment of the project.

For rental housing, if the remaining useful life of one or more major systems is less than the applicable period of affordability, MHC will ensure that a replacement reserve is established. All components, systems, and equipment of a development unit shall be in good working order and

condition and be capable of being used for the purpose for which they were intended and/or designed. Components, systems, and/or equipment that are not in good working order and condition shall be repaired or replaced.

The Capital Needs Assessment is critical to staying compliant with HUD regulations and necessary to provide the life expectancy and cost of major items needed to maintain a property. The CNA provides a detailed estimation of how much it will cost to maintain property during the period of affordability.

Applicants must create a budget for the future, assess what needs to be addressed immediately, and outline the expenses for urgent fixes.

Architect/Engineer will provide a detailed report on the building's structure and major items in both the interior and exterior. Specific improvement requirements and the costs associated with these changes should be noted. Provide an estimate of the life of various building systems and a year-by-year assessment of when each component may need replacing or repaired. It is vital to ensure that a complete assessment is performed which can determine how to fund replacement reserve account.

1. The CNA will be completed by a competent independent third party such as a licensed architect and/or engineer.
2. The assessment will include a site visit and a physical inspection of the interior and exterior of all units and structures.
3. The assessment will consider the presence of environmental hazards such as asbestos, lead paint, and mold on the site. In addition, the assessment will examine and analyze the following:
 - a. Site: including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas, and electric utilities and lines.
 - b. Structural systems: including exterior walls and balconies, exterior doors and windows, roofing systems, and drainage.
 - c. Interiors: including unit and common area finishes (carpeting, tile, plaster walls, paint condition, etc.), kitchen finishes, cabinets and appliances, bathroom finishes and fixtures, and common area lobbies and corridors.
 - d. Mechanical systems: including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators.
 - e. Verification of modest amenities and anesthetic features and non - luxury improvements.

For multifamily rental housing projects containing less than 26 total units, an architect will complete a Physical Needs Assessment.

ACCESSIBILITY

All units will meet the accessibility requirements at 24 CFR Part 8, which implements section 504

of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act, implemented at 28 CFR Parts 35 and 36, as applicable. If the rehabilitation includes an addition, covered multifamily dwellings, as defined at 24 CFR Part 100.201, must also meet the designed construction requirements at 24 CFR Part 100.205, which implements the Fair Housing Act. The development units must comply with energy and water efficiency requirements. Energy Star labeled and Water Sense labeled products are to be installed when older obsolete products are replaced as part of the approved rehabilitation work and as appropriate for achieving energy efficiency.

Physical accessibility requirements applicable to federally assisted housing development: These requirements must be met in order to be in compliance with Section 504.

SECTION 504 COMPLIANT UNITS

New Construction: Maximum Points 10 Points

A minimum of 5 percent of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional 2%, at a minimum, of the units (but not less than one unit) must be accessible to individuals with sensory impairments. The total number of units in a HOME-assisted project, regardless of whether they are all HOME-assisted, is used as the basis for determining the minimum number of accessible units. Also, in a project where not all the units are HOME-assisted, the accessible units may be either HOME-assisted or non-HOME-assisted.

Rehabilitation: Maximum Points 10 points

Substantial rehabilitation: A minimum of 5 percent of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional 2 percent, at a minimum, (but not less than one unit) must be accessible to individuals with sensory impairments in a project with 15 or more units for which the rehabilitation costs will be 75 percent or more of the replacement cost.

The total number of units in a HOME-assisted project, regardless of whether they are all HOME-assisted, is used as the basis for determining the minimum number of accessible units, and, in a project where not all the units are HOME-assisted, the accessible units may be either HOME-assisted or non-HOME-assisted.

Rehabilitation: Less extensive rehabilitation than substantial rehabilitation undertaken in projects of 15 or more units, alterations must, to the maximum extent feasible, make the units accessible to and usable by individuals with handicaps, until a minimum of 5 percent of the units (but not less than one unit) are accessible to people with mobility impairments.

For this category of rehab, the additional 2 percent of unit's requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible.

DISASTER MITIGATION

Where relevant, the housing must be improved to mitigate the impact of potential disasters, (*e.g.*, earthquake, hurricanes, flooding, and wildfires) in accordance with applicable state and local codes, ordinances, or such other requirements established by HUD.

STATE & LOCAL CODES, ORDINANCES & ZONING

HOME assisted housing must meet all applicable state and local codes, ordinances, and requirements. In the absence of a state or local building code, the International Existing Building Code of the International Code Council must be used.

UNIFORM PHYSICAL CONDITION STANDARDS

Housing assisted with HOME funds which are placed in service must follow property standards specified by HUD's physical inspection procedures known as the Uniform Physical Conditions (UPCS) pursuant to 24 CFR Part 5 G. Units must meet minimum standards of habitability and functionality and all inspected items with an observed deficiency must be corrected.

LEAD-BASED PAINT

HOME assisted housing is subject to the regulations at CFR 92.355, Subparts A, B, J, K, and R which govern lead-based paint poisoning prevention in residential structures. Applicants of any project requiring the rehabilitation of structures built prior to 1978 must comply with this regulation. A license lead-based paint inspector will be used to certify that units comply.

CONSTRUCTION DOCUMENTS AND COST ESTIMATES

MHC will adhere to HOME Rehabilitation Standards by adopting the Minimum Design Quality Standards. MHC will follow written standards to ensure that project plans, specifications, and work write-ups follow state and local codes, ordinances, requirements, standards, and cost estimates.

FREQUENCY OF INSPECTIONS

When the final plans and specifications are submitted, the Architect shall include a statement that the development has met the minimum criteria. Plans will be submitted as 1/4 scales. At the completion of construction, the Architect must certify that the development complied with all the minimum requirements.

17. PROGRAM REQUIREMENTS (ONGOING)

MONITORING

MHC will monitor HOME assisted units for the following:

1. Compliance of HOME regulations/requirements/policies and procedures

2. Impact of HOME funded projects that reached targeted populations.
3. Community Certification of Supportive Services
4. Affirmative Furthering Fair Housing
5. The extent to which beneficiaries and communities' lives improved and were enhanced.

PERIOD OF AFFORDABILITY AND PROJECT COMPLETION DEADLINE

The period of affordability will be based on the date of project completion as defined by 24 CFR 92, which, among other things, requires that all construction activity be complete, all HOME funds drawn from the U.S. Treasury, and project completion information be entered into HUD's IDIS reporting system.

For Rental projects, project completion occurs upon completion of construction and before occupancy, and units may be marked vacant in IDIS until complete beneficiary data is received. The HOME Program requires that all HOME-assisted units must be initially leased within twelve (12) months of construction completion, which is noted on the final approved inspection by MHC's Inspection Department. The Owner's failure to meet this twelve (12) month deadline will constitute an event of default pursuant to the HOME Program

The Minimum Period of Affordability for HOME assisted units is 5 to 20 years. A Land Use Restrictive Agreement (LURA) and Declaration of Land Use Restrictive Covenant must be executed and recorded. Projects willing to extend the affordability period beyond this minimum period by at least 10 years will receive additional points. Funds are subject to recapture if commitment requirements are not met.

AFFIRMATIVE FURTHERING FAIR HOUSING

Projects receiving HOME funds must comply with Affirmative Furthering Fair Housing by encouraging development in high opportunity areas. These areas must give low-income and very-low-income populations accessibility to support services, jobs, transportation, better school systems, and amenities.

