

State of Mississippi
HOME PROGRAM
Application Guide



MISSISSIPPI HOME CORPORATION

2018

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OVERVIEW

1.1 STATUTORY BACKGROUND

The HOME Program was created by the National Affordable Housing Act of 1990 (NAHA), and has been amended several times by subsequent legislation. It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. HOME funds are allocated by formula to Participating Jurisdictions (PJs), which are defined as state and local governments (including consortia) that receive funds to operate the program.

1.2 PURPOSE

The purpose of the HOME Program is to:

- Provide decent affordable housing to lower-income households,
- Expand the capacity of nonprofit housing,
- Strengthen the ability of state and local governments to provide housing, and
- Leverage private-sector participation

1.3 MHC'S RESPONSIBILITY

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

1. Reduce homelessness and help lower-income families avoid paying a disproportionate share of their income for housing.
2. Complement existing Federal, State and local efforts to increase and preserve the supply of rental housing for 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 HOME 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 guidelines to indicate how it will distribute HOME Program resources based on the priority housing needs identified in the State's Consolidated Plan (Con Plan). Mississippi's HOME Program Guidelines is a component of the

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

MHC will make every effort to balance statutory priorities and preferences and ensure a geographic distribution of funds as defined by the State's Con Plan and/or low and high opportunity areas.

1.4 ALLOCATION

HOME funds are allocated by formula to Participating Jurisdictions (PJs), which are defined as state and local governments (including consortia) that receive funds to operate the program. The State must reserve *a minimum of 15 percent* of its annual allocation for activities undertaken by qualified Community Housing Development Organizations (CHDOs). MHC will commit HOME allocation for rental housing and homeownership activities in accordance to addressing the State's priority needs.

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 percent (10%) and no more than twenty percent (20%) of units for Special Needs populations.
4. Incorporate Supportive Services appropriate to residents.
5. Project a specific number of units targeting HOME income-eligible residents.

1.6 LIMITATIONS TO A PARTICULAR SEGMENT/ POPULATION

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

1.7 DISTRIBUTION OF FUNDS

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

Applicants for HOME must address the following priorities:

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

Citizen Participation in Forming HOME Investment Priorities - MHC facilitates the development and implementation of the Con Plan and subsequent AAP, the Consolidated Annual Performance and Evaluation Report (CAPER) as well as, ensuring Citizen Participation requirements are followed. In identifying uses of HOME Funds, MHC solicit input from an Advisory Team consisting of individuals and groups representing aspects of low-income housing including: Low Income Housing Tax Credit Developers, Planning and Development Districts, For-Profit and Nonprofit Developers, Public Housing Authorities, 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 AAP to ensure a connection with the community and its needs and to provide a broad understanding of the critical role affordable housing plays in the community.

Acting pursuant to statutory requirements, public hearings are held in various locations throughout the state for receiving comments on a draft of the 2018 State's AAP 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 Plan.

Availability of Funds

The State of Mississippi has **available \$3,561,150 in the Rental Housing Set-Aside and \$2,593,522 in the CHDO Set-Aside through the HOME Investment Partnerships Program (HOME).**

HOME funds are intended to leverage other affordable housing funds to maximize the resources available for the development of affordable housing opportunities. Therefore, these funds will be used for gap financing. The total HOME award may not exceed the maximum per unit subsidy limits applicable at the time of HOME commitment for the number of units that will be designated as “HOME units”. Rent/income limits, property standards, and affordability periods apply to the use of these funds.

For-profit and nonprofit applicants with a successful track record of developing affordable housing opportunities are eligible to apply for HOME funds. Applicants will be required to demonstrate financial capacity and development experience commensurate with the project for which HOME funds are provided. Nonprofit organizations applying for CHDO funding must meet the CHDO qualifications and demonstrate staff capacity. Nonprofits awarded funding through CHDO set-asides may request operating expenses not to exceed \$50,000.

Funding is available for the following housing activities and project types:

- Site Acquisition
- Development of Rental or Ownership Housing
- Rehabilitation of Existing Rental or Ownership Housing
- Development of Transitional Rental Housing
- Multi-family and Single-Family Housing

Forms of Assistance

HOME funds will be awarded on a competitive basis to projects that address the criteria outlined in this document (See Addendum A & B). HOME contribution to a development will be structured as a loan, which will mitigate risk to Eligible Basis in developments using LIHTC. Loans are structured as payable from available cash flow to minimize project debt and maximize affordability to lower income households. Terms of loans will be set by MHC underwriting and designed to ensure that the use of HOME dollars are maximized. The project must 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 the LIHTC program, federal and local programs, and other sources. Applicants that anticipate receiving an award from other funding sources such as HOME, LIHTC, or others must provide evidence that they have applied for such funding. They must include acknowledgement from the funding entity that the application has been received and the amount requested. To determine if projects are financially feasible and meet required standards and criteria, applicants are required to provide a narrative description of activities or proposed projects to be developed (Reference - HOME Program Application, HOME Attachment).

