



STATE OF MISSISSIPPI



NATIONAL HOUSING TRUST FUND (HTF)

2017 ALLOCATION PLAN

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OVERVIEW

1.1 STATUTORY BACKGROUND:

The National Housing Trust Fund (HTF) was enacted as part of the Housing and Economic Recovery Act of 2008 (HERA), Section 1338 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. The HTF's most important features include: Dedicated source of funding not subject to the annual federal appropriations process; at least 90% of funds must be used for the production, preservation, rehabilitation, or operation of rental housing; at least 75% of funds for rental housing must benefit Extremely Low Income (ELI) households, and up to 25% can benefit Very Low Income (VLI) households. If capitalized under \$1 billion, all HTF funds must be targeted toward ELI households.

HTF is distributed as block grants to states by formula. The size of the annual allocation will vary depending on the amount of GSE's business in a given year and any amounts that may be appropriated, transferred, or credited to the HTF under any provision of law. Each GSE sets aside an amount equal to 4.2 basis points of each dollar of unpaid principal balance of its total new business purchases during the fiscal year for allocation in accordance with section 1337(a). There will be no allocation of grants under HTF if there is neither revenue from GSEs nor other funds as provided by HERA. Amount of allocation is identified within 60 calendar days after the end of each fiscal year. Allocations will be published in the Federal Register within 60 days from date of determining formula.

1.2 PURPOSE:

The primary purposes of the HTF is to increase and preserve the supply of rental housing for extremely low income (ELI) households earning less than 30% of area median income (AMI) or the federal poverty guidelines published by the Department of Health and Human Services (whichever is greater). Grantees are required to use at least 80 percent of each annual grant for rental housing; up to 10 percent for homeownership housing; and up to 10 percent for the grantee's administrative and planning costs. The HTF can be used to build, preserve, and rehabilitate housing affordable for ELI and VLI households.

1.3 MHC'S RESPONSIBILITY:

The mission of Mississippi Home Corporation (MHC), the State 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 HTF Program, make awards, and provide reporting and oversight of the National Housing Trust Fund on behalf of the State. MHC will use HTF to:

- 1) Reduce homelessness and help ELI families avoid paying a disproportionate share of their income for housing.

- 2) Complement existing Federal, State and local efforts to increase and preserve the supply of rental housing for extremely low-income households, which includes homeless and serious mentally ill families.

MHC will comply with the regulatory and statutory requirements regarding activities eligible for HTF funding using written policies, procedures, and systems. MHC will use a system to assess the risk of activities, projects and system for monitoring entities to ensure requirements are met.

MHC uses an annual Allocation Plan to indicate how it will distribute HTF resources based on the priority housing needs identified in the State's Consolidated Plan (Con Plan). Mississippi's HTF Allocation Plan is a component of the State's Five-Year Consolidated Plan. The Plan identifies the State's housing priority needs as meeting the needs of low income rental and owner households through homeownership opportunities, homeowner rehabilitation, and rental development/substantial rehabilitation.

The State prioritized homelessness in the HTF portion of the State's Consolidated Plan and will use HTF to support strategies to end chronic homelessness and identify special needs groups in Mississippi. These groups include: persons with HIV/AIDs and their families; persons with mental illness; persons with disabilities as defined by the Americans Disabilities Act.

Mississippi Home Corporation 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/or low and high opportunity areas.

1.4 ALLOCATION 2017

The State of Mississippi received an HTF allocation of \$3 million for 2017. MHC will commit 90% of HTF allocation for rental housing and 10% used for administrative costs. MHC will not allocate funds for homeownership activities due to the shortage of rental units for ELI households and addressing the State's priority needs.

Mississippi Home Corporation Housing Trust Fund

2017 Budget

| | |
|--------------------------------|--------------------|
| Total Budget | \$3,000,000 |
| Administration 10% | \$ 300,000 |
| Operating Costs | -0- |
| Multifamily Development | \$2,700,000 |

1.5 PERFORMANCE GOALS AND BENCHMARKS

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

- 1) Develop rental housing in High Opportunity areas and Poverty areas of the State
(See Addendum A)/ (Exhibit 1 & 3)
- 2) Increase affordable rental housing for homeless and seriously mental ill populations
- 3) Designate at least ten (10%) and no more than twenty (20%) percent of units for Special Needs population
- 4) Incorporate Supportive Services to appropriate to residents.
- 5) Project a total of 96 units with 24 of them targeting NHTF income-eligible residents. The total is inclusive of special needs population.

1.6 LIMITATIONS TO A PARTICULAR SEGMENT/ POPULATION

All projects will address the affordable rental housing needs for extremely low income (30 % of AMI) households, while giving priority to projects that address critical housing needs with an emphasis on the prevention, reduction, and expansion of permanent housing opportunities for persons experiencing homelessness and persons with serious mental illness.

1.7 DISTRIBUTION OF FUND

The distribution of funds to recipients will be based on priority housing needs as determined by MHC in accordance with the HTF regulations (24 CFR Parts 93) and the State's Consolidated (Plan 24 CFR 91) and Annual Action Plan (AAP). Annual Action Plan, a strategic one year-plan, which outlines programs and activities that will meet identified priority needs of the State.

Applicants for HTF must address the following priorities:

1. Rental housing needs of extremely low income (30 % of AMI) households.
2. Target at least 10% of units in each property to address prevention, reduction, and expansion of permanent housing opportunities for persons experiencing homelessness and persons with serious mental illness.
3. Be located within priority areas defined by the State's Consolidated Plan and/or low and high opportunity areas.
4. Documented need for rental housing affordable to extremely low-income households in the market area served by the property.

Citizen Participation in Forming HTF Investment Priorities - MHC facilitates the development and implementation of the Consolidated Plan and subsequent Annual Action Plan (AAP), the Consolidated Annual Performance and Evaluation Report (Caper) as well as, ensuring Citizen Participation requirements are followed. In identifying uses of HTF for 2017, MHC solicited input from an Advisory Team consisting of individuals and groups representing aspects of low- income housing, including Low Income Housing Tax Credit Developers, Planning & Development Districts, For-Profit/Non-Profit Organizations/ Developers and Public Housing Authorities, Continua of Care, ESG grantees and individuals working with HIV/AIDS populations. MHC sought to bring together individuals with a broad range of expertise and suggestions for best utilizing Federal Programs included in the Annual Action Plan; ensure a connection with the community and its needs; and provide a broad understanding of the critical role affordable housing plays in the community.

Acting pursuant to statutory requirements, Public hearings were held on March 7, 8, 14, 15, 21 and 22, 2017 in various locations throughout the state for the purpose of receiving comments on a draft of the 2017 State's Annual Action Plan, which the National Housing Trust Fund Allocation Plan was a component. In addition to verbal comments received at the hearings, 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 prior to completion of the 2017 Plan.

1.8 CERTIFICATE OF COMPLIANCE

A recipient of HTF funds is required to sign a statement assuring that it will comply with the requirements of the HTF program pertaining to project activities beginning with site selection and continuing through the end of the affordability period.

1.9 **GENERAL POLICIES AND GUIDELINES**

To be eligible for Housing Trust Funds a development must qualify under the federal rules contained in Regulation 24 CFR Part 93.

HTF REQUIREMENTS:

- 1) Eligibility(93.200/93.201)
- 2) Income-Targeting Requirements (93.250 Rental)
- 3) Income Determinations(93.151)
- 4) HTF Funds and Public Housing (93.203)
- 5) Maximum Award
- 6) Administration and Planning Costs (93.202)
- 7) Period of Affordability-(93.205)
- 8) Prohibited Activities-(93.204)
- 9) Maximum Per-Unit Subsidy Amount, Underwriting and Subsidy Layering (93.300)
- 10) Maximum Per-Unit Development Subsidy (93.300)
- 11) Property Standards (93.301)
- 12) Rehabilitation Standards (93.301(b)(1)
- 13) Site and Neighborhood Standards (93.150)
- 14) Distribution of Assistance (93.151)
- 15) Compliance Monitoring (Reference: HTF Regulations/2017 QAP)
- 16) Fair Housing/Affirmative Marketing (24 CFR 92.351 (a)
- 17) Lead-Based Paint(93.351)
- 18) Accessibility
- 19) Environmental
- 20) Displacement, Relocation, and Acquisition (24 CFR 92.352)
- 21) Conflict of Interest (93.353)
- 22) Funding Accountability and Transparency (93.354)
- 23) Program Disbursement and Information System(93.402)
- 24) Program Income and Repayments (93.403)
- 25) Onsite Inspections (93.404)
- 26) Uniform Administrative (93.405)
- 27) Audit (93.406)
- 28) Monitoring
- 29) Closeout(92.777)
- 30) Recordkeeping (93.408)

1.10 ELIGIBILITY

MHC will adhere to HTF requirements by targeting extremely low-income families with incomes between 0 and 30 percent of area median income, including homeless families.

