



MISSISSIPPI HOME CORPORATION

HOME American Rescue Plan Program (HOME-ARP)

Activities

**Rental Development
Non-Congregate Shelter**





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REVISION

Effective November 13, 2025

The HOME-ARP rental development activity will no longer require a score of 75 or above to qualify for an award. This application guide is being revised to strikethrough the section beginning on page 29 titled "Rental Scoring Criteria."

OVERVIEW

The American Rescue Plan (ARP) includes \$5 billion in funding to aid communities in developing long-term strategies to address homelessness. These funds will be administered through the U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnerships Program (HOME) and are referred to as HOME-ARP funds. The State of Mississippi was allocated \$38,094,321 and is responsible for the administration and planning of the HOME-ARP Program. The budgeted amount for State administration and planning is \$5,714,148. Five percent of the allocation (\$1,904,716) may be funded towards nonprofit operating assistance while an additional five percent may be funded towards nonprofit capacity building assistance. Approximately thirty percent (\$11.4 million) will be used for the development of rental housing and roughly ten percent (\$3.7 million) will be used to develop Non-congregate Shelter.

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HOME-ARP QUALIFYING POPULATIONS

QP1: Homeless, as defined in 24 CFR 91.5 *Homeless* (1), (2), or (3), excluding (4):

- (1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - (i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
 - (ii) An individual or family living in a supervised 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, or local government programs for low-income individuals); or
 - (iii) An individual who is exiting an institution where he or she 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;
- (2) An individual or family who will imminently lose their primary nighttime residence, provided that:
 - (i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
 - (ii) No subsequent residence has been identified; and
 - (iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;
- (3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
 - (i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);
 - (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
 - (iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
 - (iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment

QP2: At risk of Homelessness, as defined in 24 CFR 91.5 At risk of homelessness:

- (1) An individual or family who:
 - (i) Has an annual income below 30 percent of median family income for the area, as determined by HUD;
 - (ii) Does not have sufficient resources or support networks, e.g., family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the "Homeless" definition in this section; and

- (iii) Meets one of the following conditions:
 - 1) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - 2) Is living in the home of another because of economic hardship;
 - 3) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
 - 4) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;
 - 5) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;
 - 6) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
 - 7) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;
- (2) A child or youth who does not qualify as "homeless" under this section, but qualifies as "homeless" under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or
- (3) A child or youth who does not qualify as "homeless" under this section but qualifies as "homeless" under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

QP3: Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD.

For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.

Domestic violence, which is defined in 24 CFR 5.2003 includes felony or misdemeanor crimes of violence committed by:

- (1) A current or former spouse or intimate partner of the victim (the term "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);
- (2) A person with whom the victim shares a child in common;
- (3) A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;

- (4) A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or
- (5) Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

Dating violence which is defined in 24 CFR 5.2003 means violence committed by a person:

- (1) Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
- (2) Where the existence of such a relationship shall be determined based on a consideration of the following factors:
 - a. The length of the relationship;
 - b. The type of relationship; and
 - c. The frequency of interaction between the persons involved in the relationship.

Sexual assault which is defined in 24 CFR 5.2003 means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.

Stalking which is defined in 24 CFR 5.2003 means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:

- (1) Fear for the person's individual safety or the safety of others; or
- (2) Suffer substantial emotional distress.

Human Trafficking includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7102). These are defined as:

- (1) Sex trafficking means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
- (2) Labor trafficking means the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

QP4: Other Populations where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:

- (1) **Other Families Requiring Services or Housing Assistance to Prevent Homelessness** is defined as households (i.e., individuals and families) who have previously been qualified as "homeless" as defined in 24 CFR 91.5, are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.
- (2) **At Greatest Risk of Housing Instability** is defined as household who meets either paragraph (i) or (ii) below:
 - (i) Has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);
 - (ii) Has annual income that is less than or equal to 50% of the area median income, as determined by HUD, AND meets one of the following conditions from paragraph (iii) of the "At risk of homelessness" definition established at 24 CFR 91.5:

- (A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - (B) Is living in the home of another because of economic hardship;
 - (C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
 - (D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
 - (E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
 - (F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
 - (G) (G)Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan
- * **Veterans and Families that include a Veteran Family Member** that meets the criteria one of the qualifying populations described above are eligible to receive HOME-ARP assistance.

AWARD INFORMATION

A. Available Funds

Eligible Activity	Available Funding
Development of Rental Housing	\$11,428,296
Development of Non-Congregate Shelter	\$3,714,196
Nonprofit Operating Assistance	\$1,904,716
Nonprofit Capacity Building Assistance	\$1,904,716

B. Minimum/Maximum Award Information

Minimum Award Amount

Development of rental housing and non-congregate shelter:

At a minimum, \$1,000 must be invested into each HOME-ARP-assisted unit in a housing project as established in 24 CFR 92.205(c).

Nonprofit operating and/or capacity-building assistance:

There is no minimum award amount.

Maximum Award Amount:

There is no maximum amount of assistance for HOME-ARP-assisted units.

C. HOME-ARP NCS Loan

MHC will provide HOME-ARP NCS funds as a non-interest bearing, non-amortizing loan, subject to recapture in the event of non-compliance with HOME-ARP requirements and forgivable upon the expiration of the HOME-ARP NCS restricted use period.

D. Nonprofit operating and/or capacity-building assistance:

Nonprofit Operating Assistance – In any fiscal year, may not exceed the greater of 50 percent of the general operating expenses of the nonprofit organization for the fiscal year or \$50,000.

If an organization receives both assistance in any fiscal year, the aggregate total amount of assistance it may receive is the greater of 50 percent of the organization's total operating expenses for the fiscal year or \$75,000.

NON-CONGREGATE SHELTER

What is Non-Congregate Shelter?

Non-Congregate shelter is defined as: One or more buildings that provide private units or rooms for temporary shelter, serve individuals and families that meet one or more of the qualifying populations, and do not require occupants to sign a lease or occupancy agreement.

NCS is...	NCS is not...
✓ Unit(s) with private bathroom facilities for each household, with or without a kitchen facility	× Unit(s) that have a toilet but utilize a shared shower facility
✓ Unit(s) with private bathroom facilities for each household and shared kitchen facilities in another location within the building	× One unit with two bedrooms and one bathroom that is shared between two unrelated households.
✓ Unit(s) with private bathroom facilities for each household and shared kitchen facilities in another location within the building	× Dormitory-style suites in which multiple sleeping rooms share a common bath facility.

RESTRICTED USE PERIOD

All HOME-ARP **NCS** projects must comply with HOME-ARP requirements during the restricted use period established in the HOME-ARP Notice.

NCS Activity	Restricted Use Period
New Construction	15 years
Rehabilitation	10 years
Acquisition Only	10 years

The restricted use period begins upon project completion, which is defined as:

1. All necessary title transfer requirements and construction work have been performed;
2. The project complies with the HOME-ARP requirements, including the property standards, as evidenced by a final inspection;
3. The project is actively operating as HOME-ARP NCS;
4. All HOME-ARP funds necessary to complete the project for occupancy as HOME-ARP NCS have been disbursed; and
5. The project owner has submitted an acceptable close-out report to MHC.

NOTE: Owners who intend to convert NCS to rental housing must also review and consider the minimum use periods described under conversion to rental housing.

