

MISSISSIPPI HOME CORPORATION

HOME INVESTMENT PARTNERSHIPS PROGRAM
2026 APPLICATION GUIDE
HOME RENTAL



20 August 2026

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PURPOSE

This 2026 HOME Rental Application Guide (guide) addresses the management and administration of the HOME Investment Partnerships Program (HOME) rental activity. 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 help lower-income families avoid paying a disproportionate share of their income for housing. It will also complement existing federal, state, and local efforts to increase and preserve the supply of rental housing for low-income households.

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.

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.

MHC is committed to eliminating fraud, waste, and abuse. Make reports of crime, fraud, waste, and abuse to the U.S. Department of Housing and Urban Development's (HUD) Office of Inspector General via its Hotline at https://www.hudoig.gov/hotline or call 1-800-347-3735.

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 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 for 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 a period of affordability of at least 5 to 20 years depending on funding source and level. Projects are monitored for compliance during the period of affordability. Project developers, owners, and sponsors must coordinate funders' requirements when there are multiple funding sources.

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 may include Low-Income Housing Tax Credit (LIHTC) developers, planning and development districts, for-profit and nonprofit developers, public housing authorities, disability access groups, Continuum 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.

Three AAP public hearings were held: March 3, 2026, in Tupelo; March 4, 2026, in Tunica; and May 1, 2026, in Biloxi. In addition to verbal comments received at the meeting, MHC requested written comments from interested members of the public concerning the draft of the plan. Comments received were taken into consideration and fully evaluated before the completion of the 2026 Annual Action Plan.

A statewide advisory team meeting was held virtually on May 27, 2026. 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 2026 Annual Action Plan.

APPLICATION REQUIREMENTS

AVAILABILITY OF FUNDS

For the 2026 application cycle, the HOME rental housing set aside is $3,330,744.29. An additional $3,000,000 in unobligated 2025 funds and $4,136,855 in unobligated 2024 funds are also available for a total of $10,467,599.29. 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.

MHC will set aside $3,000,000 in HOME funds for 9% Low Income Housing Tax Credits (LIHTC) and tax-exempt bond (4%) developments to apply for up to $750,000 per project.

IMPORTANT DATES

EVENT	DEADLINE
NOFA Released	7/8/2026
Application Workshop	8/19/2026
Application Opens	8/21/2026
Application Cycle Ends	10/30/2026, 4 PM CDT
Quiet Period Begins (no communication with applicants)	11/2/2026
Quiet Period Ends	11/30/2026
Award Reservations Announced	1/13/2027
Mandatory Implementation Workshop	TBA

9% LIHTC WAIVERS

9% LIHTC applicants are required to submit a written request for a waiver to apply for HOME funding. This request must provide the following details:

1. Formal Waiver Request letter on company letterhead
2. Evidence of a 9% Application
   Proof that the application has been submitted or scheduled for submission
3. A preliminary development package
   a. Development budget, sources and uses, pro forma
   b. Evidence of site control (purchase agreement, option, or deed)
   c. Preliminary scope of work
   d. Project completion schedule
4. Amount of the cost increase and supporting documentation to justify the amounts for the cost increase.
5. A letter from the development's architect/engineer must accompany any increase in hard costs.
6. Soft costs documentation must be provided from the entity providing the service.

Waiver requests are due by October 16, 2026, and sent to GrantManagement@mshc.com. Failure to obtain MHC approval prior to submitting an application will disqualify the application.

Following the receipt and review of the waiver request and supporting documentation, applicants will be notified in writing whether they have been granted authorization to submit an application for HOME funds.

Questions about this notice should be directed to Kimberly Stamps, AVP of Grants Management (HOME/HTF), via kimberly.stamps@mshc.com or 601-718-4638. Approved waivers should be uploaded to the "Other/Miscellaneous Documents" section of the application portal.

PUBLIC HEARING REQUIREMENT

A public hearing must be conducted to notify the community about the proposed project. 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 a local newspaper serving the community. Projects located in areas with a Hispanic population should make information available in Spanish. Community members must be allowed a time period to submit comments about the proposed project. Applications must include the "Proof of Publication of the Notice of Public Hearing", an attendance roster, and minutes of the meeting. Any comments received must also be submitted. 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 helpful information 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 OUTLINE

Below is an outline of the online application for your convenience.

1) APPLICANT INFORMATION
   a) General Information
   b) Application Information
2) PROGRAM TYPE
   a) Housing Trust Fund Program
   b) HOME (Rental) Program
3) OWNERSHIP INFORMATION
   a) Applicant/Ownership Entity
   b) Seller Information
4) PROJECT TEAM
   a) General Partner(s)
   b) Developer
   c) Applicant Consultant
   d) Management Entity
   e) General Contractor
   f) Architect/Engineer
   g) Certified Public Accountant
   h) Mortgage Banker
   i) Tax Attorney
   j) Real Estate Attorney
   k) Syndicator
5) LOCAL GOVERNMENT
   a) Mayor or President of Board of Supervisors
   b) Other Chief Elected Official
6) PROJECT INFORMATION
   a) Project Name and Location
   b) Site Control
   c) Construction Information
   d) Project Composition
   e) Building Mix
   f) Unit Mix
   g) Appliances
   h) Community Services
   i) Amenities
   j) Utility Allowance
7) RENT COVENANTS
   a) Set Aside Elections
   b) Affordability Period
   c) Special Needs Population
8) SOURCE OF FUNDS
   a) Construction Financing
   b) Permanent Financing Loans
   c) Tax Credits Equity
   d) Government Funds
   e) Other Sources of Funds
9) USES OF FUNDS
   a) Construction/Rehab Hard Costs
   b) Development Cost Breakdown
10) INCOME AND EXPENSES
   a) Rental Assistance
   b) Gross Income
   c) Annual Expenses
11) APPLICATION SUMMARY
   a) Sources and Uses Statement
   b) Development Pro Forma (Yrs 1-10)
   c) Development Pro Forma (Yrs 11-20)
   d) Project Summary
12) UPLOAD DOCUMENTS
   a) Required Documents
   b) Other/Miscellaneous Documents

QUIET PERIOD

The quiet period is a time after the closing of the application cycle that the applicant cannot contact MHC staff regarding a submitted application. It does not apply to applicants who have a current award with MHC seeking technical assistance or submitting relevant information for that award. However, applicants may respond to MHC if MHC staff initiates the contact.

APPLICATION REVIEW PROCESS

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

The application review 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 have two points deducted for each missing document if the application makes it to scoring. Missing documents must be submitted within 48 hours of notification.

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. Applications that meet the Completeness and Threshold requirements 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. (e.g. small households)
   c. Located in an area of the state with a poverty rate above 30%.
   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.

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.

HOME RESERVATION ANNOUNCEMENTS

Applications that meet threshold, scoring, and underwriting requirements are recommended for funding and will receive a reservation letter, subject to available funds. Conditions of the reservation may include:

1. MHC's receipt of the HUD Authority to Use Grant Funds following completion of the environmental review process (as applicable)
2. Letter from HUD or local public housing authority if a future commitment of project-based rental assistance/vouchers is expected
3. Pre-closing Underwriting/SLR Analysis
4. Other items noted in the project-specific reservation letter

Applications that are not eligible for an award reservation will receive a denial letter.

APPEALS PROCESS

Applicants wishing to appeal a decision by 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 to GrantManagement@mshc.com or 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.

IMPLEMENTATION WORKSHOP

All applicants who receive a reservation of HOME funds must attend the mandatory implementation workshop which will be posted on the website. Failure to attend this workshop automatically results in the withdrawal of the award reservation. The workshop will outline the events after an award reservation and provide an overview of the HOME program requirements. Members of the property management team are strongly encouraged to attend this workshop as well.

AWARD AMENDMENT REQUESTS

Requests to amend an award reservation must be submitted in writing to email address GrantManagement@mshc.com. Requests are subject to a 60-day review period. Only the following requests will be considered:

1. Alternate Loan Term and/or Rate
2. Alternate Loan Disbursement Schedule
3. Request for a Grant
4. Request for Additional Funds

PRE-CLOSING CONDITIONS

Once the applicant meets the conditions delineated in the reservation letter, the applicant will be required to provide an updated budget, project schedule, and final sources. A HOME commitment letter with an expected loan closing date will be sent. For applicants applying for HOME funds before the receipt of all other funding sources, the loan closing may be contingent on:

1. The applicant's receipt of a 9% LIHTC award reservation or 4% Tax-Exempt Bond 42M letter
2. Executed Housing Assistance Payments (HAP) contract if receiving project-based rental assistance/vouchers
3. Final award letters from all other funding sources
4. Acceptable final underwriting analysis comparable to syndicator's closing model

A Notice to Proceed with Loan Closing will be sent to MHC attorneys to initiate the loan closing process. The loan closing is expected within 30 days of the notice to proceed.

