



2026 Allocation Plan & Application Guide National Housing Trust Fund (HTF)

Rental Activity

20 August 2026

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OVERVIEW

STATUTORY BACKGROUND

The National Housing Trust Fund (HTF) was enacted as part of the Housing and Economic Recovery Act of 2008 (HERA) and authorized under Section 1338 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. States and state-designated entities are eligible grantees for HTF. The U.S. Department of Housing and Urban Development (HUD) will allocate HTF funds by formula annually. A State must use at least 80 percent of each annual grant for rental housing; up to 10 percent for homeownership; and up to 10 percent for the grantee's reasonable administrative and planning costs. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. All HTF-assisted units must have a minimum affordability period of 30 years.

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 HTF program, make awards, and provide reporting and oversight on behalf of the State. MHC will use HTF to assist:

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

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

MHC uses an annual allocation plan to indicate how it will distribute HTF resources based on the priority housing needs identified in the State's Consolidated Plan. It identifies the State's housing priority needs as affordable housing opportunities for low-income rental and owner households through homeownership, homeowner rehabilitation, and rental development/substantial rehabilitation.

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

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

CITIZEN PARTICIPATION IN FORMING HTF INVESTMENT PRIORITIES

MHC facilitates the development and implementation of the Consolidated Plan and subsequent Annual Action Plan (AAP), the Consolidated Annual Performance and Evaluation Report (CAPER), as well as, ensuring citizen participation requirements are followed. In identifying uses of HTF funds for 2026, MHC solicited input from an advisory team consisting of individuals and groups representing aspects of low-income housing which may include Low-Income Housing Tax Credit (LIHTC) Developers; Planning & Development Districts; for-profit/non-profit organizations/developers; public housing authorities, advocates for the disabled, Continua of Care, ESG grantees, and individuals working with HIV/AIDS populations.

MHC brings together individuals with a broad range of expertise and suggestions for the best utilization of federal programs included in the AAP, ensures a connection with the community and its needs, and provides a broad understanding of the critical role affordable housing plays in the state.

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

A statewide advisory team meeting was held virtually on May 27, 2026. In addition to verbal comments received at the meeting, MHC requested written comments from interested members of the public concerning the draft of the AAP. Comments received were taken into consideration and fully evaluated before the completion of the 2026 Annual Action Plan.



APPLICATION REQUIREMENTS

ALLOCATION OF FUNDS

The State of Mississippi has not yet received the allocation for 2026. An additional \$2,701,134 in unobligated 2025 funds are available. MHC will not allocate funds for homeownership activities due to the shortage of rental units for ELI households and addressing the State's priority needs.

MHC will set aside \$1,500,000 in HTF funds for 9% Low Income Housing Tax Credits (LIHTC) and tax-exempt bond (4%) developments to apply for up to \$750,000 per project.

IMPORTANT DATES:

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

9% LIHTC WAIVERS

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

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

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

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

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

PUBLIC HEARING REQUIREMENT

A public hearing must be conducted to notify the community about the proposed project. The notice for the public hearing must be published in a local or regional newspaper having general circulation in the project area and must be published at least 14 days, but no earlier than 20 days, before the public hearing. The notice may be published in the legal or non-legal section of a local newspaper serving the community. Projects located in areas with a Hispanic population should make information available in Spanish. Community members must be allowed a time period to submit comments about the proposed project. Applications must include the "Proof of Publication of the Notice of Public Hearing", an attendance

roster, and minutes of the meeting. Any comments received must also be submitted. Meetings must be conducted in places that are handicapped-accessible.

APPLICATION SUBMISSION

Interested parties must submit applications online via [MHC's website](#). MHC will, to the extent practicable, underwrite the project, decide whether the project is ready to proceed, and confirm that the development has a financing gap that requires HTF funding.

APPLICATION OUTLINE

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

- | | |
|--|---|
| <ul style="list-style-type: none"> 1) APPLICANT INFORMATION <ul style="list-style-type: none"> a) General Information b) Application Information 2) PROGRAM TYPE <ul style="list-style-type: none"> a) Housing Trust Fund Program b) HOME (Rental) Program 3) OWNERSHIP INFORMATION <ul style="list-style-type: none"> a) Applicant/Ownership Entity b) Seller Information 4) PROJECT TEAM <ul style="list-style-type: none"> a) General Partner(s) b) Developer c) Applicant Consultant d) Management Entity e) General Contractor f) Architect/Engineer g) Certified Public Accountant h) Mortgage Banker i) Tax Attorney j) Real Estate Attorney k) Syndicator 5) LOCAL GOVERNMENT <ul style="list-style-type: none"> a) Mayor or President of Board of Supervisors b) Other Chief Elected Official 6) PROJECT INFORMATION <ul style="list-style-type: none"> a) Project Name and Location b) Site Control c) Construction Information d) Project Composition e) Building Mix | <ul style="list-style-type: none"> f) Unit Mix g) Appliances h) Community Services i) Amenities j) Utility Allowance 7) RENT COVENANTS <ul style="list-style-type: none"> a) Set Aside Elections b) Affordability Period c) Special Needs Population 8) SOURCE OF FUNDS <ul style="list-style-type: none"> a) Construction Financing b) Permanent Financing Loans c) Tax Credits Equity d) Government Funds e) Other Sources of Funds 9) USES OF FUNDS <ul style="list-style-type: none"> a) Construction/Rehab Hard Costs b) Development Cost Breakdown 10) INCOME AND EXPENSES <ul style="list-style-type: none"> a) Rental Assistance b) Gross Income c) Annual Expenses 11) APPLICATION SUMMARY <ul style="list-style-type: none"> a) Sources and Uses Statement b) Development Pro Forma (Yrs 1-10) c) Development Pro Forma (Yrs 11-20) d) Project Summary 12) UPLOAD DOCUMENTS <ul style="list-style-type: none"> a) Required Documents b) Other/Miscellaneous Documents |
|--|---|

QUIET PERIOD

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

APPLICATION SELECTION CRITERIA

MHC will use a ranking process to select projects for funding. Applications will be subject to a subsidy layering review of sources of financing to determine that the HTF financing gap does not result in federal funds providing excess subsidies. All projects shall undergo a final underwriting analysis and subsidy layering review. MHC reserves the right to review other sources' underwriting evaluations.