SITE AND NEIGHBORHOOD STANDARDS

HOME assisted new construction projects must comply with CFR 92.202. Site and neighborhood standards do not apply to rehabilitation projects under HOME. However, if project-based vouchers are used in a HOME rehabilitation unit, the site and neighborhood standards for project-based vouchers will apply. In addition, the requirements of 24 CFR Part 8 (which implement section 504 of the Rehabilitation Act of 1973) apply to HOME and specifically address the site selection with respect to accessibility for persons with disabilities.

INSPECTIONS

Property Inspections will comply with HOME 92.251 and guidelines of LIHTC (QAP).

CONFLICT OF INTEREST (92.356)

Conflicts of interest apply to any person who is an employee, agent, consultant, officer, elected official, or appointed official of the grantee or sub grantee. No persons described above who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds, or who are in a position to participate in a decision-making process, or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a HOME assisted activity; or have a financial interest in any contract, subcontract, or agreement with respect to the HOME assisted activity, either for themselves or those with whom they have business or immediate family's ties, during their tenure or for one year thereafter.

18. OTHER FEDERAL REQUIREMENTS

LANGUAGE ACCESS

Recipients of federal financial assistance, including HOME funds, are required to provide meaningful access to their programs and services for persons with limited English proficiency (LEP). The U.S. Supreme Court has held that failing to take reasonable steps to ensure meaningful access for LEP persons is a form of national origin discrimination prohibited by Title VI of the Civil Rights Act of 1964.

The requirement to provide language assistance to LEP individuals applies to all recipients of federal financial assistance, including HOME funds, regardless of conflicting state or local laws. When meaningful access requires interpretation, interpreters should be provided at no cost to the persons involved. Budgeting adequate funds to ensure language access is essential. While costs are a consideration in determining what language assistance is reasonably required, fiscal pressures do not provide an exemption from civil rights requirements.

Recipients of HOME funds should develop, and periodically update, a written LEP plan that describes their language assistance services and explains how staff and LEP persons can access those services. Guidance regarding LEP compliance can be accessed on the HUD website at www.hud.gov.

EXCLUDED PARTIES

MHC will not fund projects owned, developed, or otherwise sponsored by any individual, corporation, or other entity that is suspended, debarred, or otherwise precluded from receiving federal awards. Furthermore, the owner may not contract with any other entity (including but not limited to builders/general contractors, property management companies, or other members of the development team) that are suspended, debarred, or otherwise so precluded. Similarly, the general contractor will be required to determine that subcontractors are not so precluded.

MARKETING AND LEASING

The owner/developer must establish a written tenant selection plan consistent with the requirements at 24 CFR 92. HOME. Among other requirements, the tenant selection plan must,

insofar as is practical, provide for the selection of tenants from a project's waiting list in chronological order of their applications and provide written notification to any rejected applicant of the reason for their rejection.

LEASES

Leases between the tenant and owner shall be for one year, unless by mutual agreement between the tenant and the owner. Owners are required to provide 30 days' written notice prior to terminating or refusing to renew the lease. In accordance with the provisions 24 CFR 92 for HOME, the following terms are prohibited from HOME project leases:

1. Agreement to be sued.
2. Treatment of personal property.
3. Excusing owner from responsibility.
4. Waiver of notice.
5. Waiver of legal proceedings.
6. Waiver of a jury trial.
7. Waiver of right to appeal court decision.
8. Tenant chargeable with cost of legal actions regardless of outcome; and
9. Mandatory participation in supportive services (note, transitional housing projects funded with HOME may be permitted to require service participation under limited circumstances.

VIOLENCE AGAINST WOMEN ACT (VAWA)

HOME-Assisted projects must comply with the requirements of the Violence Against Women Act (VAWA) as required by 24 CFR 92 for HOME. VAWA provides certain additional tenant protections to applicants and tenants who are victims of domestic violence, sexual assault, and/or stalking. In general, among other requirements owners must provide notices to all tenants of the VAWA provisions, may not deny an application or terminate or refuse to renew a lease because of a person's status as a victim or based on criminal activity related to such status, and must allow for the bifurcation of a lease to evict the perpetrator of such criminal activity while allowing the victim to maintain occupancy.

MHC will provide a standard form lease-addendum for use by owners of HOME-assisted housing that will provide required tenant protections and eliminate any prohibited provisions from uses, otherwise used by owners. (Exhibit)

1. Notice of Occupancy Rights Under VAWA-HUD Form 5380
2. Emergency Transfer Plan VAWA-HUD Form 5381
3. Certification of Domestic Violence-VAWA-HUD Form 5382
4. Emergency Transfer Request-VAWA-HUD Form 5383

The period of applicability of requirements shall apply to the owner of the HOME-assisted rental housing for the duration of the affordability period.

REPORTING AND RECORDKEEPING

The owner of a low-income housing project must keep records for each HOME-assisted project for each year of the compliance period and the extended use period. To allow effective oversight of funded projects and document compliance with applicable HOME requirements, all projects must submit periodic reports to MHC. MHC reserves the right to require additional reporting or to alter the reporting format or frequency based on future changes to HOME requirements or its policy and procedures guidelines. In addition, MHC reserves the right to require additional or more frequent reporting for projects with compliance deficiencies.

Owners are required to report quarterly during the development phase and lease up phase. Quarterly reports will be due on the 15th of the month following the end of the prior quarter (e.g., by April 15th reports on the first quarter are due).

During the construction phase, owners must provide monthly reports detailing construction progress and barriers to progress, copies of invoices being paid, and evidence of appropriate lien waivers.

During the initial phase of lease-up, MHC may request owners to provide monthly or quarterly reports detailing the number of additional leases, total project leases, marketing activity, and monthly income and expenses. Once the owner has leased 100% of units, leasing and marketing reporting will be required annually.

Annual Reports shall be required for HOME projects, and shall include an Annual Occupancy Report, utility allowance documentation, and examples of marketing materials.

HOME projects shall be required to submit annual budgets to MHC for review and approval. Additionally, all projects will be required to submit an audit prepared by an independent Certified Public Accountant within 180 days of the end of its fiscal year. For small projects where the cost of a project-specific audit is deemed by MHC to be burdensome, MHC may accept a statement of financial condition with prior approval by the manager of Asset Management.

Owners and developers shall allow MHC and HUD the right to inspect records and property.

Owners must annually submit any updates to their Tenant Selection Plan and Affirmative Fair Housing Marketing Plan and must maintain records of annual efforts to affirmatively further fair housing in accordance with 24 CFR 92. Updates must clearly detail all changes.

Owners must annually report to the Fund on compliance with the provisions of the Violence Against Women Act (VAWA) as applied through 24 CFR 92 (HOME) including records related to any emergency transfer requests and their disposition.

MHC may periodically require owners to obtain a capital needs assessment prepared by an independent third-party architect, engineer, or other qualified firm approved by MHC. Such capital needs assessments shall be used for the purposes of determining the adequacy of the Replacement

Reserve, considering its existing balance, planned deposits, and anticipated future capital replacement costs for the Project.

If the capital needs assessment indicates the Replacement Reserve is not sufficient to address anticipated capital costs during the Affordability Period, the owner must, at MHC's option, either make an additional deposit or increase its annual deposits sufficient to meet any underfunding. If an additional deposit is required by MHC, the owner (or the Guarantors) must replenish the Replacement Reserve Account within six months.

19. REFINANCE GUIDELINES AND CONDITIONS

Guidelines and conditions for refinancing existing debt on a multi-family rental property will be implemented according to HOME requirements and MHC's policy and procedures. Refinancing of an existing debt under the HOME Program is an Eligible activity.