LOAN CLOSING & HOME COMMITMENT PACKAGE

After the loan closing, the recipient will receive a welcome letter with attachments to help them throughout the construction period. The post-loan closing package includes:

1. HOME Rental Post-Loan Closing Checklist
2. Initial Compliance Monitoring Handout
3. Exhibit 1 - Quarterly Construction Status Report Form (HOME-HTF Rental Projects)
4. Exhibit 2 - Section 3 Quarterly Report
5. Exhibit 3 – MHC MBE & WBE Quarterly Report
6. Exhibit 4 – HOME Physical Inspection Request Form
7. Exhibit 5 - Housing Development Budget & RFC Forms
8. Exhibit 6 - HOME Rental Setup Form

9. Exhibit 7 - W-9 Form
10. Exhibit 8 - ACH Credit Authorization Form
11. Exhibit 9 - Project Completion Schedule
12. Exhibit 10 - Post Construction Certification Form

NOTICE TO PROCEED WITH CONSTRUCTION

Following the loan closing and execution of the regulatory agreement, a notice to proceed with construction will be emailed to the recipient. Construction will be expected to start within six months of the loan closing date. Failure to do so will require a plan of action to be submitted to MHC. 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 Grants Compliance Monitoring Officer who will become the main contact during project closeout, throughout the period of affordability, extended commitment period, and life of the HOME loan, whichever is longer. The Grants Compliance Monitoring 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 as a complete application.

*Forms are located on Mississippi Home Corporation's Website at www.mshomecorp.com/federal-programs/forms/
**Templates are located at https://www.mshomecorp.com/federal-programs/templates/

A. REQUIRED DOCUMENTS

All applicable supporting documents must be submitted with the application. Failure to submit all documents will result in a denial.

1. APPLICATION DOCUMENTS
   - (a) Statement of Application & Certification (Form 0101)*
   - (b) Applicant/Owner Signature Authorization (Form 0102)*
   - (c) Application Preparer's Certification (Form 0103)*
   - (d) Financial Feasibility Forms (Form 0105)*
   - (e) 9% LIHTC Applicant Waiver Approval Letter (if applicable)
2. APPLICANT ENTITY DOCUMENTS
   - (a) Organizational Documents
     - (i) Organization Chart
     - (ii) Formation Documents for the Applicant/Ownership Entity and Developer
     - (iii) Certificate of Good Standing for the Applicant/Ownership Entity and Developer
     - (iv) Certificate to Do Business in Mississippi (if foreign entity)
     - (v) Evidence of Unique Entity Identifier & Proof of Active Registration on SAM.gov (applicant only)
   - (b) Nonprofit Organization Documentation
     - (i) IRS documentation of 501(c)(3) or 501(c)(4) status
     - (ii) Articles of Incorporation and Bylaws and all relative amendments
     - (iii) List of the Nonprofit Board Members
     - (iv) Resolution to Submit for HOME Funding (Nonprofit Organizations and Local Units of Governments)
   - (c) Ownership Entity Documents
     - (i) Developer Experience Form (Form 0110)*
     - (ii) Applicant's most recent audit
     - (iii) Current fiscal year-to-date income and expense statement
     - (iv) Current balance sheet showing all assets and liabilities, including contingent liabilities
     - (v) Income and expense statements and balance sheets for the two previous fiscal years
     - (vi) A list of any litigation, pending judgments, bankruptcies for the applicant, principal members, officers, or affiliated entities.
3. PROJECT MANAGEMENT DOCUMENTATION
   - (a) Management Experience (Form 0111)*
   - (b) Management Agreement or Letter of Intent outlining (at a minimum) the terms, responsibilities, and management fee.
   - (c) Maintenance Plan
   - (d) Agreements on reserves
4. SITE INFORMATION DOCUMENTS
   - (a) Initial Site Assessment Form (Form 0106)*
   - (b) Site Control
     - (i) Evidence showing the applicant/ownership entity has control of the proposed site(s)
     - (ii) Legal description of the property that identifies it as the site in the site control documentation.
   - (c) Local Zoning and Development Conditions
     - (i) Evidence of proper zoning or letter from local authorities
     - (ii) Evidence of utilities (if applicable)
   - (d) Market Assessment Documentation
5. GENERAL REQUIRED DOCUMENTS
   - (a) Project Narrative**
   - (b) Written summary of applicable affordable project development experience
   - (c) Project Completion Schedule (Form 0107)*
   - (d) Public Hearing Documentation
   - (e) Environmental Checklist (Form 0108)*
   - (f) Certificate of Consistency with Consolidated Plan (Form 0126)*
   - (g) Certification of Conflict of Interest**
   - (h) Utility Allowance Form
   - (i) Location Map(s)
   - (j) Flood Determination (FIRMette)
   - (k) Supportive Services Certification (Form 0112)*

(l) Certification of Bid Law Compliance (Form 0113)*
(m) Building HOME Training Completion Certificates (at least two sets)

6. PROJECT SPECIFIC DOCUMENTS
   (a) Acquisition/Rehabilitation Developments
      (i) Physical Needs Assessment (Form 0114)* from a licensed Architect or Engineer
      (ii) Capital Needs Assessment from a licensed Architect or Engineer (if applicable)
      (iii) Appraisal documenting land value and improvements
      (iv) Photos of the site
      (v) Tenant Relocation Plan (URA)
      (vi) URA Notification Letters (GIN, Notice of Disclosure to Seller with Purchase Offer**)
      (vii) URA Budget
      (viii) Current Rent Roll
   (b) New Construction Developments
      (i) Description of Materials (Form 0115)*
      (ii) Appraisal documenting land value
      (iii) Plot Plans, Survey, and Building Plans from a licensed architect or engineer
      (iv) Photos of the site
7. PROJECT FINANCING DOCUMENTS
   (a) Sources and Uses Statement
   (b) Construction Financing Documents
      (i) Construction Financing Letter
      (ii) Construction Contract
      (iii) Construction Certification Form (Form 0116)*
   (c) Permanent Financing Documents
      (i) Commitment Letters/Offer Letters/Letters of Intent
      (ii) Award Letters
      (iii) Tax Credit Equity Letter
      (iv) Other Sources of Funds Documentation
   (d) Project Budget
   (e) Pro Forma for Period of Affordability
   (f) Partnership Agreement
   (g) Project-based Rental Assistance Agreement or future award letter, if applicable
8. SPECIAL NEEDS DOCUMENTS
   (a) Special Needs Housing Commitment Certification (Form 0122)*
   (b) Special Needs Memorandum of Understanding
   (c) Special Needs Letter of Support
9. SUPPORTIVE SERVICES DOCUMENTS
   (a) Supportive Services Plan
   (b) Supportive Service Provider Contract
10. HUD REQUIRED DOCUMENTS
   (a) Applicant Self Certification (Form 0117)*
   (b) Certification and Assurances (Form 0118)*
   (c) Certification of HOME/HTF Requirements
   (d) Affirmative Fair Housing Marketing Plan (AFHMP)- Multifamily (HUD-935.2A)(Form 0119)*
   (e) Applicant/Recipient Disclosure/Update Report (HUD-2880)(Form 0121)*
   (f) Statement Regarding Applicant's Awareness of Period of Affordability
   (g) Section 504 Certification
   (h) MBE/WBE Plan
   (i) Section 3 Plan
   (j) VAWA Certification**
   (k) Funding Certification (Form 0109)*
   (l) Tenant Selection Plan (including VAWA)
   (m) Declaration of Restrictive Covenants Statement**
   (n) BABA Certification (Form 0124)*
11. Scoring Documents
   (a) HOME Rental Application Rating Form (Form 0104)*
   (b) Supportive Services – Commitment Letter from Service Provider
   (c) Universal Design Features – Pre-Construction Universal Design Certification (Form 0125)*
   (d) Readiness to Proceed – Completed Environmental Review

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 scoring. 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

Applicants applying for HOME funds must adhere to the following requirements under the HOME rental activity: rent and income restrictions, period of affordability, 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, and public housing authorities) are eligible to apply for HOME funding. 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.

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 or HTF 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 will not fund HOME rental 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

4) Any business or individual determined to be in default in any single MHC program shall be prohibited from participating in the HOME rental program until the default is fully resolved.

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 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, development team, 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.

