



MISSISSIPPI HOME CORPORATION

2024 Application Guide HOME Investment Partnerships Program

Activities
HOME Rental
Community Housing Development Organizations (CHDO)





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Purpose

This 2024 HOME Rental & CHDO Application Guide (guide) addresses the management and administration of the HOME Investment Partnerships Program (HOME) rental and Community Housing Development Organization (CHDO) activities. Mississippi Home Corporation (MHC) distributes HOME funds among different categories of housing needs according to the priorities identified in its approved Consolidated Plan. Funds are only invested in eligible projects within the state.

MHC's Responsibility

The mission of 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 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 seriously 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 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. The Consolidated Plan identifies the following 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. Homeless youth 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 (AAP). This strategic one-year plan outlines programs and activities that will meet the identified priority needs of the state.

Program Summary

MHC supports the development of affordable rental housing for low-income and very low-income households with its annual HOME funding allocation from the U.S. Department of Housing and Urban Development (HUD). 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 core attention on rental housing. MHC's program includes income targeting requirements and is primarily focused on very low-income households (at or below 50% of area median income) and low-income households (at or below 60% of area median income).

MHC's HOME rental funds will be used to provide financing and gap financing to projects located in Mississippi. The program targets housing in eligible areas that is affordable to people who are at or below the 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 the expansion of permanent housing opportunities for persons with the following critical housing needs:

1. Serious mental illness
2. Persons with disabilities
3. Persons released from incarceration
4. Homeless elderly (55+)
5. Homeless youth or aging out of the foster care system

Distribution of Funds

The distribution of funds will be statewide based on the priority housing needs as determined by MHC per the HOME regulations, the State's Consolidated Plan, and the AAP. Applicants for HOME/CHDO must address the following priorities:

1. Rental housing needs of low to very-low-income households.
2. Be located within priority areas defined by the State's Consolidated Plan and/or low- and high-opportunity areas.
3. Documented need for housing affordable to lower-income households in the market area served by the project.

Performance Goals and Benchmarks

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

1. Developments to increase rental housing for homeless and seriously mentally 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 assisted units for special needs populations.

5. Incorporate supportive services applicable to residents.
6. Project a specific number of units targeting HOME income-eligible residents.

Citizen Participation

MHC facilitates the development and implementation of the Consolidated 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 solicits input from an advisory team consisting of individuals and groups representing aspects of low-income housing; this includes Low-Income Housing Tax Credit (LIHTC) developers, planning and development districts, for-profit and nonprofit developers, public housing authorities, disability access groups, Continua of Care (CoC), Emergency Solutions Grant (ESG) grantees, and individuals working with HIV/AIDS populations. MHC brings together individuals with a broad range of expertise and suggestions for best utilizing federal programs included in the AAP to ensure outreach and connection with the community and to provide a broad understanding of the critical role affordable housing plays in the community.

A statewide advisory team meeting was held on Wednesday, January 24, 2024, in Jackson, MS, at 735 Riverside Drive. In addition to verbal comments received at the meeting, MHC requested written comments from interested members of the public concerning the draft of the AAP. Comments received were taken into consideration and fully evaluated before the completion of the 2024 Annual Action Plan.

Application Requirements

MHC will solicit funding requests through Notices of Funding Availability (NOFA) issued annually. 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 that apply to a given funding round.

Availability of Funds

For the 2024 application cycle, the HOME rental housing set aside is \$5,016,184, and \$1,511,679 in the CHDO set aside. HOME funds are intended to leverage other affordable housing funds to maximize the resources available to develop affordable housing opportunities. Therefore, these funds will be used for gap financing.

Maximum Award Requests

Applicant Type	Maximum Award Request
CHDO (MHC-certified)	No maximum
Developers	\$750,000

Important Dates

Event	Deadline
NOFA Released	May 8, 2024
Application Workshop	May 13, 2024
Application Cycle Begins	June 3, 2024
Application Cycle Ends	August 9, 2024, at 4:00 PM CST
Award Reservations Announced	November 13, 2024

HOME Unit Set-Aside Requirement

The number of HOME-assisted units is determined by the total HOME subsidy divided by the actual cost per unit. Therefore, the total number of assisted units at the time of the award reservation may differ from the requested amount in the HOME application.

Public Hearing Requirement for HOME Funds

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, before 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 Spanish. Applications must include the "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 handicapped-accessible.

Application Submission

Interested parties will submit the HOME application located on MHC's website. Applications must be submitted online to MHC by the designated application deadline. Application dates are scheduled based on the distribution of HOME funds from HUD to MHC. The amount of the distribution is 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 whether the project is ready to proceed, and confirm that the development has a financing gap that requires HOME funding.

Application Selection Criteria

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 subsidies. All projects shall undergo a final underwriting analysis and subsidy layering review. MHC reserves the right to review other sources' underwriting evaluations.

The application process consists of three steps:

1. Completeness Review – Does the application include all the required forms, certifications, and documentation? ([Completeness](#))

Applications with incomplete or missing supporting documentation will not be considered for funding. However, if applications are submitted at least two weeks before the application deadline, applicants will be notified and allowed to submit missing documents by the deadline. Missing documents will not be accepted after the application deadline. Applicants will receive a letter of rejection and may re-submit during subsequent competitive processes.

2. Threshold Review - Does the application meet the threshold requirements to be considered for funding? ([Threshold](#)).

Applicants will be notified if the 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.

3. Application Scoring - Applications must score a minimum of 75 points on a 100-point scale to be considered for funding. ([Scoring](#))

Projects scoring below 75 points will not be funded. MHC will make funding reservations 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 tie-breaking system will be used in the following order:

- a. Lowest cost per unit.
- b. Addresses the most critical rental housing demands.
- c. Located in a poverty-stricken area of the state.
- d. Firm commitment to provide project-based rental assistance.

Regardless of strict numerical ranking, the selection criteria do not guarantee an applicant or development any right to a reservation or commitment of HOME funds in any amount. Further, despite the point ranking system set forth above, MHC reserves the right to reserve or commit funds to a development regardless of its point ranking, if such intended allocation is:

- a. In compliance with 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 Mississippi.

HOME Reservation Announcements

Upon the completion of the application review process, MHC staff will make award reservation recommendations to its Board of Directors (the Board) at its next regularly scheduled board meeting. Once the Board approves the recommendations, a reservation letter will be emailed to the applicant.

Submission of Materials

All HOME rental housing program applicants will need to comply with the submission criteria outlined in this guide which may vary from one cycle to the next. MHC reserves the right to request the submission of additional information as needed to complete project underwriting.

Appeals Process

Applicants wishing to appeal a decision of MHC may do so in writing within ten (10) business days of the date of the ineligibility letter.