NON-CONGREGATE SHELTER ELIGIBLE COSTS

Development Hard Costs as defined in 24 CFR 92.206(a)

- Actual Cost to construct or rehabilitate non-congregate shelter units.
- Costs must meet property standards for NCS established in [Section VI.E.7](#) of the Notice
- One-time costs for items such as basic furnishings, cabinetry, etc. are eligible costs. Replacement costs for items are not eligible and are considered operating costs.
- Making utility connections including off-site connections from the property line to the adjacent street

Demolition costs

- Cost of demolishing existing structures to develop HOME-ARP NCS

Acquisition of existing structure or vacant land

- Costs of acquiring improved or unimproved real property to be used for HOME-ARP NCS

Site improvements

- Cost to make improvements to the project site
- Installation of utility connections
- Construction or rehabilitation of laundry and community facilities, on-site management, or supportive services offices

Related Soft Costs as defined in 24 CFR 92.206(d):

- Reasonable and necessary costs associated with the financing, acquisition and/or development of NCS.
- Costs include, but are not limited to:
- Architectural/engineering fees, or related professional services required to prepare plan, drawings, specifications or work write-ups.
- Private lender origination fees
- Builders' and developers' fees
- Environmental reviews

Capitalized Replacement Reserves

For acquisition and/or rehabilitation NCS projects, a capitalized replacement reserve may be established to pay the reasonable and necessary costs of replacing major systems and their components. Major systems include structural support, roofing, cladding, weatherproofing, plumbing, electrical, and HVAC. The costs of replacing major systems must be determined through a Capital Needs Assessment that lists the remaining useful life of major systems and the projected timeline of replacement and replacement costs during the restricted use period. Architects or contractors may utilize HUD's Capital Needs Assessment tool available at https://www.hud.gov/program_offices/housing/mfh/cna as a guide. If the project consists of acquisition only and a replacement reserve is capitalized, the project will be categorized as an acquisition and rehabilitation project.

Project-specific Costs

Relocation assistance provided to individuals of families occupying non-residential property and demonstrating a) they have been in continuous residence for 30 or more calendar days, and b) are a HOME-ARP qualifying population is an eligible project-specific cost.

INELIGIBLE COSTS

HOME-ARP funds may not be used for:

1. Any cost not specifically identified as an eligible cost;
2. Costs incurred prior to regulatory agreement, or after September 30, 2030;
3. Operating costs of a HOME-ARP NCS project;
4. Conversion of HOME-ARP NCS to rental housing;
5. Provision of additional HOME-ARP funds during the restricted use period, except as may be
6. necessary during the first year after project completion;
7. Matching contributions required under any Federal program;
8. Improvements to or operating of public housing; and
9. Delinquent taxes, fees, or charges.

REGULATORY AGREEMENT, RESTRICTIVE COVENANT, DEED OF TRUST AND PROMISSORY NOTE

MHC will enforce HOME-ARP requirements through the recording of Regulatory Agreement, Restrictive Covenant, Deed of Trust and Promissory Note. The Covenant must be recorded in first position, in the absence of permanent financing and remain in force throughout the compliance period.

The agreement will require the property is operated as HOME-ARP NCS, or in any year when ESG is received for shelter operations or essential services at the shelter, as ESG emergency shelter. The agreements will specify if and when the property may be converted to rental housing and that new Restrictive Covenant will be recorded if conversion occurs. If the property will be limited for occupancy by victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking, this information will be referenced in the agreement and included in a separate written transferrable and assumable agreement between the owner and MHC and not in the Restrictive Covenant.

NCS OPERATIONS

During the restricted use period, non-congregate shelters may be operated as HOME-ARP NCS or Emergency Solutions Grant (ESG) NCS.

Operation as Emergency Solutions Grant (ESG) NCS

During any period that NCS receives Emergency Solutions Grant (ESG) funding for operating costs or essential services in the shelter, the NCS must be operated under the emergency shelter requirements of the ESG program. These requirements are found in 24 CFR Part 576 and specified in MHC's ESG policies and procedures.

During any period for which ESG funds are provided, the applicable ESG requirements will govern in the event of any conflict with HOME-ARP requirements.

Operation as HOME-ARP NCS

When a project is not receiving operating funds or funds for essential services in the shelter from the Emergency Solutions Grant (ESG) program, the project must comply with the HOME-ARP NCS requirements.

Admission and Occupancy

HOME-ARP NCS units may only be occupied by individuals or families that meet the definition of a "fleeing or attempting to flee" qualifying population. Individuals and families must be selected from a project waiting list in chronological order, insofar as is practicable. When operated as ESG NCS, individuals and families must be selected in accordance with ESG policies and procedures.

PROPERTY STANDARDS

Prior to occupancy, HOME-ARP NCS must meet local codes and standards. HOME-ARP NCS must also meet the HOME-ARP minimum habitability standards prior to occupancy and throughout the restricted use period. The written agreement between MHC and property owner will impose the HOME-ARP NCS property standards /minimum habitability standards and provide for inspections during project development and not less than annually throughout the restricted use period.

Minimum Habitability Standards

Before occupancy and throughout the restricted use period, HOME-ARP NCS units and common areas must:

1. Meet all applicable State and local codes, ordinances, and requirements.
2. Meet the applicable provisions of HUD's Lead Safe Housing Rules at 24 CFR Part 35.
3. Be structurally sound to protect occupants from the elements and not pose any threat to health and safety of the occupants.
4. Be accessible in accordance with:
 - a. Section 504 of the Rehabilitation Act (29 U.S.C. 794) and implementing regulations at 24 CFR part 8;
 - b. The Fair Housing Act (42 U.S.C. 3601 et seq.) and implementing regulations at 24 CFR part 100; and
 - c. Title II of the Americans with Disabilities Act (42 U.S.C. 12131 et seq.) and implementing regulations at 24 CFR part 35.
5. Provide each individual or family with an acceptable, individual room to sleep that includes adequate space and security for themselves and their belongings.
6. Have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of occupants.
7. Have a water supply free of contamination.

8. Have in-unit sanitary facilities that are in proper operating condition and are adequate for personal cleanliness and the disposal of human waste.
9. Provide necessary heating/cooling facilities in proper operating condition.
10. Have adequate natural or artificial illumination to permit normal indoor activities and support health and safety.
11. Have sufficient electrical sources to permit the safe use of electrical appliances.
12. Provide one working smoke detector and one working carbon monoxide detector in each unit.
13. All smoke and carbon monoxide detectors and alarm systems must be designed for hearing-impaired residents. All public areas of the shelter must have at least one working smoke detector and one carbon monoxide detector.
14. Provide a second means of exiting the building in the event of fire or another emergency.
15. If food preparation areas are included, contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.

Minimum Rehabilitation Standards

In addition to meeting the minimum habitability standards, HOME-ARP NCS that requires any level of rehabilitation, whether that rehabilitation is funded with HOME-ARP or another source, must meet all local codes and standards.

Minimum New Construction Standards

HOME-ARP NCS projects that are newly constructed must meet all applicable State and local codes, ordinances, and requirements.

Ongoing Habilitation Standards and Inspections

MHC will annually throughout the restricted use period inspect HOME-ARP NCS projects to ensure they meet the minimum habilitation standards. When deficiencies are identified, a follow-up inspection to verify that deficiencies are corrected will occur within 6 months. MHC will issue a correction notice following the inspection, allowing for up to 30 days to respond and 90 days to correct identified deficiencies, unless the deficiencies are considered life-threatening. The correction notice will specify information, including work orders and invoices, that must be provided to document the correction has been completed.

The following deficiencies are considered life-threatening and must be corrected within three (3) days. Photos documenting deficiency correction, completed work orders, and invoices must be submitted to MHC.

1. Gas (natural or liquid petroleum) leak or fumes;
2. Electrical hazards that could result in shock or fire;
3. Inoperable or missing smoke detector;
4. Inoperable or missing carbon monoxide detector;
5. Gas/oil-fired water heater/HVAC with missing or misaligned chimney;
6. Lack of alternate means of an exit in the event of fire or blocked egress;
7. Missing entry door;
8. HVAC fails to meet established criteria for emergency heating or cooling with consideration for ambient temperature range and ventilation;
9. Absence of at least one functioning sink and toilet in the unit;
10. Major plumbing leaks or flooding;
11. Utilities not in service, including electricity, gas (LP or natural), water, or sewer;
12. No running hot water;
13. Structural integrity condition where the building or a component of the building is in imminent danger of potential collapse; and

14. In units that include food preparation facilities, no working refrigerator, stove/oven, or other method of preserving, heating or preparing food.