1.10.1 ELIGIBLE APPLICANTS

Organizations eligible to receive funding through the Housing Trust Fund are non-profit and for profit organizations with demonstrated development experience and capacity with creating, rehabilitating, or preserving affordable housing.

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

1.10.2 ELIGIBLE/INELIGIBLE PROJECT TYPES

HTF funds shall be used for rental housing that meets the requirements of the Housing Trust Fund. The following project types are designated as eligible and ineligible for HTF funding:

1.10.3 ELIGIBLE PROJECT TYPE

1. Multi-family rental housing
2. Single family rental housing

1.10.4 INELIGIBLE PROJECT TYPE

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

1.10.5 ELIGIBLE ACTIVITIES AND EXPENSES

HTF funds may be used pay the following eligible costs:

1. Real Property Acquisition
2. Site improvements and development hard costs (actual cost of constructing or rehabilitating housing)
3. Related soft costs

4. Demolition of existing structures
5. Financing costs (rehabilitated with HTF funds)
6. Relocation assistance
7. Operation cost assistance and reserves for rental housing*
8. Reasonable administrative planning costs

*Operating cost and operating reserves- No more than one-third of the annual HTF Allocation may be used for operating cost assistance and/or an operating cost assistance reserve; operating cost assistance and/or an operating cost assistance reserve may be provided only to rental housing acquired, rehabilitated, reconstructed, or newly constructed with HTF funds. MHC will have discretion in how it awards operating cost assistance to projects each fiscal year. The written agreement between MHC and the recipient will set forth the maximum amount of the operating assistance to be provided to the HTF assisted rental project. (24 CFR Part 93: Section 201 Eligible Use Section 201(e))

1.10.6 PROHIBITED ACTIVITIES AND FEES

1. Provide assistance to a project previously assisted with HTF funds, during the affordability period
2. Pay for the acquisition of property owned by the grantee
3. Pay delinquent taxes, fees, or charges on properties to be assisted with HTF funds
4. Pay for political activities, advocacy, lobbying, counseling services, travel expense, and preparing or providing advice on tax returns
5. Pay for administrative, outreach, or other costs to manage and operate the grantee of HTF funds
6. Pay for any cost that is not eligible under 92.371 and 92.732
7. Project owners are prohibited from charging origination fees, or charge more than is customary for parking and laundry room use, among other fees

1.10.7 ELIGIBLE ACTIVITIES

MHC will adhere to Eligible and Prohibited Activities in accordance with 24 CFR 93.200. Applicants must describe activities to be undertaken in sufficient detail for MHC to determine that the proposed activities are permitted by Regulation.

HTF eligible applicants are Non-profit and For-profit organizations that demonstrate the experience, skills, and capacity in recreating rehabilitation or preserving affordable rental housing for the target populations. Housing funded with HTF is targeted toward extremely low income households. MHC will only fund applications that present a strategy for financial sustainability, such as a source of long term rental assistance for income-qualified tenants with extremely low income (30 % of AMI) households. Applicants for HTF will address the following priorities:

- Rental housing needs of extremely low income (30 % of AMI) households.
- Target at least 10% of units in each property to address prevention, reduction, and expansion of permanent housing opportunities for persons experiencing homelessness and persons with serious mental illness.
- Be located within priority areas defined by the State's Consolidated Plan and/or low and high opportunity areas.
- Documented need for rental housing affordable to extremely low-income households in the market area served by the property.

The State of Mississippi received an HTF allocation of \$3 million for 2017. MHC will commit 90% of HTF allocation for rental housing and 10% used for administrative costs. Therefore, \$300,000 will be used for administrative activities and \$2,700,000 will be used for construction and rehabilitation of multi-family and single family housing. MHC will not allocate funds for homeownership activities due to the shortage of rental units for ELI households and addressing the State's priority needs.

The maximum award per applicant is \$1.5 million with the final amount determined by reviewing the financial feasibility of the project including operating revenues. HTF funds will be combined with other federal and non-federal sources to produce and preserve affordable units such as HOME funds, Low Income Housing Tax Credits, and Tax Exempt Bonds with Housing Tax Credits.

The maximum award per project is up to \$750,000 and is based on MHC's case-by-case analysis and the following eligible activities: Rental and Construction/Rehabilitation.

Form of Assistance

HTF funds will be awarded on a competitive basis to projects that address the criteria outlined in this Allocation plan. **(See Addendum A & B)** HTF contribution to a development will be structured as a loan which will mitigate risk to eligible basis in developments also using LIHTC. Loans are structured as payable from available cash flow to minimize project debt and maximize affordability to ELI households. Terms of loans will be set by MHC underwriting and designed to ensure that the use of HTF dollars are maximized; the project will maintain viability; and the greatest possible return on investment. MHC will give higher preference to applicants that incorporate significant funding from other sources, such as LIHTC program tax credits, federal and local programs or other sources. Applicants that anticipate

receiving an award of other funding sources, such as HOME, LIHTC, or other sources of funds, must provide evidence that they have applied for such funding, including acknowledgement from the funding entity that the application has been received and amount requested. To determine if projects are financial feasible and meet required standards and criteria, applicants are required to provide a narrative description of activities or proposed projects to be developed.

(Reference- Housing Trust Fund Application-HTF Attachment)

Multi-Unit Projects- MHC propose rehabilitating and constructing a total of 96 units with 24 of them targeting NHTF income-eligible residents. The total is inclusive of special needs population. These developments are proposed to be developed in High Opportunity areas and Poverty areas of the State **(See Addendum A)/ (Exhibit 1 & 3)**; increase affordable rental housing for homeless and seriously mental ill populations; designate at least ten (10%) and no more than twenty (20%) percent of units for Special Needs population and incorporate Supportive Services to appropriate to residents. HTF funds may be used for rehabilitation or construction of public housing units that are part of the Choice Neighborhoods Program that will receive Low Income Housing Tax Credits (LIHTCs).

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

1.11 *QUALIFICATION AS AFFORDABLE: RENTAL HOUSING*

1.11.1 INCOME DETERMINATION

Each family occupying a HTF assisted unit is required to be income eligible to ensure that income targeting requirements are met.

1.11.2 INCOME-TARGETING REQUIREMENTS

The HTF program has income-targeting requirements, therefore each family occupying a HTF assisted unit is income eligible by determining the family's annual income as defined in 24 CFR 93.151. For subsequent income determinations during the period of affordability, MHC will use the method which will examine at least 2 months of source documents evidencing annual income (e.g. wage statement, interest statement, unemployment compensation statement) for the family.

1.11.3 ELIGIBLE TENANTS

The HTF assisted units in a rental housing project must be occupied by households in accordance with the income targeting requirements in 93.250 regulations. Eligible tenants selected to occupy HTF-assisted units are Extremely Low- Income (ELI) families. HUD will publish the HTF rent limits on an annual basis.

1.11.4 RENT LIMITATIONS

- a) **Extremely Low Income Tenants**- HTF rent plus utilities of an extremely low-income (ELI) tenant shall not exceed the greatest of 30 percent of the federal poverty line or 30 percent of the income a family whose annual income equals 30 percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit.

Income rent limits are provided to grantees on an annual basis. MHC will ensure that rents do not exceed the maximum rent limits and are in compliance with HTF regulations.

1.12 MAXIMUM AWARD PER APPLICANT

The maximum award per applicant is \$1.5 million with the final amount determined by reviewing the financial feasibility of the project including operating revenues. HTF funds will be combined with other federal and non-federal sources to produce and preserve affordable units such as HOME funds, Low Income Housing Tax Credits, and Tax Exempt Bonds with Housing Tax Credits.

Tax-Exempt Bond Developments Requirements: Tax-exempt bond developments include developments financed with exempt facility bonds that are used for qualified residential developments. Developments must commit to a thirty (30) year low-income use on the portion supported by HTF funds. Bond-financed developments will be reviewed for feasibility and threshold requirements under this Allocation Plan. An opinion letter from a Certified Public Accountant must accompany the application to certify that fifty percent (50%) or greater of aggregate basis will be financed by tax-exempt bonds. Tax-exempt bond applications should be submitted at least sixty (60) days prior to the scheduled closing on the bonds.

1.13 MAXIMUM AWARD PER PROJECT

The maximum award per project is up to \$750,000 and is based on MHC's case-by-case analysis and the following eligible activities: Rental and Construction/Rehabilitation.