The request for reconsideration must be submitted in writing via mail to:

Executive Director
Mississippi Home Corporation
735 Riverside Dr,
Jackson MS 39202-1166

Any written appeal shall specifically identify the grounds for appeal and include appropriate supporting documentation related to the facts of the original application that would lead MHC to reach a different conclusion in evaluating the original application.

Applicants may only appeal decisions based on program eligibility requirements. Appeals based on the amount awarded are only permitted where the applicant believes there was a review or error in calculation and the appeal is based on the information contained in the original application.

Appeals filed within the required time frame will be reviewed by the Programs Appeal Committee. All appeal determinations made by MHC are final with no further administrative review and are not subject to judicial review.

HOME Commitment & Loan Closing

For projects seeking HOME funds before the receipt of all other funding sources, including federal LIHTC reservations from MHC, commitments may be contingent on:

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)
3. Other items noted in the project-specific reservation letter

Following the loan closing and commitment of HOME funds, the Housing Grant Officer will be the primary point of contact for the owner until the project is completed according to HOME regulations. This person is responsible for processing draw requests, reviewing construction progress and compliance with labor standards, negotiating and seeking internal approvals on any proposed contract changes, and coordinating with Compliance staff on the handoff of the project as it approaches project completion.

Ongoing Compliance & Asset Management

Once a project is completed, it is assigned to the Compliance Officer who will become the main contact throughout the affordability period, 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.

Completeness

This checklist comprises the required documents that must be submitted to be considered for the threshold review.

*Documents are located on Mississippi Home Corporation's Website at

www.mshomecorp.com/federal-programs/forms/

HOME Rental/CHDO Forms

- 0101. Statement of Application and Certification for HOME & HTF*
- 0102. Applicant/Owner Signature Authorization*
- 0103. Application Preparer Certification*
- 0104. HOME Rental & CHDO Application Rating Form*
- 0105. Financial Feasibility Forms*
- 0106. Initial Site Assessment Form*
- 0107. Project Completion Schedule*
- 0108. Environmental Checklist*
- 0109. Certification of Consistency with Consolidated Plan (HUD Form 2991)*
- 0110. Development Experience*
- 0111. Management Experience*
- 0112. Supportive Services Certification Form* (2 services required)
- 0113. Certification of Bid Law Compliance
- 0114. Physical Needs Assessment*
- 0115. Description of Materials* (new construction projects)
- 0116. Construction Certification Form*
- 0117. Applicant Self Certification*
- 0118. Certifications & Assurances*
- 0119. Affirmative Fair Housing Marketing Plan Multifamily (HUD Form 935.2A)*
- 0120. Affirmative Fair Housing Marketing Plan Single Family (HUD Form 935.2B)*
- 0121. Applicant/Recipient Disclosure/Update Report (HUD Form 2880)*
- 0122. Special Needs Certification*

Additional Required Documents

- Conflict of Interest Certification* (Template 1)
- Development Narrative* (Template 2)
- VAWA Certification* (Template 3)
- CHDO Certification Approval Letter (CHDO-only)
- Financial Feasibility Forms
- Zoning Verification Documents
- Appraisal (no more than 12 months old)
- Photos of Site
- Site Control Documents (including flood determinations)
- Proof of Public Hearing
- Utility Allowance (PHA not allowed unless LIHTC/PBRA is used)
- Sources and Uses Statement
- Financial Award Letters
- Architectural/Building Plans with Specifications
- Capital Needs Assessment (rehabilitation projects with 26 or more total units)
- Project Budget
- Construction Contract
- 20-Year Proforma

- Section 504 Certification
- MBE/WBE Participation Plan
- Tenant Selection Plan (includes VAWA plan)
- Relocation Plan (if applicable, for rehabilitation projects)

Threshold

- Organization & Formation Documents for all Partners/Entities (required for each entity)
 - o Articles of Incorporation/Certificate of Partnership/Certificate of Formation
 - o By-Laws/Partnership Agreement/Operating Agreement
 - o Certificate to Do Business in Mississippi (if foreign entity)
 - o Certificate of Good Standing (dated within 30 days of application)
 - o Organizational Chart with Percentages of Ownership Interest
 - o Evidence of Unique Entity Identifier & Proof of Active Registration on SAM.gov (applicant only)
- Declaration of Restrictive Covenants Statement (Template 4)
- Applicant Experience Summary
 - o Resumes
 - o References
 - o Financial Statements
- Certification of HOME Requirements

Scoring Factors

- Market Study (no more than 12 months old)
- Rental Assistance Agreement (not required)
- Supportive Services Plan
 - o Contract(s) with Service Provider(s)
- Energy Efficiency Plan
 - o Cost Savings Proposal Per Unit
 - o Building Plans & Specifications
 - o Contract with Service Provider

Threshold

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

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.

1. Eligible Applicant
2. Eligible Project Type/Activity
3. Merits: Addressing State's Priority Housing Needs
4. Evidence of Affirmatively Furthering Fair Housing
5. Implementation of Supportive Services
6. Applicants Experience
7. Certification of HOME Requirements

1. 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. 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 HOME-assisted unit.

For-profit entity (must meet all 4 requirements)

- 1) Incorporated
- 2) In good standing with the Mississippi Secretary of State
- 3) Not on the list of entities debarred by HUD
- 4) Legal structure may be one of the following:
 - a) Partnerships
 - b) Limited partnerships
 - c) Limited liability company
 - d) Joint venture
 - e) Sole proprietorship,
 - f) Trust or association

Non-profit entity (must meet all 4 requirements)

- 1) Established as 501(c)(3) under IRS Code
- 2) In good standing with the Mississippi Secretary of State
- 3) By-laws include housing purposes.
- 4) If two or more organizations share common by-laws, over 50% of board members, and have a common service area, they will be treated as one entity for application purposes.

Developers and owners of affordable rental housing—including nonprofit developers, public housing authorities, and MHC-certified 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 24 CFR 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. Before 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, has sufficient staff capacity to carry out the project, and meets the requirements of “owner,” “developer,” or “sponsor” as required by 24 CFR 92.300(a).

Ineligible Applicants

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 requirements. The general and limited partners for partnerships and 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 on 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 to apply for funding. The granting of such waivers is at the discretion of MHC.

MHC does not fund requests from:

- 1) Individuals
- 2) Political, social, or fraternal organizations
- 3) Institutions that discriminate, in policy or practice, based on race, color, national origin, sex, religion, familial status, disability, ancestry, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking

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. Any entity currently on MHC’s suspension or debarment list, or in default on an MHC loan is ineligible to apply. 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 is suspended, debarred, or otherwise so precluded. Similarly, the general contractor must 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.