WAITING LIST AND DUE PROCESS PROCEDURES

Shelter providers must maintain a waiting list of individuals and families wishing to apply for occupancy when there are no beds immediately available. Individuals and families wishing to apply must provide complete information necessary to placement on the waiting list. This information includes name and contact information (phone, email, street address, if available).

Placement on the waiting list does not indicate the individual or family will be eligible for occupancy – a final determination of eligibility will be made when the family is selected from the waiting list. When the family nears the top of the waiting list, the provider will verify eligibility for occupancy.

Documenting Fleeing or Attempting to Flee Status

Acceptable evidence that an individual or family qualifies because the individual or family is fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking is:

1. A written or oral statement by the qualifying individual or head of household seeking assistance; or
2. A written certification by a victim service provider, intake worker, social worker, legal assistance provider, health-care provider, law enforcement agency, legal assistance provider, pastoral counselor, or an intake worker in any other organization from whom the individual or family sought assistance. The written documentation need only include the minimum amount of information indicating that the individual or family is fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking and need not include any additional details about the conditions that prompted the individual or family to seek assistance.

Maintaining the Waiting List

The NCS provider must establish and follow written waiting list procedures. At a minimum, the waiting list procedures must specify:

1. All applications will be maintained in order of date and time of application;
2. How contact between the shelter provider and the applicant will be documented; and
3. Grounds for removing applicants from the waiting list.

Prior to or immediately following occupancy, the shelter provider must provide a packet to the individual or head of household. The packet must describe:

1. The family's obligations under the program, including program rules;
2. The process for terminating occupancy and/or program participation; and
3. The grounds upon which the shelter provider may terminate program participation/occupancy because of the individual's or family's action or inaction.

TERMINATION OF PROGRAM PARTICIPATION / OCCUPANCY

A formal process that recognizes the rights of individuals receiving assistance in the termination process must be in place. At a minimum, the process must consist of:

1. Written notice to the program participant/occupant containing a clear statement of the reason(s) for termination;
2. A review of the decision that includes an opportunity for the program participant/occupant to present written or oral objections to a person other than the person who made or approved the termination decision; and
3. Prompt written notice of the final decision to the program participant/occupant.

CONVERSION TO HOME-ARP RENTAL OR TRANSITIONAL HOUSING

Prior to completing the regulatory agreement and recording the covenants, a project owner may elect to convert the NCS to permanent or transitional rental housing at a later date. When an owner elects to convert NCS to rental housing it must submit a complete rental housing package to MHC not less than six months prior to the planned conversion date. MHC will review and underwrite the application following the HOME-ARP underwriting guidelines for rental housing projects. MHC approval of NCS conversion to rental housing is not guaranteed.

Minimum Restricted Use Period Prior to Conversion

Prior to considering approval of an NCS project for conversion to rental housing, the NCS project must first be operated as NCS for a minimum restricted use period. The minimum restricted use period prior to conversion varies based on the original HOME-ARP NCS eligible activity undertaken and the amount of funds invested in the project.

NCS Minimum Restricted Use Period Prior to Conversion			
NCS Activity Type	Rehabilitation Expenditure (from all sources)	Restricted Use Period	Minimum Use Period Prior to Conversion
New Construction	N/A	15 years	10 years
Rehabilitation	Less than or equal to 75% of total appraised value of improved property	10 years	5 years
	More than 75% of total appraised value of the improved property	10 years	10 years
Acquisition Only	N/A	10 years	3 years

POST-CONVERSION REQUIREMENTS

The converted NCS project must meet the HOME-ARP rental housing requirements for the remainder of the NCS restricted use period. NCS converted to rental housing also has the following requirements:

1. All units in the project must be restricted for tenancy for HOME-ARP qualifying populations. No units may be converted to HOME-ARP low-income units;
2. Occupants must be offered tenancy in the project and provided notice of their rights under the Uniform Relocation Act;
3. Tenant rent cannot exceed the rent specified for HOME-ARP rental units occupied by qualifying populations;
4. The units must comply with the ongoing HOME rental property condition standards; and
5. Units will be inspected within 30 days of the completed conversion, after 12 months, and at least once every three years thereafter during the remaining restricted use period.

REPAYMENT OF HOME-ARP FUNDS BY THE OWNER TO MHC

Project owners will be required to repay the total amount of the HOME-ARP funds to MHC if:

1. HOME-ARP units are not occupied by eligible qualifying populations within six months of project completion.
2. The project is terminated before completion.
3. The project does not otherwise comply with initial or ongoing HOME-ARP requirements during the entire restricted use period. This includes voluntary or involuntary sale or transfer of the project that results in termination of the restrictive covenant.

NCS PROJECT APPLICATION PACKAGE

All NCS projects must submit a complete application package to MHC. The application package is necessary for MHC to underwrite the project and otherwise ensure the project can comply with HOME-ARP requirements. An NCS application package includes:

1. Project owner contact information;
2. Project owner Unique Entity Identifier;
3. Evidence of good standing with the MS Secretary of State;
4. State of MS Business License;
5. If the entity is a partnership or limited liability company, a copy of the partnership or operating agreement that specifies the ownership interest and cash contribution by each partner or member;
6. The owner's most recent audit or income and expense statements and balance sheets for the previous two fiscal years;
7. Current fiscal year-to-date income and expense statement;
8. Current balance sheet showing all assets and liabilities, including contingent liabilities (e.g., construction loans or operating deficit guarantees);
9. If the project owner is a nonprofit organization:
 - a. Proof of IRS 501c3, 501c4, or section 905 subsidiary status; and
 - b. Procurement policy.
10. Drug-free workplace policy;
11. Conflict of interest standards and procedures;
12. Confidentiality procedures;
13. Project name and location;
14. Document evidencing site control, which may be a deed, purchase agreement, contract or option);
15. Independent appraiser report if the project includes acquisition of land and/or buildings;
16. Title commitment, or Title report if the applicant is already the property owner;
17. Letters of commitment or terms sheets for each funding or financing source for:
 - a. The project's development phase (prior to occupancy); and
 - b. Operating phase – throughout the required restricted use period;
18. Project relocation plan, if any buildings to be acquired and/or rehabilitated are occupied by residents or businesses;
19. Phase I Environmental Assessment;
20. Project timeline;
21. Development budget, including all uses and sources;
22. Capital Needs Assessment, if the project includes acquisition and/or rehabilitation;
23. Termite inspect report;
24. Property design standards, drawings, and/or plans;
25. Waiting list procedures;
26. An operating proforma (project income and expense statement) encompassing not less than the minimum HOME-ARP restricted use period and including:
 - a. Projected operating revenue and assistance;
 - b. Projected non-residential revenue, if any;
 - c. Operating expenses, including but not limited to development-paid utilities, shelter operating fees, reserves, and debt service. Note that supportive services are separately accounted for in HOME-ARP projects.
27. If the project has a capitalized operating reserve or commitments to fund an operating reserve:
 - a. The agreement governing the reserve(s); and
 - b. Commitment letter from the entity(ies) capitalizing or funding the reserve(s).

28. List of projects previously and jointly completed by the development and/or operating team, including the project name and location, types of funding used, unit and bed mix, and any on- or off-site services provided;
29. List of projects completed by any new development and/or operating team members, including the project name and location, types of funding used, unit and bed mix, and any on- or off-site services provided;
30. For the project owner and members of the development and/or operating team, a description of any litigation or bankruptcies during the past seven years or any pending litigation or judgment;
31. For members of the development and operating teams (including business entities) an explanation of any relationships based on family or financial interests between or among two or more individuals or entities.

PUBLIC HEARING REQUIREMENT FOR HOME-ARP FUNDS

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

NCS PROJECT UNDERWRITING

MHC will review the application package and underwrite the project to determine whether the project is HOME-ARP eligible and the amount of HOME-ARP capital subsidy, including any capitalized replacement reserve, necessary to provide shelter for qualifying populations.