HOME funds may be used for rehabilitation or construction of public housing units that are part of the Choice Neighborhoods Program that will LIHTCs.

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

1.8 CERTIFICATE OF COMPLIANCE

A recipient of HOME funds is required to sign a statement assuring that it will comply with the requirements of the HOME 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 HOME funds, a development must qualify under the federal rules contained in Regulation 24 CFR Part 92.

HOME Requirements:

1. Eligibility
2. Income-Targeting Requirements & Determinations
3. HOME Funds and Public Housing
4. Maximum Award
5. Administration and Planning Costs
6. Period of Affordability
7. Prohibited Activities
8. Maximum Per-Unit Subsidy Amount, Underwriting and Subsidy Layering
9. Maximum Per-Unit Development Subsidy
10. Property Standards
11. Rehabilitation Standards
12. Site and Neighborhood Standards
13. Distribution of Assistance
14. Compliance Monitoring (Reference: HOME Regulations)

15. Fair Housing/Affirmative Marketing
16. Lead-Based Paint
17. Accessibility
18. Environmental
19. Displacement, Relocation, and Acquisition
20. Conflict of Interest
21. Funding Accountability and Transparency
22. Program Disbursement and Information System
23. Program Income and Repayments
24. Onsite Inspections
25. Uniform Administrative Requirements
26. Audit
27. Monitoring
28. Closeout
29. Recordkeeping

1.10 ELIGIBILITY

MHC will adhere to HOME requirements by targeting low-to very-low income families with incomes between 0 and 80 percent of area median income including homeless families.

1.10.1 ELIGIBLE APPLICANTS

Organizations eligible to receive funding through the HOME program rental set-aside are nonprofit and for-profit organizations with demonstrated development experience and capacity with creating, rehabilitating, or preserving affordable housing.

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

Community Housing Development Organization (CHDO) - a private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations. The State uses a minimum of 15 percent of its annual allocation for housing owned, developed or sponsored by CHDOs. Nonprofits seeking HOME funds through CHDO set-asides must first become certified as a CHDO.

1.10.2 ELIGIBLE / INELIGIBLE PROJECT TYPES

HOME Rental and CHDO Set-Aside funds shall be used for rental and homeownership housing that meets the requirements of the HOME Program. The following project types are designated as eligible and ineligible for HOME funding:

1.10.3 ELIGIBLE PROJECT TYPES

1. Multi-family Rental housing
2. Single family Rental housing
3. Transitional Housing

1.10.4 INELIGIBLE PROJECT TYPES

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

1.10.5 ELIGIBLE ACTIVITIES

MHC will adhere to Eligible and Prohibited Activities in accordance with CFR 92.205. Applicants must describe activities to be undertaken in sufficient detail for MHC to determine that the proposed activities are permitted by regulation. Affordable rental housing may be acquired and/or rehabilitated, or constructed.

HOME funds may be used to 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 HOME 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 a designated percentage of

the annual HOME Allocation may be used for operating cost assistance and/or an operating cost assistance reserve. Operating cost assistance and/or an operating cost assistance reserve may be provided only to rental housing acquired, rehabilitated, reconstructed, or newly constructed with HOME funds.

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

1.10.6 PROHIBITED ACTIVITIES AND FEES

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

1.11 QUALIFICATION AS AFFORDABLE HOUSING

1.11.1 INCOME DETERMINATION

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

1.11.2 INCOME-TARGETING REQUIREMENTS

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

1.11.3 ELIGIBLE BENEFICIARIES

The HOME assisted units in a rental housing project must be occupied by households in accordance with the income targeting requirements in CFR 92.216 regulations. The Legibility of households for HOME assistance varies with the nature of the funded activity. Eligible tenants selected to occupy HOME- assisted units are low- to very-low income families.

For rental housing and rental assistance, at least 90% of benefiting families must have incomes that are no more than 60% of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80% of the area median.

1.11.4 RENT LIMITATIONS

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 HOME regulations.

1.12 MAXIMUM AWARD PER APPLICANT

The maximum award per applicant is determined by reviewing the financial feasibility of the project including its operating revenues. HOME funds will be combined with other federal and non-federal sources such as LIHTC and tax exempt bonds to produce and preserve affordable units.

Tax Exempt Bond Development Requirements

Tax exempt bond developments include those financed with exempt facility bonds that are used for qualified residential developments. Applicants must commit to a twenty (20) year low-income use on the portion supported by HOME funds. Bond financed developments will be reviewed for feasibility and threshold requirements. An opinion letter from a Certified Public Accountant must accompany the application to certify that 50% or greater of the 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 \$500,000 and is based on MHC's case-by-case analysis.