Organizational Documentation

Formation documents for the owner and general partner entities must bear the committal stamp of the Mississippi Secretary of State. For for-profit 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 Document	Operation Document
Corporation/Non-Profit	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.

System for Award Management

The applicant must have registered in the System of Award Management (SAM) and received a 12-character alphanumeric Unique Entity Identifier (UEI). All organizations doing business with the federal government and who will receive federal funds or a sub-award must have both a UEI number AND an active registration on www.SAM.gov. The applicant will need to provide a copy of the applicant's SAM page showing the UEI number to demonstrate its eligibility to apply for federal funds in the application. This page must show a valid/active status along with the current expiration date. Inactive or expired registrations are not acceptable.

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 promoting low-income housing. Nonprofit organizations 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 organization's 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 before submission of application:

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

2. 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.

The Certification of Consistency with Consolidated Plan (HUD Form 2991) must be reviewed and signed by MHC. Please submit this form via email to David Hancock, Vice President of the Executive Division, at David.Hancock@mshc.com for his signature. It must be signed and dated before the date of application submission.

3. Merits: Addressing State's Priority Housing Needs

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

Requirement: To meet the 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.

Declaration of Restrictive Covenants

Committing to serve low-to-very low-income tenants for a period of 5 to 20 years or longer must be executed and recorded before final approval. In addition, committing to serve low-income households for homeownership is based on the amount of HOME investment not to exceed the designated period of affordability established in the application. Applicants must indicate this election on the application form. In addition, a statement, executed by the organization, electing to set aside a number of the total units for persons at or below 60% of the area median income must be included in the application package (Template 4).

4. 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 Consolidated 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 tenants.
- 3) Identify an expanded housing market area which is a larger geographic area that 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) A Marketing Plan must be in effect throughout the life of the affordability period.
- 8) The 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) The project site sign must display in a conspicuous position the HUD-approved Equal Opportunity Housing Opportunity log, slogan, or statement.

5. 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 enhancement of beneficiaries and the community. All developments must commit to providing 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	Childcare 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 the application. Failure to submit two forms could result in an application not meeting the threshold requirements.

6. Applicant Experience

The 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, 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.

7. 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 and signed by the owner of the development or person of authority of the corporation.

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.

CRITERIA		AVAILABLE POINTS
1.	Geographic Diversity	Up to 15 pts
2.	Affordable Rent	10 pts
3.	Critical Teacher Shortage Area	5 pts
4.	Supportive Service Commitment	Up to 20 pts
5.	High Opportunity Areas	Up to 10 pts
6.	Universal Design Features	Up to 20 pts
7.	Energy Efficiency Plan	10 pts
8.	Development Amenities	Up to 10 pts
TOTAL		100 pts

1. Geographic Diversity- up to 15 Pts

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 (5) points 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- Census Tracts Over 30% Poverty
- 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. **Up to 5 points awarded to the 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.

 - a. Exhibit 3- County Admissions to State Hospital
 - b. Exhibit 4- Persons Homeless by County
- 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. **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 a higher percentage established by the applicant.

2. Affordable Rent- 10 pts

Acceptable rental assistance is limited to assistance contracted by HUD and/or USDA for the period of affordability documented on the HOME application. If awarded funds, the applicant must certify that it will provide rental assistance acceptable to MHC or that it will adjust the 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.

3. Critical Teacher Shortage Area – 5 pts

The Mississippi Employer-Assisted Housing Teacher Program is a special home loan program that is available to licensed teachers who render services in geographical areas of the state that are designated by the State Board of Education as having a critical shortage of teachers. **5 points are awarded to projects that are within a State-designated critical shortage area school district.** (Exhibit 5- Critical Shortage Areas)

4. 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 the 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). Applicants may receive up to 20 points under this category. Points are assigned for 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 the special needs population selected in the application. **15 points**

Examples of services may include, but are not limited to, the following to enhance the 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, and 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.

5. 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 that include a high concentration of extremely low-income populations and a shortage of affordable housing in the geographical area as documented in the 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 6- AB 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 the Federal Transit Administration. – **1 point** (Exhibit 7- Counties Served by Public Transit)
- 4) Housing accessible to hospitals. The project is in a county with a hospital. - **2 points** (Documented by market study)
- 5) Housing accessible to employment centers. The project is in a county with new hire growth over 1.38% for the twelve months ending February 2024. - **2 points** (Exhibit 8- New Hires by County)

6. Universal Design Features – up to 20 pts

Must incorporate at minimum (2) features from the Universal Design Standards disbursed throughout the property and in different bedroom sizes.

Design Feature	Available Points
Pull/lever handles on doorknobs/cabinets	1 point
Rocker light switches	1 point
Contrasting edge bands on countertops	1 point
Varied height cabinets	2 points
Touch/touchless water faucets	5 points
36” wide front door/32” wide interior doors	5 points
Zero step entryway	3 points
Grab bars near toilets/bathtub	1 point
Adjustable height showerhead	1 point

7. 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

8. Development Amenities – up to 10 pts

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) Onsite Laundry Facility
- 11) Walking, Jogging, or Biking Trail
- 12) Landscaped area including a gazebo with a sitting area
- 13) Playground (multi-phase developments must each have a playground).

Project Funding Requirements

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 who anticipate receiving an award of other funding, such as HTF, or LIHTC, must provide evidence that they have applied for such funding, including acknowledgment from the funding entity that the application has been received and the amount requested.

Development Requirements

The number of HOME-assisted units must equal the HOME subsidy divided by the actual per-unit 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 180 days of the reservation letter, and construction or rehabilitation must begin immediately after the regulatory agreement date. The application announcement and reservation 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

Type of Award

A 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 is 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.

Community Housing Development Organization (CHDO)

CHDO Set-Aside

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

Maximum Award Per CHDO Development Project

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 CHDO Applicants

Organizations eligible to receive funding through the HOME CHDO program for rental activities are nonprofit organizations with demonstrated development experience and capacity to create, rehabilitate, or preserve affordable housing.

Nonprofits seeking HOME funds through CHDO set-asides must first become certified as a CHDO. The CHDO Certification package can be found at <https://www.mshomecorp.com/federal-programs/home/CHDO/> under "Need to Qualify for CHDO Status".

CHDO Program Requirements

CHDO set-aside funds shall be used for affordable single-family and multifamily rental housing development and single-family homeownership housing that meets the requirements of the HOME program. CHDOs must adhere to all HOME requirements listed in this application guide and the additional CHDO-specific program requirements. Applicants who would like to apply as a CHDO must apply for CHDO certification before submitting a HOME application. The CHDO Certification application can be found as a separate document on the MHC website. An application for a CHDO-eligible undertaking must demonstrate the following:

1. 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.
2. Certify that the organization continues to meet the definition of a CHDO by being a certified CHDO by MHC.
3. Complete the CHDO-related sections in the HOME application forms.