MHC developed these underwriting guidelines to comply with requirements of awarding federal assistance and to provide clarity to applicants on expectations. However, MHC cannot identify every possible special circumstance that may warrant an exception to these guidelines. MHC reserves the right to waive specific underwriting criteria for specific projects when, in its judgment, the purposes of the federal assistance can be better achieved without taking on undue risk. When waiving any given requirement, MHC may impose additional special conditions or business terms that are not otherwise typically applied to projects.

MHC reserves the right to reject any element of a transaction that, despite not being specifically prohibited, was not anticipated by these guidelines, specifically those that otherwise create unacceptable risks, excessive returns to the owner/developer, or undermine the public purposes of the federal assistance.

Regulatory Requirements

MHC will evaluate the project to ensure it meets all regulatory requirements, including the following minimum requirements.

1. The project evidences sufficient operating revenue to cover operating expenses throughout the restricted use period for the project type.
2. If the project will be converted to HOME-ARP rental housing (including transitional housing):
 - a. The conversion will occur after the minimum NCS restricted use period; and
 - b. The project design is appropriate to conversion for use as affordable rental housing, which may include single-room occupancy units.
3. The waiting list procedures document how applicants for occupancy will be selected in chronological order to the extent practicable.
4. The project does not charge occupancy fees.
5. Commitment and expenditure deadlines. The timeline evidences:
 - a. If acquisition only, the project will be operated as HOME-ARP NCS within six (6) months of execution of the COT-owner agreement;
 - b. If construction or rehabilitation (including HOME-ARP funding of a capitalized replacement reserve):
6. Construction or rehabilitation will begin within twelve (12) months of execution of the COT-owner agreement;
7. The project will be completed within four (4) years of execution of the regulatory agreement, and the project will be operated as HOME-ARP NCS within six (6) months of execution of the regulatory agreement.
8. If the project includes acquisition and/or rehabilitation, the applicant submits a capital needs assessment that demonstrates the project can meet habitability and property standards throughout the restricted use period.

Market Assessment and Project Need

A market assessment is not required for HOME-ARP NCS; however, the applicant must document how it determined the need for the number of proposed HOME-ARP units and beds.

Development Team Assessment

The owner/developer is the entity that will own and manage the HOME-ARP NCS project. MHC will consider specific skills and experience with development, including but not limited to shelter management, and asset management, including:

1. Recent, ongoing, and successful experience with the development of similarly sized and regulated shelters or facilities;
2. The presence of adequate staff with specific skills and experience appropriate to their roles in the project; and
3. The financial capacity of the owner/developer to meet its financial obligations and risks of the project during both the development and operating phases.

Sources and Uses

MHC will review the sources and uses statement, development budget, timeline and supporting documentation. MHC may adjust any factor during the underwriting analysis to adjust for known conditions not accounted for in the development budget. Sources and uses underwriting will ensure:

1. Proposed uses of program funds are eligible;
2. All funds are firmly committed to the project or are contingent only upon receipt of HOME-ARP funds;
3. Total funding sources are adequate and timely in their availability to cover development costs at all phases of the project;
4. All debt bears a fixed interest rate, has a term equal to or longer than the required minimum restricted use period, and allows for the recording of covenants, conditions, and restrictions;
5. Development costs, including those paid with other sources, are reasonable, necessary, and customary both on a line item and total project basis;
6. The cost of land and/or buildings acquired or to be acquired does not exceed the as-is market value of the property based on the submitted appraisal, plus documented closing costs.

Subsidy Layering and Gap Analysis

Subsidy layering analysis is conducted to ensure only the amount of program funding necessary to provide safe shelter for the minimum HOME-ARP restricted use period is provided to the project. The subsidy layering analysis will combine all underwriting factors with an examination of any other funding sources to ensure only the amount of HOME-ARP funds necessary for project feasibility and viability are provided to the project.

Final Underwriting

All projects are subject to a final underwriting analysis. MHC reserves the right to review underwriting analysis from other sources.

NCS THRESHOLD REQUIREMENTS

1. **Evidence of Market Demand**

Using recent, relevant data from the area where the project is located: demonstrate the need for affordable rental housing and/or non-congregate shelter specifically related to serving Qualifying Populations.

2. **Applicant Experience and Capacity**

Applicant must have been incorporated for a minimum of 1 year and demonstrate experience in developing affordable housing of similar size and scope projects as proposed in HOME-ARP.

- a. Describe the recent experience and capacity of the applicant and development team to successfully implement the acquisition, rehabilitation and/or construction of the proposed project.
- b. Describe the recent experience and capacity of the applicant and property management staff to own and operate rental housing subject to HOME-ARP, HOME and affordable housing federal regulations. If Non-Profit Capacity Building is being requested through HOME-ARP, provide documentation of the organizational & project needs to develop a HOME-ARP project along with general operating expenses of the organization.

3. **Project Feasibility**

- a. Is the project funding requested sufficient to cover all project costs to ensure completion? Please outline any additional leveraged resources that are committed to the project.
- b. Will the scope of improvements ensure that the structure and systems will have a useful life of at least the Period of Affordability or Restricted Use Period?
- c. If awarded funds, the contract term shall not exceed 24 months and all HOME-ARP funds must be expended by September 30, 2030. Describe the elements of your approach that will help to ensure that the project will be completed within the proposed schedule and budget.
- d. Is your project feasible for operation throughout the Period of Affordability? Does the pro forma show positive cash flow, or adequate reserves to cover shortfalls? What measures will you put into place to ensure that the project performs according to plan?

4. **Readiness**

- a. Describe your readiness to proceed upon selection – describe to what extent you have:
 - i. Site control
 - ii. Local approvals
 - iii. All other funding in place
 - iv. Team members in place
 - v. Status of the design, scope of work and bidding
 - vi. Relocation needs, if applicable

5. **Long Term Affordability and Oversight**

- a. How will the owner/manager ensure ongoing compliance with HOME-ARP occupancy requirements for Qualified Populations?
- b. Describe how the property will be maintained to ensure ongoing compliance with HOME property standards.

6. **Occupancy Plans**

Briefly describe the proposed plans for identifying qualifying tenants. More detailed plans will be required to be submitted with final application and approved prior to occupancy of the project.

Please describe the following four plans as applicable:

- a. Tenant Selection Method(s)
- b. COC Referrals
- c. Waiting Lists
- d. Long-Term Management

RENTAL HOUSING

HOME-ARP funds may be used to acquire, rehabilitate, or construct rental housing for occupancy by HOME-ARP qualifying populations.

PROPERTY STANDARDS

HOME-ARP-assisted properties must comply with all the property standards that pertain to rental project requirements in 24 CFR 92.251 that involve the following:

- New construction per §92.251(a)
- Rehabilitation per §92.251(b)
- Acquisition of standard housing per §92.251(c)(1) and (2)
- Manufactured housing per §92.251(e)

All HOME-ARP-assisted housing must meet all applicable State and local codes housing quality standards, as applicable.

New Construction

Housing that is being constructed must meet all applicable local codes and zoning ordinances. If no local codes apply, the property must meet a national model code (Uniform Building Code, National Building Code, Standard Building Code) or the Council of American Building Officials one- or two-family code or minimum property standards at 24 CFR 200.925 or 200.926. New construction must also meet the most recent version of the International Energy Conservation Code.

Site and Neighborhood Standards

New construction of rental housing must also meet site and neighborhood standards at 24 CFR 983.57(e)(2) and (3), in accordance with 24 CFR 92.202.

- The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed, and adequate utilities (water, sewer, gas, and electricity) and streets must be available to service the site.
- The site and neighborhood must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and implementing HUD regulations.