1.14 MAXIMUM PER-UNIT DEVELOPMENT SUBSIDY, LAYERING & UNDERWRITING GUIDELINES

MHC will perform a Subsidy Layering Analysis before committing HTF Funds to a project. The analysis will determine costs are reasonable, verifiable sources and uses of funds, amounts requested are necessary and their uses are determined feasible. MHC's evaluation of developments using HTF funds in combination with other forms of assistance ensures that no more than the necessary amounts of program funds are invested in any one development to provide affordable housing. The subsidy layering review is conducted during the application period. HTF required review elements:

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

Considering that the Housing Trust Fund and the HOME Program has similar characteristics, MHC adopted the HOME Program Maximum Per Unit Subsidy Limits. These limits will assist in underwriting and determining the maximum amount of HTF funds that may be invested on a per-unit basis in HTF-assisted projects. MHC will use the same rate for the HOME Program maximum per unit subsidy limits which are based on the Section 234-Condominium Housing-limits for elevator-type projects. This rate will be used as a tool to avoid over subsidizing investment of HTF funds. Each project will be analyze to ensure that HTF investment is necessary and reasonable to provide housing that is financially feasible and throughout the period of affordability.

Due to the discontinuation of the Section 221(d) (3) mortgage insurance program, alternate maximum per-unit subsidy limits are used for the HOME Program. The Section 234-Condominium Housing basic mortgage limits, for elevator-type projects, is used as an alternative to the Section 221(d)(3) limits in order to determine the maximum amount of HOME funds a PJ may invest on a per-unit basis in HOME-assisted housing projects. These limits issued by HUD have been identical to the Section 221(d) (3)

limits. HUD's Office of Multifamily Housing updates the Section 234 basic mortgage limits annually and publishes them in the Federal Register. The Office of Multifamily Housing also establishes high cost percentage exceptions (HCP) for specific areas.

The Office of Multifamily developed a list of High areas for 2016. The Annual Base City High Cost Percentages (BHCP) and High Cost for the Jacksonville Florida Hub that is inclusive of the Base City Jackson MS Areas. These areas consist of key locality 1-Jackson, Southaven, Greenville, and Gulfport MS. Each locality makes up the various 82 counties for the State of Mississippi. These localities will assist in determining investment based on the geographic location of the project and adjustment for bedroom size.

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

*Jackson Locality @212% BHCP; Southaven Locality @ 209% BHCP; Gulfport Locality @ 207% BHCP; Greenville Locality @214% BHCP.

BR Size Section 234 Elevator Base Limits x 212% BHCP (Jackson) = Max Per Unit HTF Subsidy Limit

| | | | |
|----------|------------------|-------------|------------------|
| 0 | \$58,787 | 212% | \$124,628 |
| 1 | \$67,391 | 212% | \$142,868 |
| 2 | \$81,947 | 212% | \$173,727 |
| 3 | \$106,013 | 212% | \$224,747 |
| 4 | \$116,369 | 212% | \$246,702 |

BR Size Section 234 Elevator Base Limits x 209% BHCP (Southaven) = Max Per Unit HTF Subsidy Limit

| | | | |
|----------|------------------|-------------|------------------|
| 0 | \$58,787 | 209% | \$122,864 |
| 1 | \$67,391 | 209% | \$140,847 |
| 2 | \$81,947 | 209% | \$171,269 |
| 3 | \$106,013 | 209% | \$221,567 |
| 4 | \$116,369 | 209% | \$243,211 |

BR Size Section 234 Elevator Base Limits x 207% BHCP (Gulfport) = Max Per Unit HTF Subsidy Limit

| | | | |
|----------|------------------|-------------|------------------|
| 0 | \$58,787 | 207% | \$121,689 |
| 1 | \$67,391 | 207% | \$139,499 |
| 2 | \$81,947 | 207% | \$169,630 |
| 3 | \$106,013 | 207% | \$219,446 |
| 4 | \$116,369 | 207% | \$240,883 |

BR Size Section 234 Elevator Base Limits x 214% BHCP (Greenville) = Max Per Unit HTF Subsidy Limit

| | | | |
|----------|------------------|-------------|------------------|
| 0 | \$58,787 | 214% | \$125,804 |
| 1 | \$67,391 | 214% | \$144,216 |
| 2 | \$81,947 | 214% | \$175,366 |
| 3 | \$106,013 | 214% | \$226,867 |
| 4 | \$116,369 | 214% | \$249,029 |

These published high cost limits were effective January 2016 and approved by the Jacksonville Florida HUB. HUD's Office of Multifamily Housing updates the Section 234 basic mortgage limits annually and publishes them in the Federal Register (Notice Interim Policy on MPU Subsidy Limits for the HOME Program-CPD-15-003). **(See HTL Attachment- NHTF Maximum Mortgage Limits)**

1.15 PROPERTY STANDARDS

Rental Projects are subject to property standards throughout the affordability period.

- 1.15.1 Property Standards: New Construction and Gut Rehabilitation Projects- MHC uses QAP 2017 written standards to ensure that project plans, specifications, and work write-ups are in compliance with State and local codes, ordinances, requirements, and standards and cost estimates. HTF–assisted new construction and gut rehabilitation projects must meet all applicable state and local codes, ordinances, and zoning requirements, the International Residential Code or International Building Code (as applicable), or state or local residential and building codes for new construction or gut rehabilitation.
- 1.15.2 Energy and Water Efficiency- All mid-or high rise multifamily housing over 3 stories must exceed by 20%, the minimum energy efficiency requirements defined by the American Society of Heating, Refrigerating, and ad Air-Conditioning engineers (ASHRAE) Standard 90.1-2007. All water-usage products installed in HTF-assisted units must bear the Water Sense label.
- 1.15.3 Property Standards: Rehabilitation Projects (93.301 (b)) - HTF assisted rehabilitation projects must meet all applicable state and local codes, ordinances, ad requirements upon project completion.

(Reference also to: QAP)

1.16 **REHABILITATION STANDARDS**

Rehabilitation Projects - All rehabilitation of multi-family and single family dwellings that utilize HTF funds will meet requirements @ 24 CFR 93.301 (b). MHC will adhere to HTF Rehabilitation Standards by adopting the (**Minimum Design Quality Standards (MDQS)**) established by **MHC's Housing Tax Credit Department** and **Housing Credit Compliance Department**. The Compliance Department will inspect properties in accordance with HUD Physical Condition Standards and Inspection Requirements 5.701; Physical Condition Standards for HUD housing that is decent, safe, sanitary and in good repair; 5.703; Uniform Physical Inspection Requirements 5.705)-Subpart G. MHC will follow the QAP written standards and to ensure that project plans, specifications, and work write-ups are in compliance with State and local codes, ordinances, requirements, and standards and cost estimates.

The QAP standards are designed to assist in achieving consistency throughout the State for all LIHTC rehabilitation activities. These standards are intended to provide the acceptable standards for development units rehabilitated according to LIHTC. Considering HTF regulations encourage the use of other funding sources to achieve financial feasibility and the most with the HTF Allocation. MHC will use LIHTC in conjunction with HTF funds in developing units for extremely low income households. The adopted standards are in compliance with the following HTF rehabilitation standards requirement @ 93.301 (b).

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

1.16.1 **Rehabilitation Standards (24CFR 93.301 (b))**

1.16.1.1 **Health and Safety-** MHC certifies that all dwelling will be free of all health and safety defects 12 months after project completion and during the period of affordability. All properties assisted with HTF 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 property. MHC adopted the Uniform Physical Condition Standards (UPCS) utilized by the LIHTC Department to serve as a guide and an assure compliance.

1.16.1.2 **Onsite inspections** will occur 12 months after project completion and at least once every 3 years thereafter during the period of affordability. MHC will issue a preliminary audit review letter, in writing, within 45 days of the date of the initial inspection. MHC's Inspection Department will randomly select samples of HTF-assisted units for inspection to determine compliance. For projects with one to four HTF-assisted units, the inspectable items (site, building exterior, building systems, and common areas) for each building with HTF-assisted units and 100 percent of the HTF-assisted dwelling units will be inspected.

1.16.1.3 If there are any health and safety deficiencies according to the standards adopted by MHC and depending on the severity of the deficiency, they must be addressed and corrected

within 12 months or immediately. Any deficiencies considered **LIFE THREATENING HAZARD** will be addressed immediately and **NON-LIFE THREATENING**, but generates health and safety issues will be addressed within 12 months.

1.16.1.4 To adhere to HTF requirements, property owners are required to certify on an annual basis that each unit in the development is suitable for occupancy; taking into account State and local health, safety, and other applicable codes, ordinances, HTF requirements, and property standards established.

1.16.1.5 **Major Systems-** Major systems are: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. MHC's designated inspector will estimate (based on age and condition) the remaining useful life of these systems, upon project completion of each major system. For multifamily housing projects of 26 units or more the inspector will determine the useful life of major systems through a capital needs assessment of the project. For rental housing, if the remaining useful life of one or more major system 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. Energy Star labeled and Water Sense labeled products are 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 and such products are appropriate for achieving energy efficiency for the climate area in which the housing is located. When it is necessary to replace items, the replacement items must conform to the LIHTC Minimum Design Quality Standards and HTF Rehabilitation Standards.