CHDO Set-Aside Roles:

CHDOs applying for funding must act as either an owner, developer, or sponsor of the housing project. To qualify for set-aside funds, the CHDO must have effective project control (decision-making authority).

1. CHDO as an Owner: the CHDO is to be the sole and exclusive owner of the housing during development and the period of affordability.
 - a. Ownership must be fee simple or via a long-term ground lease (99-year minimum)
 - b. Is permitted to acquire property that is in standard condition and meets property standards in 24 CFR 92.251.
 - c. Cannot be an owner in partnership with another entity.
 - d. Is required to oversee all aspects of the development process.
 - e. Can be a rental project owner without also having to be the developer.
 - f. May hire a project manager to oversee all aspects of the development.
 - g. If the project requires development, the CHDO may hire and oversee a developer that rehabilitates or constructs the housing.

- h. The CHDO may contract for property management services.
2. CHDO as a Developer (Rental): The CHDO must be the owner and developer of the project receiving set-aside funds. The developer is responsible for the development of the project.
 - a. Must be the sole owner of the property either in fee simple or via ground lease during the development and the period of affordability.
 - b. CHDO is in sole charge of all aspects of the development process.
 - c. Cannot develop HOME-assisted units owned by another non-profit or for-profit entity (see sponsor role)
3. CHDO as a Developer (Homeownership Housing):
 - a. CHDO must be the owner in fee simple absolute title and the developer of the new housing to be constructed for homeownership.
 - b. CHDOs must arrange financing of the project and be in sole charge of construction.
 - c. CHDO must transfer the title of the property and HOME obligations to eligible homebuyers within a specified timeframe of project completion.
 - d. CHDOs may provide downpayment assistance to a buyer of a property that it developed with CHDO set-aside funds. If providing downpayment assistance, no more than 10% of the total amount of HOME development funds may be used to provide downpayment assistance.
4. CHDO as a Sponsor (Affiliate): Under this role, the CHDO does not directly own and develop the property but rather does so through an eligible affiliate of the CHDO that will act as either the owner or developer of the rental housing.
 - a. A wholly owned subsidiary of the CHDO
 - b. Limited Partnership (LP) of which the CHDO or its wholly owned subsidiary is the sole general partner.
 - c. Limited Liability Company (LLC) of which the CHDO or its wholly owned subsidiary is the sole managing member.
5. CHDO as a Sponsor (Turnkey): Turnkey is when one CHDO develops rental housing with the intent to convey the property to another pre-identified nonprofit organization at the predetermined time after completion of construction or rehabilitation to operate the housing for the period of affordability.

Treatment of Program Income by a CHDO

Proceeds generated from a CHDO development activity may be retained by the CHDO but must be used for housing activities that benefit low-income families. 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 HOME requirements and must be returned to MHC.

Underwriting & Subsidy Layering Reviews

Project underwriting for all HOME project applications will require the submission of a professionally prepared market study from a provider acceptable to MHC. If the market study is more than 12 months old at the time of application submission, an updated market study is required. Proposed rent levels must be supported by the applicant's market study and within HOME regulatory limits, as applicable.

Owners must disclose all other firm commitments for funding with the initial HOME rental housing application to MHC at the time of application and upon receiving any additional commitments of funding. MHC will conduct a subsidy layering review as part of the underwriting process for any project that includes other public subsidies. Using its underwriting criteria, MHC 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 funds awarded, a reduction in the rents being charged to tenants, requirements that excess cash be deposited to an operating reserve, or an increase in annual payments on the HOME loan.

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

All HOME 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 MHC's evaluation of fiscal soundness as required by 24 CFR 92.250(b)(2).

Project underwriting includes:

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 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 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 a 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 loan may not mature before the expiration of the 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 of producing housing units for extremely low-income families.
 - f. An assessment of current market demand for the neighborhood of the 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 the number of bedrooms

Maximum Per-Unit Subsidy Limits

MHC adopts the HOME 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 HUD’s Office of Multifamily Housing Section 234 Condominium Housing Limits for elevator-type projects. HUD publishes them in the Federal Register and establishes High-Cost Percentage exceptions (HCP) for specific areas. 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 affordability period.

2023 Limits

Effective as of 4/7/2023:

Jackson, MS – High-Cost Percentage (HCP) of 270%			
Bedrooms	Section 234 Basic (Elevator-type) Limit ¹	HCP Multiplier	HOME Maximum Per Unit Subsidy
0	\$72,088	240%	\$173,011.20
1	\$82,638	240%	\$198,331.20
2	\$100,490	240%	\$241,176.00
3	\$130,002	240%	\$312,004.80
4+	\$142,701	240%	\$342,482.40

¹ Notice CPD-15-003: Interim Policy on Maximum Per-Unit Subsidy Limits for the HOME Program

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 cost allocation calculations.

Cost Limitations

All project costs must be reasonable, whether paid for directly with HOME funds or not. 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 Grant 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 will be subject to the following specific cost limitations:

1. For-profit applicants may budget only up to 5% of the maximum award request for eligible soft costs.
2. 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 the proceeds of the developer fee.
3. 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 the use of construction contingency, the same percentages for builder line items apply.
4. 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 funding reimbursement. When a project's sources include USDA-RD or other HUD funding, the USDA-RD or HUD appraisal methodology will apply.

Project Evaluation

MHC reviews and evaluates the project from several 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 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 has 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 the 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 (no older than 12 months).

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 LIHTC 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, MHC, or other 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 at www.sam.gov. **An active unique entity identifier (UEI) and SAM registration are required to be an eligible applicant for HOME funds.**

Readiness to Proceed

The applicant must demonstrate the ability to commit HOME dollars and undertake funded activities on time. Funds must be committed within 180 days and expended within 24 months. Funds that were reserved and not committed within the reservation letter deadline are subject to be re-evaluated and withdrawn at the discretion of MHC.

For new construction or rehabilitation, construction must start immediately after 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.

Loan Closing Extension Process

Applicants wishing to extend the loan closing deadline may do so in writing within thirty (30) days of the loan closing deadline in the reservation letter. The request for an extension must be submitted in writing via email to Kimberly Stamps at kimberly.stamps@mshc.com or via mail to:

Kimberly Stamps
Mississippi Home Corporation
735 Riverside Dr,
Jackson MS 39202-1166

The request shall specifically identify the reasons for the extension and include appropriate supporting documentation related to the requirements of the loan. Each project is eligible for one 90-day extension, after which the award reservation will be rescinded and reallocated to other projects.

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 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. The final award will not exceed the amount of the project's permanent loan financing.

Before funds are released, a regulatory agreement must be signed between MHC and the recipient. The agreement will satisfy Federal requirements and establish 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 default on 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% LIHTCs, 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 acknowledgment 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.