Acquisition and Rehabilitation

Housing that is being purchased or rehabilitated must meet the MHC's Rehabilitation Standards and all applicable local codes and zoning ordinances. If no local codes apply, the property must meet a national model code (Uniform Building Code, National Building Code, Standard Building Code) or the Council of American Building Officials one- or two-family code or minimum property standards at 24 CFR 200.925 or 200.926.

Existing rental housing must have major systems with a remaining useful life at least as long as the period of affordability and/or replacement reserves sufficient to replace systems as needed. The major systems of rental projects of 26 or more units must be determined through a capital needs assessment.

Acquisition Only

Existing rental housing acquired with HOME-ARP funds must meet any applicable State and local housing quality standards.

- Rental housing that was newly constructed or rehabilitated less than 12 months before the date of commitment of HOME-ARP funds, must meet the new construction standards of §92.251(a).

- All other existing rental housing that is acquired with HOME assistance must meet the rehabilitation property standards of §92.251(b).

Manufactured Housing

Newly constructed manufactured housing for rental must meet the Manufactured Home Construction and Safety Standards established in 24 CFR Part 3280, which preempt state and local codes covering the same aspects of performance for such housing. Recipients providing HOME-ARP assistance to install manufactured housing units must comply with applicable state and local laws or codes. In the absence of such laws or codes, the agency must comply with the manufacturer's written instructions for installation of the manufactured housing units. Installation of replacement manufactured homes must meet the foundation requirements of 24 CFR 203.43f(c)(i).

Manufactured housing that is rehabilitated with HOME-ARP funds must meet the written rehabilitation standards of MHC and the foundation and anchoring requirements of 24 CFR Part 3285.

In addition, other federal requirements may apply, including accessibility standards, lead-based paint standards of 24 CFR part 35 for pre-1978 properties, and broadband infrastructure for new or rehabilitated properties.

All HOME-ARP-assisted housing must meet the accessibility requirements of the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973.

Ongoing Property Standards

HOME-ARP-assisted projects must be maintained in decent, safe, and habitable conditions. Owners must maintain properties in accordance with property standards throughout the affordability period. MHC conducts periodic property inspections to ensure continued compliance.

RENTAL HOUSING PROJECT APPLICATION PACKAGE

All HOME-ARP rental housing projects must submit a complete application package to MHC. The application package is necessary for MHC to underwrite the project and otherwise ensure the project can comply with HOME-ARP requirements. A HOME-ARP rental housing application package is the most recent and completed version of the MHC HOME-ARP Rental Housing Application that, at a minimum, includes;

1. Applicant and co-applicant (if applicable) contact information, entity type, and Tax ID number;
2. Project information;
3. Environmental issue potential;
4. Number, type, and designation of total units and HOME-ARP units;
5. Development costs;
6. Sources and uses statement/project development budget;
7. Project budget;
8. Projected operating budget;
9. Requested HOME-ARP loan terms;
10. Annual operating expenses;
11. Net operating income and projected debt service;
12. Agreements governing operating and replacement reserves;
13. Project description;
14. Project team information and resumes;
15. Site information for scattered sites;
16. Deed or title demonstrating site control;
17. Contract or option for purchase;
18. Appraisal performed by a state-licensed appraiser;
19. Zoning approval;
20. Architectural plans and specifications;
21. Line drawings of elevations and floor plans;
22. Capital needs assessment for acquisition and/or rehabilitation projects with 26 or more total units;
23. Work write-up and cost estimates for acquisition and/or rehabilitation projects with 25 or fewer total units;
24. Commitment letter(s) from other funding sources;
25. Abbreviated or full market demand analysis narrative;
26. For the applicant and, as applicable the co-applicant:
 - a. Board of Directors list
 - b. Articles of Incorporation and By-laws
 - c. Corporate Resolution approving the HOME-ARP application
 - d. Most recently completed financial audit
 - e. Current fiscal year-to-date income and expense statement;
 - f. Current balance sheet showing all assets and liabilities, including contingent liabilities (e.g., construction loans or operating deficit guarantees);
 - g. Income and expense statements and balance sheets for the two previous fiscal years, unless an audit is submitted; and
 - h. A list of any litigation, pending judgments, bankruptcies with the past seven years that apply to the applicant, any principals or officers, or any affiliated entities. Any litigation and pending judgments must be described.
27. If the applicant or co-applicant includes a partnership or Limited Liability Company (LLC), the partnership or LLC operating agreement;
28. Identify of Interest Certification;

29. Applicant Certifications;
30. Title report or commitment;
31. Termite inspection report; and
32. Any additional information that may be requested for project underwriting.

PUBLIC HEARING REQUIREMENT FOR HOME-ARP FUNDS

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

RENTAL THRESHOLD REQUIREMENTS

1. **Eligible Applicant**

- a. For-profit entity (must meet all 4 requirements)
 - 1) Incorporated
 - 2) In good standing with the Mississippi Secretary of State
 - 3) Not on the list of entities debarred by the U.S. Department of Housing and Urban Development
 - 4) Legal structure may be one of the following:
 - a) Partnerships
 - b) Limited partnerships
 - c) Limited liability company
 - d) Joint venture
 - e) Sole proprietorship
 - f) Trust or association
- b. Non-profit entity (must meet all 4 requirements)
 - 1) Established as 501(c)(3) under IRS Code
 - 2) In good standing with the Mississippi Secretary of State
 - 3) By-laws include housing purposes.
 - 4) If two or more organizations share common by-laws, over 50% of board members, and have a common service area, they will be treated as one entity for application purposes.

2. **Letter of Support from local Continuum of Care or Homeless Coalition**

3. **Unique Entity Identifier**

The entity that receives the funds must be registered on the SAM system with a current UEI number.

4. **Debarment Certification**

Certification of no debarment for each entity (not individuals) involved must accompany the application. Print out page from <https://www.sam.gov/> showing the entity is not debarred.

5. **W-9**

The entity that receives funds must complete a W-9.

6. **Market Demand**

A market study provided by a 3rd party entity is required to demonstrate project demand for all Low-Income HOME-ARP assisted and Market Rate units. Analysis of local market trends, current neighborhood information. A clear definition of the market area from which the buyers or renters can reasonably be expected to be drawn. Analysis of the demand, supply, and competition. Assessment must be performed less than 12 months prior to the commitment of HOME-ARP funds.

For Units reserved for Qualifying Households:

For HOME-ARP units for qualifying households, a traditional market assessment is not required. Rather, the applicant can demonstrate that there is unmet need among qualifying populations for the type of housing proposed through their gap analysis, CoC data, public housing and affordable housing waiting lists, point-in-time surveys, housing inventory count, or other relevant data on the need for permanent housing for the qualifying populations.

7. **Development Team Experience**

The development team must demonstrate experience on a similar activity in the prior 5 years.

8. **Readiness to Proceed**

Documentation of executed option or accepted offer to purchase; zoning appropriate to proposed development; Letter of Intent (LOI) or commitment documentation for all financing/equity.

RENTAL SCORING CRITERIA

Category 1— Match (0, 5, 10, or 15 points)

Points will be awarded if the application lists match for the project and if the required supporting documentation is provided. The total amount of funding designated as match (as approved by MHC) will be divided by the amount of total HOME-ARP funds requested:

0-24% eligible HOME-ARP Match	0 points
25% eligible HOME-ARP Match	5 points
25-50% eligible HOME-ARP Match	10 points
51% or more eligible HOME-ARP Match	15 points

Category 2— Subsidy Per Unit (0, 5, 10, 15 points)

Points will be awarded based on the amount of subsidy required to develop each rental unit.

Greater than \$225,000 per unit	0 points
\$225,000-\$250,00 per unit	5 points
\$200,00-\$224,000 per unit	10 points
Less than \$199,000 per unit	15 points

Category 3— Project-Based Rental Assistance (0, 5, 10, 15 points)

Projects that have Federal Project-Based Rental Assistance, HUD VASH Voucher Assistance or Local Project-Based PHA (Public Housing Authority) Voucher Assistance. Points will be awarded only if the project-based rental assistance contract has an initial term of no less than five (5) years for each contract unit.