The following refinance guidelines and conditions are:

1. The new investment is being made to create additional affordable units.
2. The housing has not been previously financed with HOME funds.
3. A review of the management practices of the applicant must demonstrate that the proposed rehabilitation is not the result of disinvestment in the property by any entity involved in the application for HOME funds.
4. A review of the proposed operating budget for the project must demonstrate that both the cost of refinancing and rehabilitation of the project can be met and still result in units affordable to HOME-Eligible tenants for a period of 15 to 20 years or the term of the refinancing, whichever is longer.
5. The activity does not involve the refinancing of a multifamily loan made or insured by any state or federal program unless additional affordable units will be income-restricted to extremely low-income households.
6. Demonstrate that rehabilitation is the primary Eligible activity.
7. Cost to refinance existing debt is secured by rental housing units that are being rehabilitated with HOME funds.
8. Refinancing the existing debt is necessary to reduce the overall housing costs.
9. The proportional rehabilitation cost must be greater than the proportional amount of debt that is refinanced.

20. APPLICATION REQUIREMENTS

APPLICATION SUBMISSION

Interested parties will submit the HOME application located on MHC's website. Applications must be submitted online to the Mississippi Home Corporation by the designated application deadline.

Application dates are scheduled based on the distribution of the block grants to states. The amount of award will be based on federal appropriations.

MHC will conduct workshops to provide information helpful in the submission of applications and implementation of HOME projects. The announcement of MHC's workshops and deadline for applications will be posted on MHC's website.

MHC will reserve and allocate HOME funds consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion permitted by applicable law.

MHC will to the extent practicable, underwrite the project, decide of whether the project is ready to proceed, confirm that the development has a financing gap that requires HOME funding.

CRITERIA FOR SELECTION OF APPLICATIONS

MHC will use a ranking process to select projects for funding. Applications will be subject to a subsidy layering review of all sources of financing to determine that HOME fills a financing gap and does not result in federal funds providing excess in subsidy. Projects that will use Housing Tax Credits will undergo a separate review under the Housing Tax Credit Qualified Allocation Plan and procedures.

Applications with incomplete supporting documentation will not be considered for funding. Applicants will receive a letter of rejection and may re-submit during subsequent competitive processes.

The application process consists of two steps:

- 1) **Threshold Review** - Does the application meet Threshold requirements to be considered for funding (Addendum 1).

Applications are reviewed for completeness. Applicants will be notified if documentation provided is unclear and will have a cure period to clarify requested items. This does not apply to missing items. MHC will permit such additional documentation and/or clarification to be provided electronically unless a document with an original signature is required. Complete applications will proceed to scoring.

- 2) **Application Scoring** - Applications must score a minimum of 75 on a 100-point scale to be considered for funding. (Addendum 2)

Regardless of strict numerical ranking, the Selection Criteria does not operate to vest in an applicant or development any right to a reservation or allocation of HOME in any amount. Further, notwithstanding the point ranking system set forth above, MHC reserves the right and shall have the power to allocate funds to a development irrespective of its point ranking, if such intended allocation is:

- a. In compliance with 24 CFR Part 92, of the Home Investment Partnerships (HOME) regulations
- b. In furtherance of the housing goals stated herein; and
- c. Determined by MHC to be in the interests of the citizens of the State of Mississippi

FUNDING ANNOUNCEMENTS

Upon the completion of the application review process in a competitive cycle, MHC Staff will make approval recommendation to its Board of Directors (the Board) at its next regularly scheduled board meeting. Once the Board approves the recommendations, a commitment letter will be mailed to applicant. **(See Addendum 2/Scoring)**

TARGETED POPULATION

Housing funded with HOME is targeted to low- and very- low-income households. MHC will only fund applications that present a strategy for financial sustainability. A source of long-term rental assistance for income qualified tenants with lower income (0 to 60% of AMI) households is encouraged.

LEVERAGING OF OTHER FUNDS

Applicants are expected to combine HOME with funds from other sources. MHC will give higher preference to applicants that incorporate significant funding from other sources, such as LIHTC program tax credits, federal and local programs, or other sources. Applicants that anticipate receiving an award of other funding, such as HTF, LIHTC, must provide evidence that they have applied for such funding, including acknowledgement from the funding entity that the application has been received and the amount requested.

TYPE OF AWARD

HOME contribution to a development will be structured as a loan which will mitigate risk to Eligible basis in developments also using LIHTC. Loans may be structured as payable from available cash flow to minimize project debt and maximize affordability to lower income households. Terms of loans will be set by MHC underwriting and designed to ensure that the use of HOME dollars are maximized. The project must maintain viability and the greatest possible return on investment. Evidence of the award of any additional sources of funding must be provided to MHC no later than the due date set out in the reservation package. MHC has the discretion of allowing awards to be in the form of grants, based on the results of the subsidy and underwriting review.

21. THRESHOLD REVIEW

To be considered for funding, applications must meet threshold requirements. Complete applications will proceed directly to scoring. If a project meets threshold requirements for use of HOME funds, MHC may allow an applicant a certain number of days to prepare a complete application, particularly finalizing match funding commitments. These days will be determined during the application cycle.

Once all HOME requirements have been met, MHC's staff will make reservation recommendations to its Board of Directors at its next regularly scheduled board meeting. Once the

Board approves the recommendations, a commitment letter will be mailed to applicants (See Addendum 1/Threshold).

22. SCORING

Each project can receive up to 100 points based on the Final Rating Criteria. The following criteria provides details by which points are assigned for competitive scoring:

Projects scored below Seventy-five percent will not be funded. MHC will make funding offers to the highest scoring projects until available funds are exhausted. If there is a tie in the scoring among proposed developments, MHC reserves the right to utilize a tie-breaking system identified herein to break the tie. In the event of a tie in the scores, the Tiebreaking System will be used in the following order:

1. Priority funding will be given to the development that has the lowest CPU.
2. Address the most critical rental housing demand.
3. A development located in a poverty-stricken area of the State.
4. Developers' firm commitment to provide project-based rental assistance.

FUNDING ANNOUNCEMENTS

Upon the completion of the application review process in a competitive cycle, MHC Staff will make approval recommendations to the Board of Directors. Once the Board approves the recommendations, a commitment letter will be mailed to applicants (**See Addendum 2/Scoring**).

Addendum 1 – Threshold

MHC will use the following threshold and selection criteria items to process and select applications for funding.

THRESHOLD FACTORS

An application must meet all threshold requirements to be Eligible for reservation of a HOME award. Documentation satisfying the threshold requirements must be included in the application. MHC will notify Applicants of any deficient item or any item requiring clarification. Any competitive application that does not meet all the threshold requirements within the timeframe of the notification letter will be disqualified.

(Eligible Applicant
(Eligible Project Type/Activity
(Merits: Addressing State’s Priority Housing Needs
(Evidence of Affirmatively Furthering Fair Housing
(Implementation of Supportive Services
(Applicants Experience
(Certification of HOME Requirements

ELIGIBLE APPLICANT

Organizations eligible to receive funding through HOME and CHDO are for-profit and nonprofit organizations with demonstrated development experience and capacity to create, rehab, or preserve affordable housing.

The application must include the following documents:

ORGANIZATIONAL DOCUMENTATION

Formation documents for the owner and general partner entities must bear the committal stamp of the Mississippi Secretary of State. For-profits entities that are not formed in Mississippi, the formation documents, and a Certificate to do Business in the State of Mississippi must be submitted (Formation documents are required to be submitted with the application and Operation documents are required to be submitted during the final scoring for HOME funds).

Entity Type	Formation	Operation
Corporation	Articles of Incorporation	Bylaws
Limited Partnership	Certificate of Partnership	Partnership Agreement
Limited Liability	Certificate of Formation	Operating Agreement

A Certificate of Good Standing (dated within 30 days of the application date) for the owner and general partner entities must be included and a detailed Organizational Chart which illustrates the business structure of the principal members of the ownership entity. The chart must detail each principal member down to natural persons for every entity listed and it must reflect the ownership percentage of each entity and natural person (See Attachment).