1.16.1.6 **Lead-Based Paint-** Housing will meet the lead-based paint requirements at (24 CFR Part 35). HTF assisted housing is subject to the regulations at 24 CFR Part 34, Subparts A, B, J, K, and R which govern lead based paint poisoning prevention in residential structures. Applicants, developers, and builder of any project requiring the rehabilitation of structures built prior to 1978 must comply with this regulation. A license lead-based paint inspector will be used to certify that units are in compliance.

1.16.1.7 **Accessibility-** All units will meet the accessibility requirements at 24 CFR Part 8, which implements section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act, implemented at 28 CFR Parts 35 and 36, as applicable. If the rehabilitation includes an addition, covered multifamily dwellings, as defined t 24 CFR Part 100.201, must also meet the designed construction requirements at 24 CFR Part 100.205, which implements the Fair Housing Act. The development units will comply with energy and water efficiency requirements. Energy Star labeled and Water Sense labeled products are to be installed, when older obsoleted products are replaced as part of the approved rehabilitation work and as appropriate for achieving energy efficiency.

1.16.1.8 **Disaster Mitigation-**Where relevant, the housing will be improved to mitigate the impact of

potential disasters , (e.g., earthquake, hurricanes, flooding, and wildfires) in accordance with applicable State and local codes, ordinances, and requirements, or such other requirements established by HUD.

1.16.1.9 State and local codes, Ordinances, and Zoning requirements- HTF assisted housing will 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.

1.16.1.10 Uniform Physical Condition Standards- Housing assisted with HTF funds and which are placed in service must follow property standards which include all inspect able items and inspect able areas specified by the US Department of Housing and Urban Development (HUD) based on the HUD physical inspection procedures, known as the Uniform Physical conditions (UPCS) prescribed by HUD pursuant to 24 CFR Part 5 G. Upon completion, the HTF-assisted project and units will be decent, safe, sanitary, and in good repair. Units will be free of all health and safety defects according to the Uniform Physical Conditions Standards for Multi-family. The housing will meet minimum standards of habitability and functionality, and all inspected items with an observed deficiency will be corrected.

1.16.1.11 Capital Needs Assessment- For multifamily rental housing projects of 26 or more total units, MHC determine all work that will 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.

- 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:
 - Site, including topography, drainage pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines.
 - Structural systems including exterior walls and balconies, exterior doors and windows, roofing system, and drainage
 - Interiors, including unit and common area finishes(carpeting, tile, plaster walls, paint condition, etc.), including unit kitchen finishes, cabinets and appliances, unit bathroom finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors
 - Mechanical systems, including plumbing and domestic hot water; HVAC, electrical, lighting fixtures, fire protection, and elevators.
 - Verification of modest amenities and anesthetic features and non- luxury improvements.

1.16.1.12 Construction Documents and Cost Estimates- MHC will adhere to HTF Rehabilitation Standards by adopting the Minimum Design Quality Standards established by MHC's Housing Tax Credit Department. MHC will follow the QAP written standards to ensure that project plans, specifications, and work write-ups are in compliance with State and

local codes, ordinances, requirements, and standards and cost estimates. (Reference MDQS Addendum B/Pages 80-81)

- 1.16.1.13 **Frequency of Inspections-** When the final plans and specifications are submitted, the Architect shall include a statement that the development has met the minimum criteria. Plans will be submitted as ¼ scales. At the completion of construction the Architect shall certify that the development complied with all the minimum requirements.

See HTF-Attachments

***(Reference to the Housing Tax Credit Allocation Plan -Minimum Design Quality Standards, Addendum B Pages 77-81 and the HTF Rehabilitation Standards @ 24CFR 93.301 (b)-Federal Register); 24CFR 5.701; 5.703; 5.705)**

***Reference Inspectable Area: Physical Condition Inspection & Health & Safety Defects:
(See Housing Tax Credit Compliance Monitoring Plan 2017- Pages 120-123) Attachment-HTF)**

***Reference Uniform Physical Standards (UPCS) - HTF Allocation Plan- (Attachment)**

1.17 DEVELOPMENT REQUIREMENTS

Developments applying for NHTF must contain no fewer than twenty- four (24) units. Applicants may request a waiver for fewer than twenty-four (24) units but not less than sixteen (16) units. The waiver request must include a letter from the Syndicator/Investor acknowledging the number of units and indicating their interest in syndicating/investing in the development. All waivers must be approved by MHC in advance of application. The maximum cost per unit will be determined based on the (QAP) Standards established by MHC.

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

All projects will be evaluated based on a number of factors, including but not limited to:

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

1.18 **PROGRAM REQUIREMENTS**

1.18.1 **Monitoring**

MHC will monitor HTF-assisted units for the following:

1. Compliance of HTF regulations/requirements/policies and procedures
2. Impact of HTF funded projects that reached targeted populations
3. Community Certification of Supportive Services
4. Affirmative Furthering Fair Housing
5. The extent to which beneficiaries and communities lives improved and were enhanced

1.18.2 **Period of Affordability**-The Minimum Period of Affordability for HTF assisted units is 30 years. A Land Use Restrictive Agreement (LURA) and Declaration of Land Use Restrictive Covenant must be executed and recorded. Projects willing to extend the affordability period beyond this minimum period by at least 5 years will receive preference. Funds are subject to be recaptured, if commitment requirements are not met.

1.18.3 **Affirmative Furthering Fair Housing**-Projects receiving HTF funds must comply with Affirmative Furthering Fair Housing by encouraging development in high opportunity areas. Areas which will give the ELI and VLI populations accessibility to services, jobs, transportation, better school system and amenities. Developers are strongly encouraged and will be given preference.

1.18.4 **Site and Neighborhood Standards** –HTF assisted new construction projects must comply with (24 CFR 983.57 (e). Site and neighborhood standards do not apply to rehabilitation projects under HTF. However, if project-based vouchers are used in an HTF rehabilitation unit, the site and neighborhood standards for project-based vouchers will apply. In addition, the requirements of 24 CFR Part 8 (which implement section 504 of the Rehabilitation Act of 1973) apply to the HTF, and specifically address the site selection with respect to accessibility for persons with disabilities.

1.18.5 **Inspections**-Property Inspections will comply in accordance with 93.404 and guidelines of LIHTC (QAP).

1.18.6 **CONFLICT OF INTEREST (93.353)**

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

1.19 REFINANCE GUIDELINES & CONDITIONS

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

The following refinance guidelines and conditions are:

- 1) The new investment is being made to create additional affordable units
- 2) The housing has not been previously financed with HTF funds
- 3) A review of the management practices of the applicant must demonstrate that the proposed rehabilitation is not the result of disinvestment in the property by any entity involved in the application for HTF funds
- 4) A review of the proposed operating budget for the project must demonstrate that both the cost of refinancing and rehabilitation of the project can be met and still result in units affordable to HTF-eligible tenants for a period of 30 years or the term of the refinancing, whichever is longer
- 5) The activity does not involve the refinancing of a multifamily loan made or insured by any state or federal program, including the CDBG program, unless additional affordable units will be income-restricted to extremely low-income households
- 6) Demonstrate that rehabilitation is the primary eligible activity.
- 7) Cost to refinance existing debt is secured by rental housing units that are being rehabilitated with HTF funds.
- 8) Refinancing the existing debt is necessary to reduce the overall housing costs.
- 9) The proportional rehabilitation cost must be greater than the proportional amount of debt that is refinanced.

1.20 APPLICATION REQUIREMENTS

MHC will conduct application and implementation workshops providing information in preparation of application submission and implementation of the projects. **MHC will take applications 90 days after the application workshop.** The announcement of MHC's Application and Implementation Workshops and deadline for applications will be posted on MHC's website.

Application dates are scheduled based on the distribution of the block grants to states. The amount of award will be based on the mandated contributions from Fannie Mae and Freddie Mac annual set-aside and allocation of funding to the National Housing Trust Fund. Applications will be submitted to the Mississippi Home Corporation, 735 Riverside Drive, Jackson, MS 39202.

1.20.1 CRITERIA FOR SELECTION OF APPLICATIONS

MHC will use a ranking process to select projects for funding. Applications will be reviewed and underwritten using criteria of the Housing Tax Credit Qualified Allocation Plan and HTF policies and procedures. Applications with incomplete supporting documentation will not be considered for funding. The application process consists of two steps:

- 1) **Threshold Review** - Does the application meet Threshold requirements to be considered for funding (Addendum 1);
- 2) **Application Scoring** - Score the application using a scoring standard with a 100-point scale. **Applications must score a minimum of 75 on a 100 point scale to be considered for funding.** MHC will reserve and allocate the Housing Trust Funds consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion permitted by applicable law. (Addendum 2)

Targeted Population-Housing funded with HTF is targeted toward extremely low income households. MHC will only fund applications that present a strategy for financial sustainability, such as a source of long term rental assistance for income-qualified tenants with extremely low income (30 % of AMI) households.