The applicant must have an active and up-to-date account with SAM.gov, at the time of application and throughout the life of any award. To register, go to SAM.gov Entity Registration and click Get Started. From the same page, the applicant can also click the Entity Registration Checklist for the information needed to register. It can take several weeks to register in SAM.gov, so get started now if planning to apply. EXCEPTION: If you have created a new entity specifically for the proposed project, SAM registration is not required until a reservation of funding is awarded. SAM registration will be listed as a contingency item for loan closing.

NONPROFIT ORGANIZATION REQUIREMENTS/DOCUMENTATION

To be considered a qualified non-profit entity, the entity must be a 501(c) 3 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 development of low-income housing.

2. ELIGIBLE PROJECT TYPE/ACTIVITY

HOME funds shall be used for projects supplying rental housing that meet the requirements of the HOME program. Construction and rehabilitation of multi-family and single-family rental 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.

PROJECT LOCATION

Projects must be within 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 at 24 CFR 983.57(e)(2) and (3). In general, these standards limit the new construction of rental housing in neighborhoods exhibiting concentration of poverty unless the projects meaningfully contribute to the area's revitalization as part of a larger series of public and/or private investments.

ZONING

The proposed development must be properly zoned for its intended use. Documentation must be provided from the local governing authority where the proposed development will be located. The documentation must be dated within one (1) year of the application submission date and must include the development's name, physical location (i.e., street address or nearest intersection), intended use, zoning code and description of what the zoning allows.

All information must be consistent with the development information provided on the application form. If zoning and permitting requirements are not applicable to the proposed site, then the Applicant must provide (a) a letter from the local authority stating that zoning is not required and (b) a letter from the utility providers verifying the availability of all requisite public utilities for the proposed development.

SITE CONTROL

Applicants must provide evidence that it has and will maintain from the start of the application review process until the land is acquired through direct site control. The entity having control of the proposed site must be the same entity listed as the applicant in the application. The seller/lessor/optionee must be identifiable in the purchase, lease, or option agreement and must be listed in the application. Also, site control documentation must identify the physical location of the property (i.e., property address, full legal description, or plat map identifying street names) and be consistent with the physical location identified on the application form. Any addendum/exhibit referenced on a contract must be included in the application or points will be deducted.

Acceptable documentation may be any of the following:

1) Fee Simple Ownership. Fee simple ownership of the proposed development site evidence by a fully executed and notarized warranty deed. The owner of the property must be the applicant.
2) Lease. Lease of the proposed site development for a term meeting or exceeding the applicable period of affordability or for such longer period as the applicant represents in the application that the development will be held for occupancy by low-income persons. MHC shall approve all lease hold documents and the fundamental structure thereof. The developer must, at a minimum, make monthly, quarterly, bi-annual, or annual payments under the lease.
3) Option/Contract. Right to acquire or lease the proposed site development by a valid and binding option or contract and the fee simple owner of the site, provided that such option or contract shall have no conditions within the discretion or control of the owner of the site. The option must be good for a total of nine (9) months from the last day of the application cycle.
4) Transfer of Physical Assets. For acquisition and rehabilitation properties that are federally assisted and require a Transfer of Physical Assets (TPA) approval, documentation showing that a transfer request has been submitted must accompany the application to have a valid option/purchase contract. Applicant must provide a letter evidencing pending TPA approval from Rural Development (RD) or the local Housing and Urban Development's (HUD) state field office. The only allowable condition to obtain such transfer approval will be that of obtaining housing tax credits.
5) RD Transfers. For RD transfer properties, loan transfers/assumptions shall be evidenced by approval on Form RD 3560-1 (Rev. 02/05), "Application for Partial Release, Subordination or Consent" executed by the State Director or the Multi-Family Housing Program Director or their designee as evidence of final approval.

UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION ACT (URA)

Acquisition or rehabilitation of tenant-occupied property for a HOME-funded project is subject to the Uniform Relocation Assistance and Real Property Acquisition Act (URA). MHC requires HOME recipients to use voluntary property acquisition. Housing authorities sponsoring HOME projects to acquire property must use voluntary acquisition procedures.

REQUIRED SUPPORTING URA DOCUMENTATION

1) A project-specific relocation plan, budget, and MHC Relocation Tenant Tracking Worksheet including the dates the General Information Notices (GIN) were served to all existing tenants.
2) A copy, signed by the seller, of the Notice of Disclosure to Seller with Purchase Offer. This applies to every site in a scattered site project.
3) Established As-Is Market Value of the property by an appraisal completed by a licensed appraiser. The HOME Program requires the purchase price to be the same as, or less than, the as-is market value established by the appraisal.

Under URA, HOME recipients are required to inform the seller of the property of the following:

- The power of eminent domain will not be utilized; therefore, the buyer will not acquire the property if negotiations fail to reach an amicable agreement; and
- The buyer must inform the seller in writing of the property's as-is fair market value as determined by an appraisal; and
- The seller has the opportunity to withdraw from the transaction at the time of notification of the fair market value.
- Provide the above information to the seller at the time that an option or purchase agreement is presented. If a current option or sales agreement is in existence, also provide the notice to the seller. The seller has the opportunity to withdraw from the current agreement after this notification. Submit copies of all signed seller notifications to MHC.

DEVELOPMENT SIZE REQUIREMENTS

The minimum development size of a project assisted with HOME funds is six units. The maximum development size is 100 units.

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. Ten percent of the HOME-assisted units must be set aside for the special needs populations.

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 the minimum HOME units listed in the table above for persons whose income does not exceed sixty percent (60%) of the area median income. Ten percent (10%) of HOME-assisted units developed will be designated for special needs housing based on the special needs categories listed below:

1) Extremely low-income households (30% AMI) or homeless
2) Small households (single person or 1-4 persons)

DECLARATION OF RESTRICTIVE COVENANTS

A commitment to serve low- to very low-income tenants for a period of five to 20 years must be executed before a commitment of HOME funds. Applicants must indicate this election on the application form. In addition, a statement, executed by the organization, electing to set aside all the HOME-assisted units for persons at or below 60% of the area median income at initial lease up must be included in the application package (Template 4). Furthermore, projects with five or more HOME units must set aside 20% of the assisted units for persons at or below 50% of the area median income for the entire period of affordability. The minimum HOME period of affordability is based on the table below.

HOME AWARD AMOUNT PER UNIT	PERIOD OF AFFORDABILITY
Under $25,000 per unit	5 years
$25,000 - $50,000 per unit	10 years
Over $50,000 per unit – or – any rehabilitation/refinance combination activity	15 years
New construction or acquisition of newly constructed housing	20 years

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 24 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 period of affordability.
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 logo, 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 the 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 period of affordability. 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 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.
5) Key members of the development and management teams must submit certificates evidencing completion of the modules listed below from the Building HOME training on HUD Exchange. Certificates must be no older than two years and completed by at least two current members (one from each of the development & management teams).

Required Modules
Module 1: Overview of the HOME Program
Module 2: HOME Program Requirements
Module 3: HOME Program Administration
Module 6: Rental Housing Activities
Module 7: Long-term Compliance
Module 12: Other Federal Requirements

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

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.	Cost Per Unit	**10 pts**
3.	Critical Teacher Shortage Area	**5 pts**
4.	Supportive Service Commitment	**Up to 10 pts**
5.	High Opportunity Areas	**Up to 10 pts**
6.	Universal Design Features	**Up to 15 pts**
7.	Mixed Income Developments	**10 pts**
8.	Readiness to Proceed	**Up to 15 pts**
9.	Small Households	**10 pts**
	TOTAL	**100 pts**

1. GEOGRAPHIC DIVERSITY – UP TO 15 PTS

Geographic diversity - 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 five (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. COST PER UNIT – 10 PTS

In developing the Maximum Construction Cost (MCC) per unit standard, MHC has examined building construction and land costs in the state, including variations in such costs within the state. MHC has also examined statistical cost data on completed tax credit developments. MCC per unit limits have been established based on data obtained in previous tax credit applications and the actual construction cost reported for recent tax credit deals. MHC will measure the MCC per unit by these standards.

Developments whose construction costs fall below or exceed these limits will be subject to scoring adjustments as follows:

1) Less than MCC limit per unit: **10 points**
2) Up to 10% over MCC limit per unit: **-10 points**

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. **Five (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 10 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) Extremely low-income households (30% AMI) and homeless individuals, and (2) Small households (single person or 1-4 persons).