NONPROFIT ORGANIZATION REQUIREMENTS/DOCUMENTATION

To be considered a qualified non-profit entity, the entity must be a 501(c) 3 or 501(c) 4 organization with an exempt purpose of fostering low-income housing. The nonprofit organization cannot be formed by one or more individuals of for-profit entities for the principal purpose of being eligible for funding. In addition, the nonprofit entity must not have any staff member or member of the nonprofit's board of directors materially participate in the proposed development as a for-profit entity in any capacity as staff, executive, or board member.

A copy of the nonprofit entity's Articles of Incorporation and Bylaws and all relative amendments, one of which must contain a description of the nonprofit organizations activities that include the fostering of low-income housing in its Articles of Incorporation or Bylaws must be included in the application.

Must submit to MHC prior to submission of application:

1. Proposal Form- Identifying project.
2. CHDO Certification Package

ELIGIBLE PROJECT TYPE/ACTIVITY

HOME funds shall be used for projects supplying rental and homeownership housing that meet the requirements of the HOME Program. Construction and rehabilitation of multi-family and single-family rental units are eligible, and the construction of single-family homeownership units are eligible. Activities must include construction or rehabilitation for low- to very-low-income households.

MERITS: ADDRESSING STATE'S PRIORITY HOUSING NEEDS

All developments must meet the priority housing needs of the State's Con Plan. Developments assisted with HOME funds are required to set aside a percentage of the project's total units for persons whose incomes do not exceed income for low- or very-low-income families. HOME assisted units must be designated for Special Needs Housing. Applicants must indicate this election on the HOME application form.

Requirement: To meet threshold at least one of the following categories listed below must be selected: Applicants have the option of selecting more than one of the categories to address the State's Priority Housing Needs.

Based on the Special Needs Category listed below:

1. Percentage of the units that are assigned for Housing for Disabled Persons.
2. Percentage of the units that are assigned for Housing for Homeless
3. Percentage of the units that are assigned for Individuals released from incarceration.

LAND USE RESTRICTIVE AGREEMENT (LURA)

Committing to serve low-to-very low-income tenants for a period of 15 to 20 years or longer must be executed and recorded prior to final approval. In addition, committing to serve low-income household for homeownership is based on the amount of HOME investment not to exceed the designated period of affordability **established** in application. Applicants must indicate this election on the application form. In addition, a statement, executed by the organization, electing to set-aside a percentage of the total units for persons at or below 80% of the area median income must be included in the application package.

MEMORANDUM OF UNDERSTANDING (MOU)

A statement, executed by a principal member of the Ownership Entity or the Person of Authority electing to set aside a minimum of ten (10) percent of the total units for persons at or below 60% of the area median income must be included in the application package.

LETTER OF SUPPORT

A letter of support from a third-party entity that will provide supportive service to the special needs category or categories selected.

EVIDENCE OF AFFIRMATIVELY FURTHERING FAIR HOUSING

Fair Housing requirements including affirmatively furthering fair housing apply to the HOME program and any limitation or preference must not violate nondiscrimination requirements. Applicants must adhere to CFR 92.351 and provide an Affirmative Marketing Plan demonstrating the goal and effort to affirmatively further fair housing for very-low-income households according to HOME requirements and the State's Con Plan.

The Affirmative Marketing Plan must include the following elements:

1. Implement a method that is effective in marketing the availability of housing opportunities to individuals of both minority and non-minority groups that are least likely to apply for occupancy.
2. Identify a housing market area from which a single or multi-family housing project owner/agent may reasonably expect to draw a substantial number of its tenants.
3. Identify an expanded housing market area which is a larger geographic area which may provide additional demographic diversity in terms of race, color, national origin, religion, sex, familial status, or disability.
4. Include marketing material in other languages for limited English proficient individuals and alternative formats for persons with disabilities in public view.
5. Include community contacts to help market the project to those least likely to apply.

6. Describe the proposed method of advertising to market those least likely to apply.
7. Marketing Plan must be in effect throughout the life of the affordability period.
8. Project must be available for public inspection at the sales or rental offices.
9. Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place.
10. Project site sign must display in a conspicuous position the HUD-approved Equal Opportunity Housing Opportunity log, slogan, or statement.

IMPLEMENTATION OF SUPPORTIVE SERVICES

Applicants must demonstrate a connection with the community and its needs by implementing programs and/or community activities to assist in building wealth and assets, promoting life skills, and the enhancement of beneficiaries and the community. All developments must commit to provide a minimum of two (2) community services in at least two unrelated areas not otherwise typically present in low-income rental housing (See examples below). Applicants must select services that will meet the needs of beneficiaries and the community. In addition, the types of services must be kept current as to changing needs, economic conditions, and social change.

Applicants must list all services that will be provided by the development in the application. Upon receipt of a reservation of HOME funds, applicants must provide supporting documentation for each service. Additionally, development owners will be responsible for making sure that property managers maintain evidence that the services are being provided (e.g., sign-in sheets, letters/memos to beneficiaries).

Requests for changes from prior approved community services must be approved by MHC. Development owners and property managers must provide an annual performance report as evidence that community service requirements have been met. Community service activities must be provided during the duration of the affordability period. Examples of Acceptable Community Services but not limited to:

Personal Development	Child Development
Computer Classes	After School Program
GED Training	Child Care Services
Job Training	Parenting Classes
Health/Nutrition Classes	
Counseling Programs	Community Awareness Events/Activities
Credit Counselling	Health Fair
Personal Budget	Fire Safety
Homebuyer Education	Crime Watch
Drug and Alcohol Prevention	Mental Health Programs

*The required number of Community Services Certification Forms must be submitted with application. Failure to submit two forms could result in application not meeting threshold.

APPLICANT EXPERIENCE

Applicant must provide documentation such as resumes, references, and financial statements demonstrating their capacity and years of experience in developing multi-family and single-family housing. They must also provide evidence of the successful completion and operation of similar projects for low-income populations.

Demonstrated experience and capacity to conduct an Eligible HOME activity:

1. Own, construct or rehabilitate, and manage and operate an affordable single and multifamily housing development, and.
2. Serve extremely low-income households, and special needs populations, such as homeless families and people with disabilities.
3. Demonstrate ability and financial capacity to undertake, comply, and manage eligible activities.
4. Demonstrate its familiarity with the requirements of other federal, state, or local housing programs that may be used in conjunction with HOME funds to ensure compliance with all applicable program requirements and regulations.

CERTIFICATION OF HOME REQUIREMENTS

Recipients of HOME funds are to submit written certification assuring that HOME assisted housing units will comply with all Regulatory and Statutory HOME requirements for the entire period. This certification must be provided on the applicant's company letterhead signed by the owner of the Development or person of authority of the corporation.

Addendum 2 – Scoring

SELECTION CRITERIA

MHC will score each application based on the selection criteria listed below. An application must score a minimum of seventy - five (75) points to be considered for a HOME award.

(1) Geographic Diversity	Up to 15 pts
(2) Affordable Rent	10 pts
(3) System for Award Management (SAM)	5 pts
(4) Supportive Service Commitment	Up to 20 pts
(5) High Opportunity Areas	Up to 10 pts
(6) Section 504 Compliant Units	Up to 20 pts
(7) Energy Efficiency Plan	10 pts
(8) Development Amenities	Up to 10pts
Total	100 pts

GEOGRAPHIC DIVERSITY- Up to 15 pts

Geographic diversity as reflected in the Con Plan – Projects that focus and achieve the most impact of the State’s priorities in rural and urban areas of the State.