1.14 **MAXIMUM PER UNIT DEVELOPMENT SUBSIDY, LAYERING AND UNDERWRITING GUIDELINES**

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

HOME required review elements:

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

Maximum per Unit Subsidy Limits

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

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

The maximum per-unit subsidy limits calculation demonstrates the maximum

amount that can be invested per unit development for **HOME assisted projects**.
See Exhibit:

1.15 PROPERTY STANDARDS

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

1.15.1 NEW CONSTRUCTION AND GUT REHAB PROJECTS

MHC written standards ensure that project plans, specifications, and work write-ups are in compliance with State and local codes, ordinances, requirements, standards and cost estimates. HOME assisted new construction and gut rehabilitation projects must meet all applicable state and local codes, ordinances, and zoning requirements. They must also meet the International Residential Code or International Building Code (as applicable), or state or local residential and building codes for new construction or gut rehabilitation.

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 Air-Conditioning engineers (ASHRAE) Standard 90.1-2007. All water usage products installed in HOME assisted units must bear the Water Sense label.

1.15.3 PROPERTY STANDARDS 92.251

HOME assisted rehabilitation projects must meet all applicable state and local codes, ordinances, and requirements upon project completion.

1.16 REHABILITATION STANDARDS

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

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

The adopted standards are in compliance with the following HOME rehabilitation standards requirements:

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

1.16.1 HEALTH AND SAFETY

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

1.16.2 ON-SITE INSPECTIONS

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

1.16.3 HEALTH AND SAFETY DEFICIENCIES

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

1.16.4 OCCUPANCY SUITABILITY

To adhere to HOME 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 and safety codes and ordinances.

1.16.5 MAJOR SYSTEMS

Major systems are structural supports, roofing, cladding and weatherproofing (e.g., windows, doors, siding, gutters), plumbing, electrical, heating, ventilation, and air conditioning. MHC's designated inspector will estimate (based on age and condition) the remaining useful life of these systems upon project completion. 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 systems is less than the applicable period of affordability, MHC will ensure that a replacement reserve is established. All components, systems, and equipment of a development unit shall be in good working order and condition and be capable of being used for the purpose for which they were intended and/or designed. Components, systems, and/or equipment that are not in good working order and condition shall be repaired or replaced.

Energy Star labeled and Water Sense labeled products must be installed when older obsolete products such as windows, doors, lighting, fans, water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers, dryers, dishwashers, toilets, showers, and faucets are replaced as part of the approved

rehabilitation work. When it is necessary to replace items, the replacement items must conform to the LIHTC Minimum Design Quality Standards and HOME Rehabilitation Standards.

1.16.6 LEAD-BASED PAINT

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

1.16.7 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 at 24 CFR Part 100.201, must also meet the designed construction requirements at 24 CFR Part 100.205, which implements the Fair Housing Act. The development units must comply with energy and water efficiency requirements. Energy Star labeled and Water Sense labeled products are to be installed when older obsolete products are replaced as part of the approved rehabilitation work and as appropriate for achieving energy efficiency.

1.16.8 DISASTER MITIGATION

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

1.16.9 STATE & LOCAL CODES, ORDINANCES & ZONING

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

1.16.10 UNIFORM PHYSICAL CONDITION STANDARDS

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

1.16.11 CAPITAL NEEDS ASSESSMENT

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

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, gas, and electric utilities and lines.
- Structural systems: including exterior walls and balconies, exterior doors and windows, roofing systems, and drainage.
- Interiors: including unit and common area finishes (carpeting, tile, plaster walls, paint condition, etc.), kitchen finishes, cabinets and appliances, bathroom finishes and fixtures, and common area lobbies and corridors.
- 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.

1.16.12 CONSTRUCTION DOCUMENTS AND COST ESTIMATES

MHC will adhere to HOME Rehabilitation Standards by adopting the Minimum Design Quality Standards. 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, standards and cost estimates. (Reference MDQS Addendum B/Pages 80-81).

1.16.13 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 1/4 scales. At the completion of construction, the Architect must certify that the development complied with all of the minimum requirements.