Leveraging of Other Funds-(Applicants are expected to combine HTF with funds from other sources)

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

Type of Award-HTF contribution to a development will be structured as a loan which will mitigate risk to eligible basis in developments also using LIHTC. Loans may be structured as payable from available cash flow to minimize project debt and maximize affordability to ELI households. Terms of loans will be set by MHC underwriting and designed to ensure that the use of HTF dollars are maximized; the project will maintain viability; and the greatest possible return on investment. Evidence of the award of any additional sources of funding must be provided to MHC no later than the due date set out in the reservation package.

1.20.2 **THRESHOLD REVIEW**

To be considered for funding, applications must meet threshold requirements. Complete applications will proceed directly to scoring. If a project meets threshold requirements for use of HTF, MHC may allow an applicant up to 90 days to prepare a complete application, particularly finalizing match funding commitments.

Funding Announcements- MHC's staff will make reservation recommendations to its Board of Directors (the Board) at its next regularly scheduled board meeting. Once the Board approves the recommendations, a commitment letter will be mailed to applicant.

(See Addendum 1/Threshold)

1.20.3 **SCORING**

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

| Rating Criteria | Maximum Points |
|--|-------------------|
| 1) Geographic Diversity | 20 points |
| 2) Affordable Rent | 15 points |
| 3) Affordability Period for Rental Housing | 15 points |
| 4) Other Special Needs Housing | Up to 20 points |
| 5) Development Experience | Up to 10 points |
| 6) Management Experience | Up to 10 points |
| 7) Development Amenities | <u>10 points</u> |
| Total Points | 100 points |

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

- 1) In compliance with 24 CFR Part 93, of the National Housing Trust Fund regulations
- 2) In furtherance of the housing goals stated herein; and
- 3) Determined by MHC to be in the interests of the citizens of the State of Mississippi

Projects scored below Seventy-five percent will not be funded. MHC will make funding offers to the highest scoring projects until available funds are exhausted.

If there is a **tie in the scoring** among proposed developments, MHC reserves the right to utilize a tie-breaking system identified herein to break the tie. In the event of a tie in the scores, the Tiebreaking System will be used in the following order:

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

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

(Addendum 1)Threshold

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

1.21 **THRESHOLD FACTORS**

An application must meet all threshold requirements in order to be eligible for reservation of an HTF award. Documentation satisfying the threshold requirements must be included in the application and tabbed according to the Table of Contents. 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) | Financial Feasibility |
| (4) | Merits: Addressing State’s Priority Housing Needs |
| (5) | Evidence of Affirmatively Furthering Fair Housing |
| (6) | Firm Commitment of Other Funding Sources |
| (7) | Implementation of Supportive Services |
| (8) | Applicants Experience |
| (9) | Certification of HTF Requirements |
| (10) | Development in High Opportunity Areas |
| (11) | Readiness to Proceed |

1.21.1.1 Eligible Applicant

Organizations eligible to receive funding through the National Housing Trust Fund are non-profit and for profit organizations with demonstrated development experience and capacity with creating, rehabilitating, or preserving affordable housing. **Applicants are required to provide a description of activities or projects proposed to be developed in accordance with 24 CFR 93.200.**

The application must include the following documents:

- **Organizational Documentation**

Formation documents for the owner and general partner entities (see chart below), which bear the committal stamp of the Mississippi Secretary of State. For 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 HTF funds)

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

Certificate of Good Standing (dated within 30 days of the application date) for the owner and general partner entities

A detailed Organizational Chart which illustrates the business structure of the principal members of the ownership entity. The chart must detail each principal member down to natural persons for every entity listed and it must reflect the ownership percentage of each entity and natural person.

(See Attachment)

- **Non-Profit Documentation**

Non-Profit Organization Requirements- To be considered a qualified non-profit entity, the entity must be a 501(c) 3 or 501(c) 4 organization with an exempt purpose of fostering low income housing. The non- profit organization cannot be formed by one or more individuals of for-profit entities for the principal purpose of being eligible for funding. In addition, the non-profit 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 Non-Profit Entity's Articles of Incorporation and Bylaws, and all relative amendments, one of which must contain a description of the Non-Profit Organization and its activities that include the fostering of low-income housing in its Articles of Incorporation or Bylaws, as may be amended must be included in the application.

1.21.2 Eligible Project Type/Activity

HTF funds shall be used for projects supplying rental housing that meet the requirements of the Housing Trust Fund. Construction and rehabilitation of multi-family and single family rentals are eligible. Activity includes construction or rehabilitation of rental housing for extremely low income families.

1.21.3 Financial Feasibility

MHC will conduct a preliminary financial feasibility analysis at the time of application to (1) determine the development's feasibility and (2) determine the amount of HTF funds needed to make the development feasible. The analysis is designed to ensure that developments do not receive excessive assistance. In cases where the results of MHC's analysis indicate that there will be excess assistance, MHC will reduce the amount of HTF to eliminate the excess.

A cost certification analysis will be conducted once the development is complete. MHC will require owners to submit for the agency's review an independent third-party CPA cost certification. As part of the evaluation, MHC will ascertain the reasonableness of the cost components. It is the owner's responsibility to review the cost certification in its entirety prior to its submittal to MHC. Once submitted, the cost certification cannot be amended or supplemented except as may be required by MHC.

If there is a substantial difference in certified costs and the costs proposed at application, MHC has the option to award additional funds or recapture HTF funds invested. The award of additional funds will be based on justification, amount and availability of funds.

1.21.4 Merits: Addressing State's Priority Housing Needs

All developments must meet the priority housing needs of the State's Consolidated Plan. Developments assisted with HTF funds are required to set aside at least twenty percent (20%) of the total units for persons whose income does not exceed thirty percent (30%) of the area median income. HTF-Assisted units developed will be designated for Special Needs Housing.

Based on the Special Needs Category listed below:

- 1) Percentage of the units are assigned for Housing for Disabled Persons;
- 2) Percentage of the units are assigned for Housing for Homeless

A Land Use Restrictive Agreement (LURA) committing to serve tenants at this income level for a period of 30 years or longer must be executed and recorded prior to final approval. Applicants must indicate this election on the application form. In addition, a statement, executed by a principal member of the Ownership Entity, electing to set aside 20% of the total units for persons at or below 30% of the area median income must be included in the application package.

1.21.5 Evidence of Affirmatively Furthering Fair Housing

Fair Housing requirements, including affirmatively furthering fair housing, apply to the HTF program and any limitation or preference must not violate nondiscrimination requirements. Applicants must adhere to 24 CFR 200.615) and provide an Affirmative Marketing Plan demonstrating the goal and effort to affirmatively further fair housing for ELI households, according to HTF 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 multi-family housing project owner/agent may reasonably expect to draw a substantial number of its tenants
- 3) Identify an expanded housing market area which is a larger geographic area which may provide additional demographic diversity in terms of race, color, national origin, religion, sex, familial status, or disability.
- 4) Include marketing material in other languages for limited English proficient individuals, and

alternative formats for persons with disabilities in public view.

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

(See Exhibit 2)

1.21.6 Firm Commitment of Other Funding Sources

The HTF must be used in conjunction with other sources of funds. Applicants must demonstrate through a Sources and Uses Statement that other sources of funding, such as LIHTC, HOME and other federal and local housing programs will be utilized. The extent to which application make use of other funding sources (non-federal funding sources), such as, State and local publicly-controlled funds and/or land donated by state or local government to achieve deep affordability for ELI households or the extent which application make use of private funds or in-kind commitments, including donation of land, for production, preservation, or operation of the project to achieve deep affordability for ELI households.

1.21.7 Implementation of Supportive Services

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

Applicants must list all services that will be provided by the development in the application. Upon receipt of a reservation of HTF 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/tents advertising the event/service, service log book and/or activity reports). Requests for changes from prior approved community services must be approved by MHC. Development Owners/Property Managers must provide an annual performance report as evidence that Community Service requirements have been met. Community Service activity must be provided during the duration of the affordability period.

Examples of Acceptable Community Services:

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

*Community Services Certification Form must be submitted with application. (See HTF Attachment)

1.21.8 Applicant Experience

Applicant's experience and capacity to develop and manage the project- Proof documentation , such as, resume, references, and financial statements demonstrating applicant's capacity and years of hands on experience in developing multi-family and single family housing, evidence of successful completion and operation of similar projects for ELI populations. **Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:**

- 1) Own, construct or rehabilitate, and manage and operate an affordable multifamily rental 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 HTF funds to ensure compliance with all applicable program requirements and regulations.

1.21.9 Certification of HTF Requirements

Recipients of HTF funds are to submit written certification assuring that HTF assisted housing units will comply with all Regulatory and Statutory HTF requirements, during the entire period, which is inclusive of the selection to receive funds and at the conclusion of all HTF funded activities/affordability period. This certification must be provided on company's letterhead signed by owner/ developer of the Development.