Geographic diversity as required in the Consolidated Action Plan- Projects that focus and achieve the most impact on the State’s priorities in rural and urban areas of the State.

1. Projects developed are in locations that are considered poverty driven and address the affordable rental housing needs for very low-income (VLI) (60 % of AMI) households.
Five Points (5) are awarded to developments located in counties or Census Tracts with a poverty rate above 30 percent.
 - a. Exhibit 1- Persons in Poverty by County
 - b. Exhibit 2 Persons in Poverty by Census Tract
2. Address critical housing needs with an emphasis on the prevention, reduction, and expansion of permanent housing opportunities for persons experiencing homelessness and persons with serious mental illness.
 - a. **Up to 5 points awarded to project based on the number of persons in the county who are counted as homeless or who have entered a Mississippi State Hospital from the county.** Developments that will serve both populations will be awarded points based on the county’s highest points in either category.
 - b. Exhibit 3 Admissions to State Hospital

c. Exhibit 4 Persons Homeless

3. Projects will be funded according to the shortage or strong evidence of an inadequate supply of rental housing affordable to very low-income (VLI) households.

Geographic diversity as required in the Consolidated Action Plan – Projects that focus and achieve the most impact on the State’s priorities in rural and urban areas of the State.

Five (5) Points are awarded. Documented by market study. The analysis must document the need for rental units affordable to VLI households in the market served by the property. The analysis must include a clear statement that the market can absorb the units being proposed. The market study shall assume the new supply from the project will be at least 10% of the units in the development, or higher percentage established by the applicant.

AFFORDABLE RENT- 10 pts

Acceptable rental assistance is limited to assistance contracted by HUD and/or USDA for period of affordability documented on the HOME application. If awarded funds, applicant must certify that it will provide rental assistance acceptable to MHC or that it will adjust tenant’s rent to maintain affordability for the tenants. This certification is part of the written agreement that commits HOME to the development.

To be eligible to receive points, the applicant must include a copy of an executed agreement between the ownership entity and the funding entity that includes the amount of rental assistance that will be provided, the number of units assisted, its duration, and any qualifying terms and/or conditions.

SYSTEM FOR AWARD MANAGEMENT (SAM): 5 pts

To receive points, the applicant must have registered in the System for Award Management (SAM) and received a Unique Entity Identifier (UEI). All organizations doing business with the federal government and who will receive federal funds or a subaward must have a UEI number issued via www.SAM.gov as well as a valid registration on www.SAM.gov. The unique entity identifier used across the federal government changed from the DUNS number to the Unique Entity ID (generate by SAM.gov.). The Unique Entity Identifier is a 12-character alphanumeric ID assigned to an entity by SAM.gov.

SUPPORTIVE SERVICES COMMITMENT-Up to 20 pts

To be considered for points under this category, applicants must incorporate facilities and services that stabilize living environments and enhance quality of life for the following special needs categories, which are identified in the State’s Consolidated Plan as high priority and targeted populations: (1) Persons with Serious Mental Illness; (2) Persons with Disabilities; (3) Persons released from incarceration; (4) Homeless Elderly 55+; (5) Youth homeless or aging out of the Foster Care System.

Applicants are required to submit with application a Supportive Services Plan appropriate to the target populations selected. The Plan must include a narrative describing how the proposed

services meet the needs of the target population(s). Applicant may receive up to 20 points under this category. Points are assigned per each selection.

1. The number of HOME units designated for special needs population must exceed the minimum requirement by at least one unit. **5 points**
2. Development contracts with a service provider or hires staff to deliver the services provided for special needs population selected in the application. **15 points**

Examples of services may include, but not limited to, the following to enhance target population(s) quality of life and independence:

1. Provide services that will enhance life skills and level of education for the targeted populations.
2. Provide nutritional /health wellness services.
3. Provide supportive services for residents released from incarceration to accomplish adjustment back into society, job placement, educational and financial literacy.
4. Provide supportive services for emancipated youth who are homeless, at risk of homelessness, or aging out of the foster care system.

HIGH OPPORTUNITY AREAS- Up to 10 pts

Projects developed in High Opportunity Areas where there is availability of sustainable employment, a low poverty rate, high- performing schools, housing accessible to hospitals; employment centers; transportation corridors and hubs.

Points will be awarded based on the following:

1. Areas which include a high concentration of extremely low-income populations and a shortage of affordable housing in the geographical area as documented in market study - **2 points (Documented by market study)**
2. High-performing school districts: defined as areas that have a public-school district with a “B” or higher rating as listed in the Mississippi Department of Education’s Accountability Results-**3 points (Exhibit 5 School Districts)**
3. Housing accessible to transportation corridors and hubs. Cities or counties served by a scheduled bus service or providers operating with grants funded by Federal Transit Administration. – **1 point (Exhibit 6 Counties Served by Public Transit)**
4. Housing accessible to hospitals. Project located in a county with a hospital. - **2 points (Documented by market study)**
5. Housing accessible to employment centers. Project located in a county with new hire growth over 1.38% for the twelve months ending May 2023. - **2 points (Exhibit 7 New Hires by County)**

SECTION 504 COMPLIANT UNITS-Up to 20 pts

To be considered for points under this category, applicants of multi-family, new construction or rehabilitation developments must increase the number of mobility units above the minimum required under Section 504 regulation by one (1) or more units.

- 1) Development provides one (1) additional mobility unit: **10 points**.
- 2) Development provides two (2) or more additional mobility units: **20 points**.

ENERGY EFFICIENCY PLAN-10 pts

Rental developments are designed and built to a level of energy efficiency that meets or exceeds the levels required to qualify for the Energy Efficiency/Green Sustainable Design. Examples of energy efficiency, but not limited to high-efficiency heating & cooling equipment & controls, energy-efficient lighting upgrades & controls, programmable thermostats, insulation improvement, air-sealing & weatherization. The following must be submitted with the application to receive points under this category:

1. Energy Efficiency Plan outlining the method to reduce the energy for tenants.
2. Estimated cost savings proposal per unit
3. Building Plans & Specifications
4. Contract with service provider

DEVELOPMENT AMENITIES-Up to 10pts

Developments will be awarded two points per development amenity up to a maximum of ten points. Amenities must be appropriate to the proposed tenant population. All proposed amenities must be selected on the application and notated and highlighted on the Plans/Drawings or Physical Needs Assessment. Applicants must adhere to all amenities selected on the application, regardless of whether points are awarded. Building components installed to qualify for Section 504-compliant unit points do not qualify as Development Amenities.

Points may be awarded to a proposed development that has at least two of the following services located within *one half (1/2) mile of the proposed site, documented in market study*:

1. Neighborhood Services
 - a. Grocery Store
 - b. Pharmacy
 - c. Bank or Credit Union
 - d. Hospital or Medical Clinic
2. After-School Programs
3. Smart Thermostats
4. Onsite Security Staff
5. Wi-Fi Accessed Community
6. Public Transportation Access

7. Furnished Clubhouse or Community Building
8. On-site Business/Education Center
9. Exterior Security (lights, cameras, etc.)
10. On-site Laundry Facility
11. Walking, Jogging, or Biking Trail
12. Landscaped area including a gazebo with sitting area.
13. Playground (Multi- phase developments must each have its own playground).