The application process consists of three steps:

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

Applications with incomplete or missing supporting documentation will have two points deducted for each missing document if the application makes it to scoring. Missing documents must be submitted within 48 hours of notification.

2. Threshold Review - Does the application meet the threshold requirements to be considered for funding?

Applicants will be notified if the documentation provided is unclear and will have 3 calendar days to clarify requested items. This does not apply to missing items. MHC will permit such additional documentation and/or clarification to be provided electronically unless a document with an original signature is required. Applications that meet the Completeness and Threshold requirements will proceed to scoring.

3. Application Scoring - Applications must score a minimum of 75 points on a 100-point scale to be considered for funding regardless of strict numerical ranking.

The selection criteria do not operate to vest in an applicant or development any right to a reservation or allocation of HTF in any amount. Further, notwithstanding the point ranking system set forth above, MHC reserves the right and shall have the power to allocate funds to a development regardless of its point ranking, if such intended allocation is:

- a. In compliance with 24 CFR Part 93
- b. In furtherance of the housing goals stated herein; and
- c. Determined by MHC to be in the interests of the citizens of Mississippi.

Projects scored below seventy-five points 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 tiebreaking system identified herein to break the tie. In the event of a tie in the scores, the tiebreaking system will be used in the following order:

1. Priority funding will be given to the development that has the lowest cost per unit (CPU).
2. Address the most critical rental housing demand (e.g. small households)
3. Located in an area of the state with a poverty rate above 30%.
4. Developers' firm commitment to provide project-based rental assistance.

SUBMISSION OF MATERIALS

1. Timeliness – All documentation must be included with the application due date.
2. On or before the application deadline, the applicant must provide all documentation as instructed in this allocation plan as well as the required documentation listed in the HTF Application Forms.
3. If MHC requests additional information from the applicant, all requests are due on or before the date provided by MHC staff.
4. Any late forms will be denied review.
5. Responsiveness – All questions must be answered, and all supporting documentation must be provided.
6. The applicant must provide all documentation as requested (i.e., uploaded, or hard copies, labeled correctly, etc.)
7. Required signatures must be originally signed.

HTF RESERVATION ANNOUNCEMENTS

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

1. Complete environmental requirements within four (4) months of the award reservation letter.

2. Letter from HUD or local public housing authority if a future commitment of project-based rental assistance/vouchers is expected
3. Pre-closing Underwriting/SLR Analysis
4. Other items noted in the project-specific reservation letter

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

APPEALS PROCESS

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

The request for reconsideration must be submitted in writing to GrantManagement@mshc.com or via mail to:

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

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

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

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

IMPLEMENTATION WORKSHOP

All applicants who receive a reservation of HTF funds must attend the mandatory implementation workshop listed in the Important Dates table. Failure to attend this workshop automatically results in the withdrawal of the award reservation. The workshop will outline the events after an award reservation and provide an overview of the HTF program requirements. Members of the property management team are strongly encouraged to attend this workshop as well.

AWARD AMENDMENT REQUESTS

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

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

PRE-CLOSING CONDITIONS

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

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

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

LOAN CLOSING & HTF COMMITMENT PACKAGE

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

1. HTF Rental Post-Loan Closing Checklist
2. Initial Compliance Monitoring Handout
3. Exhibit 1 - Quarterly Construction Status Report Form (HOME-HTF Rental Projects)
4. Exhibit 2 - Section 3 Quarterly Report
5. Exhibit 3 – MHC MBE & WBE Quarterly Report
6. Exhibit 4 – Housing Development Budget & RFC Forms
7. Exhibit 5 - MHC Request for Cash revision
8. Exhibit 6 - HTF Setup & Completion Form
9. Exhibit 7 - W-9 Form
10. Exhibit 8 - ACH Credit Authorization Form
11. Exhibit 9 - Project Completion Schedule
12. Exhibit 10 - Post Construction Certification Form

NOTICE TO PROCEED WITH CONSTRUCTION

Following the loan closing and execution of the regulatory agreement, a notice to proceed with construction will be emailed to the recipient. Construction will be expected to start within six months of the loan closing date. Failure to do so will require a plan of action to be submitted to MHC. The Housing Grant Officer will be the primary point of contact for the owner until the project is completed according to HTF regulations. This person is responsible for processing draw requests, reviewing construction progress and compliance with labor standards, negotiating and seeking internal approvals on any proposed contract changes, and coordinating with Compliance staff on the handoff of the project as it approaches project completion.

ONGOING COMPLIANCE & ASSET MANAGEMENT

Once a project is completed, it is assigned to the Grants Compliance Monitoring Officer who will become the main contact throughout the period of affordability, extended commitment period, and life of the HTF loan, whichever is longer. The Grants Compliance Monitoring Officer will be responsible for overseeing annual and periodic on-site monitoring of the project.

COMPLETENESS

This checklist comprises the required documents that must be submitted to be considered as a complete application.

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

**Templates are located at <https://www.mshomecorp.com/federal-programs/templates/>

A. REQUIRED DOCUMENTS

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

1. APPLICATION DOCUMENTS

- (a) Statement of Application & Certification (Form 0101)*
- (b) Applicant/Owner Signature Authorization (Form 0102)*
- (c) Application Preparer's Certification (Form 0103)*
- (d) Financial Feasibility Forms (Form 0105)*
- (e) 9% LIHTC Applicant Waiver Approval Letter (if applicable)

2. APPLICANT ENTITY DOCUMENTS

- (a) Organizational Documents
 - (i) Organization Chart
 - (ii) Formation Documents for the Applicant/Ownership Entity and Developer
 - (iii) Certificate of Good Standing for the Applicant/Ownership Entity and Developer
 - (iv) Certificate to Do Business in Mississippi (if foreign entity)
 - (v) Evidence of Unique Entity Identifier & Proof of Active Registration on SAM.gov (applicant only)
- (b) Nonprofit Organization Documentation
 - (i) IRS documentation of 501(c)(3) or 501(c)(4) status
 - (ii) Articles of Incorporation and Bylaws and all relative amendments
 - (iii) List of the Nonprofit Board Members
 - (iv) Resolution to Submit for HTF Funding (Nonprofit Organizations and Local Units of Governments)
- (c) Ownership Entity Documents
 - (i) Developer Experience Form (Form 0110)*
 - (ii) Applicant's most recent audit
 - (iii) Current fiscal year-to-date income and expense statement
 - (iv) Current balance sheet showing all assets and liabilities, including contingent liabilities
 - (v) Income and expense statements and balance sheets for the two previous fiscal years
 - (vi) A list of any litigation, pending judgments, bankruptcies for the applicant, principal members, officers, or affiliated entities.