Supportive services for special needs populations must be intentional, targeted, and aligned with the specific needs of the individuals served, with the goal of promoting long-term housing stability. Applicants are required to submit data—obtained through a community survey or needs assessment—that clearly identifies the supportive service needs of the targeted population. To support this requirement, applicants may collaborate with MHC-approved supportive service providers to collect the necessary data (Exhibit 9 - MHC-Approved Agencies).

Applicants are required to submit with the application a Letter of Commitment from an MHC approved Supportive Services Provider. The Letter of Commitment between the Property and the Supportive Service Provider must identify the services that will be provided relevant to the needs of the population being served. Applicants may receive up to **10 points** in 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) Commitment letter from a service provider to deliver the services provided for the special needs population selected in the application. **5 points**

Examples of supportive 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 services related to job training and employment readiness.
3) Provide nutritional/health wellness services.
4) Provide supportive services for residents released from incarceration to accomplish adjustment back into society, job placement, and educational and financial literacy.
5) Provide supportive services for emancipated youth, and youth aging out of the foster care system.
6) Provide supportive services for residents who are homeless or at risk of homelessness.
7) Provide transportation.

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 is accessible to transportation corridors and hubs. 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 is accessible to hospitals. The project is in a county with a hospital. - **2 points** (Documented by market study)
5) Housing is accessible to employment centers. The project is in a county with new hire growth over 1.38% for the twelve months ending June 2025. - **2 points** (Exhibit 8 - New Hires by County)

6. UNIVERSAL DESIGN FEATURES – UP TO 15 PTS

Must incorporate at minimum (2) features from the Universal Design Standards in all HOME-assisted units. Must be evidenced in the plans/specs and certified by the architect at the time of application and at project completion.

DESIGN FEATURE	AVAILABLE POINTS
Pull/lever handles on all doorknobs/cabinets in unit	1 point
All rocker light switches	1 point
Contrasting edge bands on countertops in kitchen	1 point
Varied height cabinets in kitchen	2 points
Touch/touchless water faucets in bathroom(s) & kitchen	3 points
36" wide front door/32" wide interior doors	3 points
Zero step entryway	2 points
Grab bars near toilets/bathtub	1 point
Adjustable height showerhead	1 point

7. MIXED INCOME DEVELOPMENTS – 10 PTS

At least 20% of the total units must be leased at market rate. Must be identified in the application.

8. READINESS TO PROCEED – UP TO 15 PTS

The applicant must meet one or both of the following readiness criteria:

1) Firm commitments for all funding sources at application submission – **10 points**
2) Ability to submit the completed environmental review with the application – **5 points**

Firm commitment letters must be uploaded with the application. Attach the completed environmental review to the application.

9. SMALL HOUSEHOLDS – 10 PTS

The applicant agrees that 30% of HOME units are 1-2 bedrooms as evidenced in the application.

OTHER POINT DEDUCTIONS

1) Missing Documentation: **-2 points** per document submitted after the application deadline, but on or before the deadline in the notice from MHC. Failure to submit the missing documentation by the deadline in the notice will result in the application being rejected.
2) Mislabeled Documentation: **-5 points** if supporting documentation is not labeled for easy identification.

PROJECT EVALUATION

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. Applicants who anticipate receiving an award of other funding, such as Housing Trust Funds, Federal Home Loan Bank, Historic Tax Credits, 9% LIHTC, or 4% Tax-Exempt Bonds, 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.

HOME FUNDING LIMITS

To qualify for HOME funding, a project must demonstrate the need for an investment of no less than $1,000 in HOME funding per 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.

MARKET STUDY

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. The market study must support the number of units identified in the application and provide consideration as to the total number of units the market will absorb should other developments be awarded funding in the same market area. The following market study guidelines must be followed for any rental development. The numbers submitted should accurately reflect the market study feasibility of the proposed activity.

MARKET AREA

Describe the market area from which the majority of the development's tenants are likely to come and provide a map with a scale. Describe how the market area was determined to be appropriate for the development.

SOCIOECONOMIC PROFILE AND TRENDS

Describe the trends in population and households by age and income and estimate the number of eligible tenants for the development.

HOUSING STOCK

Describe the existing housing stock within the market area including the number of housing units, type (single family or multifamily), percent vacant, percent owner-occupied and renter-occupied, etc. In addition, provide a list of all other rent-restricted properties in the market area and indicate whether they are age-restricted.

CAPTURE RATE AND ABSORPTION PERIOD

Provide an estimate of the capture rate for the development (project's units divided by the number of eligible tenants from the market area) and estimate the absorption period to ensure lease-up within 18 months of project completion.

NEEDS ASSESSMENT

Describe how the development addresses the community's housing needs, given the market area's socioeconomic profile, trends, and housing stock.

DEVELOPMENT SITE DESCRIPTION

Explain how the site is adequate in size, exposure, and contour to accommodate the number and type of units proposed. In addition, describe whether there are adequate utilities (water, sewer, gas, and electricity) to accommodate the development.

SUBSIDY LAYERING, COST ALLOCATION, & UNDERWRITING REVIEWS

SUBSIDY LAYERING

MHC will 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. Owners must disclose all other firm commitments for funding with the initial HOME rental housing application to MHC and upon receiving any additional commitments of funding.

HOME required subsidy layering 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
      i. If a project contains HTF-assisted units, both HOME and HTF cannot assist the same unit.
      ii. HOME and HTF must have separate units set aside for each program.
      iii. However, 9% LIHTC and 4% tax-exempt bond proceeds may be combined with both HOME- and HTF-assisted units.
   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 of producing housing units for low-income families
   e. An assessment of current market demand for the neighborhood of the project location
2. Financial return to the owners or developers
3. Firm financial commitments for the project
4. Geographic location of the project
5. Adjustment for the number of bedrooms

MAXIMUM CONSTRUCTION COSTS

Projects assisted with HOME funds may not exceed the maximum construction costs imposed by MHC. The following table lists the maximum construction costs by project type.

MAXIMUM CONSTRUCTION COSTS (MCC)	COST PER UNIT
New Construction Multifamily Developments	
Family	$170,400.00
Elderly/Persons with Disabilities	$130,800.00
New Construction Single-Family Developments	
Single Family - Attached *(Townhomes/Duplexes/4-plex)*	$164,400.00
Single Family - Detached	$182,400.00
Rehabilitation Developments	
Moderate Rehabilitation	$58,200.00
Substantial Rehabilitation *(stripped to the studs)*	$125,400.00
Historic Rehabilitation	$181,200.00

If the development's estimated hard costs per unit exceed the established limits by 10% or less, then all factors that contributed to the excess per unit cost (e.g. exceptionally high land costs, material costs, and special wage rates) are required to be disclosed and fully explained. Justification for the excess cost must be certified by the development's architect. Excessive land development costs must be certified by an engineer. The Applicant must include justification for the increase with the application package. If adequate justification is not submitted with the application, MHC will underwrite the application using the calculated MCC limits. Applications with hard costs per unit exceeding the MCC per unit limits by more than 10% will not be considered.

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 (HCP) exceptions 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 period of affordability.

2025 Limits

Effective as of 5/11/2026:

BEDROOMS	2025 SECTION 234 ELEVATOR STATUTORY LIMIT[1]	HCP MULTIPLIER	2025 HOME MAXIMUM PER UNIT SUBSIDY LIMIT
0	$78,191	240%	$187,658
1	$89,634	240%	$215,122
2	$108,998	240%	$261,595
3	$141,008	240%	$338,419
4	$154,782	240%	$371,477

UNDERWRITING

Using its underwriting criteria, MHC will assess the project and may require changes to the transaction to ensure that cashflows 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, an increased deferment of the developer's fee, requirements that excess cash be deposited to an operating reserve, or an increase in annual payments on the HOME loan. MHC requires submission of a project proforma covering the term of 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:

UNDERWRITING CRITERIA	REQUIREMENT(S)
Vacancy Rate	7%
Income Inflation	3% for all sources
Operating Expenses Inflation	4%
Debt Service Coverage Ratio (DSCR)	1.15 – 1.30 (for the entire loan term)
Operating Costs	Comparable to similar projects in the local market (preferably managed by the proposed management company)
Replacement Reserve	$300/unit/year/period of affordability; elderly - $250/unit/year/period of affordability; both inflated 3% annually
Capitalized Operating Reserve	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; if MHC's underwriting projections anticipate deficits within the applicable period of affordability, a separate operating deficit reserve must be capitalized)
9% LIHTC & 4% Tax-Exempt Bonds Equity Pricing	Documentation indicating that a syndicator or investor has reviewed the proposal and indicated preliminary pricing along with their interest in the project
Funding Sources (construction, permanent, owner equity, etc.)	Amounts and terms for each source

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

[1] Federal Register No. FR-6144-N-07: HOME Investment Partnerships Program—Maximum Per-Unit Subsidy Limit Methodology and Amount; Notice for Comment

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, a HOME project will be subject to the following specific cost limitations:

DEVELOPMENT COST LINE ITEM	MAXIMUM ALLOWED
Builder profit	6% construction contract amount*
Builder overhead	2% construction contract amount*
Builder general requirements	6% construction contract amount*
Developer's fee	15% base fee + up to 1.2% based on number of units
New Construction Contingencies	5% of new construction costs
Rehabilitation Contingencies	10% of rehabilitation costs
"Other" Costs	2% of total construction cost (must provide documentation)
Architect Fees- designing/planning	$1,850 per unit
Architect Fees- contract admin fees	$500 per unit
Acquisition costs†	appraised value (supported by independent appraisal)

*Cannot include construction contingency

†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 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.