Structure of Transaction

HOME Funding Limits

The final award will not exceed the amount of the project's permanent loan financing. To qualify for HOME funding, a project must demonstrate the need for an investment of no less than \$1,000 in HOME funding per HOME-assisted unit.

For all HOME projects, in no case will the 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.

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 (15%) of its annual allocation for activities undertaken by qualified CHDOs. MHC will commit CHDO/HOME allocation for single-family and multi-family rental housing activities 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.

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 the 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 the completion of the subsidy layering review.

Regulatory Agreement

Regulatory agreements are used to contract with funded applicants 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 and signed by all parties to the agreement, and all signatures must be dated to verify compliance. The effective date of the agreement is the date of the last signature and serves as the notice to proceed with construction.

Binding Commitments Required for All Financing

MHC will enter into a 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 regulatory agreement with a state recipient, non-profit developer, or for-profit developer to use a specific amount of HOME funds to produce affordable housing. Award reservations do not constitute a commitment of HOME funds.

Budget Modifications/Change Orders

The applicant must adhere to the project budget and shall utilize the HOME funds to finance the project. The applicant expressly acknowledges and covenants that the HOME funds may not be applied to any costs that are not eligible as described in this guide. The project budget may be amended or modified only with the consent of MHC, which consent shall not be unreasonably withheld, conditioned, or delayed, and shall only be effective if approved in writing by MHC.

Disbursement of Funds

HOME awards will be disbursed at 50% of project completion and final disbursement at 100% completion. Ten percent (10%) of the total award 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 before 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 the percentage of completion and confirmation of funds requested.

MHC requires projects 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 do 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.

Conditions of Final Disbursement

In addition to the requirements set forth above, the Department shall require the following before 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 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 units.
3. Evidence satisfactory to the Department that the project has been completed lien-free and substantially following the plans and specifications.
4. Review and final settlement of the cost certification.
5. Such other supporting evidence may be requested by the Department or its agent to substantiate all payments that are to be made from the final disbursement and/or to substantiate all payments then made concerning the Project.
6. A determination by the Department that all HOME requirements about 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.

Extension of Regulatory Agreement

Extensions of regulatory 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, regulatory agreements cannot be extended beyond the project completion deadlines outlined in the HOME Final 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 180 days. Applicants wishing to extend the period for the regulatory agreement may do so in writing within six months of the expiration date. The request for an extension must be submitted in writing via email to Kimberly Stamps at kimberly.stamps@mshc.com or via mail to:

Kimberly Stamps
Mississippi Home Corporation
735 Riverside Dr,
Jackson MS 39202-1166

The request shall specifically identify the reasons for the extension and include appropriate supporting documentation related to the requirements of the regulatory agreement.

Withdrawal of Assistance

Recipients receiving an award of HOME must commit to beginning construction 180 days after receiving notice of reservation of funds. If MHC determines a project will not proceed within 180 days, MHC may, at its discretion, reallocate the funds to another project to meet federal expenditure deadlines for HOME. MHC regularly assesses the performance of its HOME partners. Based on the performance according to the requirements contained in its regulatory agreements and the program regulations, MHC may withdraw funding due to non-performance, poor performance, and/or untimely performance.

Terminated Projects

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

Project Requirements

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 MHC.

All HOME projects involving new construction are also subject to the site and neighborhood standards. In general, these standards limit the new construction of rental housing in neighborhoods exhibiting a 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 the 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, United States Department of Agriculture Rural Development (USDA-RD), or Housing Trust Fund (HTF) will be considered.

Ineligible HOME Rental Project Types:

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
7. Student housing
8. Private foster care facilities

Eligible Activities

Applicants must describe activities to be undertaken in sufficient detail for MHC to determine that the proposed activities are permitted by regulations. 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 for the following eligible activities:

1. Rehabilitation, new construction, acquisition and rehabilitation, acquisition of vacant land and new construction, or acquisition, demolition, and reconstruction of permanent rental housing in the forms of multifamily or single-family housing. Conversion of non-residential structures to rental housing is considered rehabilitation unless two or more units are attached to the existing building, to which the activity will convert to new construction.
2. Rehabilitation of existing HOME developments with HOME affordability periods that have expired prior to the due date for this application.
3. Purchase and installation of manufactured homes for rental housing only if they meet all the following standards:
 - a. A newly constructed single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law.

- b. A unit that is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure.
- c. A unit that has wheels, axles, and towing chassis removed.
- d. A unit that has a pitched roof.
- e. A unit that is located on land held by the applicant in fee-simple title or a lease for at least the duration of the affordability period.

CHDO-Only Activities

CHDOs may also undertake homebuyer developments (new construction) in the same manner as the rental activities described above.

Eligible Costs

Acquisition (including vacant land) and/or Demolition

Acquisition of vacant land or demolition is not eligible for 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

HOME-assisted housing must meet MHC's HOME Minimum Design Standards and must be the actual cost of constructing or rehabilitating housing:

1. New Construction: must also meet the property standards of 24 CFR 92.251 (a)
2. Rehabilitation: must also meet the rehabilitation standards of 24 CFR 92.251 (b)
3. Utility connections from the property line to the adjacent street
4. Site improvements including:
 - a. On-site roads
 - b. Sewer Lines
 - c. Water lines
5. New construction or rehabilitation of laundry and/or community facilities located in the same building as the housing for the use of project residents (only applicable to multifamily rental housing)

Soft Costs

Soft costs may comprise no more than 15% of the maximum HOME award request. For-profit developers or those utilizing LIHTC may only allocate 5% of the maximum HOME award request for soft costs. These costs are limited to:

1. Architectural, engineering, or related professional services required for the preparation of plans, drawings, specifications, or work write-ups.
2. Costs to process and settle the financing for the project in the application:
 - a. Private lender origination fees
 - b. Credit reports
 - c. Fees for title evidence
 - d. Fees for recordation & filing of legal documents
 - e. Building permits
 - f. Attorney fees
 - g. Private appraisal fees

- h. Fees for an independent cost estimate
- i. Builders' or developers' fees
3. Costs of a project audit, including certification of costs performed by a certified public accountant.
4. Affirmative marketing and fair housing information to prospective homeowners and tenants
5. Staff and overhead costs directly related to carrying out the project, such as:
 - a. Work specifications preparation, loan processing inspections, and
 - b. Other services related to assisting potential owners, tenants, and homebuyers.
6. Pre-purchase housing counseling and education (CHDO only - for recipients who purchase HOME unit)
7. Up to \$6,000 of the cost of environmental review and release of funds under 24 CFR Part 58 which are directly related to the project, including ASTM E1527-21 Phase I ESAs.