1.21.10 Development in High Opportunity Areas

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

MHC has identified several opportunity tracts as being qualified as a High Opportunity Area **(See Exhibit 1)**. To make this determination, MHC considered the following:

- 1) Areas which include a high concentration of extremely low income populations and a shortage of affordable housing in the geographical area
- 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) Applicants may utilize the interactive map provided on MHC's website to determine if the proposed development is located in an area of high opportunity. **(See Exhibit 1 Map)**

1.21.11 Readiness to Proceed

The applicant demonstrates the ability to commit HTF dollars and undertake funded activities in a timely manner. Funds must be committed within 24 months and expended within 5 years.

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

Addendum 2/Scoring

1.21.12 SELECTION CRITERIA

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

| | |
|--|---------------------|
| (1) Geographic Diversity | 20 pts |
| (2) Affordable Rent | 15 pts |
| (3) Affordability Period for Rental Housing | 15 pts |
| (4) Other Special Needs Housing | Up to 20 pts |
| (5) Development Experience/Qualified Principal Member | Up to 10 pts |
| (6) Management Experience | Up to 10 pts |
| (7) Development Amenities | 10 pts |
| Total | 100 pts |

1.21.13 Geographic Diversity

20 pts

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

- 1) Projects developed are in locations that are considered poverty driven and address the affordable rental housing needs for extremely low-income (30 % of AMI) households. **(See Exhibit 3-Mississippi Poverty Rate by County) Preference will be given to developments located in counties with a poverty rate above 30 percent.**
- 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.
- 3) Projects will be funded according to the shortage or strong evidence of an inadequate supply of rental housing affordable to extremely low-income households.

1.21.14 Affordable Rent**15 pts**

Fifteen Points will be awarded to developments that provide project-based rental assistance to ELI income-qualified tenants/families to the extent rents will be affordable. “Affordable to extremely low income families” is defined as families not paying more than 30% of their household income for housing cost, including utilities. Project-based rental assistance includes, but is not limited to, unit-based rental assistance, operating subsidies, or cross-subsidization of rents within the project.

The rental assistance must be provided to the development for a minimum of thirty (30) years starting on the later of the development’s place in service date or the date of issuance of the first subsidy payment. The application must include a copy of the fully executed rental assistance contract or a rental assistance commitment letter between the proposed development ownership entity and the provider of the rental assistance. The contract/commitment letter must include the name of the proposed development, the amount of rental assistance, the number of units that will be subsidized, the duration of the contract, and any qualifying terms and/or conditions.

To qualify, the development must meet all of the following criteria:

- 1) The rental subsidy provided must be no less than what is necessary to bring the tenant paid rent and utility below 30 % of the household monthly gross income.
- 2) The tenant households receiving the rental assistance must have an income of 30% or less of the area median income.
- 3) The development’s Pro Forma must demonstrate the ability to provide the rental assistance and continue to have a positive cash flow throughout the compliance period.

1.21.15 Affordability Period for Rental Housing**15 pts**

The length of the units’ affordability period for rental housing- The extent to which a project extends the 30 year minimum affordability period by 5 years. A Land Use Restrictive Agreement (LURA) committing to for a period that exceeds the 30 year affordability period must be executed and recorded prior to issuance of approval of HTF funds.

1.21.16 Other Special Needs Housing**Up to 20 pts**

Up to twenty points will be awarded to developments that target the Special Needs categories listed below:

1.21.16.1 Housing for Disabled Persons-Mississippi Olmstead Initiative (20 pts)

Individuals diagnosed with serious mental illness and meeting one or more of the following criteria:

- 1) Priority 1: Individuals being discharged from a State psychiatric hospital after a stay of more than ninety (90) days; or, nursing facility, or intermediate care facility for individuals with intellectual disabilities after a stay of more than ninety (90) days; or
- 2) Priority 2: Individuals who have been discharged from a State psychiatric hospital within the last two (2) years and; had multiple hospital visits in the last year due to mental illness; or Are known to the mental health or state housing agency to have been arrested or Incarcerated in the last year due to conduct related to mental illness; or Are known to the mental health or state housing agency to have been homeless for one (1) full year or have had four (4) or more episodes of homelessness in the last three (3) years.
- 3) Priority 3: Individuals who lack a fixed, regular, and adequate nighttime residence and includes a subset for an individual who is exiting an institution where he or she resided for ninety (90) days or less and who resides in an emergency shelter or a place not meant for human habitation immediately before entering that institution.”

Points will be awarded to developments that set aside a minimum of 10% but no more than 20% of the total development units for persons targeted by the Mississippi Affirmative Olmstead Initiative.

To qualify for this incentive, the owner must agree to accept referrals from the Mississippi Olmstead initiative referral network and execute a memorandum of understanding between the owner, property manager, and the Community Mental Health Center serving the area under the Mississippi Olmstead Initiative for the period of the targeting agreement.

Applicants must indicate this election on the application form. In addition, a statement, executed by a principal member of the Ownership Entity, electing to set aside 10% of the total units for persons targeted in the Mississippi Affirmative Olmstead Initiative at or below 30% of the area median gross income must be included in the application package.

In addition, applicants must commit to listing vacant units on MSHousingSearch.org (<http://www.mshousingsearch.org/>) and identify any special accommodative features of the units for the population they intend to serve. When registering the property in MSHousingSearch.com, the development must complete the section “Special Needs Populations: (private) page”, and check the “Mental Health Consumer” option.

Owners and Management Entities must demonstrate continuous marketing efforts by adhering to its marketing plan, utilizing the above referenced agencies for referrals, and listing units on MSHousingSearch.org. Documentation of the marketing efforts must be kept on file with the site manager.

Tenant paid rents must be reduced by the amount of the owner rental assistance payment. **The application must include a certification from the development’s owner to commit to provide rental assistance payments.** The certification must state that the Owner will provide rental assistance to persons targeted in the Mississippi Affirmative Olmstead Initiative that are at or below the 30% area median income level, state that the TPR for the selected tenants will not exceed \$235.00, indicate the number of units that will be subsidized, and state the number of years the assistance will be provided. Prior to HTF approval, the Owner must provide the most current rent roll that identifies (a) which tenants are at or below the 30% AMI, (b) the amount of tenant paid rent, (c) the amount of the rental subsidy and (d) the number of bedrooms in the unit.

The development must meet all the requirements of the Housing for Disabled Persons Targeted by Mississippi Affirmative Olmstead Initiative and the State's Consolidated Plan. The disbursement of assistance will be monitored in accordance with HTF requirements and the compliance monitoring requirements outlined in the Compliance Monitoring Plan in effect at the time of the issuance of the 8609 forms. Development owners and/or management entities that fail to meet all of the owner-based rental assistance requirements will subject the development team to penalties as outlined in Section 1.4(6) of the QAP.

*Developments that receive points for Veterans and Homeless are not eligible for these points.

1.21.16.2 Housing for Veterans (10 pts)

Housing for Veterans is defined as a household that includes one or more persons that is eligible for Veteran benefits as documented by the United States Department of Veterans Affairs. **A minimum of 10% of the units must be set aside for Veterans.** Letters of support and collaboration from the nearest Veterans Administration Hospital or community-based outreach clinic are required to demonstrate coordination of veteran-specific resources and services.

*Developments that receive points for Housing for Disabled Persons Targeted by Mississippi Affirmative Olmstead Initiative and Homeless are not eligible for these points.

1.21.16.3 Housing for the Homeless (10 pts)

Housing for the homeless is defined as an Individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

- 1) Has a primary nighttime residence that is a public or private place not meant for human habitation;
- 2) Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state and local government programs); or
- 3) Is exiting an institution where (s) he has resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

Recordkeeping and documentation requirements must include the following:

- 1) Written observation by the outreach worker; or
- 2) Written referral by another housing or service provider; or
- 3) Certification by the individual or head of household seeking assistance stating that (s) he was living on the streets or in shelter;

*Developments that receive points for Housing for Disabled Persons Targeted by Mississippi Affirmative Olmstead Initiative and Veterans are not eligible for these points.

| | | |
|----------------|-------------------------------|---------------------|
| 1.21.17 | Development Experience | Up to 10 Pts |
|----------------|-------------------------------|---------------------|

Up to 10 points will be awarded to an applicant that has at least one qualified principal member. Points awarded will be based on the number of developments placed in service between 2000 and 2015. Applicants must complete the Development Experience Form for each Qualified Principal Member.