SEE HOME-ATTACHMENTS

***(Reference to the Housing Tax Credit Guidelines -Minimum Design Quality Standards, Addendum B, Pages 77-81 and the HOME Rehabilitation Standards**

***Reference Inspection Areas: Physical Condition Inspection & Health & Safety Defects: (See Housing Tax Credit Compliance Monitoring Plan 2018- Pages 120-123) Attachment-HOME)**

***Reference Uniform Physical Standards (UPCS) - HOME Guidelines- (Attachment)**

1.17 DEVELOPMENT REQUIREMENTS

The percentage of HOME-assisted units must equal or exceed the percentage of HOME funds to Total Development Cost. HOME assistance per unit cannot exceed the maximum per unit subsidy defined in the HOME subsidy layering and underwriting guidelines. A request to waive this requirement must be submitted to MHC in writing and be approved by MHC in advance of submitting the application.

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

All projects will be evaluated based on 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 HOME assisted units for the following:

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

1.18.2 PERIOD OF AFFORDABILITY

The Minimum Period of Affordability for HOME assisted units is 15 to 20 years. A Land Use Restrictive Agreement (LURA) and Declaration of Land Use

Restrictive Covenant must be executed and recorded. Projects willing to extend the affordability period beyond this minimum period by at least 5 years will receive preference. Funds are subject to recapture if commitment requirements are not met.

1.18.3 AFFIRMATIVE FURTHERING FAIR HOUSING

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

1.18.4 SITE AND NEIGHBORHOOD STANDARDS

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

1.18.5 INSPECTIONS

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

1.18.6 CONFLICT OF INTEREST (92.356)

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

1.19 REFINANCE GUIDELINES AND CONDITIONS

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

The following refinance guidelines and conditions are:

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

1.20 APPLICATION REQUIREMENTS

MHC will conduct application and implementation workshops to provide information helpful in the preparation of application submission and implementation of the HOME projects. MHC will take applications beginning up to 90 days after the application workshops. 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 awards will be based on federal appropriations.

Applications must be submitted to the Mississippi Home Corporation at 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 from the Housing Tax Credit Qualified Guidelines and HOME 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 HOME 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 HOME is targeted to low- and very-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 lower income (0 to 80% of AMI) households.

Leveraging of Other Funds - (Applicants are expected to combine HOME with funds from other sources) MHC will give higher preference to applicants that incorporate significant funding from other sources, such as LIHTC program tax credits, federal and local programs, or other sources. Applicants that anticipate receiving an award of other funding, such as HTF, LIHTC, must provide evidence that they have applied for such funding, including acknowledgement from the

funding entity that the application has been received and the amount requested.

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

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 HOME funds, 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 at its next regularly scheduled board meeting. Once the Board approves the recommendations, a commitment letter will be mailed to applicants (See Addendum 1/Threshold).

1.20.3 SCORING

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

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	10 points
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 HOME in any amount. Furthermore, 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 92, of HOME 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 CPU.
2. Address the most critical rental housing demand.
3. A development located in a poverty stricken area of the State.
4. Developers firm commitment to provide project-based rental assistance.

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

Addendum 1 - Threshold

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

1.21 THRESHOLD FACTORS

An application must meet all threshold requirements in order to be Eligible for reservation of a HOME 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 HOME Requirements
(10)	Readiness to Proceed

1.21.1 ELIGIBLE APPLICANT

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

The application must include the following documents:

- Organizational Documentation

Formation documents for the owner and general partner entities must bear the committal stamp of the Mississippi Secretary of State. For entities that are not formed in Mississippi, the formation documents and a Certificate to do Business in

the State of Mississippi must be submitted (Formation documents are required to be submitted with the application and Operation documents are required to be submitted during the final scoring for HOME funds).

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

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

Nonprofit Documentation

Nonprofit 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 nonprofit organization cannot be formed by one or more individuals of for-profit entities for the principal purpose of being eligible for funding. In addition, the nonprofit entity must not have any staff member or member of the nonprofit’s board of directors materially participate in the proposed development as a for-profit entity in any capacity as staff, executive, or board member.

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

1.21.2 ELIGIBLE PROJECT TYPE/ACTIVITY

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

1.21.3 FINANCIAL FEASIBILITY

MHC will conduct a preliminary financial feasibility analysis at the time of application to determine the development's feasibility and to determine the amount of HOME 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 HOME funds to eliminate excess.

A cost certification analysis will be conducted once the development is complete. MHC requires owners to submit an independent third-party CPA cost certification. As part of the evaluation, MHC will ascertain the reasonable-ness of the cost components. It is the owner's responsibility to review the cost certification in its entirety prior to its submission 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 HOME 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 Con Plan. Developments assisted with HOME funds are required to set aside a percentage of the projects total units for persons whose incomes do not exceed income for low- or very-low income families. HOME assisted units must be designated for Special Needs Housing.

Based on the Special Needs Category listed below:

1. Percentage of the units that are assigned for Housing for Disabled Persons;
2. Percentage of the units that are assigned for Housing for Homeless.