CHDO Operating Expenses

HOME funds may be available to provide general operating assistance to CHDOs receiving CHDO set-aside funds or anticipate receiving a commitment of CHDO set-aside funds within 24 months.

Operating expense funds are on an as-needed basis taking into consideration the following six (6) criteria:

1. Need for grant program,
2. Feasibility of the proposed HOME-assisted CHDO set-aside project,
3. Capacity to complete HOME CHDO project(s) in a timely manner,
4. Experience and qualifications of paid employees,
5. Timeliness and accuracy of past draw submissions; and
6. Utilization rate of previous operating expense awards.

Objectives

The principal objectives of the grant program are to provide limited financial support and promote the capacity of MHC-certified CHDOs that either currently have a project underway funded with HOME CHDO set-aside funds or anticipate receiving a funding commitment for a project with HOME CHDO set-aside funds.

Eligible Uses of Grant Program Funds

Operating expenses are defined as reasonable and necessary costs for the operation of a CHDO. Grant program funds may be used for the reimbursement of:

- Salaries and wages
- Fringe benefits (limited to 7.65% of gross salary/wages)
- Employee training
- Travel

The applicant should review 2 CFR 200 for the principles to be applied in establishing the eligibility of the above costs.

Ineligible Uses of Grant Program Funds

Project-specific costs associated with a HOME CHDO set-aside funded project are not eligible for operating assistance. Examples of project-specific costs that are not eligible are:

- Initial feasibility studies, engineering studies/reports, and consultant fees
- Costs of preliminary financial applications, site control, and title clearance costs
- Legal fees related to a specific project, and option fees
- May not be awarded as compensation for the development of a HOME project in lieu of a developer's fee

Relocation Costs (for persons displaced by the project):

1. Replacement housing payments, moving expenses, and other reasonable out-of-pocket costs incurred in the temporary relocation of persons.
2. Staff time associated with providing relocation to displaced persons (including referrals housing search assistance, property inspections, counseling, and other assistance necessary to minimize hardship).

Costs Relating to Payment of Loans

Payment of construction loan, bridge financing, or guaranteed loan (principle & interest), if:

1. The project meets all HOME requirements;
2. The loan was used for eligible costs specified in HOME regulations and this guide; and
3. The HOME assistance is part of the original financing for the project.

Ineligible Costs & Activities

1. Costs associated with preparing and submitting an application for funding through MHC (e.g. application fees associated with LIHTC)
2. Assist a project previously assisted with HOME funds during the affordability period.
3. Acquisition, rehabilitation, refinancing, or new construction if any part of a development or its land is located within the boundaries of a 100-year floodplain. A flood determination must be provided for each parcel associated with the project.
4. Pay for the acquisition of property owned by the applicant.
5. Pay delinquent taxes, fees, or charges on properties to be assisted with HOME funds.
6. Pay for political activities, advocacy, lobbying, counseling services, travel expenses, and preparing or providing advice on tax returns.
7. Pay for administrative, outreach, or other costs to manage and operate the applicant's HOME funds.
8. Pay for any cost that is not eligible under 24 CFR 92.371 and 24 CFR 92.732.
9. Project owners are prohibited from charging origination fees or charging more than is customary for parking and laundry room uses.
10. 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.
11. HOME funds shall not be used for luxury improvements.
12. HOME funds shall not be used to fund an initial operating deficit reserve.
13. Annual contributions for the operation of public housing
14. Commercial development costs - All costs associated with the construction or rehabilitation of space within a development that will be used for non-residential purposes such as offices or other commercial uses. This does not include the common area used by tenants of rental property or the leasing office of the apartment manager. HOME awards cannot be used to finance any portion of commercial development costs. The expenses incurred and income to be generated from commercial space must be reported in a separate "Annual Expense Information" sheet and 15-year proforma.
15. Costs associated with any financial audit of the applicant, including a Single Audit
16. Cost of supportive services
17. General operating expenses or operating subsidies
18. Loan guarantees
19. Mortgage default/delinquency correction or avoidance
20. Providing tenant-based rental assistance



21. Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units
22. Purchase or installation of luxury items, such as swimming pools or hot tubs

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 the 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 24 CFR 92.216. For subsequent income determinations during the period of affordability, MHC will use the method that 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 per 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 per 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.

Fixed and Floating Units

A project's regulatory agreement will outline whether the project's HOME-assisted units are fixed or floating units. Currently, MHC only allows floating units for the HOME program.

Fixed units: The HOME-assisted units remain the same throughout the affordability period. Specific units are designated as assisted units, and those units will remain assisted throughout the affordability period. Any non-assisted units at a property with fixed program units will remain non-assisted and can be rented without regard to rent and income restrictions.

Floating units: The HOME-assisted units may change during the affordability period. The unit mix can be changed during the affordability period so that the total number of assisted units meets the requirements set out in the application and recorded declaration. Each substituted unit must be comparable in terms of size, features, and number of bedrooms to the originally designated HOME-assisted unit. Note: If all units in a property are HOME-assisted units, then the units are considered fixed units. In a property with a mix of HOME-assisted and non-assisted units, the assisted units may be fixed or floating.

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

1. 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
2. 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 unit 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 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 under regulations until the noncompliance is corrected.

Homeownership Limitations (CHDO)

Households purchasing a HOME-assisted unit cannot exceed 80% of AMI for the county as adjusted by family household size.

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.

1. 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 Microsoft Excel or a web-based model on HUD User at <https://www.huduser.gov/portal/datasets/husm/uam.html>.
2. 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).
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 of the property owner, and they specify the building factors that must be included in the model.

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.

Property Standards

HOME Minimum Design Quality Standards

HOME-assisted housing must meet all applicable state and local codes, ordinances, and requirements. MHC will adhere to the HOME 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. In the absence of a state or local building code, the International Existing Building Code of the International Code Council must be used. 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 ¾ scales. At construction completion, the Architect must certify that the development complied with all the minimum requirements.

New Construction and Gut Rehab Projects

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.

Rehabilitation Standards

Considering that HOME regulations encourage the use of other funding sources to achieve financial feasibility, LIHTC 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.

MHC will ensure that knowledgeable inspectors and architects thoroughly inspect each dwelling for compliance with regulations and certifications. They will also ensure that each development complies with all the minimum requirements. Inspections will verify compliance with 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.

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 before 1978 must comply with this regulation. A licensed lead-based paint inspector will be used to certify that units comply.

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 (CNA) 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 the 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.

The architect or 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. An estimate of the life of various building systems and a year-by-year assessment of when each component may need replacing or repairing should be provided. It is vital to ensure that a complete assessment is performed which can determine how to fund a 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.

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 WaterSense 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 HOME Minimum Design Quality Standards and HOME Rehabilitation Standards.