3. PROJECT MANAGEMENT DOCUMENTATION

- (a) Management Experience (Form 0111)*
- (b) Management Agreement or Letter of Intent outlining (at a minimum) the terms, responsibilities, and management fee.
- (c) Maintenance Plan
- (d) Agreements on reserves

4. SITE INFORMATION DOCUMENTS

- (a) Initial Site Assessment Form (Form 0106)*
- (b) Site Control
 - (i) Evidence showing the applicant/ownership entity has control of the proposed site(s)
 - (ii) Legal description of the property that identifies it as the site in the site control documentation.
- (c) Local Zoning and Development Conditions
 - (i) Evidence of proper zoning or letter from local authorities
 - (ii) Evidence of utilities (if applicable)
- (d) Market Assessment Documentation

5. GENERAL REQUIRED DOCUMENTS

- (a) Project Narrative**
- (b) Written summary of applicable affordable project development experience
- (c) Project Completion Schedule (Form 0107)*
- (d) Public Hearing Documentation
- (e) Environmental Checklist (Form 0108)*
- (f) Certificate of Consistency with Consolidated Plan (Form 0126)*
- (g) Certification of Conflict of Interest**
- (h) Utility Allowance Form
- (i) Location Map(s)

- (i) Flood Determination (FIRMette)
 - (k) Supportive Services Certification (Form 0112)*
 - (l) Certification of Bid Law Compliance (Form 0113)*
6. PROJECT SPECIFIC DOCUMENTS
 - (a) Acquisition/Rehabilitation Developments
 - (i) Physical Needs Assessment (Form 0114)* from a licensed Architect or Engineer
 - (ii) Capital Needs Assessment from a licensed Architect or Engineer (if applicable)
 - (iii) Appraisal documenting land value and improvements
 - (iv) Photos of the site
 - (v) Tenant Relocation Plan (URA)
 - (vi) URA Notification Letters (GIN, Notice of Disclosure to Seller with Purchase Offer**)
 - (vii) URA Budget
 - (viii) Current Rent Roll
 - (b) New Construction Developments
 - (i) Description of Materials (Form 0115)*
 - (ii) Appraisal documenting land value
 - (iii) Plot Plans, Survey, and Building Plans from a licensed architect or engineer
 - (iv) Photos of the site
7. PROJECT FINANCING DOCUMENTS
 - (a) Sources and Uses Statement
 - (b) Construction Financing Documents
 - (i) Construction Financing Letter
 - (ii) Construction Contract
 - (iii) Construction Certification Form (Form 0116)*
 - (c) Permanent Financing Documents
 - (i) Commitment Letters/Offer Letters/Letters of Intent
 - (ii) Award Letters
 - (iii) Tax Credit Equity Letter
 - (iv) Other Sources of Funds Documentation
 - (d) Project Budget
 - (e) Pro Forma for Period of Affordability
 - (f) Partnership Agreement
 - (g) Project-based Rental Assistance Agreement or future award letter, if applicable
8. SPECIAL NEEDS DOCUMENTS
 - (a) Special Needs Housing Commitment Certification (Form 0122)*
 - (b) Special Needs Memorandum of Understanding
 - (c) Special Needs Letter of Support
9. SUPPORTIVE SERVICES DOCUMENTS
 - (a) Supportive Services Plan
 - (b) Supportive Service Provider Contract
10. HUD REQUIRED DOCUMENTS
 - (a) Applicant Self Certification (Form 0117)*
 - (b) Certification and Assurances (Form 0118)*
 - (c) Certification of HOME/HTF Requirements
 - (d) Affirmative Fair Housing Marketing Plan (AFHMP)- Multifamily (HUD-935.2A)(Form 0119)*
 - (e) Applicant/Recipient Disclosure/Update Report (HUD-2880)(Form 0121)*
 - (f) Statement Regarding Applicant's Awareness of Period of Affordability
 - (g) Section 504 Certification
 - (h) MBE/WBE Plan
 - (i) Section 3 Plan
 - (j) VAWA Certification**
 - (k) Funding Certification (Form 0109)*
 - (l) Tenant Selection Plan (including VAWA)
 - (m) Declaration of Restrictive Covenants Statement**
 - (n) BABA Certification (Form 0124)*
11. Scoring Documents
 - (a) HTF Application Rating Form (Form 0104)*
 - (b) Supportive Services – Commitment Letter from Service Provider
 - (c) Universal Design Features – Pre-Construction Universal Design Certification (Form 0125)*
 - (d) Readiness to Proceed – Completed Environmental Provisions

THRESHOLD FACTORS

MHC will use the following threshold and selection criteria items to process and select funding applications. An application must meet all threshold requirements to be eligible for scoring. Documentation satisfying the threshold requirements must be included in the application. MHC will notify applicants of any deficient item or any item requiring clarification. Any competitive application that does not meet all the threshold requirements within the timeframe of the notification letter will be disqualified.

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

1. ELIGIBLE APPLICANT

Organizations eligible to receive funding for HTF are non-profit and for-profit organizations with demonstrated development experience and capacity to create, rehabilitate, or preserve affordable housing. Applicants are required to provide a description of activities or projects proposed to be developed per 24 CFR 93.200.

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

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

Non-profit entity (must meet all 4 requirements)

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

Developers and owners of affordable rental housing (including nonprofit developers, and public housing authorities) are eligible to apply for HTF funding.