Documents are located on Mississippi Home Corporation's Website at:
www.mshomecorp.com/federal-programs/forms/

1. Statement of Application and Certification for HOME & HTF
2. Applicant/Owner Signature Authorization
3. Application Preparer Certification
4. 2023 HOME Rental & CHDO Application Rating Form
5. Financial Feasibility Forms
6. Initial Site Assessment Form
7. Project Completion Schedule
8. Environmental Checklist
9. Certification of Consistency with Consolidated Plan (HUD Form 2991)
10. Development Experience
11. Management Experience
12. Supportive Services Certification Form
13. Certification of Bid Law Compliance
14. Physical Needs Assessment
15. Description of Materials
16. Construction Certification Form
17. Applicant Self Certification
18. Certifications & Assurances
19. Affirmative Fair Housing Marketing Plan Multifamily (HUD Form 935.2A)
20. Affirmative Fair Housing Marketing Plan Single Family (HUD Form 935.2B)
21. Applicant/Recipient Disclosure/Update Report (HUD Form 2880)
22. Special Needs Certification

Exhibit 1

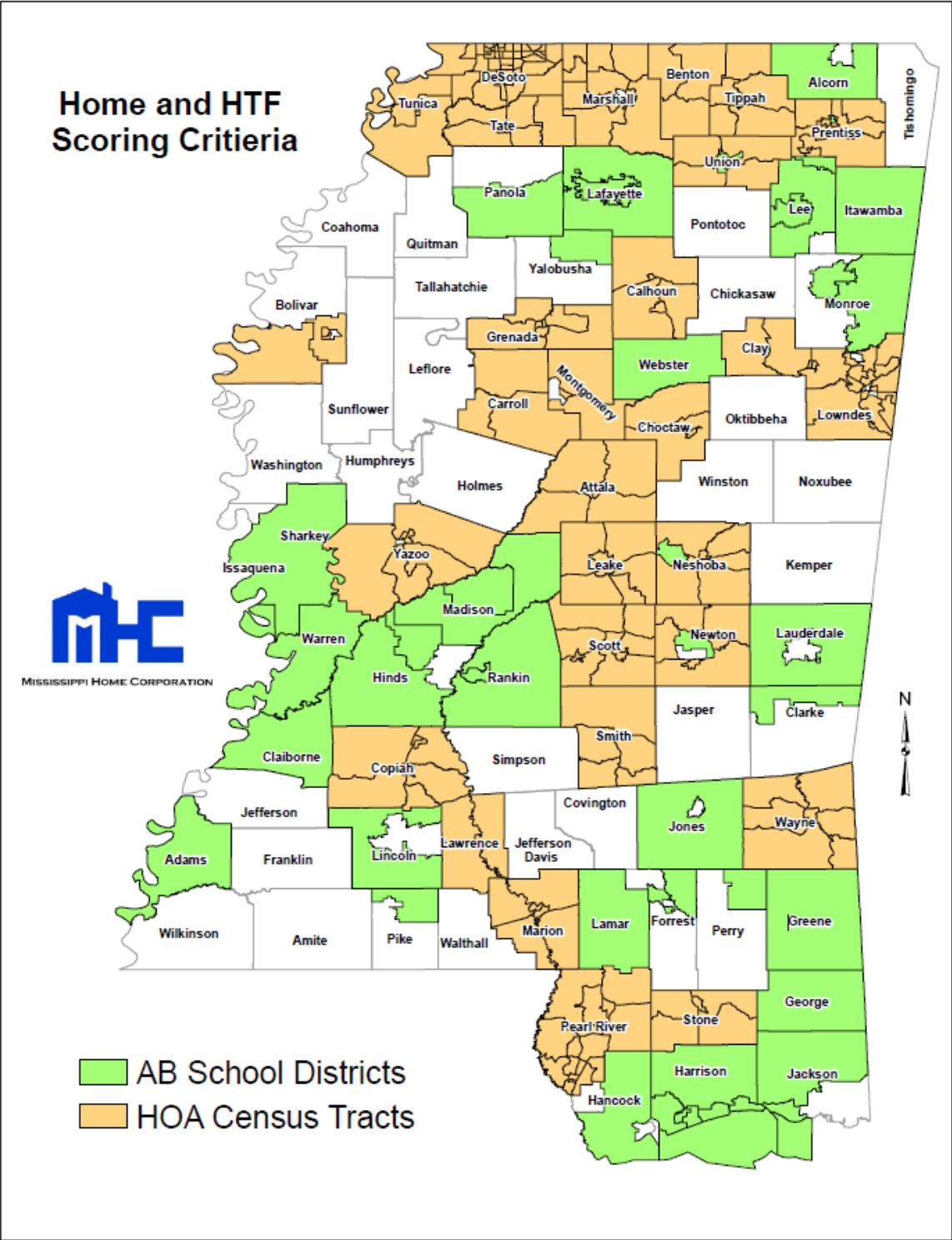


EXHIBIT 2

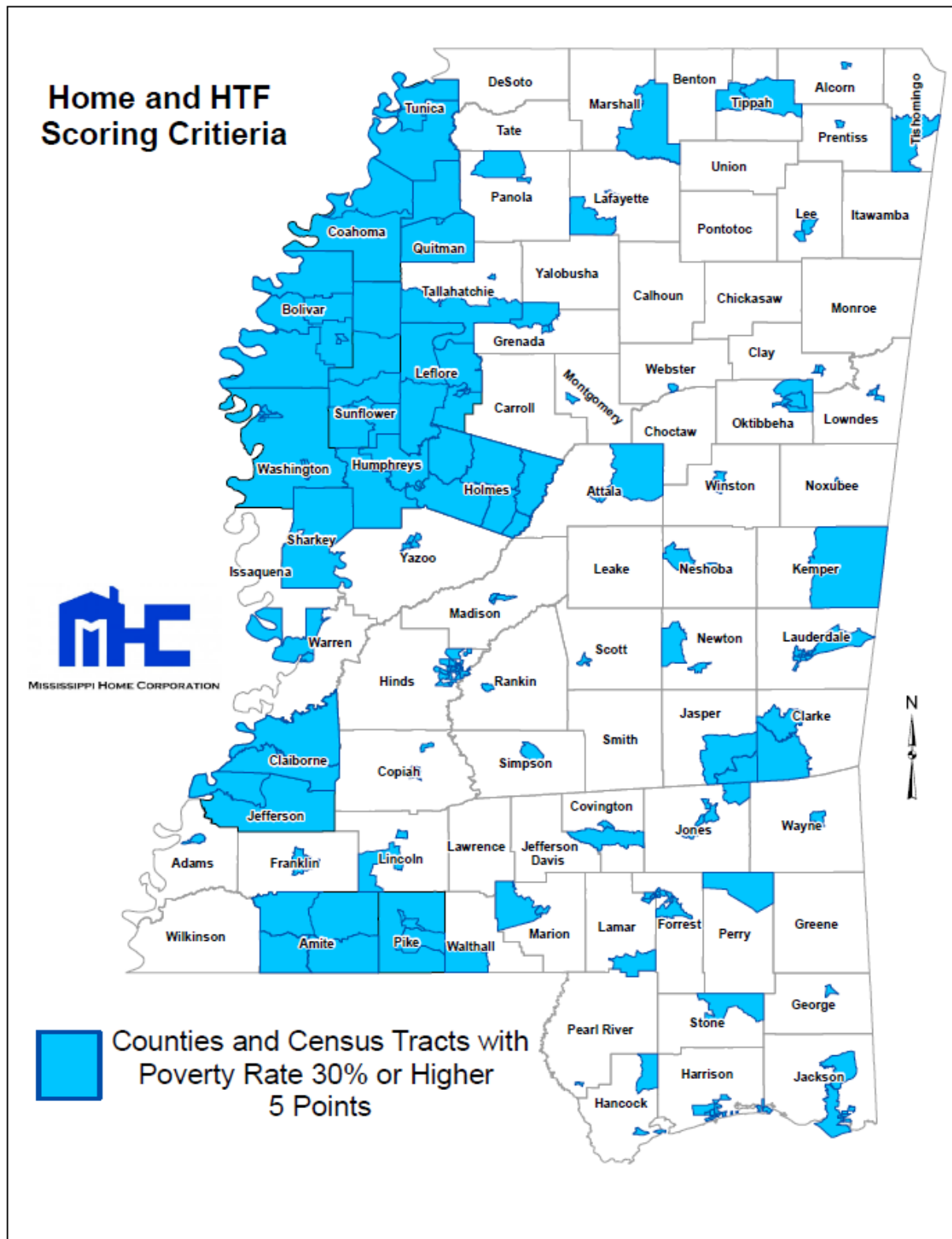


Exhibit 3

Affirmative Fair Housing Marketing Plan (AFHMP)

The purpose of the AFHMP is to help applicants offer equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability. The AFHMP helps owners/agents (respondents) effectively market the availability of housing opportunities to individuals of both minority and non-minority groups that are least likely to apply for occupancy. Affirmative fair housing marketing and planning should be part of all new construction, substantial rehabilitation, and existing project marketing and advertising activities.