0-25% Project Units covered by rental assistance	0 points
25%-50% Project Units covered by rental assistance	5 points
50%-75% Project Units covered by rental assistance	10 points
75%-100% Project Units covered by rental assistance	15 units

Category 4— Site Location (0 or 10 points) MHC will incentivize funds for projects that are located in an area where the poverty level is above 30%. Developments will receive 10 points. Projects located in a poverty level below 30% will receive 0 points.

Category 5— Fully Accessible Units (0 or 5 points)

The percentage of fully accessible (not adaptable) HOME-ARP units as shown in the plans submitted with the application. "Fully accessible unit" means a unit designed and constructed for full accessibility in accordance with Section 1002 of the International Code Council (ICC) A117.1.

0% fully accessible	0 points
At least 10% but less than 25% fully accessible	1 point
At least 25% but less than 50% fully accessible	2 points
50% or more fully accessible	5 points

Category 6— Universal Design (0 or 15 points)

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

1 point-

Category 7— Experience in HUD HOME Programs (0, 5, 10, 15 points)

Points will be awarded based on the applicants experience with HUD HOME programs. Experience may be combination of the organization, individual experience of key project staff, and/or experience of committed project partners.

No prior HUD HOME experience	0 points
Completed similar type projects on smaller scale; or no experience with capital projects but have experience with supportive services	3 points



Completed similar scale and type of projects more than (5) years ago	6 points
Completed similar scale and type of projects in the most recent (5) years	9 points

Category 6—Supportive Services Offered (0, 5, 10 points)

Points will be awarded for the following services, if offered: Child Care; Education Services; Employment Assistance and Job Training; Food; Housing Search and Counseling Services; Legal Services; Life skills training; Mental health services; Outpatient health services; Outreach services; Substance abuse treatment services; Transportation; Case management; Mediation; Credit repair; Landlord/Tenants Liaison; Services for special populations; Financial assistance costs; Short term and medium term rent assistance

Service not offered	0 points
1-5 individual services offered	5 points
Greater than 5 individual services	10 points

HOME-ARP ELIGIBILITY INFORMATION

Eligible Applicants:

Eligible applicants include community-based non-profit 501(c)(3), 501(c)(4) or for-profit organizations with the provision of decent housing that is affordable to low and moderate-income persons among the purposes of the organization.

Market Assessment-Rental Projects Only

A market assessment prepared within the last 12 months of submitting the application is a requirement for HOME-ARP rental projects that include market rate and/or low-income units within the project. The market assessment should consist of recent data for the area location of the proposed HOME-ARP project, demonstrate the need for the proposed project type, document the demand for the project in the area, and demonstrate the units will be absorbed within the HOME-ARP deadline and the tenant's ability to pay the proposed rent. Market assessments for the qualifying populations are not required but are encouraged to demonstrate the need for the proposed project in the area.

Eligible Rental Projects

- Must be an eligible project type in accordance with the HOME-ARP Notice: CPD-21-10.
- Must be located in the state of MS
- Utilize one of the state's (3) Continuum of Cares' coordinated entry system as a project waitlist for units dedicated to the HOME-ARP qualifying populations.
- Project must be able to accept all qualifying populations.
- Projects must follow the methods of prioritization and referral methods as described in MHC's HOME-ARP Allocation Plan.

Eligible Rental Property Types

Eligible HOME-ARP rental housing includes "housing" as defined at 24 CFR 92.2, including but not limited to:

- Single-family units
- Multi-family units
- Manufactured housing
- Single room occupancy (SRO)

Ineligible Rental Property Types

- Emergency Shelters
- Hotels and motels
- Nursing Homes
- Residential treatment and correctional facilities
- Halfway houses
- Houses for students or dormitories

Forms of Assistance

MHC HOME-ARP funds for rental housing will be provided as a below-market rate, 15-year amortizing loan term. Loan repayment terms, including 1.75% interest rate, amortization period, and full or partial deferral of principal and/or interest are determined by project underwriting.

Low-Income Housing Tax Credit Projects

HOME-ARP funds for rental housing that is also receiving or applying for LIHTC (either 4% or 9%), will be provided by MHC in the form of a loan secured through a Deed of Trust.

Minimum and Maximum HOME-ARP Development Investment

The minimum HOME-ARP investment is \$1,000 per HOME-ARP unit. There is no maximum HOME-ARP investment - HOME-ARP funds may pay the entire reasonable and necessary cost to acquire, rehabilitate, and/or construct HOME-ARP rental units subject to any restrictions specified by MHC and the Cost Principles at 2 CFR Part 200.

ELIGIBLE COSTS

Development of Rental Housing Eligible Costs

HOME-ARP funds may be used for the acquisition, new construction, or rehabilitation of affordable rental housing. Acquisition of vacant land or demolition are eligible only if the construction of a HOME-ARP rental project will start within 4 months of the agreement date.

Development Hard Costs as defined in 24 CFR 92.206(a)

Cost to construct or rehabilitate housing, costs include but are not limited to:

- Costs to meet new construction and rehabilitation property standards.
- Demolition costs or site preparation or improvement
- Construction or rehabilitation of laundry and community facilities located in a multi-family housing HOME-ARP project.

Acquisition Costs:

Costs of acquiring improved or unimproved real property

Related Soft Costs as defined in 24 CFR 92.206(d):

Other reasonable and necessary costs associated with the financing or development of new construction, rehabilitation, or acquisition of HOME-ARP affordable rental housing.

Costs include, but are not limited to:

- Architectural/engineering fees, including specification and job progress inspections;
- Builders' and developers' fees
- Environmental reviews
- Credit reports
- Financing, title, and recordation fees
- Legal and accounting fees, including cost certification
- Costs to provide information services to tenants (affirmative marketing and fair housing)
- Operating deficit reserves (up to 12 months)

Relocation costs as defined in 24 CFR 92.206(f), 24 CFR 92.353, and as described in the HOME-ARP Notice: CPD-21-10

Nonprofit Operating and Capacity Building Assistance

Up to five percent of the HOME-ARP allocation can pay for operating expenses of a nonprofit organization that will carry out HOME-ARP activities within 24 months of award.

Operating expenses are reasonable and necessary costs of operating a non-profit organization. Eligible costs include:

- Employee salaries, wages and other employee compensation and benefits
- Employee education, training, and travel

- Rent and utilities
- Communication costs
- Taxes and insurance
- Equipment, materials, and supplies

Operating costs must be used for “general operating costs” and cannot have a particular final cost objective, such as a project or activity, or must not be directly assignable to a HOME-ARP activity or project. For further details on operating expenses, see the HOME-ARP Notice: CPD-21-10, Section IV.F.1.a.

Nonprofit Capacity Building Assistance

Up to five percent of the HOME-ARP allocation can pay for capacity-building expenses of a non-profit organization that will carry out HOME-ARP activities within 24 months of award.

Capacity building expenses are reasonable and necessary general operating costs that will result in the expansion or improvement of an organization’s ability to successfully carry out eligible HOME-ARP activities. Eligible costs include:

- Employee salaries, wages, and other employee compensation and benefits for new hires
- Employee training or other staff development that enhances an employee’s skill set and expertise
- Equipment, such as computer software or programs that improve organizational processes
- Upgrades to materials and equipment
- Supplies
- Contracts for technical assistance or for consultants with expertise related to the HOME-ARP qualifying populations

RENTAL PROJECT UNDERWRITING

Applications are reviewed for completeness and eligibility first and then underwritten using the guidelines described below.

- Written underwriting and subsidy layering guidelines for all HOME-ARP activities are required by MHC to determine the appropriate HOME-ARP investment, including market need/demand, developer experience, and capacity, cost/fee/profit reasonableness and source commitments;
- Cost allocation is required in multi-unit projects to determine the maximum HOME-ARP investment or required number of HOME-ARP assisted units; and
- The maximum per-unit HOME-ARP subsidy limits are set by MHC.