INELIGIBLE APPLICANTS

Applicants/entities that are not in good standing may not file HTF applications. An applicant is not in good standing if it has failed to comply with the terms of any HTF or HOME program requirements. The general and limited partners for partnerships and all applicants, the management agent proposed as a member of the development team must disclose any finding or violation of any Federal or State laws or regulations pertaining to fair housing, housing accessibility, or non-discrimination in the areas of ownership and rental housing.

Applicants disclosing such findings of violations or convictions must obtain a waiver from MHC to apply for funding. The granting of such waivers is at the discretion of MHC.

- 1) Debarment/Suspension. Any person (individual, corporation, partnership, association) or principal that is under debarment, proposed debarment, or suspension by MHC, a federal agency, a state agency, or other state housing finance agencies shall be ineligible to participate in the application review process for an application according to this allocation plan. Such applications will be disqualified from consideration. Each applicant must include a statement concerning any criminal convictions, indictments, and pending criminal investigations of all

owners, developers, and/or general partners in the application package. Also, applicants must provide dates and details of each circumstance, unless otherwise prohibited by court order, statute, or regulation.

- 2) **Development Changes.** All changes to the development as presented in the application must be disclosed to MHC no more than thirty (30) days after they have been identified during construction/rehabilitation. Principal members of the ownership entity will be subject to disqualification from future participation for a minimum of one (1) year or a loss of 10 points in the next funding cycle if all changes are not approved by MHC before development completion.
- 3) **Failure to Meet a Scored Item Requirement.** All members of the development team will have a one (1) year suspension from future program participation during the subsequent year for any scoring item that is not satisfied anytime during the initial thirty (30) year compliance period.

MHC will not fund HTF rental requests from:

- 1) Individuals
- 2) Political, social, or fraternal organizations
- 3) Institutions that discriminate, in policy or practice, based on race, color, national origin, sex, religion, familial status, disability, ancestry, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking
- 4) Any business or individual determined to be in default in any single MHC program shall be prohibited from participating in the HTF program until the default is fully resolved.

ORGANIZATIONAL DOCUMENTATION

Formation documents for the owner, development team, and general partner entities (see chart below), which bear the committal stamp of the Mississippi Secretary of State. For entities that are not formed in Mississippi, the formation documents, and a Certificate to do Business in the State of Mississippi must be submitted. (Formation documents are required to be submitted with the application, and operation documents are required to be submitted during the final scoring for HTF funds)

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

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

A detailed Organizational Chart that 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).

SYSTEM FOR AWARD MANAGEMENT

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

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

NON-PROFIT DOCUMENTATION

To be considered a qualified non-profit entity, the entity must be a 501(c) 3 organization with an exempt purpose of fostering low-income housing. The non-profit organization cannot be formed by one or more individuals of for-profit entities for the principal purpose of being eligible for funding. In addition, the non-profit entity must not have any staff member or member of the nonprofit's board of directors materially participate in the proposed development as a for-profit entity in any capacity as staff, executive, or board member.

A copy of the Non-Profit Entity's Articles of Incorporation and Bylaws, and all relative amendments, one of which must contain a description of the Non-Profit Organization and its activities that include the fostering of low-income housing in its Articles of Incorporation or Bylaws, as may be amended must be included in the application.

2. ELIGIBLE PROJECT TYPE/ACTIVITY

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

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

LOCAL ZONING AND DEVELOPMENT CONDITIONS

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

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

SITE CONTROL

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

- 1) Fee Simple Ownership. Fee simple ownership of the proposed development site evidence by a fully executed and notarized warranty deed. The owner of the property must be the applicant.
- 2) Lease. Lease of the proposed site development for a term meeting or exceeding the 30-year compliance period or for such longer period as the applicant represents in the application that the development will be held for occupancy by extremely low-income persons and families. MHC shall approve all lease hold documents and the fundamental structure thereof. The developer must, at a minimum, make monthly, quarterly, bi-annual, or annual payments under the lease.
- 3) Option/Contract. Right to acquire or lease the proposed site development by a valid and binding option or contract and the fee simple owner of the site, provided that such option or contract shall have no conditions within the discretion or control of the owner of the site. The option must be good for a total of nine (9) months from the last day of the application cycle.
- 4) Transfer of Physical Assets. For acquisition and rehabilitation properties that are federally assisted and require a Transfer of Physical Assets (TPA) approval, documentation showing that a transfer request has been submitted must accompany the application to have a valid option/purchase contract. Applicant must provide a letter evidencing pending TPA approval from Rural Development (RD) or the local Housing and Urban Development's (HUD) state field office. The only allowable condition to obtaining such transfer approval will be that of obtaining housing tax credits.
- 5) RD Transfers. For RD transfer properties, loan transfers/assumptions shall be evidenced by approval on Form RD 3560-1 (Rev. 02/05), "Application for Partial Release, Subordination or Consent" executed by the State Director or the Multi-Family Housing Program Director or their designee as evidence of final approval.

UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION ACT (URA)

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

REQUIRED SUPPORTING URA DOCUMENTATION

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

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

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

The MHC URA Relocation Handbook provides additional information and can be found on the MHC website along with sample forms.

DEVELOPMENT SIZE REQUIREMENTS

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

Development Size	Minimum HTF Set-Aside	Maximum HTF Set-Aside	Minimum Special Needs Set-Aside
6 units	4 units	4 units	2 units
5 – 20 units	4 units	total development size	10 % assisted units (round up)
21 – 100 units	20% total units (round up)	20 units	
101+ units	Not eligible		

3. MERITS: ADDRESSING STATE'S PRIORITY HOUSING NEEDS

All developments must meet the priority housing needs of the State's Consolidated Plan. Developments assisted with HTF funds are required to set aside the minimum listed in the table above for persons whose income does not exceed thirty percent (30%) of the area median income. Ten percent (10%) of HTF-assisted units developed will be designated for special needs housing based on the special needs categories listed below:

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

A Declaration of Restrictive Covenants committing to serve tenants at this income level for 30 years or longer must be executed and recorded before final approval. Applicants must indicate this election on the application form. In addition, a statement, executed by a principal member of the Ownership Entity, electing to set aside 20% of the total units for persons at or below 30% of the area median income must be included in the application package (Template 4).