All Owners and Management Entities of Special Needs Housing Developments are required to demonstrate continuous marketing efforts to serve the targeted special need population elected. The application package must include (a) a marketing plan that identifies how the development will market to the targeted population; and (c) a comprehensive service plan that identifies each supportive service to be provided, the location of the services, the anticipated service provider for each service and their experience in providing service to the targeted population.

HUD Publishes New 2022 Limits for HOME Maximum Per-Unit Subsidies

The following HOME subsidy limits were in effect as of March 17, 2022:

2022 Section 234 Condominium Housing Limits* Jackson, MS High Cost of 270%**			
Bedrooms	Elevator-Type Basic Limit	High-Cost Percentage Multiplier	HOME Maximum Per Unit Subsidy Limit
0	\$66,564	240%	\$159,753.60
1	\$76,305	240%	\$183,132.00
2	\$92,789	240%	\$222,693.60
3	\$120,039	240%	\$288,093.60
4+	\$131,765	240%	\$316,236.00

***Effective March 17, 2022**

****Capped by Office of Affordable Housing Programs at 240%, CPD Notice 15-003.**

CERTIFICATION/CONFLICT OF INTEREST

Conflict of Interest Provisions-24 CFR 92.356 states that no person who is an employee, agent, consultant, officer, elected or appointed official of the recipient or sub-recipient who exercises any functions or responsibilities with respect to HOME activities, is in a position to participate in the decision making process, or gains inside information with regard to such activities may: obtain a financial interest or benefit from a HOME activity; have a financial interest in any contract with respect to a HOME activity or its proceeds for themselves or those they have business or immediate family ties (relatives).

It is the responsibility of the Chief Elected Official and the Application Preparer to properly disclose whether a “conflict of interest” has occurred. The grant recipient may be required to repay program funds using non-federal funds. Failure to repay may result in further participation in the HOME programs.

Warning: If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation. I certify that this information is true and complete.

Signature, Chief Elected Official

Date

Name (typed)

Date

Signature, Application Preparer

Date

Period of Affordability Awareness Statement

1. Commitment to execute a Land Use Restrictive Agreement (LURA)
2. Must be provided on company letterhead.
3. Sets forth as covenants running with the land for a minimum of 5 to 20 years (or additional years if the development owner has committed to a longer use period).
4. The low- income unit set-asides.
5. The percentage of low- income tenants to be served.
6. The special housing needs units committed too (if any).
7. Any other requirements as MHC may apply based on HOME requirements and the QAP.

Development Narrative (location map and neighborhood description)

A written narrative describing the proposed development including the type of development to be constructed/rehabilitated, proposed targeted population, and the financing to be utilized. Applicants are encouraged to provide as much additional detail and background information about the proposed development as possible, particularly for describing areas in the application involving unusual or complex elements. The narrative must also provide a breakdown listing the specific roles and responsibilities of the developer(s), general partner(s), and consultant.

Location Map: Development map(s) identifying the development location and the general county boundaries.

Uniform Physical Standards (UPCS) Physical Condition Standards for HUD Housing

(24 CFR 5.703)

HUD housing must be decent, safe, sanitary and in good repair. Owners of housing described in § 5.701(a), mortgagors of housing described in § 5.701(b), and PHAs and other entities approved by HUD owned housing described in § 5.701(c) must maintain such housing in a manner that meets the physical condition standards set forth in this section in order to be considered decent, safe, sanitary and in good repair. These standards address the major areas of the HUD housing: the site, the building exterior, the building systems, the dwelling units, the common areas, and the health and safety considerations.

Site - The site components such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair.

The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation, or fire hazards.

Building exterior - Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows where applicable must be free of health and safety hazards, operable, and in good repair.

Building systems - Each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.

Dwelling units - Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.

Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water (note for example that single room occupancy units need not contain water facilities).

If the dwelling unit includes its own sanitary facility, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste.

The dwelling unit must include at least one battery-operated or hard-wired smoke detector in proper working condition on each level of the unit.

Common areas - The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair. These standards for common areas apply to a varying extent to all HUD housing but will be particularly relevant to congregate housing, independent group homes/residences, and single room occupancy units, in which the individual dwelling units (sleeping areas) do not contain kitchen and/or bathroom facilities.

Health and safety concerns - All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have handrails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or of garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 CFR Part 35).

Compliance with State and local codes- The physical condition standards in this section do not supersede or preempt state and local codes for building and maintenance with which HUD housing must comply. HUD housing must continue to adhere to these codes.

Violence Against Women Act (VAWA) Certification (Rental)

The commitment to adhere to maintaining compliance with all applicable legal requirements imposed by VAWA; Ensuring the physical safety of victims of actual or threatened domestic violence, dating violence, sexual assault and stalking; Providing and maintaining housing opportunities for victims of domestic violence, dating violence, sexual assault and stalking; Creating and maintaining collaborative arrangements between the HHA, law enforcement authorities, victim service providers and others to promote the safety and well-being of victims of actual or threatened domestic violence, dating violence, sexual assault and stalking; and Taking appropriate action in response to an incident or incidents of domestic violence, dating violence, sexual assault and stalking affecting individuals assisted by the HOME, HTF and LIHTC Programs.

HOME Investment Partnership Program

Application Requirements/Review

All HOME award recipients must adhere to the Code of Federal Regulations under HUD (*24 CFR Part 92*) and any cross-cutting regulations (i.e., Davis Bacon, Fair Housing, Lead Based Paint, Section 3, and Environmental).

ELIGIBLE APPLICANTS

For-Profit and nonprofit applicants with a successful track record of developing affordable housing opportunities are Eligible to apply for HOME funds. Applicants will be required to demonstrate financial capacity and development experience commensurate with the project for which HOME funds are provided. Nonprofit organizations applying for CHDO funding must meet the CHDO qualifications and demonstrate staff capacity. Nonprofits awarded funding through CHDO Set-Aside may request Operating Expense not to exceed \$25,000.

MAXIMUM AMOUNT

The maximum amount of HOME funds for any development will be determined by performing a subsidy layering review which involves reviewing the applicant's sources and uses, development costs, debt service coverage, and operating revenues. The development must demonstrate a need for the use of HOME funds as gap funding to contribute to its financial feasibility.

APPLICATION PACKAGE CONTENT

Applicants must submit a fully completed and executed HOME Investment Partnership Program Application Package Online that includes the application, and all required supporting documentation. There is no application fee for applying for HOME funds.

APPLICATION SUBMISSION

Interested parties will submit the HOME applications located on MHC's website. Applications must be submitted online to the Mississippi Home Corporation by the designated application deadline.