HOME-ARP Notice: CPD-21-10 requires that MHC has written policies and procedures that include:

- An examination of the sources and uses of funds for the proposed project and a determination that all project costs are reasonable;
- Assessment of current market demand in the neighborhood where the project will be located;
- Assessment of the experience and financial capacity of the developer and/or Recipient;
- An assessment of the firm written financial commitments for the project
- A careful review of the project's budget to include assumed projections of the project's net operating income and to determine if operating cost assistance is necessary; and
- An assessment of the project's overall viability through the 15-year compliance period.

Underwriting Assessment

The underwriting assessment will include:

- Sources and Uses
 - Sources are sufficient to cover uses (development costs);
 - Financial commitment letters,
 - The uses (development costs) are complete and sufficient to complete the project, and all project costs are reasonable; and
 - The uses of HOME-ARP funds are eligible costs.
- Market Assessment – Current market demand in the neighborhood will be examined to determine the need for the proposed project. The market assessment must:
 - Must have been prepared within the last 12 months;
 - Should include recent data for the area, this can include known waitlist in the area,
 - Demonstrate the need for the proposed project type;
 - Document the demand for the project in the proposed location;
 - Must demonstrate the units will be absorbed within the HOME-ARP deadline and the tenant's ability to pay the proposed rent.

The underwriting analysis will conclude with a determination of the amount of HOME-ARP subsidy that is necessary and sufficient to ensure project completion and sustainability for at least the period of affordability. The amount should be no more than is necessary to fill the gap determined by underwriting, taking into account both the cost allocation and subsidy layering analysis.

RENTAL PROGRAM REQUIREMENTS

OCCUPANT REQUIREMENTS

HOME-ARP **rental housing** projects must primarily benefit the HOME-ARP qualifying populations (QP) described in Notice CPD-21-10. HOME-ARP funding may be used to assist in units that are not restricted to the qualifying populations. At least 70 percent of the HOME-ARP-assisted units must be restricted to qualifying households, while no more than 30 percent can be restricted to low-income households. HOME-ARP **NCS** units may only be occupied by individuals or families that meet the criteria for one or more of the Qualifying Populations.

RENT

For the initial occupancy of units restricted to the qualifying populations, the rent cannot exceed 30 percent of the adjusted income of a household whose annual income is equal to or less than 50 percent of the median income for the area. If qualifying population unit receives a Federal or state project-based rental subsidy and the household pays no more than 30 percent of the household's adjusted income, the rent charged may be the rent allowable under the Federal or state project-based rental subsidy program. Proposed HOME-ARP projects are strongly encouraged to have other resources available to help support the household with rent in addition to other supportive services. Rent for units restricted to low-income households must comply with the rent limitations in 24 CFR 92.252(a). For more detailed information on HOME-ARP rent limits, refer to HOME-ARP Notice CPD 21-10.

LOW-INCOME HOUSEHOLDS

Low-income households must meet the definition of low-income as defined in 24 CFR 92.2, household income that does not exceed 80% of area median income (AMI).

MINIMUM NUMBER OF HOME-ARP UNITS

HOME-ARP funds may be used to assist one or more units in a project. Only the eligible development costs of the HOME-ARP units may be charged to the HOME-ARP program. In general, HOME-ARP units must be substantially comparable in size and amenities to units not assisted with HOME-ARP funds. When HOME-ARP units are comparable in size and amenities, the minimum number of HOME-ARP units is calculated as follows:

All Projects Units are Comparable in Size and Amenities	
Total development cost	\$5,000,000
Divided by the total number of units in project	Forty (40) units
Equals the average per unit investment (all units)	\$125,000
MHC HOME-ARP Investment	\$500,000
Divided by average per unit investment (all units)	\$125,000
Equals the number of HOME-ARP units (rounded up from 2.67)	Four (4) units
Minimum number of HOME-ARP Qualifying Population Units (not less than 70% of total units)	Three (3) units
Maximum number of HOME-ARP Low-income Units	One (1) unit

Restricted Units

Eligible HOME-ARP rental unit tenants are based on the number of HOME-ARP units in a property as follows:

1. Not less than 70% of households, regardless of household income, must be a qualifying population upon the household's initial occupancy, and

2. If necessary to ensure project feasibility and viability, up to 30% of households may have household income less than 80% of the AMI, adjusted for household size upon the household's initial occupancy.

Floating Units

Floating Units are initially designated as either qualifying population or low-income household units and may lose their designation and be replaced by comparable units in the project during the compliance period when the income of the household occupying the unit changes.

PROJECT COMPLETION AND OCCUPANCY

HOME-ARP projects must be completed within two years of commitment. Any project that is not completed in a timely manner will be terminated and the Recipient will be required to repay HOME funds drawn.

Occupancy after project completion. HOME-ARP units should be occupied by eligible tenants within six months of project completion. If not, MHC must be notified of the ongoing efforts of the project to coordinate with a CoC, homeless service provider, social services, and other public agencies to fill units for qualifying populations or must submit marketing information to fill units designated for low-income households. If HOME-ARP assisted units are not occupied within 12 months, repayment of HOME-ARP invested funds will occur.

Unit Designation. HOME-ARP units must be floating in accordance with 24 CFR 92.252(j). The mix must be maintained throughout the compliance period.

TENANT PROTECTIONS

Tenants who occupy a HOME-ARP-assisted unit must have an executed lease that complies with the tenant protections outlines in the HOME-ARP CPD Notice 21-10.

There must be a lease between the eligible HOME-ARP household and the owner that is no less than 12 months, unless agreed upon by both parties for a less short time.

- The lease must comply with VAWA requirements.
- Prohibited lease terms per 24 CFR 92.253(b)
 - o Agreement to be sued. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;
 - o Treatment of property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;
 - o Excusing owner from responsibility. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
 - o Waiver of notice. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;
 - o Waiver of legal proceedings. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
 - o Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury;
 - o Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease;

- o Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses; and
- o Mandatory supportive services. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

Violence Against Women's Act (VAWA) Occupancy Protections

Projects must comply with the requirements of the Violence Against Women's Act (VAWA) as required by 24 CFR 92.359 for HOME ARP. VAWA provides certain additional tenant protections to applicants and tenants who are victims of domestic violence, sexual assault, and/or stalking. In general, among other requirements owners must provide notices to all tenants of the VAWA provisions, may not deny an application or terminate or refuse to renew a lease as a result of a person's status as a victim or on the basis of criminal activity related to such status, and must allow for the bifurcation of a lease in order to evict the perpetrator of such criminal activity while allowing the victim to maintain occupancy. In general, MHC will provide a standard form lease addendum for use by owners of HOME-ARP-assisted rental housing that will provide required tenant protections and eliminate any prohibited provisions from uses otherwise used by owners.

AFFIRMATIVE MARKETING REQUIREMENTS

Recipients must adopt affirmative marketing procedures and requirements for projects containing five or more HOME-ARP-assisted units. Affirmative marketing consists of actions to provide information and attract eligible persons to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability. Affirmative marketing differs from general marketing activities because it specifically targets potential tenants who are least likely to apply for the housing. MHC requires each recipient to develop and submit a project-specific affirmative fair housing marketing plan since the HOME-ARP program serves many local markets throughout the State and affirmative marketing requirements will vary according to the local market being served.

OTHER FEDERAL REQUIREMENTS

ENVIRONMENTAL REVIEW REQUIREMENTS PER 24 CFR 92.352

Federally assisted projects are subject to a variety of environmental requirements. Recipients should be familiar with these requirements and are strongly encouraged to discuss any questions they have with MHC staff prior to entering into a purchase agreement or submitting an application.