4. EVIDENCE OF AFFIRMATIVELY FURTHERING FAIR HOUSING

Fair Housing requirements, including affirmatively furthering fair housing, apply to the HTF program and any limitation or preference must not violate nondiscrimination requirements. Applicants must adhere to 24 CFR 93.350(b) and provide an Affirmative Marketing Plan demonstrating the goal and effort to affirmatively further fair housing for ELI households, according to HTF requirements and the State's Consolidated Plan. The Affirmative Marketing Plan must include the following elements:

- 1) Implement a method that is effective in marketing the availability of housing opportunities to individuals of both minority and non-minority groups that are least likely to apply for occupancy.
- 2) Identify a housing market area from which a multi-family housing project owner/agent may reasonably expect to draw a substantial number of its tenants.
- 3) Identify an expanded housing market area which is a larger geographic area that may provide additional demographic diversity in terms of race, color, national origin, religion, sex, familial status, or disability.

- 4) Include marketing material in other languages for limited English proficient individuals and alternative formats for persons with disabilities in public view.
- 5) Include community contacts to help market the project to those least likely to apply.
- 6) Describe the proposed advertising method to market those least likely to apply.
- 7) A Marketing Plan must be in effect throughout the life of the affordability period and made available for public inspection at the sales or rental offices of the designated project.
- 8) Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place.
- 9) The project site sign must display in a conspicuous position the HUD-approved Equal Housing Opportunity logo, slogan, or statement.

5. IMPLEMENTATION OF SUPPORTIVE SERVICES

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

Applicants must list all services that will be provided by the development in the application. Upon receipt of a reservation of HTF funds, applicants must provide supporting documentation for each service. Additionally, development owners will be responsible for making sure that property managers maintain evidence that the services are being provided (e.g. sign-in sheets, letters/memos to beneficiaries advertising the event/service, service logbook, and/or activity reports). Requests for changes from prior approved community services must be approved by MHC. Development owners/property managers must provide an annual performance report as evidence that community service requirements have been met. Community service activity must be provided during the duration of the affordability period.

Examples of Acceptable Community Services:

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

*The required number of Community Services Certification Forms must be submitted with the application. Failure to submit two forms could result in an application not meeting the threshold requirements.

6. APPLICANT EXPERIENCE

The Applicant must have experience and capacity to develop and manage the project. Documentation demonstrating the applicant's capacity and years of hands-on experience in developing multi-family and single-family housing, evidence of successful completion and operation of similar projects for ELI populations must be submitted.

The Applicant must have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:

- 1) Own, construct or rehabilitate, and manage and operate an affordable multifamily rental housing development and
- 2) Serve extremely low-income households and special needs populations, such as homeless families and people with disabilities.
- 3) Demonstrate ability and financial capacity to undertake, comply, and manage eligible activities.
- 4) Demonstrate its familiarity with the requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable program requirements and regulations.
- 5) Key members of the development and management teams must submit certificates evidencing completion of the webinars listed below from the 2022 HTF Basics Webinar Series on HUD Exchange. Certificates must be no older than two years and completed by at least two current members (one from each of the development & management teams).

Required Webinars

- 1) HTF Basics Part 1
- 2) HTF Basics Part 2
- 3) HTF Basics Part 3

When applicants do not have direct experience, the applicant must provide legally binding agreements with other parties with the necessary experience that will carry out activities required for the project being proposed. In addition, other training and related experience may be taken into consideration, when evaluating the applicant's capacity.

7. CERTIFICATION OF HTF REQUIREMENTS

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

SCORING

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

Selection Criteria		Points
1	Geographic Diversity	Up to 15 pts
2	Cost Per Unit	10 pts
3	Critical Teacher Shortage Area	5 pts
4	Supportive Services Commitment	Up to 10 pts
5	High Opportunity Areas	Up to 10 pts
6	Universal Design Features	Up to 15 pts
7	Mixed Income Developments	10 pts
8	Readiness to Proceed	Up to 15 pts
9	Small Households	10 pts
10	Rental Assistance	Up to 10 pts
TOTAL		110 pts

1. GEOGRAPHIC DIVERSITY – 15 PTS

Geographic diversity – Projects that focus and achieve the most impact on the State's priorities in rural and urban areas of the State.

- 1) Projects developed are in locations that are considered poverty-driven and address the affordable rental housing needs for extremely low-income (30 % of AMI) households. **Five (5) points are awarded to developments located in counties or census tracts with a poverty rate above 30 percent.**
 - a) Exhibit 1 - Persons in Poverty by County
 - b) Exhibit 2 - Census Tracts Over 30% Poverty
- 2) Address critical housing needs with an emphasis on the prevention, reduction, and expansion of permanent housing opportunities for persons experiencing homelessness and persons with serious mental illness. **Up to 5 points are awarded based on the number of people in the county who are counted as homeless or who have entered a Mississippi State Hospital from the county.** Developments that will serve both populations will be awarded points based on the county's highest points in either category.
 - a) Exhibit 3 - County Admissions to State Hospital
 - b) Exhibit 4 - Persons Homeless by County
- 3) Projects will be funded according to the shortage or strong evidence of an inadequate supply of rental housing affordable to extremely low-income households. **Five (5) points are awarded.**

Documented by market study. The analysis must document the need for rental units affordable to ELI households in the market served by the property. The analysis must include a clear statement that the market can absorb the units being proposed. The market study shall assume the new supply from the project will be at least 10% of the units in the development or a higher percentage established by the applicant.

2. COST PER UNIT – 10 PTS

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

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

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

3. CRITICAL TEACHER SHORTAGE AREA – 5 PTS

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

4. SUPPORTIVE SERVICES COMMITMENT – UP TO 10 PTS

To be considered for points under this category, applicants must incorporate facilities and services that stabilize living environments and enhance quality of life for the following special needs categories, which are identified in the State's Consolidated Plan as high priority and targeted populations: (1) Extremely low-income households (30% AMI) and homeless individuals, and (2) Small households (single person or 1-4 persons).