STRUCTURE OF TRANSACTION

MAXIMUM AWARD PER APPLICANT/PER PROJECT

The maximum award per applicant is $750,000. HOME funds may be combined with other non-federal sources such as 9% LIHTC and 4% Tax-Exempt Bonds to produce and preserve affordable units. The maximum award per project will be determined by performing a subsidy layering review which involves reviewing the applicant's sources and uses, development costs, debt service coverage, and operating revenues.

Before 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 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.

TYPE OF AWARD

MHC has the discretion of allowing HOME awards to be in the form of loans or grants, based on the results of the subsidy layering and underwriting reviews. A HOME award to a 9% LIHTC or 4% Tax-Exempt Bond development must be structured as a loan to mitigate risk to eligible basis. 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 letter.

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.

TERMS OF LOAN

1. Financing is available only to the extent it is necessary as determined by MHC's underwriting guidelines.
2. The recipient of the HOME loan must be eligible under MHC's HOME guidelines and federal statutes and regulations governing HOME and have a legal structure enabling it to enter the HOME regulatory agreement with MHC.
3. All conditions required by the award reservation letter and closing checklist must be met before the execution of the loan documents and funding of the HOME loan by MHC.
4. HOME awards are made in the form of a cash-flow loan, secured by a promissory note, deed of trust, assignment of rents and leases, security agreement and fixture filing, a declaration of restrictive covenants, and a UCC financing statement.
5. Payments are set at twenty percent (20%) of the average annual net income after debt service on the pro forma equivalent to the loan term.
6. The minimum term of the HOME loan will be fifteen (15) years. A waiver request is required for a longer loan term for no more than 30 years, must be requested at the time of application, and supported by an equivalent pro forma.
7. HOME loans have a 1.75% interest rate.

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.

READINESS TO PROCEED

Recipients must commit to beginning construction within 180 days of receiving a reservation of funds. The Notice to Proceed with Construction letter will identify a specific date by which the start of construction is expected to begin.

MHC will determine an applicant's readiness to proceed by reviewing the following information:

1. Applicant has a complete application, and the proposed development meets eligibility requirements stated in these guidelines. Commitment of other financing is evidenced by letters of commitment.
2. Project meets underwriting guidelines
3. Evidence of Affirmative Fair Housing Marketing Plan
4. Applicants with developments subject to bidding requirements must submit a letter from the agency describing the bid schedule and a copy of the agency's bid policy.
5. Evidence of site control of a site suitable for the intended purpose.
6. Evidence of necessary environmental clearances, including flood zones. If a project is to be in a 500-year flood zone, the developer must provide evidence that the project will maintain flood insurance for the duration of the period of affordability.
7. Relocation plan that does not involve the displacement of tenants
8. Development team in place including architect, general contractor, relocation specialist, if applicable, and management agent
9. Outline specifications and a written description indicating the level of rehabilitation based on a capital needs analysis performed by a licensed architect or engineer.
10. Evidence of availability of utilities and access to the site.

BINDING COMMITMENTS REQUIRED FOR ALL FINANCING

MHC will enter into a commitment of HOME after 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.

LOAN CLOSING

1. MHC legal counsel will serve as the closing attorney for the loan received according to the HOME program.
2. MHC or its counsel will provide a closing checklist that will include a list of requested due diligence items that must be provided to MHC's counsel before closing.
3. The recipient must provide for MHC a lender's policy of title insurance, issued by a title insurance company satisfactory to MHC, with endorsements required by MHC.
4. At closing, the recipient must pay certain closing costs incurred by MHC, including, without limitation, the fees of MHC's counsel.
5. The following HOME loan closing documents will be provided in advance of closing:
   a. Promissory Note.
   b. HOME Regulatory Agreement (the "Regulatory Agreement").
   c. Deed of Trust, Assignment of Rent & Leases, Security Agreement, and Fixture Filing.
   d. Declaration of Restrictive Covenants; and
   e. UCC financing statement.
6. The Regulatory Agreement will contain, among other items, the following:
   a. Certifications by the recipient to comply with all HOME requirements and associated federal and state laws and regulations.
   b. Performance goals and benchmarks.
   c. Restrictions on the use of HOME funds for eligible project costs; and
   d. Requirements for completing eligible projects on time (Schedule of Completion).
7. MHC will consider the execution of subordination agreements when required by senior lenders, although such must allow for repayment to and recapture by MHC, as required by federal regulations, without restriction.

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.

DECLARATION OF RESTRICTIVE COVENANTS

Each recipient of a HOME award must ensure that a "Declaration of Restrictive Covenants" is executed and recorded against every property constructed, rehabilitated, or acquired, in whole or in part, with HOME funds. Upon the occurrence of any default events during the period of affordability, the entire sum secured by the lien shall be due and payable by the developer and/or owner upon demand.

PERIOD OF AFFORDABILITY REQUIREMENTS

The minimum period of affordability for HOME developments ranges from 5 to 20 years depending on the level of assistance per unit. The recipient shall comply with the following requirements of the HOME program throughout the period of affordability:

1. Ensuring that the property meets the property standards outlined in 24 CFR 92.251; ensuring that the tenants meet the affordability requirements outlined in 24 CFR 92.252, and homebuyers at 24 CFR 92.253, by documenting and verifying income as outlined in 24 CFR Part 5;
2. Submitting annual tenant events and annual owner certifications to MHC;
3. Participating in periodic monitoring and inspections of the property by MHC and/or HUD;
4. Complying with the Federal income and rent limits issued by HUD and published annually on MHC's website;
5. Providing MHC with information regarding unit substitution and filling vacancies if the project has floating units; and
6. Ensuring that each tenant enters a lease that does not contain HUD-prohibited lease language. The period of affordability begins after the regulatory agreement has been executed, the project data has been entered into the Integrated Disbursement and Information System (IDIS), and the project completion forms have been submitted to and approved by MHC. During the period of affordability, all HOME program rental requirements apply to the property.

LOAN CLOSING EXTENSION PROCESS

Applicants wishing to extend the loan closing deadline may do so in writing at least thirty (30) days before the loan closing deadline in the reservation letter. The request for an extension must be submitted in writing via email to GrantManagement@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.

WITHDRAWAL OF ASSISTANCE

Recipients receiving an award of HOME must commit to beginning construction 180 days after receiving a 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.

MHC may revoke an existing HOME award, withhold unexpended HOME funds, require repayment of expended HOME funds, and bar a recipient from applying for future HOME assistance if the recipient breaches any deed restrictions.

MHC may revoke a HOME reservation in the following instances:

- at the request of the applicant;
- the applicant does not meet development milestones on time;
- unresponsiveness, no response to inquiries after 45 days;
- termination of a duplicate or erroneous application submission;
- submission materials misrepresented the project, omitted facts, or included false information;
- after acceptance of HOME funds, the purpose or scope of the project is substantially changed;
- the applicant changes funding sources or amounts without prior approval from MHC;
- the applicant commits a Choice Limiting Action, including URA violations;
- failure to comply with federal or state Fair Housing laws;

- 9% LIHTC or 4% Bond recipients:
  - Material changes without written approval of MHC.
  - Change in the unit design, square footage, unit mix, number of units, and number of buildings described in an application without the written approval of MHC.
  - Failure to meet, or falsification of ability to meet, timelines established by MHC for the cycle in which credits were awarded or as noticed by MHC to recipients through MHC's normal notification procedures.
  - Other cause demonstrating the failure of the Applicant or the Development to be qualified or meet the requirements of federal or state law or the requirements of the applicable Housing Tax Credit program.

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.