Land Use Restrictive Agreement (LURA)

Committing to serve low- to very-low tenants for a period of 15 to 20 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 a percentage of the total units for persons at or below 80% 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 HOME program and any limitation or preference must not violate nondiscrimination requirements. Applicants must adhere to CFR 92.351 and provide an Affirmative Marketing Plan demonstrating the goal and effort to affirmatively further fair housing for very-low income households according to HOME requirements and the State's Con Plan.

The Affirmative Marketing Plan must include the following elements:

1. Implement a method that is effective in marketing the availability of housing opportunities to individuals of both minority and non-minority groups that are least likely to apply for occupancy.
2. Identify a housing market area from which a multi-family housing project owner/agent may reasonably expect to draw a substantial number of its tenants.
3. Identify an expanded housing market area which is a larger geographic area which may provide additional demographic diversity in terms of race, color, national origin, religion, sex, familial status, or disability.
4. Include marketing material in other languages for limited English proficient individuals and alternative formats for persons with disabilities in public view.
5. Include community contacts to help market the project to those least likely to apply.
6. Describe the proposed method of advertising to market those least likely to apply.
7. Marketing Plan must be in effect throughout the life of the affordability period.
8. Project must be available for public inspection at the sales or rental offices.
9. Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place.
10. Project site sign must display in a conspicuous position the HUD-approved Equal Opportunity Housing Opportunity log, slogan, or statement.

1.21.6 FIRM COMMITMENT OF OTHER FUNDING SOURCES

The HOME program 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 document must show the extent to which the application makes 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

governments to achieve deep affordability for lower income households, or the extent to which the application makes use of private funds, or in-kind commitments including the donation of land for the production, preservation, or operation of the project to achieve deep affordability for targeted 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 unrelated areas not otherwise typically present in low-income rental housing (See examples below). Applicants must select services that will meet the needs of beneficiaries and the community. In addition, the types of services must be kept current as to changing needs, economic conditions, and social change.

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

Requests for changes from prior approved community services must be approved by MHC. Development owners and property managers must provide an annual performance report as evidence that community service requirements have been met. Community service activities must be provided during the duration of the affordability period.

Examples of Acceptable Community Services:

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

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

1.21.8 APPLICANT EXPERIENCE

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

Demonstrated experience and capacity to conduct an Eligible HOME activity

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

1.21.9 CERTIFICATION OF HOME REQUIREMENTS

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

1.21.10 DEVELOPMENT IN HIGH OPPORTUNITY AREAS

Projects must be developed in High Opportunity Areas where there is the availability of sustainable employment, a low poverty rate, high-performing schools, and accessibility to health care.

MHC has identified High Opportunity Tracts that are qualified statewide. 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 must demonstrate the ability to commit HOME dollars and undertake funded activities in a timely manner. Funds must be committed within 24 months and expended within 5 years.

For new construction or rehabilitation, construction must start within 12 months of the date of the 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

1.21.2 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 a HOME 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

1.21.3 GEOGRAPHIC DIVERSITY

MHC requires applicants to develop projects that focus and achieve the most impact using the state's priorities in rural and urban areas.

- 1) Projects developed are in locations that are considered poverty driven and address the affordable housing needs for lower-income (< 80 % 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.

1.21.4 AFFORDABLE RENT

Fifteen Points will be awarded to developments that provide project-based rental assistance to very-low income qualified tenants to the extent that rents will be affordable.

“Affordable to lower income families “is defined as families not paying more than 50% of their household income for housing costs, 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 (15-20) years starting on the later of the development’s placed 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 80 % of the household monthly gross income.
2. The tenant households receiving the rental assistance must have an income of 50% 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.

1.21.5 AFFORDABILITY PERIOD FOR RENTAL HOUSING

Affordability period is the extent to which a project extends the 15 to 20 year minimum affordability period by 5 years. A Land Use Restrictive Agreement (LURA) committing to a period that exceeds the affordability period must be executed and recorded prior to issuance and approval of HOME funds.

1.21.6 OTHER SPECIAL NEEDS HOUSING

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

1.21.6.1 MISSISSIPPI OLMSTEAD INITIATIVE (20 Points)

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; or,
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.

Additionally, applicants must commit to listing their vacant units on MSHousingSearch.org and identify any special accommodative features of the units for the population they intend to serve. When registering the property online, the applicant 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 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 HOME 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 Con 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.

1.21.6.2 HOUSING FOR VETERANS (10 Points)

Up to ten points will be awarded to developments for Veterans. This 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.

1.21.6.3 HOUSING FOR THE HOMELESS (10 Points)

Up to ten points will be awarded to developments for the homeless. This 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.

1.21.7 DEVELOPMENT EXPERIENCE

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 2001 and 2016. 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.