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

Applicants are required to submit with the application a Letter of Commitment from an MHC approved Supportive Services Provider. The Letter of Commitment between the Property and the Supportive Service Provider must identify the services that will be provided relevant to the needs of the population being served. Applicants may receive up to **10 points** in this category. Points are assigned for each selection.

- 1) The number of HOME units designated for special needs population must exceed the minimum requirement by at least one unit. **5 points**
- 2) Commitment letter from a service provider to deliver the services provided for the special needs population selected in the application. **5 points**

Examples of supportive services may include, but are not limited to, the following to enhance the target population(s) quality of life and independence:

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

5. HIGH OPPORTUNITY AREAS – UP TO 10 PTS

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

Points will be awarded based on the following:

- 1) Areas that include a high concentration of extremely low-income populations and a shortage of affordable housing in the geographical area as documented in the market study - **2 points**
- 2) High-performing school districts: defined as areas that have a public school district with a “B” or higher rating as listed in the Mississippi Department of Education's Accountability Results—**3 points** (Exhibit 6 - AB School Districts)
- 3) Housing accessible to transportation corridors and hubs. Counties served by scheduled bus services or providers operating with grants funded by the Federal Transit Administration. – **1 point** (Exhibit 7 - Counties Served by Public Transit)
- 4) Housing accessible to hospitals. The project is located in a county with a hospital. - **2 points** (Documented by market study)
- 5) Housing accessible to employment centers. The project located in a county with over 500 new hires per quarter twelve months ending June 2025. - **2 points** (Exhibit 8 - New Hires by County)

6. UNIVERSAL DESIGN FEATURES – UP TO 15 PTS

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

Design Feature	Available Points
Pull/lever handles on all doorknobs/cabinets in unit	1 point
All rocker light switches	1 point
Contrasting edge bands on countertops in kitchen	1 point

Design Feature	Available Points
Varied height cabinets in kitchen	2 points
Touch/touchless water faucets in bathroom(s) & kitchen	3 points
36" wide front door/32" wide interior doors	3 points
Zero step entryway	2 points
Grab bars near toilets/bathtub	1 point
Adjustable height showerhead	1 point

7. MIXED INCOME DEVELOPMENTS – 10 PTS

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

8. READINESS TO PROCEED – UP TO 15 PTS

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

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

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

9. SMALL HOUSEHOLDS – 10 PTS

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

10. RENTAL ASSISTANCE – UP TO 10 PTS

Acceptable rental assistance is limited to assistance contracted by HUD, the local public housing authority, and/or USDA for the period of affordability documented on the HTF application.

To be eligible to receive points, the applicant must include a copy of an executed agreement between the ownership entity and the funding entity that includes the amount of rental assistance that will be provided, certifies that all HTF-assisted units will receive assistance, specifies the duration of the agreement, and lists any qualifying terms and/or conditions.

OTHER POINT DEDUCTIONS

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

PROJECT EVALUATION

MHC reviews and evaluates the project from several perspectives, including the following:

MAXIMUM PER-UNIT SUBSIDY AMOUNT, UNDERWRITING & SUBSIDY LAYERING

MAXIMUM PER-UNIT SUBSIDY AMOUNT

MHC has adopted the HOME Maximum Per Unit Subsidy Limits. MHC will use the HOME Program maximum per unit subsidy limits which are based on the HUD Section 234-Condominium Housing limits for elevator-type projects. MHC will follow current Base City High-Cost Percentages (BHCP) for specific high-cost areas established annually by the HUD Office of Multifamily Housing to determine the maximum subsidy amount in those areas.

2025 Limits

Effective as of 5/11/2026:

Bedrooms	2025 Section 234 Elevator Statutory Limit ¹	HCP Multiplier	2025 HOME Maximum Per Unit Subsidy Limit
0	\$78,191	240%	\$187,658
1	\$89,634	240%	\$215,122
2	\$108,998	240%	\$261,595
3	\$141,008	240%	\$338,419
4	\$154,782	240%	\$371,477

UNDERWRITING & SUBSIDY LAYERING

MHC will perform a subsidy layering analysis before committing HTF funds to a project. The analysis will determine if costs are reasonable, verify sources and uses of funds, and determine if amounts requested are necessary and their uses are feasible. MHC's evaluation of developments using HTF funds in combination with other forms of assistance ensures that no more than the necessary amounts of program funds are invested in any one development to provide affordable housing.

SUBSIDY LAYERING REVIEW

The subsidy layering review is conducted during the application period. HTF required review elements:

1. Actual total development cost including costs that are not eligible to be paid with HTF
 - a. Costs funded from sources other than HTF
 - i. If a project contains HOME-assisted units, both HOME and HTF cannot assist the same unit.
 - ii. HOME and HTF must have separate units set aside for each program.
 - iii. However, 9% LIHTC and 4% tax-exempt bond proceeds may be combined with both HOME- and HTF-assisted units.
 - b. Costs of meeting applicable codes and standards for rehabilitation or new construction in the area
 - c. Costs associated with meeting all applicable HTF requirements and other federal requirements
 - d. Costs of producing housing units for extremely low-income families
 - e. An assessment of current market demand for the neighborhood of the project location
2. Financial return to the owners or developers
3. Firm Financial Commitments for the project
4. Geographic location of the project
5. Adjustment for the number of bedrooms

MAXIMUM CONSTRUCTION COSTS

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

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

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

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

ELIGIBLE FINANCING

MHC solicits applicants that incorporate significant funding from other sources, such as Federal Home Loan Bank, Historic Tax Credits, 9% LIHTC, 4% Tax Exempt Bonds, federal and local government programs, or other sources. Tax-exempt bond developments must meet the exempt facility bond requirements under 26 US Code §42 as well as the tax credit requirements under 26 US Code §42(h)(4). Applicants that anticipate receiving an award of other funding must provide evidence that they have applied for such funding (42M letter), including acknowledgment from the funding entity that the application has been received and the amount requested is consistent with the sources and uses statement presented with the HTF application.

MAXIMUM AWARD

The maximum HTF awarded per applicant and project will be determined by performing a subsidy layering review which involves reviewing the applicant's sources and uses, development costs, debt service coverage, and operating revenues.