All change orders must be submitted to MHC. Furthermore, change orders over $25,000 must be approved by MHC before proceeding with the work. The change order approval request must include the following:

1. amended budget
2. identification of the source funding the change/increase
3. certification from the architect justifying the change
4. invoices supporting the increased costs

DISBURSEMENT OF FUNDS

HOME awards will be disbursed at 50% of project completion and 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 before the loan closing. Failure to adhere to the alternative disbursement schedule will revert to the normal disbursements at 50% and 100% project completion.

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. Housing Development Budget & RFC Forms in Excel format
2. Rental Setup and Completion Form
3. W-9 Form - Request for Taxpayer ID Number & Certification
4. ACH Credit Authorization Form
5. MHC Construction Progress Inspection Letter & Certification Form
6. Updated Project Completion Schedule
7. AIA Report
8. Invoice for Eligible Costs
9. Proof of payment (needs to correspond with invoice)
10. Post-Construction Certification Form (final draw)
11. Cost Certification (final draw)

MHC will abide by Mississippi Code §31-7-305, which allows for the processing of requests for cash within forty-five (45) days of receipt. MHC staff will process requests for cash once all information has been verified and is approved for payment.

Recipients are required to prepare and submit a Rental Setup & Completion form identifying allocated HOME units and beneficiaries within 60 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.

CONSTRUCTION TERM & COMPLETION DEADLINES

The construction must be completed within 24 months after the execution of the regulatory agreement between the recipient and MHC. Construction completion can be evidenced by the certificate of occupancy or certification by the project architect (AIA Report). However, the project must be marked complete in the Integrated Disbursement and Information System (IDIS) within 180 days of the final draw.

EXTENSION OF REGULATORY AGREEMENT'S PERIOD OF CONSTRUCTION

Extensions of regulatory agreement construction 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, construction periods cannot be extended beyond the project completion deadlines outlined in the HOME Final Rule.

Applicants wishing to extend the construction 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 GrantManagement@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.

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, 9% LIHTC, 4% Tax-Exempt Bonds, HUD Section 202, Section 811, RAD, Choice Neighborhoods, or United States Department of Agriculture Rural Development (USDA-RD) 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 in the project narrative 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. New Construction only of permanent rental housing in the forms of multifamily or single-family housing.
2. Rehabilitation only of permanent rental housing in the forms of multifamily or single-family housing, including the rehabilitation of existing HOME developments with HOME periods of affordability that have expired prior to the due date for this application.
    a. Substantial rehabilitation (24 CFR 5.100), for the purpose of determining when installation of broadband infrastructure is required as part of substantial rehabilitation of multifamily rental housing, means work that involves:
        i. Significant work on the electrical system of multifamily rental housing. "Significant work" means complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75 percent of the cost of replacing the entire electrical system. In the case of multifamily rental housing with multiple buildings with more than 4 units, "entire system" refers to the electrical system of the building undergoing rehabilitation; or
        ii. Rehabilitation of the multifamily rental housing in which the pre-construction estimated cost of the rehabilitation is equal to or greater than 75 percent of the total estimated cost of replacing the multifamily rental housing after the rehabilitation is complete. In the case of multifamily rental housing with multiple buildings with more than 4 units, the replacement cost must be the replacement cost of the building undergoing rehabilitation.
3. Acquisition and Rehabilitation of permanent rental housing in the forms of multifamily or single-family housing.
4. Acquisition of Vacant Land and New Construction of permanent rental housing in the forms of multifamily or single-family housing.
5. Acquisition, Demolition, and Reconstruction of permanent rental housing in the forms of multifamily or single-family housing.
6. Conversion of non-residential structures to permanent rental housing (considered rehabilitation unless two or more units are attached to the existing building, to which the activity will convert to new construction).
7. Purchase and installation of manufactured homes for permanent 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 period of affordability.

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 six months.

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

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 9% LIHTC and 4% Tax-Exempt Bonds 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 writeups.
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 recording & 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. 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.

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).

INELIGIBLE COSTS & ACTIVITIES

1. Costs associated with preparing and submitting an application for funding through MHC (e.g. application fees associated with 9% LIHTC and 4% Tax-Exempt Bonds)
2. Assist a project previously assisted with HOME funds during the period of affordability.
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. Project owners are prohibited from charging more than is customary for parking and laundry room uses.
9. 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.
10. HOME funds shall not be used for luxury improvements.
11. HOME funds shall not be used to fund an initial operating deficit reserve.
12. Annual contributions for the operation of public housing
13. 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.
14. Costs associated with any financial audit of the applicant, including a Single Audit
15. Cost of supportive services
16. General operating expenses or operating subsidies
17. Loan guarantees
18. Mortgage default/delinquency correction or avoidance
19. Providing tenant-based rental assistance
20. Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units
21. 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. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR 5.612.

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 a HOME assisted unit must not exceed 60% of the area median income at initial occupancy.

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 period of affordability (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 using one of the methods specified in 24 CFR 92.203(b)(1)(i) or (ii).

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 allows floating units for the HOME program if only a portion of units in the project are HOME-assisted.

Fixed units: The HOME-assisted units remain the same throughout the period of affordability. Specific units are designated as assisted units, and those units will remain assisted throughout the period of affordability. 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. If all units in a property are HOME-assisted units, then the units are considered fixed units.

Floating units: The HOME-assisted units may change during the period of affordability. The unit mix can be changed during the period of affordability 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.

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.

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 (80% AMI thereafter).

If a low-income family is participating in a program where the family pays as a contribution toward rent no more than 30 percent of the family's monthly adjusted income or 10 percent of the family's monthly income, then the maximum rent due from the family is the family's contribution. For all other cases, the rent does not exceed the lesser of:

1. The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
2. 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD.

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.

If a very low-income family is participating in a program where the family pays as a contribution toward rent no more than 30 percent of the family's monthly adjusted income or 10 percent of the family's monthly income, then the maximum rent due from the family is the family's contribution. All other Low HOME Rent units must have rent that meets one of the following requirements:

1. The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD. If the rent determined under this paragraph is higher than the fair market rent under #1 of the High HOME section, then the maximum rent for units under this section is the fair market rent under that section;
2. The rent contribution of the family is not more than 30 percent of the family's adjusted income; or
3. The unit is a LIHTC unit and has rents not greater than the gross rent for rent-restricted residential units as determined under 26 U.S.C. 42(g)(2).

Note: 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 limits 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 (80% AMI 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 60 days' written notice to tenants upon receiving approval of HOME unit rent increases. Failure to seek approval before increasing rents is subject to the following consequences:

1. Penalty fees paid to MHC such as late fees;
2. Recapture of award funds;
3. Negative points on future applications;
4. Rejection of future applications (i.e., suspension or debarment);
5. Repayment of rent overages;
6. Mandatory attendance at an MHC-sponsored compliance training; and/or
7. An increase in the frequency of MHC audits

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.

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(b) require that the UA for the project be based on the type of utilities (excluding telephone, cable, and broadband) used at the project and updated annually.

HOME further specifies that the UA is to be established using a project-specific methodology based on the type of utilities and services paid by the tenant, including any energy efficiency measures.

The following methodologies 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 Tax-Exempt Bonds 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. The utility allowance established by the applicable local public housing authority.
3. 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 Tax-Exempt Bonds 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).
4. 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.

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 ¼ scales. At construction completion, the Architect must certify that the development complied with all the minimum requirements.

Considering that HOME regulations encourage the use of other funding sources to achieve financial feasibility, 9% LIHTC and Tax-Exempt Bonds may be used in conjunction with HOME funds in developing units for 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 activities and are intended to provide acceptable standards for development units rehabilitated according to LIHTC.

NEW CONSTRUCTION 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.

CONSTRUCTION PROGRESS INSPECTIONS

MHC will conduct progress and final inspections of construction to ensure that work is done in accordance with the applicable codes, the construction contract, and construction documents.

ACCESSIBILITY

The housing must meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

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.

ENERGY EFFICIENCY STANDARDS

Newly constructed housing shall qualify as affordable housing under this part only if it meets the energy efficiency standards promulgated by the Secretary in accordance with section 109 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12709).

DISASTER MITIGATION

Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

WRITTEN COST ESTIMATES, CONSTRUCTION CONTRACTS AND CONSTRUCTION DOCUMENTS

The applicant must ensure the construction contract(s) and construction documents describe the work to be undertaken in adequate detail so that inspections can be conducted. MHC will review and approve written cost estimates for construction and determine that costs are reasonable.