ELIGIBLE USE

HOME funds awarded to developments that receive an allocation of HOME Rental Set-aside may use the federal funds for the acquisition, rehabilitation, or construction of affordable rental housing with suitable amenities.

FEDERAL AWARDS

HOME contribution to a development will be structured as a loan, which will mitigate risk to Eligible Basis in developments using LIHTC. Loans are structured as payable from available cash flow to minimize project debt and maximize affordability to lower income households. Terms of loans will be set by MHC underwriting and designed to ensure that the use of HOME dollars are maximized; the project will maintain viability; and the greatest possible return on investment. HOME funds will be awarded to applicants in the form of a loan.

AFFORDABILITY PERIOD

Housing assisted with HOME funds must meet the affordability requirements of §92.252 or §92.254, as applicable.

HOME Investment Per Unit	Length of Affordability Period
Rehabilitation less than \$15,000	5 years
Rehabilitation between \$15,000 - \$40,000	10 years
Rehabilitation more than \$40,000	15 years
New Construction	20 years

WRITTEN AGREEMENT

Prior to awarding HOME funds, recipients must enter into a written agreement with MHC. The written agreement will follow §92.504 of 24 CFR Part 92.

CONSTRUCTION START

A development must start construction within twelve months of the date of the Written Agreement. Pursuant to Section 92.502(b) (2) of the HOME regulations, HUD will automatically cancel a project that is in the system for twelve months without any initial disbursement of funds.

DESIGNATING HOME ASSISTED UNITS

MHC will designate all HOME-Assisted Units as “floating” units. Floating units may change over time if the total number of HOME-assisted units in the project remains constant. Owners must ensure that all HOME assisted units remain comparable to the non-assisted units over the affordability period in terms of size, features, and number of bedrooms.

PROPERTY STANDARDS

HOME funded developments must meet the property standards set forth in §92.251 of 24 CFR Part 92.

AFFIRMATIVE MARKETING PLAN

An Affirmative Marketing Plan will be required for any development with five or more HOME assisted units. The Affirmative Marketing Plan must meet the requirements set forth in §92.351 of 24 CFR Part 92.

VIOLENCE AGAINST WOMEN ACT (VAWA)

HOME-Assisted projects must comply with the requirements of the Violence Against Women Act (VAWA) as required for HOME. VAWA provides certain additional tenant protections to applicants and tenants who are victims of domestic violence, sexual assault, and/or stalking. In general, among other requirements owners must provide notices to all tenants of the VAWA provisions, may not deny an application or terminate or refuse to renew a lease because of a person's status as a victim or based on criminal activity related to such status, and must allow for the bifurcation of a lease to evict the perpetrator of such criminal activity while allowing the victim to maintain occupancy.

MHC will provide a standard form lease-addendum for use by owners of HOME-assisted housing that will provide required tenant protections and eliminate any prohibited provisions from uses, otherwise used by owners. The following forms are located at www.mshomecorp.com/federal-programs/

1. Notice of Occupancy Rights Under VAWA-HUD Form 5380
2. Emergency Transfer Plan VAWA-HUD Form 5381
3. Certification of Domestic Violence-VAWA-HUD Form 5382
4. Emergency Transfer Request-VAWA-HUD Form 5383

MINORITY OUTREACH

Federal regulations require that all HOME fund recipients make every effort to use local business firms and contract with small, minority-owned, and women-owned businesses in the procurement process. Specifically, the grantee must take affirmative steps to use small firms, minority-owned firms, women-owned firms, or labor surplus area firms per 2 CFR 200.321(a).

SYSTEM FOR AWARD MANAGEMENT (SAM)

All HOME fund recipients must register with the System for Award Management (SAM) at www.SAM.gov and receive a Unique Entity Identifier (UEI) prior to an award of funds. HOME fund recipients must maintain a valid registration within SAM.gov.

REPORTING

The use of HOME funds will require additional reporting on the part of the developer during construction and the lease-up period. Failure to timely provide reports to HUD, MHC, or any other authority requiring a HOME funds report will result in a non-compliance status.

DEED RESTRICTIONS

Pursuant to §92.252(e), the affordability requirements must be imposed by a deed restriction, a covenant running with the land, an agreement restricting the use of the property or other mechanisms approved by HUD that places specific use or other restrictions on the property. This use restriction is needed to impose HOME requirements throughout the period of affordability, even in the event the HOME funds are repaid. The deed restriction or covenant should be a stand-alone document that is properly recorded as part of the closing package and is received by MHC after recording. Do not put the use restrictions in the mortgage or loan documents.

TERMINATED PROJECTS

A HOME assisted project that is terminated before completion either voluntarily or otherwise, constitutes an ineligible activity and any HOME funds invested in the project must be repaid to the participating jurisdiction's HOME Investment Trust Fund from non-federal sources.

ACQUISITION

Where the use of HOME will be used for the acquisition of occupied properties, the Uniform Relocation Act (URA) requires that tenants in properties that may be acquired or rehabilitated with Federal funds, receive correct and timely notices and protections; and tenants living in units purchased with HOME funds are protected by the URA. If units are demolished or converted with HOME funds, Section 104(d) (one-for-one replacement) may be triggered, and appropriate notices and assistance must be provided to the tenants of at least 30 days.

FEDERAL REGULATORY REQUIREMENTS

ENVIRONMENTAL REQUIREMENTS

Pursuant to 24 CFR Part 58, an environmental review must be performed to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself is safe for project. HOME funds will not be committed to any project that doesn't receive an environmental clearance. The environmental review process may take up to an estimated 120 days before the review is completed. Applicants may not begin construction and no contracts may be entered into prior to environmental clearance.

LABOR STANDARDS, INCLUDING DAVIS-BACON REQUIREMENTS

Pursuant to 24 CFR 92.354, every contract for construction (rehabilitation or new construction) of housing that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of not less than the prevailing wages. Labor Standards consist of effective monitoring that includes payroll review, employee interviews annual labor enforcement reporting, and document retention. All prime contractors and sub-contractors must be determined Eligible to participate in federal funded projects and must not be suspended or de-barred before HOME funds are awarded to any construction firm.

SECTION 3 REQUIREMENTS

Section 3 is a provision of the Housing and Urban Project (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency per 24 CFR 92.508(a)(7) and 24 CFR Part 135. The Section 3 program requires that recipients of HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contract opportunities for low- or very-low-income residents in connection with projects and activities in the project area.

FAIR HOUSING/EQUAL OPPORTUNITY REQUIREMENTS

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability. Documentation to ensure compliance is required of the action(s) the recipient has carried out to affirmatively further fair housing and to comply with the fair housing act, including records on funds provided, fair housing resolutions, affirmatively further fair housing activities, fair housing posters and appropriate logos on all related correspondences and printed material. All demographic data must be maintained and available for compliance review to ensure the certification to affirmatively further fair housing and to ensure compliance with Fair Housing Act and fair lending practices.

AUDITS

Recipients of federal funds must adhere to the Audit requirements set forth at 2 CFR Part 200 *formerly known as OMB Circular A-133*. The type and level of audit required is based on the amount of Federal funds expended by an organization in a given fiscal year. Federal awards include financial assistance provided by the Federal government to the entire organization in the form of grants, loan, property, contracts, loan guarantees, etc. Organizations that expend more than \$750,000 in Federal funds within a fiscal year are required to have a 2 CFR Part 200 audit conducted. A **single audit** is an audit that includes both an entity's financial statements and its federal awards (from all applicable Federal programs). If an organization expends less than \$750,000 a fiscal year in Federal funds, an exemption from the Federal Audit Requirements is allowed for that fiscal year; however, financial records must be made available if requested.

A Funding Certification Form will be required to document this exemption.