UNDERWRITING

Using its underwriting criteria, MHC will assess the project and may require changes to the transaction to ensure that cashflows to the owner/developer are not excessive. Changes may include a reduction in HTF funds awarded, a reduction in the rents being charged to tenants, an increased deferment of the developer's fee, requirements that excess cash be deposited to an operating reserve, or an increase in annual payments on the HTF loan. MHC requires submission of a project proforma covering the term of the HTF loan. MHC will consider adjusting its underwriting in consultation with other funders to the project, and, at its sole discretion, has the power to decide whether to accept alternative standards.

All HTF applications must include personal financial statements (audited if available) and the three most recent tax returns from all underlying developers, owners, and guarantors, and will be subject to MHC's evaluation of fiscal soundness as required by 24 CFR 93.300(b).

Project underwriting includes:

UNDERWRITING CRITERIA	REQUIREMENT(S)
Vacancy Rate	7%
Income Inflation	3% for all sources
Operating Expenses Inflation	4%

UNDERWRITING CRITERIA	REQUIREMENT(S)
Debt Service Coverage Ratio (DSCR)	1.15 – 1.30 (for the entire loan term)
Operating Costs	Comparable to similar projects in the local market (preferably managed by the proposed management company)
Replacement Reserve	\$300/unit/year/period of affordability; elderly - \$250/unit/year/period of affordability; both inflated 3% annually
Capitalized Operating Reserve	Six (6) months of underwritten operating expenses, amortizing debt service, and required reserve deposits (If drawn, the operating reserve must be replenished prior to distributions of cash flow; if MHC's underwriting projections anticipate deficits within the applicable period of affordability, a separate operating deficit reserve must be capitalized)
9% LIHTC & 4% Tax-Exempt Bonds Equity Pricing	Documentation indicating that a syndicator or investor has reviewed the proposal and indicated preliminary pricing along with their interest in the project
Funding Sources (construction, permanent, owner equity, etc.)	Amounts and terms for each source

COST LIMITATIONS

All project costs must be reasonable, whether paid for directly with HTF funds or not. MHC will review all project costs, including hard and soft costs, to evaluate their reasonableness and may, at its option, require applicants to obtain additional quotes, bids, or estimates of costs. MHC may also require an applicant, at its own cost, to obtain a third-party cost review from a professional provider acceptable to MHC. The Grant Management staff, or its agents, must be allowed access to the property, as necessary, to evaluate the cost projections associated with a project's plans and specifications. Applications may be determined ineligible if access is not granted or costs are determined to be unreasonable.

Additionally, the HTF project will be subject to the following specific cost limitations:

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

*Cannot include construction contingency

†Acquisition costs may not exceed the lesser of the appraised value of a property, the purchase price negotiated with an arms-length seller, or the cost basis of an identity of interest seller. Acquisition costs exceeding the appraised value of the property will be ineligible for HTF funding reimbursement. When a project's sources include USDA-RD or other HUD funding, the USDA-RD or HUD appraisal methodology will apply.

MARKET STUDY ASSESSMENT GUIDELINES

All applications must contain an independent third-party market study. The market study must be current (no more than one year old from the date of the application). The market study must support the number of units identified in the application and provide consideration as to the total number of units the market will absorb should other developments be awarded funding in the same market area. The following market study assessment guidelines must be followed for any rental development. The numbers submitted should accurately reflect the market study feasibility of the proposed activity.

MARKET AREA

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

SOCIOECONOMIC PROFILE AND TRENDS

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

HOUSING STOCK

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

CAPTURE RATE AND ABSORPTION PERIOD

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

NEEDS ASSESSMENT

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

DEVELOPMENT SITE DESCRIPTION

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

STRUCTURE OF TRANSACTION

MAXIMUM AWARD PER APPLICANT/PER PROJECT

The maximum award per applicant is \$750,000. The level and type of assistance provided by the HTF program to a specific project must be the minimum amount necessary to achieve the desired degree of affordability. Funds from the HTF program may be used to support the acquisition, development, or preservation of affordable rental housing units.

CASH FLOW LOAN

Loans are structured as payable from cash flow after deducting operating expenses, debt service, and other expenses determined eligible by MHC, from operating revenue. Developments sponsored by non-profit organizations serving high-need individuals that may not generate net operating income are eligible for a grant.

TERMS OF LOANS

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

SOURCES OF REPAYMENT

During the term of the loan, the project/borrower should have sufficient income and cash flow to make interest payments on loan.

LOAN COLLATERAL

Properties that serve as collateral for the loan must have sufficient value to support the loan. Liens are subject to be subordinated to other financing under acceptable terms and conditions.

READINESS TO PROCEED

Recipients must commit to beginning construction within 180 days of receiving a reservation of funds. The application announcement and reservation award letter will identify a specific date by which the start of construction is expected to begin.

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

1. Applicant files a complete application, and the proposed development meets eligibility requirements stated in these Guidelines. Commitment of other financing evidenced by letters of commitment.
2. Underwriting Guidelines
3. Evidence of Affirmative Fair Housing Marketing Plan
4. Applicants with developments subject to bidding requirements must submit a letter from the agency describing the bid schedule and a copy of the agency's bid policy.
5. Evidence of site control of a site suitable for the intended purpose.
6. Evidence of necessary environmental clearances, including flood zone. If a project is to be in a 500-year flood zone, the developer must provide evidence that the project will maintain flood insurance for the duration of the period of affordability.
7. Relocation plan that does not involve the displacement of tenants
8. Development team in place including architect, general contractor, relocation specialist, if applicable, and management agent

9. Outline specifications and a written description indicating the level of rehabilitation based on a capital needs analysis performed by a licensed architect or engineer.
10. Evidence of availability of utilities and access to the site.

BINDING COMMITMENTS REQUIRED FOR ALL FINANCING

MHC will enter into a commitment of HTF after legally binding commitments are present for all other funding sources. The definition of a “commitment” of HTF funds is a legally binding regulatory agreement with a state recipient, non-profit developer, or for-profit developer to use a specific amount of HTF funds to produce affordable housing. Award reservations do not constitute a commitment of HTF funds.