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

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

NONDISCRIMINATION AND EQUAL OPPORTUNITY

The requirements in 24 CFR 92.350 apply to the HOME-ARP program. Project owners must comply with the Federal requirements set forth in 24 CFR part 5, subpart A, including:

- Non-discrimination and equal opportunity;
- Disclosure requirements;
- Debarred, suspended or ineligible contractors;
- Drug-free work; and

AFFIRMATIVE MARKETING AND MINORITY OUTREACH PER 24 CFR 92.351

- HOME-ARP rental projects with 5 or more units must comply with the requirements for affirmative marketing under §92.351(a).
- Project owners must maintain Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) plans that demonstrates marketing and solicitation of MBE/WBE businesses and contractors for the construction of the project. When advertising for bids, Recipients must include a statement that says, "minority and women-owned businesses are encouraged to apply." Recipients are required to document and submit evidence of outreach efforts regarding MBE/WBE at the completion of the project.

LABOR STANDARDS, PER 24 CFR 92.54

Every contract for the construction (rehabilitation or new construction) of housing that includes 12 or more units assisted with HOME-ARP funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 3141), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701).

SECTION 3 ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS SECTION 3 REQUIREMENTS ESTABLISHED AT 24 CFR PART 75 APPLY TO HOME-ARP RENTAL PROJECTS.

Project owners must maintain a Section 3 plan that demonstrates a marketing plan to include Section 3 contractors and all tiers of subcontractors in the construction of the project.

LEAD HAZARD CONTROL REQUIREMENTS

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at 24 CFR Part 35, subparts A, B, J, K, M, and R apply to HOME-ARP-assisted activities.

CONFLICTS OF INTEREST

Owners and developers of HOME-ARP rental housing shall be subject to 24 CFR 92.356(f). HOME-ARP rental projects must maintain written standards of conduct covering the conflicts of interest and organizational conflicts of interest requirements under the HOME-ARP Notice CPD-21-10 and 24 CFR 200.318. A HOME-ARP Recipient (or officer, employee, agent, elected or appointed official, or consultant of recipient or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of a recipient), whether private, for-profit or nonprofit, may not occupy a HOME-ARP-assisted unit in a project during the affordability period.

UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT, SECTION 104(D), AND HOME-ARP DISPLACEMENT, RELOCATION AND ACQUISITION PROGRAM REQUIREMENTS

HOME-ARP funding is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and section 104(d) of the Housing and Community Development Act of 1974, in addition to the Displacement, Relocation and Acquisition regulatory requirements of 24 CFR 92.353.

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970:

Costs incurred to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. § 4601 et seq.) (URA) are eligible HOME-ARP project costs pursuant to the HOME-ARP Notice CPD-21-10 and 24 CFR 92.206(f). The URA establishes minimum requirements for the acquisition of real property and the displacement of persons from their homes, businesses, or farms as a direct result of acquisition, rehabilitation, or demolition for federally assisted programs and projects. The URA implementing regulations at 49 CFR part 24 establish:

- Requirements for the provision of replacement housing assistance, advisory services, and moving costs to persons displaced as a result of a program or project that receives federal financial assistance;
- Requirements for acquisitions, including the payment of just compensation pursuant to 49 CFR part 24, subpart B, and provisions for voluntary acquisitions set forth in 49 CFR 24.101.
- Minimum requirements for temporary relocation of persons, businesses, or farms as a result of a project or program that receives federal financial assistance. These requirements are found in Appendix A, Section 24.2(a)(9)(ii)(D).

Additional HUD URA policy and guidance is available in HUD Handbook 1378.

Section 104(d) of the Housing and Community Development Act of 1974:

HOME-ARP is HOME funding and subject to the requirements in section 104(d) of the Housing and Community Development Act of 1974, as amended, (42 USC § 5304(d)), ("section 104(d)") unless waived, as described in this section and Appendix. Costs incurred to comply with section 104(d) requirements are eligible HOME-ARP project costs under 24 CFR 92.206(f). section 104(d) applies to the demolition or conversion, as defined in 24 CFR 42.305, of a lower income dwelling unit in connection with a HOME-assisted activity. section 104(d) includes the following requirements:

- A project owner must have a residential anti-displacement and relocation assistance plan
- A project owner must provide relocation assistance to displaced lower-income persons; and
- A project owner must perform a one-for-one replacement of lower-income dwellings demolished or converted to a use other than a lower-income dwelling unit. A lower income dwelling unit is defined

in 24 CFR 42.305 as a dwelling unit with a market rent (including utility costs) that does not exceed the applicable Fair Market Rent (FMR) for existing housing, as defined by HUD.

Section 104(d) implementing federal regulations can be found at 24 CFR part 42 Subpart C. HOME-ARP Section 104(d) Waiver / One-for-One Replacement Housing. For purposes of , the one-for-one replacement housing requirements of section 104(d)(2)(A)(i) and (ii) and (d)(3) (42 U.S.C. 5304(d)(2)(A)(i) and (ii) and 42 U.S.C. 5304(d)(3)) and 24 CFR 42.375, lower-income dwelling units shall not include single-room occupancy (SRO) units or residential hotel or motel units in jurisdictions where those units are considered dwelling units under state or local law. All other section 104(d) requirements, including but not limited to the requirement that the PJ have and follow a residential anti-displacement and relocation assistance plan, remain in effect. (See 24 CFR 92.353(e) and 24 CFR part 42, subpart C).

HOME Program Displacement, Relocation, and Acquisition Regulations:

The HOME program's Displacement, Relocation, and Acquisition regulations at 24 CFR 92.353 also apply to projects funded with HOME-ARP funds. Some of these requirements differ from those of the URA and section 104(d), including but not limited to the expanded temporary relocation protections at 24 CFR 92.353(b) and (c); optional relocation assistance policies in 24 CFR 92.353(d); and the right to return to a building or complex, if feasible, upon completion of a HOME project, in accordance with 24 CFR 92.353(a).

Project owners must follow these program-specific requirements in HOME-ARP-assisted projects. Project owners are encouraged to develop optional relocation policies to address individuals who may not be eligible for URA or section 104(d) assistance due to their length of occupancy in a unit, ineligibility of their dwelling unit, or other factors beyond their control. Such policies must be in writing, applied consistently, and must not violate any other federal law or regulation. Costs incurred to comply with 24 CFR 92.353, including optional relocation policies, are eligible HOME-ARP project costs under 24 CFR 92.206(f).

Additional HOME-ARP Program Relocation-Related Requirements

Acquisition and/or rehabilitation of hotels, motels, and other non-residential property: In states where hotels and motels are not considered dwelling units or residential property, the acquisition of non-residential property such as hotels and motels for the production of HOME-ARP rental housing will not make a person occupying those properties eligible for relocation assistance under the URA, section 104(d) or 24 CFR 92.353. Project owners may provide individuals or families the ability to rent a HOME-ARP rental unit if they can demonstrate that—

- They have been in continuous residence at the property for 30 or more calendar days; and
- They meet the definition of a HOME-ARP-qualifying household.

Any assistance provided pursuant to this section may be provided without regard to any preferences, project-specific waiting lists, or any other form of prioritization that has been established pursuant to the HOME-ARP Notice CPD-21-10. For purposes of HOME-ARP, costs associated with activities may be charged as either project delivery costs or relocation costs eligible under 24 CFR 92.206(f).

REPORTS AND RECORDKEEPING

MHC requires Recipients to submit reports at various stages throughout the course of a project and continuing through the duration of the affordability period.

Additionally, MHC reserves the right to require additional or more frequent reporting for projects with compliance deficiencies. Quarterly Construction Status Reports are required to report quarterly during the development phase and lease-up phase. Quarterly reports will be due on the 5th of the month following the end of the prior quarter (e.g., by April 5th reports on the first quarter are due).

- During the construction phase, owners must provide monthly reports detailing construction progress and barriers to progress.
- During the initial phase of lease-up, MHC may request owners to provide monthly or quarterly reports detailing the number of total project leases. Once the owner has leased 100 percent of the units, leasing, and marketing reporting will be required annually.