Qualified Principal Members that have developments that are Placed in Service (in any state) between 2000 and 2016 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	2
Two	4
Three	6
Four	8
Five or more	10

1.21.8 MANAGEMENT EXPERIENCE

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
HTC Certification	2
Major Non-Compliance not corrected by 12/31/16	-2

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, 2014. The proposed management entity must have

begun managing the development no later than January 1, 2014 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).

1.21.9 DEVELOPMENT AMENITIES

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.

1.21.9.1 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:

1. Mentoring Program for At-Risk Boys and Girls.
2. 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.

1.21.9.2 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:

1. Grocery Store
2. Pharmacy
3. Bank or Credit Union
4. Healthcare
5. Transportation

1.21.9.3 FURNISHED CLUBHOUSE / 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.

1.21.9.4 ON-SITE BUSINESS / EDUCATION CENTER

Centers must have their 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 with equipment shown.

A full perimeter fence with controlled gate access must also be shown. The fencing and gate must be either wrought iron or wood. Chain-link fencing is unacceptable.

1.21.9.5 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.

1.21.9.6 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.

1.21.9.7 ON-SITE LAUNDRY FACILITY

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

1.21.9.8 WALKING, JOGGING, OR BIKING TRAIL

1.21.9.9 BASKETBALL, VOLLEYBALL, OR TENNIS COURT

1.21.9.10 LANDSCAPED AREA WITH GAZEBO AND 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 feet under roof.

1.21.9.11 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 their own playground.

1.3 ATTACHMENTS

1. Exhibits 1, 2, & 3
2. Federal Register
3. HOME Table of Contents Form
4. HOME Loan Application
5. Sources of Funds
6. Project Development Cost Budget and Timeline
7. Subsidy Layering Worksheet
8. State of Mississippi HOME Maximum Mortgage Limits
9. Long Term Rental Assistance Commitment Certification on Company Letterhead
10. Initial Site Assessment Form
11. Construction Certification Form (QAP)
12. Minimum Design Quality Standards(MDQS)
13. Period of Affordability Awareness Statement
14. Rehabilitation Standards
15. Uniform Physical Condition Standards (UPCS)
16. Physical Needs Assessment Form
17. Development Experience Form
18. Management Experience Form
19. Special Needs Housing Commitment Certificate on Company Letterhead
20. Community Services Certification Form
21. Development Organization Chart
22. Development Narrative (location map & neighborhood description)
23. Income Limits
24. Definitions
25. References