BROADBAND INFRASTRUCTURE

For a new construction housing project of a building with more than four (4) rental units, the construction must include installation of broadband infrastructure, as this term is defined in 24 CFR 5.100, except where MHC determines and, in accordance with 24 CFR 92.508(a)(3)(iv), documents the determination that:

1. The location of the new construction makes installation of broadband infrastructure infeasible; or

2. The cost of installing the infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden.

CARBON MONOXIDE AND SMOKE DETECTION

Carbon monoxide detection. A carbon monoxide alarm must be installed in the housing unit in a manner that meets or exceeds the carbon monoxide detection standards set by HUD through Federal Register publication.

Smoke detection.

1. A hardwired smoke alarm must be installed:
   a. On each level of each housing unit;
   b. In or near each sleeping area in each housing unit;
   c. In the basement of each housing unit and in each common area of a project. A hardwired smoke alarm is not required in crawl spaces or unfinished attics of housing units;
   d. Within 21 feet of any door to a sleeping area measured along a path of travel; and
   e. Where a smoke alarm installed outside a sleeping area is separated from an adjacent living area by a door, a smoke alarm must also be installed on the living area side of the door.
2. Each hardwired smoke alarm must have an alarm system designed for hearing-impaired persons.
3. The HUD Secretary may establish additional standards through Federal Register publication.
4. Following the relevant specifications of the International Code Council (ICC) or the National Fire Protection Association Standard (NFPA) 72 satisfies the requirements.

REHABILITATION PROJECTS

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.

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.

MHC has identified life-threatening deficiencies that must be addressed within 24 hours if the housing is occupied. The list of deficiencies can be found on the HOME Rental webpage at https://www.mshomecorp.com/federal-programs/home/home-rental/ under HOME Rental Regulatory Requirements>Property Standards (24 CFR 92.251)>Health and Safety.

MAJOR SYSTEMS

Major systems are structural supports, roofing, cladding, and weatherproofing (e.g., windows, doors, siding, gutters), plumbing, electrical, heating, ventilation, and air conditioning.

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. 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.

LEAD-BASED PAINT

HOME-assisted housing is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and the regulations at 24 CFR 35, Subparts A, B, J, K, M, 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.

ACCESSIBILITY

The applicant must meet the accessibility requirements in 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). Rehabilitation may include improvements that are not required by regulation or statute that permit use by a person with disabilities.

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.

Moderate 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 to be improved to mitigate the impact of potential disasters (e.g., earthquake, hurricanes, flooding, and wildfires) in accordance with State and local codes, ordinances, and requirements.

STATE AND LOCAL CODES, ORDINANCES, AND ZONING REQUIREMENTS

The housing must meet all applicable State and local codes, ordinances, and requirements or, in the absence of a State or local building code, the International Existing Building Code of the International Code Council.

HUD HOUSING STANDARDS

Upon completion, the HOME-assisted project and units will be decent, safe, sanitary, and in good repair. This means that the HOME-assisted project and units will meet the standards in 24 CFR 5.703, except that the carbon monoxide detection requirements at 24 CFR 5.703(b)(2) and (d)(6) shall not apply. For all HOME-assisted projects and units, the requirements at 24 CFR 5.705 through 5.713 do not apply. At minimum, the applicant must correct the specific deficiencies published in the Federal Register for HOME-assisted projects and units.

MHC will follow the physical inspection procedures known as the National Standards for the Physical Inspection of Real Estate (NSPIRE) for projects committed on or after 4/14/2026. 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. MHC will continue to utilize the Uniform Physical Conditions Standards (UPCS) for projects committed before 4/14/2026.

CAPITAL NEEDS ASSESSMENTS

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

BROADBAND INFRASTRUCTURE

For a substantial rehabilitation project of a building with more than four (4) rental units, any substantial rehabilitation, as defined in 24 CFR 5.100, must provide for installation of broadband infrastructure, as this term is also defined in 24 CFR 5.100, except where MHC determines and, in accordance with 24 CFR 92.508(a)(3)(iv), documents the determination that:

1. The location of the substantial rehabilitation makes installation of broadband infrastructure infeasible;
2. The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or
3. The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

CARBON MONOXIDE AND SMOKE DETECTION

Carbon monoxide detection. A carbon monoxide alarm must be installed in the housing unit in a manner that meets or exceeds the carbon monoxide detection standards set by HUD through Federal Register publication.

Smoke detection.

1. A hardwired smoke alarm must be installed:
   a. On each level of each housing unit;
   b. In or near each sleeping area in each housing unit;
   c. In the basement of each housing unit, and in each common area of a project. A hardwired smoke alarm is not required in crawl spaces or unfinished attics of housing units;
   d. Within 21 feet of any door to a sleeping area measured along a path of travel; and
   e. Where a smoke alarm installed outside a sleeping area is separated from an adjacent living area by a door, a smoke alarm must also be installed on the living area side of the door.
2. Each hardwired smoke alarm must have an alarm system designed for hearing-impaired persons.
3. The HUD Secretary may establish additional standards through Federal Register publication.
4. Where the use of hardwired smoke detectors places an undue financial burden on the owner or is infeasible, MHC may provide a written exception to allow the owner to install a smoke detector that uses 10-year non-rechargeable, non-replaceable primary batteries. The smoke detector must be sealed, tamper-resistant, contain a means to silence the alarm, and otherwise comply with the requirements of this section.
5. Following the relevant specification of the International Code Council (ICC) or the National Fire Protection Association Standard (NFPA) 72 satisfies the requirements.

CONSTRUCTION DOCUMENTS AND COST ESTIMATES

The applicant must ensure that the work to be undertaken will meet MHC's rehabilitation standards. The construction documents (i.e., written scope of work to be performed) must be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance with the MHC's standards. MHC must review and approve a written cost estimate for rehabilitation after determining that costs are reasonable.

FREQUENCY OF INSPECTIONS

MHC will conduct an initial property inspection to identify the deficiencies that must be addressed. MHC will also conduct progress and final inspections to determine that work was done in accordance with work write-ups.

POST CONSTRUCTION CERTIFICATION

At project completion the project owner, architect, and contractor must certify that the project is constructed in accordance with HUD's property standards. Form 0123 "Post Construction Certification" is available on MHC's website or can be provided by the Housing Grant Officer. This form must be signed and notarized before the retainage payment as well as before the project can be marked complete in IDIS.

ONGOING PROPERTY CONDITION STANDARDS

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.

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 sample of HOME-assisted units for inspection to determine compliance based on "Table 1 to Paragraph (f)(3)(iii)—Minimum Inspection Sample Size for HOME Rental Housing Projects" at 24 CFR 92.251. 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 for projects committed before 4/14/2026. MHC will utilize NSPIRE inspection areas (inside, outside, unit) for projects committed on or after 4/14/2026.

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 eighteen (18) months of project completion. The owner's failure to meet this eighteen (18) 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.

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 92.253(d). 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.

MARKETING ACCESSIBLE/SPECIAL NEEDS UNITS

At the initial lease-up, accessible/special needs units should be marketed to persons with disabilities/special needs requiring an accessible/special needs unit. For ongoing leasing, the following order must be followed for marketing the accessible/special needs units:

1. First offer accessible/special needs units to existing residents who require the accessibility/special needs features but are currently occupying a unit that does not offer such features.
2. Next offer accessible/special needs units to qualified applicants on the waiting list that require the accessible/special needs unit.
3. Market the unit to attract new qualified applicants that require an accessible/special needs unit.
4. Finally, offer the unit to a non-disabled/special needs household on the waiting list (a household that does not need the accessible/special needs features of the unit). If this is done, the household must be informed that it may later be asked to transfer to a comparable, but non-accessible/special needs, unit if the accessible/special needs unit is needed by a person with a disability/special needs. While the household may have to transfer if a comparable, vacant non-accessible/special needs unit is available, it would not be evicted or otherwise have its tenancy terminated to make room for a household in need of the accessible/special needs features. This agreement must be incorporated into the lease or a lease addendum.

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 60 days' written notice before terminating or refusing to renew the lease. Per the provisions of 24 CFR 92.253(b), the following terms are prohibited from HOME project leases:

1. Agreement to be sued.
2. Treatment of personal property.

3. Excuse 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.

ENERGY AND WATER EFFICIENCY

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.

On April 26, 2024, HUD and the U.S. Department of Agriculture (USDA) updated minimum energy standards for new homes financed or assisted through the HOME and HTF programs. Pursuant to statutory requirements established in Section 109 of the Cranston Gonzalez National Affordable Housing Act, HUD and USDA published a Final Determination, establishing the 2021 International Energy Conservation Code (IECC) and ASHRAE 90.1-2019 as minimum energy efficiency standards for new construction for these programs.