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 WaterSense label.

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.

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. These requirements must be met to comply with Section 504.

Section 504 Compliant Units

New Construction

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

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 requirements 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., earthquakes, hurricanes, flooding, and wildfires) per applicable state and local codes, ordinances, or other requirements established by HUD.

Health and Safety

MHC certifies that all dwellings will be free of all health and safety defects. 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.

Uniform Physical Conditions Standards (UPCS) Inspections

HOME-assisted housing must follow property standards specified by HUD's physical inspection procedures known as the Uniform Physical Conditions Standards (UPCS) according 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. The first inspection occurs at 50% construction completion. The 100% construction completion inspection will occur within twelve months after the end of construction. The entire site and all HOME-assisted units will be inspected at the 100% construction completion inspection.

Onsite Inspections During the Period of Affordability (Rental)

After project completion, onsite inspections will occur at least once every three years during the period of affordability. The Compliance Officer will randomly select a 20% sample of HOME-assisted units for inspection to determine compliance. For projects with four or fewer HOME-assisted units, all the assisted units will be inspected. Additionally, an inspection of the areas designated under UPCS (site, building exterior, building systems, and common areas) will also be conducted.

Deficiencies

Any deficiencies considered "Life-Threatening Hazards" that generate health and safety issues must be addressed within 24 hours; "Non-Life-Threatening Hazards" must be addressed within 30 days for the 100% construction completion inspection and within 12 months for inspections during the period of affordability.

General HOME Program Requirements

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. Affirmatively 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 according to the HOME Program.

The minimum period of affordability for HOME-assisted units is 5 to 20 years. A Declaration of Restrictive Covenants must be executed and recorded. Funds are subject to recapture if commitment requirements are not met.

HOME Award Amount Per Unit	Affordability Period
Under \$15,000 per unit	5 years
\$15,000 - \$40,000 per unit	10 years
Over \$40,000 per unit – or – any rehabilitation/refinance combination activity	15 years
New construction or acquisition of newly constructed housing	20 years

Affirmatively Furthering Fair Housing

Projects receiving HOME funds must comply with Affirmatively 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.

Tenant Selection

The owner/developer must establish a written tenant selection plan consistent with the requirements at 24 CFR 92. 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 before terminating or refusing to renew the lease. Per the provisions of 24 CFR 92, 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.

Site and Neighborhood Standards

HOME-assisted new construction projects must comply with 24 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 implements 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 24 CFR 92.251.

Conflicts of Interest

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 for activities assisted with HOME funds, or who are in a position to participate in a decision-making process, or gain inside information concerning 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 concerning 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.

Key Federal Requirements

HOME 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, an environmental review (ER) must be submitted to the 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 the Environmental Impact Officer before entering into a purchase agreement or submitting an application.

All HOME-assisted projects shall be implemented under environmental review regulations as defined in 24 CFR Part 58.

1. Applying 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 Request for Release of Funds (RROF), as applicable, by HUD.
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 RROF. 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. Applicants are prohibited from undertaking, committing, or expending any funds (including non-federal funds) to any physical or choice-limiting actions on the site before 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 before completion of the required environmental clearance process will result in the denial of any HOME funds from MHC.

Uniform Relocation Act (URA)

Every effort will be made to avoid the permanent displacement of all persons due to a HOME-funded project. MHC reserves the right to reject any application that fails to minimize the permanent displacement of tenants. If temporary relocation or permanent displacement is necessary, MHC will comply and will require compliance by owners with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and Section 104(d).

All rental housing projects fall under the requirements of the URA. Applicants must further document that any purchase of property meets the requirements of URA, including the 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 before the submission of any application involving an occupied property to understand the requirements of URA.

Minimize Displacement

MHC will take all reasonable steps to minimize the displacement of persons (i.e., families, individuals, businesses, not-for-profit organizations, etc.) because of a project assisted with HOME funds including, but not limited to:

1. Encouraging owners to stage rehabilitation of dwelling units to allow tenants to remain in the building/complex during and after the rehabilitation by working with vacant units first.
2. Assisting owners with locating vacant units in other properties in the immediate area, if any, to house persons who must be relocated temporarily during rehabilitation.
3. To the extent feasible, residential tenants will be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary, and affordable dwelling unit in the building/complex upon completion of the project.

Relocation Assistance to Displaced Persons under Section 104(d)

A displaced person may choose to receive either assistance under the URA and implementing regulations at 49 CFR part 24 or assistance under Section 104(d) of the HCD Act of 1974. MHC will ensure owners provide relocation assistance for eligible displaced persons (as defined by regulation) who, in connection with an activity assisted with HOME funds, move permanently from real property as a direct result of the demolition of any dwelling unit or conversion of a lower income dwelling unit. If a displaced person chooses assistance under Section 104(d), the assistance a displaced person may qualify for includes:

1. **Advisory Services:** a displaced person will be advised of his or her rights under the Fair Housing Act (42 U.S.C. 3601-19). If a comparable replacement dwelling unit to be provided to a minority person is located in an area of minority concentration, the minority person will also be given, if possible, referrals to comparable and suitable decent, safe, and sanitary replacement dwelling units not located in such areas.
2. **Moving Expenses:** payment for moving expenses at levels described 49 CFR part 24.
3. **Security Deposits and Credit Checks:** the reasonable and necessary cost of any security deposit required to rent the replacement dwelling unit and the cost of credit checks required to purchase or rent the replacement dwelling unit.
4. **Interim Living Costs:** displaced persons shall be reimbursed for actual, reasonable, out-of-pocket costs incurred in connection with a displacement, including moving expenses and increased housing costs if one or more of the following apply:
 - a. The person must relocate temporarily because continued occupancy of the dwelling unit constitutes a substantial danger to the health or safety of the person or the public.
 - b. The person is displaced from a "lower-income dwelling unit," none of the comparable replacement dwelling units to which the person has been referred qualifies as a lower-income dwelling unit, and a suitable lower-income dwelling unit is scheduled to become available under Section 42.375.
5. **Replacement Housing Assistance:** displaced persons are eligible to receive replacement housing assistance as determined under Subpart E of 24 CFR.

One-for-One Replacement of Lower-Income Dwelling Units

MHC will require the replacement of all occupied and vacant occupiable lower-income dwelling units demolished or converted to a use other than lower-income housing in connection with a project assisted with funds provided under the HOME program per 24 CFR 42.375.

A low-income dwelling unit is defined as a dwelling unit with market rent, including utility costs, that does not exceed the applicable fair market rent for existing housing as established under 24 CFR part 888.

If the dwelling units that will be demolished or converted do not meet the definition of occupied or vacant occupiable, a One-For-One Replacement Plan is not applicable. MHC must be given evidence that the units meet this condition.