EXHIBITS

Exhibit 1

High Opportunity Areas 2016
Mississippi Home Corporation

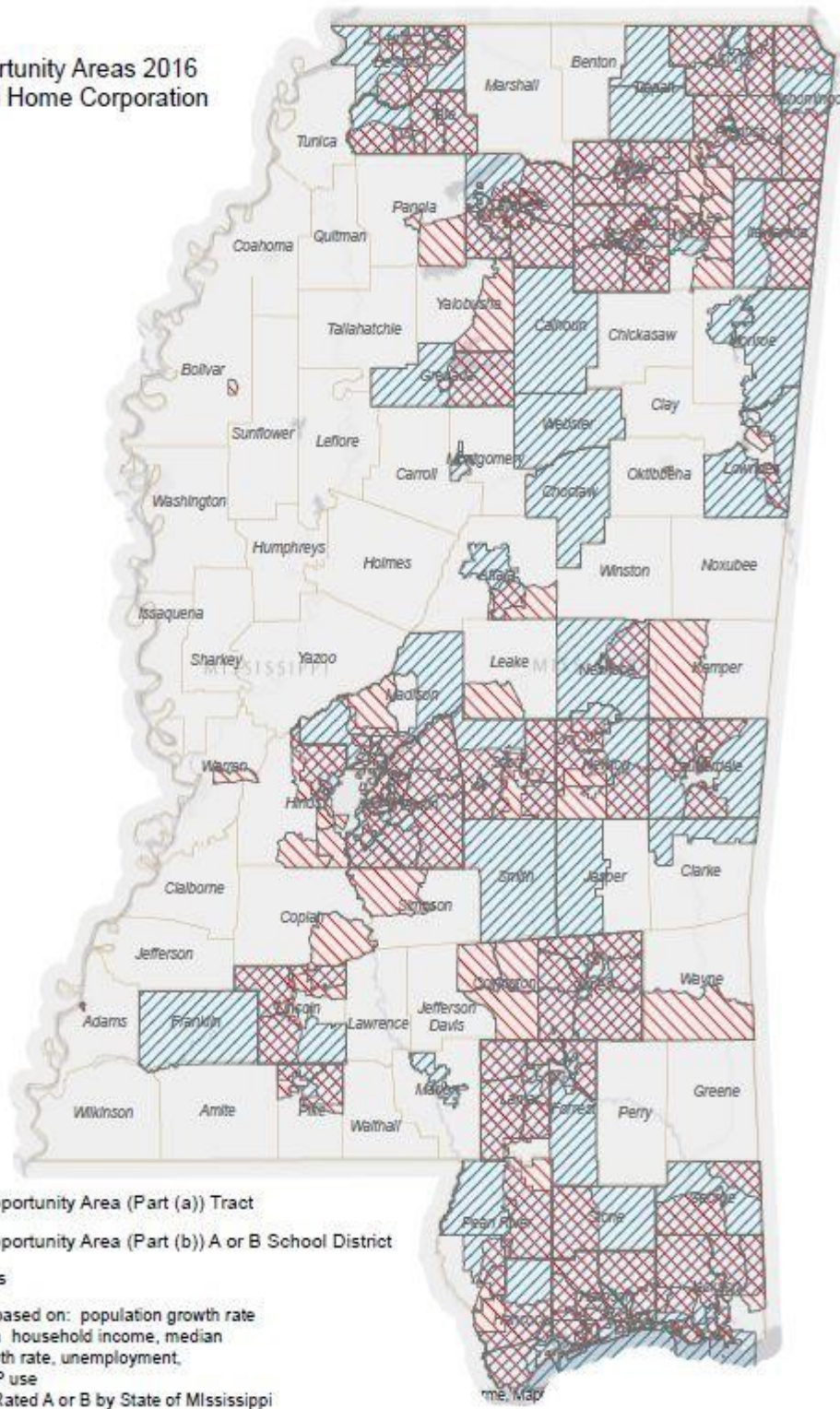


Exhibit 2

Affirmative Fair Housing Marketing Plan (AFHMP)

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

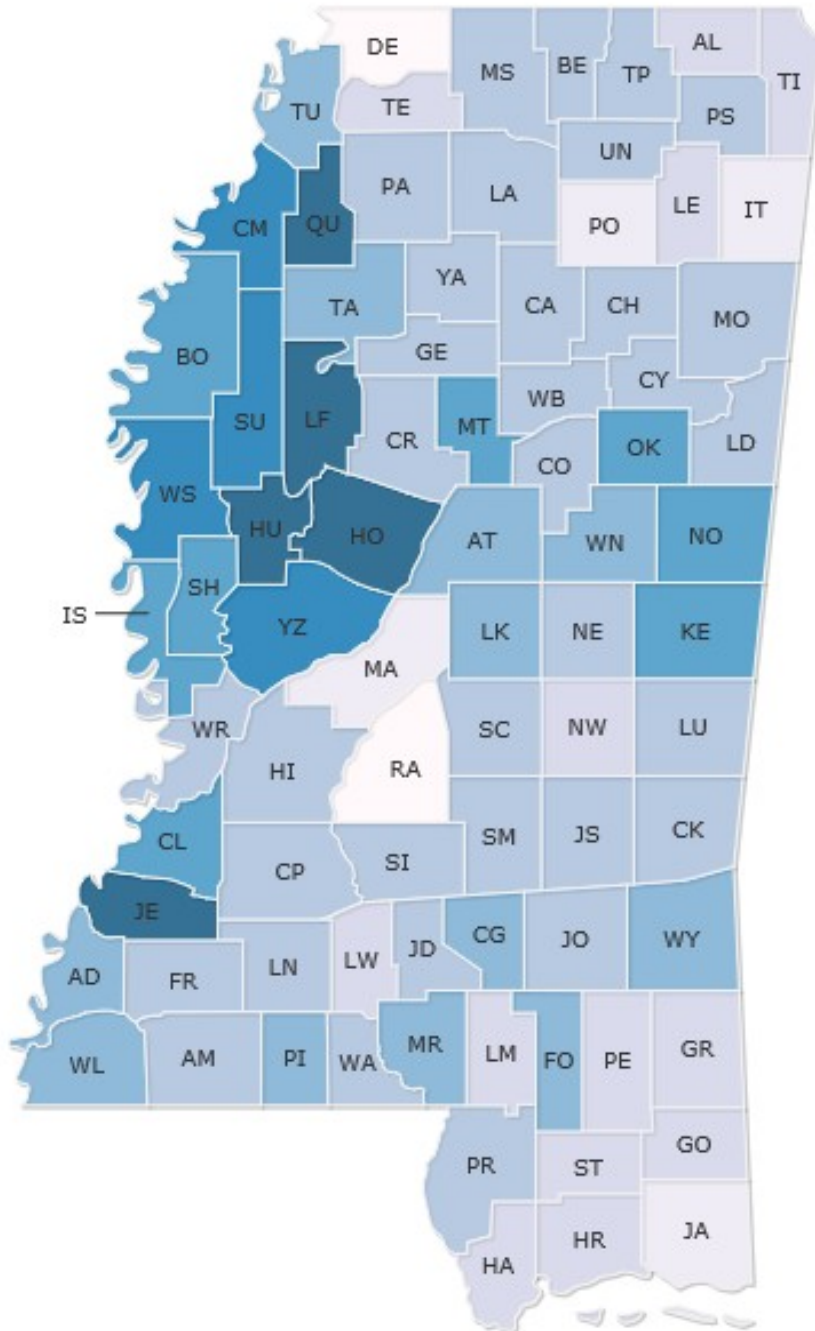
The purpose of the AFHMP is to help applicants offer equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability. The AFHMP helps owners/agents (respondents) effectively market the availability of housing opportunities to individuals of both minority 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 marketing plan that identifies how the development will be marketed to the target population and 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