A **qualified principal member** is a person who has previous experience (as a developer or general partner) in the Low Income Housing Tax Credit Program or other affordable housing programs (i.e., Rural Development, HUD). A qualified principal member must have a minimum of 51% ownership interest in the general partnership to be eligible. In cases where the principal of the general partner is an entity, the qualifying principal member must own a minimum of 51% ownership of the entity. Additionally, all members of the general partner must be in good standing with all MHC programs. Development experience preference will not be acknowledged, if a principal of the general partner entity has any outstanding major noncompliance issues, which occurred prior to the application date. **Experience (any state)**

Qualified Principal Members that have developments that Placed in Service (in any state) between 2000 and 2015 will be awarded points as stated in Chart 11.

Chart 11: Development Experience Points (any state)

| No. of Developments Placed in Service between 2000 - 2015 | Eligible Points |
|--|-----------------|
| One Development | 2 points |
| Two Developments | 4 points |
| Three Developments | 6 points |
| Four Developments | 8 points |
| Five (or more) Developments | 10 points |

| | | |
|----------------|------------------------------|---------------------|
| 1.21.18 | Management Experience | Up to 10 Pts |
|----------------|------------------------------|---------------------|

Up to 10 points will be awarded to applicants that have a contract with a property management company that has at least three (3) years previous experience in managing low income housing tax credit developments. Additional points may be awarded if the contact person of the management entity has an HTC Certification. The application package must include a complete Management Performance Form (**QAP Attachment 7**). Points will not be awarded if this form is not accurately completed. MHC will consider requests for Joint Ventures (experienced management entities partnering with inexperienced management entities) after the management entity has completed a minimum of three successful years in operation from the development's placed in service date.

Two points will be deducted from an applicant's score if the Management Entity has any major noncompliance issues that occurred prior to the application date. Applicants are encouraged to request verification of their compliance status prior to submission of application.

Chart 12: Management Experience Points

| Scoring Criteria | Eligible Points |
|--|-----------------|
| Qualified Development(s) | 8 pts |
| HTC Certification | 2 pts |
| Major Non-Compliance not corrected by 12/31/15 | -2 pts |

1. Qualified Development(s) (6 points)

The proposed management entity must have experience in managing at least one qualified development. A development will be considered qualified for Management Experience points if it is an LIHTC development that placed in service prior to January 1, 2013. The proposed management entity must have begun managing the development no later than January 1, 2013 and must be currently managing the development.

2. HTC Certification (2 points)

Five points will be awarded to a development if the contact person listed on the application form (under "Management Entity") has at least one of the following HTC Certifications: ***Housing Credit Certified Professional (HCCP), Certified Credit Compliance Professional (C3P), and/or Specialist in Housing Credit Management (SHCM)***. The experience must be documented on the Management Performance Form (QAP Attachment 7).

Developments will be awarded two points per development amenity up to a maximum of ten points. Amenities must be appropriate to the proposed tenant population. All proposed amenities must be selected on the application and notated and highlighted on the Plans/Drawings or Physical Needs Assessment. Applicants must adhere to all amenities selected on the application, regardless of whether or not points are awarded.

1.21.19.1 Advanced Community Services/Classes

Developments that offer at least one advanced service/class beyond the required services notated below will receive two points. All services/classes must meet all requirements. Acceptable advance services/classes are as follow:

- Mentoring Program for At-Risk Boys and Girls
- Reading Programs for adults that have difficulty reading or do not know how to read

The required services must be conducted by a third party service provider. Classes/Services conducted by employees of the management entity or unqualified individuals will not be considered acceptable.

1.21.19.2 Neighborhood Services

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

- Grocery Store
- Pharmacy
- Bank or Credit Union
- Hospital or Medical Clinic

1.21.19.3 Furnished Clubhouse or Community Building

The Clubhouse/Community Building must have a designated room for tenant activities and meetings. Also, it must meet the requirements of MHC's Minimum Design Quality Standards. Multi-phase developments may share the Clubhouse/Community Building provided that it will accommodate the development size.

1.21.19.4 On-site Business/Education Center

Must have its own dedicated equipment (including desktop computers with Internet access, scanner, fax machine, and copier/printer) separate and apart from the equipment used by the development manager's office staff. Detailed drawings of the community building to include business center and its equipment must be shown.

Full perimeter fencing with controlled access gate

The fencing and gate must be either wrought iron or wood. Chain-link fencing is unacceptable.

1.21.19.5 Exterior Security

The security system must consist of a camera system, motion detector sensors and lighting that will provide adequate monitoring and coverage of the property.

1.21.19.6 Fitness Center

The Fitness Center must have a minimum of five pieces of equipment. The equipment must be of commercial grade and consist of strength training machines and cardiovascular machines. A photo and specifications of the equipment must be included in the application.

1.21.19.7 On-site Laundry Facility

The laundry facility must contain a minimum of one washer and one dryer for every eight residential units.

1.21.19.8 Walking, Jogging, or Biking Trail

1.21.19.9 Basketball, Volleyball, or Tennis Court

1.21.19.10 Landscaped area including a gazebo with sitting area

The landscaped area must include a site built and permanently affixed gazebo with sitting area. The gazebo must be a minimum of 400 square ft. Under roof.

1.21.19.11 Playground

The playground equipment must be of commercial grade with a minimum of four separate play activities. Multi-functional single structures are acceptable provided that it has at least four separate play activities. A photo and specifications of the equipment must be included in the application. Multi-phase developments must each have its own playground.

1.22 ATTACHMENTS

- Exhibits 1, 2, & 3
- Federal Register
- HTF Table of Contents Form
- Housing Trust Fund Loan Application
- Sources of Funds
- Project Development Cost Budget and Timeline
- Subsidy Layering Worksheet
- State of Mississippi HTF Maximum Mortgage Limits
- Long Term Rental Assistance Commitment Certification
- Initial Site Assessment Form
- Construction Certification Form
- Minimum Design Quality Standards(MDQS)
- MHC Housing Tax Credit Compliance Monitoring Plan
- Period of Affordability Awareness Statement
- Rehabilitation Standards
- Uniform Physical Condition Standards (UPCS)
- Physical Needs Assessment Form
- Development Experience Form
- Management Experience Form
- Special Needs Housing Commitment Certificate
- Community Services Certification Form
- Development Organization Chart
- Development Narrative (location map & neighborhood description)
- Income Limits
- Definitions
- References