This Final Determination fulfills a statutory requirement under the Energy Independence and Security Act of 2007 (EISA) that requires HUD and USDA to jointly adopt the most recently published energy standards, subject to a cost-benefit housing "affordability and availability" test.

The 2021 IECC applies to new single family and low-rise multifamily housing (up to 3 stories), while ASHRAE 90.1-2019 applies to mid- or high-rise multifamily housing (4+ stories). In light of the significant estimated cost savings to homeowners and renters, HUD and USDA found that both of these codes will increase the affordability of the impacted housing. HUD and USDA also identified health benefits for residents as well as increased resilience to extreme heat and cold events. The Final Determination became effective November 28, 2024.

INSPECTIONS

Property inspections will comply with 24 CFR 92.251. MHC will review and approve all construction-related documents prior to construction and will monitor construction progress until project completion. MHC will review and approve work write-ups (i.e., plans and specifications) and written cost estimates. Based on this review, MHC will determine that the work write-up and/or plans follow MHC design and construction standards.

MHC will ensure the construction contract(s) and construction documents describe the work to be undertaken in adequate detail so that inspections can be conducted. The written scope of work to be performed must be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance with MHC design and construction standards. MHC will review and approve written cost estimates for construction and/or rehabilitation, as well as change orders, to determine that costs are reasonable.

MHC will conduct an initial property inspection and regular progress inspections during construction and/or rehabilitation to ensure work is completed within established standards. Progress payments must be consistent with the amount of work performed. A final inspection will determine if work was done in accordance with the project's approved work write-up or plans, and payment will not occur until construction is satisfactorily completed in accordance with the applicable codes, the construction contract, and construction documents. MHC may utilize qualified in-house staff or secure a qualified third-party inspector to perform inspections.

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 5th of the month following the end of the prior quarter (e.g., reports on the first quarter are due by April 5th).
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 period of affordability, 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.

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.

CROSS-CUTTING 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 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 with 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 the submission of the plan and proof of publication to HUD.

The One-For-One Replacement Plan must include:

1. A description of the proposed assisted project.
2. The address, number of bedrooms, and 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.
3. A time schedule for the commencement and completion of the demolition or conversion.
4. 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.

5. 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 unit where estimated costs of replacement and repairs are 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.
6. The source of funding and a time schedule for the provision of the replacement dwelling units.
7. 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.
8. 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).
9. 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. Appeals may be addressed to the following:

Grants Management
735 Riverside Drive
Jackson, MS 39202

LABOR STANDARDS

The Davis-Bacon and Related Acts (DBRA) apply to HOME-funded construction projects with 12 or more HOME-assisted units. The DBRA include the following:

1. The Davis-Bacon Act (DBA): Requires the payment of prevailing wage rates, as determined by the U.S. Department of Labor, to all laborers and mechanics. Construction includes alteration and repair, including painting and decorating, of public buildings or public works.
2. The Contract Work Hours and Safety Standards Act (CWHSSA): Requires time and a half pay for overtime hours worked in excess of 40 in any workweek on a covered project. Applies to all federally-assisted contracts of $100,000 or more, except where the assistance is a loan guarantee or insurance.
3. The Copeland Act (Anti-Kickback Act): Makes it a federal crime for any employer on a federally-assisted project to "kickback" any part of their wages, and requires employers to submit weekly certified payrolls, in addition to regulating permissible deductions.
4. The Fair Labor Standards Act (FLSA): Contains federal minimum wage rates, overtime and child labor requirements, which generally apply to any labor performed. MHC will
   a. Review bids, contracts and subcontracts for labor standards clauses and correct wage determination(s).
   b. Submit requests for additional wage classifications and wage rates.
   c. Provide contractor training regarding responsibilities for labor standards compliance.
   d. Review weekly certified payrolls for compliance and ensure employees are paid the correct wage rate.
   e. Conduct periodic employee interviews on site and verify payroll data to ensure employees are paid appropriate wages.
   f. Ensure Davis Bacon posters and wage determinations are posted on-site.
   g. Identify violations and enforce compliance with DBRA regulations.
   h. Report enforcement activities to the Department of Labor.

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 $300,000 (effective 3/16/2026) in aggregate HUD funding (including HOME or HTF as well as HOME-ARP, 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). 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. BAP will apply to all HOME rental projects committed with HUD funds appropriated on or after August 23, 2024.

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.

BABA WAIVERS

HUD has defined two types of BABA waivers:

1. General Waivers - Public Interest waivers granted at the departmental level that apply to all HUD-funded projects that meet the waiver criteria.

    HUD general waivers offer flexibility to all HUD-funded infrastructure projects and should be carefully considered before pursuing a project-specific waiver. No formal request to HUD is needed to use these waivers. Applicants should maintain documentation that demonstrates the applicability of the waiver to a project, consistent with program regulations, and inform MHC that they intend to utilize a specific general waiver.

    HUD currently has five general waivers available:

    - Exigent Circumstances Waiver: The BAP may be waived if projects must be completed immediately to protect life, ensure safety, or prevent the destruction of property. Expires November 23, 2027.

- Tribal Recipients Waiver: For awards on or after January 10, 2025: BABA does not apply to awards and subawards to Tribes of $2.5 million or less. Expires January 10, 2030. Waiver for all manufactured products for Tribes. Expires September 30, 2026.
- Pacific Island Territories Waiver: The BAP is currently waived for all Federal financial assistance for infrastructure projects in the Northern Mariana Islands, American Samoa, and Guam. Expires January 10, 2030. Exceptions for some critical supply chains.
- Small Grants Waiver: The BAP can be waived for an entire project if the total project cost (including all sources of funding) is $250,000 or less. Expires November 23, 2027.
- De Minimis Waiver: If none of the other general waivers apply to a project, the de minimis waiver gives grantees additional flexibility to waive the BAP for a portion of a project.
  - The de minimis waiver allows grantees to waive the BAP for materials whose total cost is less than 5% of all materials used in a project (up to $1,000,000).
  - The total cost of materials includes all iron and steel, construction materials, and manufactured products, regardless of where the project falls in HUD's phased implementation. Example: $500,000 (total cost of materials) x 5% = $25,000 De Minimis limit
  - If a grantee has a particular product(s) that is below the de minimis limit and no domestically produced equivalent is available, the BAP can be waived for that product(s) only.
  - The BAP will still apply to the rest of the materials used in the project.

2. Project-/Product-Specific Waivers - Targeted waivers that individual grantees may apply for. Applied to a specific project or a specific product(s) used in a project.

   Before applying for a project-/product-specific waiver, the Applicant must confirm that the project is subject to the BAP; no general waivers apply to the project; the products for which you need a waiver exceed the de minimis limit; complete market research to attempt to locate domestic made equivalents for products that exceed the de minimis limit (NIST MEP supplier scouting); and submit the waiver application as early as possible and before funds have been spent on the project, if possible (OMB Made in America Office (MIAO) will not approve retroactive waivers for items that have already been purchased).

   Only the direct recipient of Federal funding (MHC) can submit a waiver application. Applicants should coordinate with MHC for waiver submission.

   HUD has defined three types of project-/product-specific waivers:

   - Non-availability: No domestic product is available.
   - Unreasonable Cost: Inclusion of a domestically produced product would increase the cost of the overall project by more than 25%.
   - Public Interest: Complying with BABA would be inconsistent with the public interest.

   The waiver process is anticipated to take a minimum of 6-8 weeks to complete.

   - Complete 6-step analysis (Applicant).
   - Complete online waiver application (MHC).
   - Waiver application is reviewed by HUD. HUD may request additional supporting information.
   - If approved by HUD, waiver is sent to OMB MIAO for review, including a 15-day public comment period.
   - OMB MIAO will issue final decision, which HUD will communicate to MHC.

MINIMUM DOCUMENTATION REQUIREMENTS

1. Determination of BAP applicability to the project - Even if the project is determined to be exempt, documentation should be retained in the grant files. The Optional BAP Applicability Checklist posted to HUD Exchange can assist with documentation.
2. If a project is subject to the BAP, documentation that all Covered Materials subject to the BAP were procured from BABA-compliant sources.
3. If a general waiver was applied to the project, documentation that supports that the project meets the conditions of the waiver.
4. If a project-/product-specific waiver was obtained for the project, a copy of the approved waiver and market research supporting the need for the waiver.

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 VAMA-HUD Form 5380
2. Emergency Transfer Plan VAWA-HUD Form 5381
3. Certification of Domestic Violence-VAWA-HUD Form 5382
4. Emergency Transfer Request-VAMA-HUD Form 5383

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

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.