Exhibit 3

Mississippi Poverty Rate by County



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
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
Jefferson Davis	27
Jones	23
Kemper	33.3
Lafayette	25.6
Lamar	17.4
Lauderdale	24.1
Lawrence	18.8
Leake	27.7
Lee	18.3

County	Value
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
Pike	27.5
Pontotoc	14
Prentiss	24.2
Quitman	40.7
Rankin	11.5
Scott	24.7
Sharkey	31.2
Simpson	22.6
Smith	23.6
Stone	18
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

HOME Table of Contents Form

HOME Loan Application

Community Housing Development Organization (CHDO) Application

Sources of Funds Statement

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

Attachment

Project Development Cost Budget and Timeline

1. Submit a Development Cost budget in sufficient detail to determine total project development costs and funding.
2. List the number of units included in the development.
3. 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 HOME Funds to a project. The analysis will determine that costs are reasonable, sources are verifiable, and the amount requested is necessary and their uses are feasible.

HOME Maximum Mortgage Limits

(Attachment)

CONFLICT OF INTEREST

CERTIFICATION/CONFLICT OF INTEREST

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

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

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

_____	Signature, Chief Elected Official
Date	
_____	_____
Name (typed)	Date
_____	_____
Signature, Application Preparer	Date



Long Term Rental Assistance

A Land Use Restrictive Agreement (LURA) commitment to provide rental assistance for tenants at or below 30% of the area median income level for a period of 15 to 20 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 with 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

Commitment to execute a Land Use Restrictive Agreement (LURA)

- Must be provided on company letterhead
- Sets forth as covenants running with the land for a minimum of 15 to 20 years (or additional years if the development owner has committed to a longer use period).
- The low income unit set-asides.
- The percentage of low income tenants to be served.
- The special housing needs units committed too (if any).
- Any other requirements as MHC may apply based on HOME 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 HOME Rental Manual. Applicants must select services that will meet the needs of its tenants. In addition, applicants must 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.

HOME Rehabilitation Standards

Attachment

Housing Tax Credit Compliance

Attachment

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

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

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

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

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

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

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

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

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

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

Health and safety concerns - All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have 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).

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

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

See MHC's website

HOME INVESTMENT PARTNERSHIPS PROGRAM

Application Requirements

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

Eligible Applicants

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

Maximum Amount

The maximum amount of HOME grant funds that any development may receive is \$400,000. The development must demonstrate a need for the use of HOME funds as gap funding to contribute to its financial feasibility.

Public Hearing

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

Application Package Content

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

Application Submission

HOME Applications must be submitted in hard copy form with original signatures. All documents within the application package must be submitted in a green (ACCO USA Stock No. 2597) binder in the order listed in the Table of Contents. All applications must be submitted to: Mississippi Home Corporation, 735 Riverside Drive, Jackson, Mississippi 39202. MHC will begin accepting applications on Monday, August 7, 2018. The final deadline to submit any application is 4:00 pm CST on Friday, October 13, 2018.

Eligible Use

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

Federal Awards

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

Affordability Period

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

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

Written Agreement

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

Construction Start

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

Designating HOME-Assisted Units

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

Property Standards

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

Affirmative Marketing Plan

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

Minority Outreach

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

Dun & Bradstreet Number (DUNS Number)

All HOME fund recipients must register for a DUNS Number prior to an award of funds.

Reporting

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

Deed Restrictions

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

Terminated Projects

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

Acquisition

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

FEDERAL REGULATORY REQUIREMENTS

Environmental Requirements

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

Labor Standards, including Davis-Bacon Requirements

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

federal funded projects and must not be suspended or de-barred before HOME funds are awarded to any construction firm.

Section 3 Requirement

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

Fair Housing/Equal Opportunity Requirements

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

Audits

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

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

Definitions

Reference Federal Register

Reference (QAP)

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