EXHIBITS

Exhibit 1

High Opportunity Areas 2016 Mississippi Home Corporation

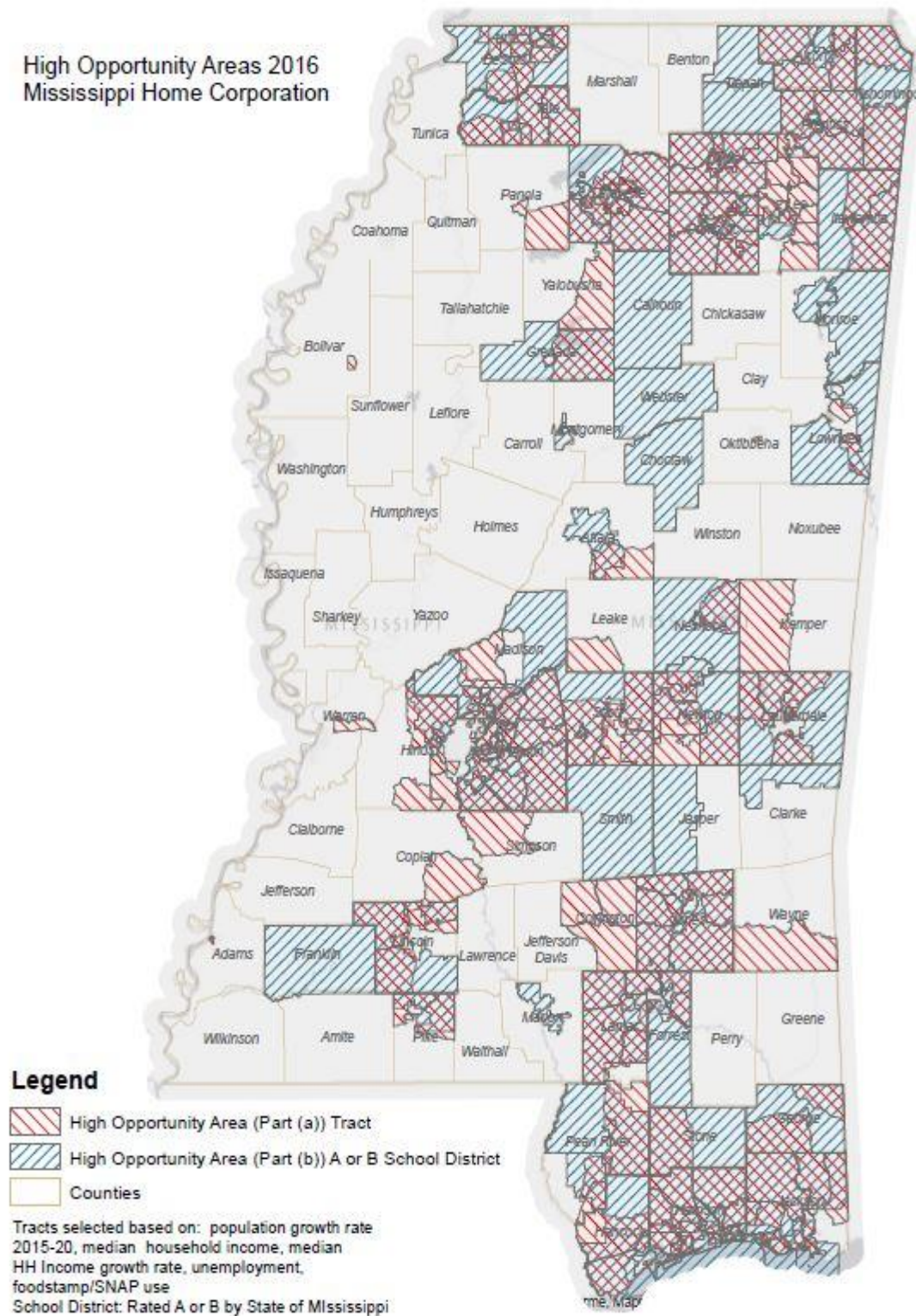


Exhibit 2

| |
|--|
| Affirmative Fair Housing Marketing Plan (AFHMP) |
|--|

Affirmative Fair Housing Marketing Plan Form - Multifamily Housing and Single Family Housing

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

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

(See Attachment)



Persons below poverty level, percent, 2009-2013 - (Percent)

| County | Value |
|-----------|-------|
| Adams | 28.4 |
| Alcorn | 20.8 |
| Amite | 25.7 |
| Attala | 27.7 |
| Benton | 24.1 |
| Bolivar | 34.3 |
| Calhoun | 23.7 |
| Carroll | 24.4 |
| Chickasaw | 25.3 |
| Choctaw | 24.1 |
| Claiborne | 33.1 |
| Clarke | 23.4 |
| Clay | 26.4 |
| Coahoma | 38.2 |
| Copiah | 26.3 |
| Covington | 29.9 |
| Desoto | 9.8 |
| Forrest | 27.6 |
| Franklin | 23.0 |
| George | 18.6 |
| Greene | 18.2 |
| Grenada | 21.9 |
| Hancock | 18.7 |
| Harrison | 19.9 |
| Hinds | 25.3 |
| Holmes | 43.5 |
| Humphreys | 44.9 |
| Issaquena | 32.5 |
| Itawamba | 15.7 |
| Jackson | 15.9 |
| Jasper | 22.1 |
| Jefferson | 40.0 |

Persons below poverty level, percent, 2009-2013 - (Percent)

| County | Value |
|-----------------|-------|
| Jefferson Davis | 27.0 |
| Jones | 23.0 |
| Kemper | 33.3 |
| Lafayette | 25.6 |
| Lamar | 17.4 |
| Lauderdale | 24.1 |
| Lawrence | 18.8 |
| Leake | 27.7 |
| Lee | 18.3 |
| Leflore | 40.4 |
| Lincoln | 23.5 |
| Lowndes | 25.4 |
| Madison | 12.7 |
| Marion | 28.2 |
| Marshall | 22.2 |
| Monroe | 21.6 |
| Montgomery | 31.1 |
| Neshoba | 24.1 |
| Newton | 18.6 |
| Noxubee | 34.6 |
| Oktibbeha | 33.7 |
| Panola | 25.3 |
| Pearl River | 22.2 |
| Perry | 21.0 |
| Pike | 27.5 |
| Pontotoc | 14.0 |
| Prentiss | 24.2 |
| Quitman | 40.7 |
| Rankin | 11.5 |
| Scott | 24.7 |
| Sharkey | 31.2 |
| Simpson | 22.6 |

Persons below poverty level, percent, 2009-2013 - (Percent)

| County | Value |
|--------------|-------|
| Smith | 23.6 |
| Stone | 18.0 |
| Sunflower | 36.1 |
| Tallahatchie | 30.2 |
| Tate | 18.5 |
| Tippah | 25.5 |
| Tishomingo | 17.6 |
| Tunica | 30.3 |
| Union | 23.5 |
| Walthall | 25.3 |
| Warren | 24.4 |
| Washington | 37.3 |
| Wayne | 28.4 |
| Webster | 24.9 |
| Wilkinson | 27.8 |
| Winston | 29.8 |
| Yalobusha | 22.2 |
| Yazoo | 35.5 |

*The Census Bureau uses a set of income thresholds that vary by family size and composition to determine poverty status.

Federal Register

(Attachment)

HTF Table of Contents Form

(Attachment)

Housing Trust Fund Loan Application

(Attachment)

Sources of Funds Statement

Applicants must demonstrate through a Sources & Uses Statement that other sources of funding will be utilized.

(Attachment)

Project Development Cost Budget and Timeline

Submit a Development Cost budget in sufficient detail to determine total project development cost and funding. List the number of units included in the development.

A detailed development timeline that lists expected dates of all phases of the construction and development (including but not limited to funding source closing dates, construction start and end dates, lease-up dates, etc.)

Subsidy Layering Worksheet

A Subsidy Layering Analysis will be conducted before committing HTF Funds to a project. The analysis will determine costs are reasonable, verifiable sources and uses of funds, amounts requested are necessary and their uses are determined feasible.

Housing Trust Fund Maximum Mortgage Limits

(Attachment)

Long Term Rental Assistance Commitment Certification

A Land Use Restrictive Agreement (LURA) committing to providing rental assistance for tenants at or below 30% of the area median income level for a period of 30 years or longer must be executed and recorded prior to final approval.

Initial Site Assessment Form

(Attachment QAP)

Construction Certification Form

For new construction or rehabilitation, construction must start within 12 months of date of contract between the recipient and MHC.

Construction Documents- a Construction Financing Letter showing the construction loan amount and terms. A properly executed and dated Construction Contract Construction Certification Form (**Attachment 3 (QAP)**) properly executed by the development's owner, architect/engineer and general contractor.

Period of Affordability Period Awareness Statement

The commitment to executing a Land Use Restrictive Agreement (LURA sets forth, as covenants running with the land for a minimum of 30 years (or additional years if the development owner has committed to a longer use period), the low income unit set-asides, the percentages of low income to be served, the special housing needs units committed to (if any), and such other requirements as MHC may apply based on HTF requirements and the (QAP).

Physical Needs Assessment Form

A physical needs assessment for each building and each unit certified by a licensed architect or engineer must accompany the application **(See Attachment QAP 4): Physical Needs Assessment)**

Development Experience Form

(Attachment)

Management Experience Form

(Attachment)

Special Needs Housing Commitment Certification

Certification from the development's owner committing to a set-a-side at least 20% of total units developed for targeted population, whose income does not exceed thirty percent (30%) of the area median income.

Community Service Certification Form

Community Services Requirements- All developments must commit to provide a minimum of two (2) community services listed in the HTF Allocation Plan. Applicants must select services that will meet the needs of its tenants. In addition, commit that these services will be kept current as to changing tenant needs, economic conditions, social change and duration of Affordability Period.

(Attachment)

Development Organizational Chart

Organizational Documents –The application must include the formation documents, Certificate of Good Standing, and a detailed Organization Chart as outlined in Section 1.2(3). See (QAP)

(Attachment)

Development Narrative (location map and neighborhood description)

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

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

HTF Rehabilitation Standards

(Attachment)

Housing Tax Credit Compliance

Attachment

Housing Tax Credit Allocation Plan- Minimum Design Quality Standards (Addendum B)

Attachment (QAP)

Uniform Physical Standards (UPCS)

Attachment

Uniform Physical Standards (UPCS)

Physical Condition Standards for HUD Housing (24 CFR 5.703)

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

(a) Site. The site components, such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazards.

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

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

(d) Dwelling units.

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

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

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

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

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

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

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

Income Limits

Rent Restrictions. Rents on HTF assisted units are restricted. The maximum allowable rent is based on the number of bedrooms and area median income as established annually by HUD .

(Attachment)

Subpart A-93.2 Definitions

Reference Federal Register

Reference (QAP)

- Initial Site Assessment Form-Attachment 2
- Construction Certification Form-Attachment 3
- Physical needs Assessment Attachment 4
- Description of Materials- Attachment 5
- Development Experience Form Attachment – Attachment 6
- Management Experience- Attachment 7
- Community Service Certification Form –Attachment 9
- Development Organizational Chart-Attachment 11
- Selection Criteria-Addendum A #6 High Opportunity Area
- Selection Criteria-Addendum A #10-11 Development Amenities
- Selection Criteria-Addendum A –pg. 63- Mississippi Olmstead Initiative
- Section 8-Compliance Monitoring Plan Summary
- Section 9-Fair Housing Accessibility Requirements