When preparing a One-For-One Replacement Plan, an acceptable replacement must meet the following requirements:

1. Located within the project's jurisdiction. To the extent feasible and consistent with other statutory priorities, the units shall be located within the same neighborhood as the units replaced.
2. Units must be sufficient in number and size to house no fewer than the number of occupants who could have been housed in such units.
3. The units must be provided in standard condition. Replacement units may include units that have been raised to standard condition from substandard condition if the following are met:
 - a. No person was displaced from the unit.
 - b. The unit was vacant at least three months before the execution of the agreement between the tenant and the property owner.
4. The units must initially be made available for occupancy at any time during the period beginning one year before the owner makes public the required One-For-One Replacement Plan and ending three years after the commencement of demolition or rehabilitation related to conversion.

The units must be designated to remain low-income dwelling units for at least 10 years from initial occupancy. Replacement units may include but are not limited to, public housing or existing housing receiving Section 8 Project-Based Assistance.

Before MHC enters into a regulatory agreement committing funds for a project that will directly result in the demolition or conversion of lower-income dwelling units, owners will publish a One-For-One Replacement Plan in a newspaper of general circulation and on their applicable website and social media. The recipient must make the plan available for 14 days and receive public comments. The plan and all comments received must be submitted to MHC. MHC will then facilitate submission of the plan and proof of publication to HUD.

The One-For-One Replacement Plan must include:

2. A description of the proposed assisted project.
3. The address, number of bedrooms, and a location on a map of lower-income dwelling units that will be demolished or converted to a use other than lower-income dwelling units as a result of an assisted project.
4. A time schedule for the commencement and completion of the demolition or conversion.
5. To the extent known, the address, number of lower-income dwelling units by size (i.e., number of bedrooms) and location on a map of the replacement lower-income housing that has been or will be provided.
6. If there are vacant units, provide a list detailing the condition of each unit either standard condition, substandard condition and suitable for rehabilitation, or substandard not suitable for rehabilitation. Substandard not suitable for rehabilitation means any units where estimated costs of replacement and repairs is more than the estimated cost of new construction of comparable units. These units do not meet the definitions of standard or substandard suitable for rehabilitation listed above.
7. The source of funding and a time schedule for the provision of the replacement dwelling units.
8. The basis for concluding that each replacement dwelling unit is designated to remain a low-income dwelling unit for at least 10 years from the date of initial occupancy.
9. Information demonstrating that any proposed replacement of lower-income dwelling units with smaller dwelling units (i.e., a two-bedroom unit with two one-bedroom units), or any proposed replacement of efficiency or single-room occupancy unit with units of a different size, is appropriate

and consistent with the housing needs and priorities identified in the HUD-approved Consolidated Plan and 24 CFR 42.375(b).

10. Proof of publication of plan and availability to the public, minimum of 14 days. The plan must be published prior to funding.

To the extent that the specific location of the replacement dwelling units and other data in items 4 through 7 are not available at the time of the general submission, the Recipient will identify the general location of such dwelling units on a map and complete the disclosure and submission requirements as soon as specific data is available.

Replacement Not Required Based on Unit Availability

Under 24 CFR 42.375(d), the one-for-one replacement requirement does not apply to the extent the HUD field office determines, based upon objective data, that there is an adequate supply of vacant lower-income dwelling units in standard condition on a nondiscriminatory basis within the area. The owner must submit directly to the HUD field office the request for a determination that the one-for-one replacement requirement does not apply. Simultaneously with the submission of the request, the owner must make the submission to HUD public and inform interested persons that they have 30 days from the date of submission to provide to HUD additional information supporting or opposing the request.

Contacts and Appeals

MHC's Grants Management Division is responsible for monitoring the owner's compliance with URA throughout the development process including tracking the replacement of low-income dwelling units and ensuring they are provided within the required period.

Grants Management
735 Riverside Drive
Jackson, MS 39202

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 & 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. Contracts awarded and payments made to MBE/WBE businesses and contractors must be reported quarterly during the construction phase.

Section 3

Owners and developers of construction projects exceeding \$200,000 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, MHC 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). The Section 3 report must be submitted quarterly during the construction phase.

Build America, Buy America (BABA)

The Build America, Buy America Act (BABA) requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver. This requirement is known as the "Buy America Preference (BAP)" and the specific requirements are codified in 2 CFR 184.

Products covered under the BAP include:

1. Iron and steel: The cost of the iron and steel content exceeds 50% of the total cost of all the item's components. All manufacturing processes, starting from the initial melting stage and continuing through the application of coatings, must occur in the United States.
2. Construction materials: All manufacturing processes for the construction material must occur in the United States.
 - a. Specifically Listed Construction Materials: Items include (1) non-ferrous metals; (2) lumber; and (3) plastic- and polymer-based composite building materials, pipe, and tube.
 - b. Not Listed Construction Materials: Items include (1) all other plastic- and polymer-based materials (such as polymers used in fiber optic cables), (2) glass, (3) fiber optic cable, (4) optical fiber, (5) engineered wood, and (6) drywall.
3. Manufactured products: Manufactured products must meet two production requirements. First, the final product must be manufactured in the United States. Second, at least 55% of the cost of the components making up the manufactured product must be associated with components that were mined, produced, or manufactured in the United States. Includes articles, materials, or supplies that have either been:
 - a. Processed into a specific form or shape, or
 - b. Combined with other articles, materials, or supplies to create a product with different properties than the individual articles, materials, or supplies.

Products should be classified into just one of these categories. The classification must be made based on the product's status when brought to the work site. BAP will apply to all HOME rental and CHDO projects committed on or after August 23, 2024.

Nondiscrimination and Equal Opportunity

The following Federal nondiscrimination and equal opportunity guidelines apply to all Rental Housing projects and affect both the 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 based on 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 to determine eligibility for the housing or otherwise make 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.

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. 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

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

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 people 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 people 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 is suspended, debarred, or otherwise so precluded. Similarly, the general contractor will be required to determine that subcontractors are not so precluded.

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.

1. Owners are required to report quarterly on construction progress, Section 3, and MBE/WBE during the development and lease-up phases. Quarterly reports will be due on the 15th of the month following the end of the prior quarter (e.g., reports on the first quarter are due by April 15th).
2. 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.
3. 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 the units, leasing and marketing reporting will be required annually.
4. Annual Reports shall be required for HOME projects, and shall include an annual occupancy report, utility allowance documentation, and examples of marketing materials.
5. 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.

6. Owners and developers shall allow MHC and HUD the right to inspect records and property.
7. 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 under 24 CFR 92. Updates must detail all changes.
8. Owners must annually report on compliance with the provisions of VAWA including records related to any emergency transfer requests and their disposition.
9. 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 to determine 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.