LOAN CLOSING

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

REGULATORY AGREEMENT

“Regulatory Agreements” are used to contract with funded applicants to implement proposed HTF activities and govern project execution. It is an executed agreement that evidences a commitment of HTF funds. The agreement must be legally binding and signed by all parties to the agreement. All signatures must be dated to verify compliance. The effective date of the agreement is the date of the last signature and serves as the notice to proceed with construction.

DECLARATION OF RESTRICTIVE COVENANTS

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

PERIOD OF AFFORDABILITY REQUIREMENTS

The affordability period for all HTF developments is 30 years. HTF-subsidized activities must be secured throughout the affordability period by a recorded “Declaration of Restrictive Covenants” created by MHC. The recipient shall comply with the following requirements of the HTF program throughout the affordability period:

1. Ensuring that the property meets the property standards outlined in 24 CFR 93.301; ensuring that the tenants meet the affordability requirements outlined in 24 CFR 93.205 by documenting and verifying the income of tenants as outlined in 24 CFR Part 5;
2. Submitting annual tenant events and annual owner certifications to MHC;
3. Participating in periodic monitoring and inspections of the property by MHC and/or HUD;
4. Complying with the Federal income and rent limits issued by HUD and published annually on MHC’s website;
5. Providing MHC with information regarding unit substitution and filling vacancies if the project has floating units; and

6. Ensuring that each tenant enters a lease that does not contain HUD-prohibited lease language. The affordability period begins after the regulatory agreement has been executed, the project data has been entered into IDIS, and the project completion forms have been submitted to and approved by MHC. During the affordability period, all HTF program rental requirements apply to the property.

LOAN CLOSING EXTENSION PROCESS

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

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

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

WITHDRAWAL OF ASSISTANCE

Recipients receiving an award of HTF must commit to beginning construction within 180 days of receiving notice of reservation of funds. If MHC determines a project will not proceed within 180 days, MHC may, at its discretion according to 24 CFR Part 93, reallocate the funds to another project to meet federal expenditure deadlines for HTF. MHC regularly assesses the performance of its HTF partners. Based on the performance pursuant to the requirements contained in its regulatory agreements and the program regulations, MHC may withdraw funding due to non-performance, poor performance, and/or untimely performance.

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

MHC may revoke a HTF reservation in the following instances:

- at the request of the applicant;
- the applicant does not meet development milestones on time;
- unresponsiveness, no response to inquiries after 45 days;
- termination of a duplicate or erroneous application submission;
- submission materials misrepresented the project, omitted facts, or included false information;
- after acceptance of HTF funds, the purpose or scope of the project is substantially changed;
- the applicant changes funding sources or amounts without prior approval from MHC;
- the applicant commits a Choice Limiting Action, including URA violations.
- Failure to comply with federal or state Fair Housing laws.
- 9% LIHTC and 4% Bond recipients:
 - 0 Material changes without written approval of MHC.
 - 0 Change in the unit design, square footage, unit mix, number of units, and number of buildings described in an application without the written approval of MHC.
 - 0 Failure to meet, or falsification of ability to meet, timelines established by MHC for the cycle in which credits were awarded or as noticed by MHC to recipients through MHC's normal notification procedures.
 - 0 Other cause demonstrating the failure of the Applicant or the Development to be qualified or meet the requirements of federal or state law or the requirements of the applicable Housing Tax Credit program.

BUDGET MODIFICATIONS/CHANGE ORDERS

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

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

1. amended budget

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

DISBURSEMENT OF FUNDS

HTF awards will be disbursed at 50% of project completion and at one hundred percent (100%) completion. An amount equal to ten percent (10%) of the total award amount will be retained by MHC until monitoring, closeout, and compliance completion of the project. At MHC's discretion, an alternative disbursement schedule may be considered at the request of the project owner. Failure to adhere to the alternative disbursement schedule will revert to the normal disbursements at 50% and 100% project completion. MHC requires the project to be inspected to confirm that the HTF-assisted units conform to the phases of completion.

MHC may identify special conditions that must be satisfied before the drawdown of HTF funds. Special conditions may arise due to documentation required to comply with MHC's policy and procedures, federal HTF regulations, and other federal crossing-cutting requirements compliance. Any drawdown of funds is conditioned upon the provision of satisfactory information by MHC about the project and compliance with other procedures, as specified by HUD.

Recipients may not request disbursement of funds until funds are needed for payment of eligible costs. This will be documented by an AIA Report signed by the developer's architect certifying that the development is at the percentage of completion and confirmation of funds requested.

MHC requires projects to be inspected to confirm that development units conform to the phases of completion. In addition to the Architect certification, MHC's staff will perform an inspection of the property. Recipients are required to notify MHC to schedule the inspection. Once the inspector provides written authorization that the property complies and is at the percentage of completion, documents may be submitted requesting disbursement of funds.

The following documents must be submitted when requesting disbursement of funds:

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

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

Recipients are required to prepare and submit a Rental Setup & Completion form identifying allocated HTF units and beneficiaries within 60 calendar days of the date of the final project drawdown.

Any HTF funds invested in housing that do not meet the affordability requirements for the period specified in the written agreement as applicable, must be repaid. Any HTF funds invested in a project that is terminated before completion, either voluntarily or otherwise, must be repaid.

CONDITIONS OF FINAL DISBURSEMENT

In addition to the requirements set forth above, the Department shall require the following before the final disbursement of funds, the request for which shall not be submitted before completion of the project, including all landscape requirements and offsite utilities and streets and correction of defects in workmanship and/or materials:

1. A certificate of occupancy, if applicable, or a final approved construction report from the Department for the project.
2. Identification of the designated street address of the project, including as applicable the street addresses assigned for the leasing office and each residential structure and the specific unit designations (e.g., unit number or lettering such as #12 or Apartment B-3) for all HTF units.
3. Evidence satisfactory to the Department that the project has been completed lien-free and substantially following the plans and specifications.

4. Review and final settlement of the cost certification.
5. Such other supporting evidence may be requested by the Department or its agent to substantiate all payments that are to be made from the final disbursement and/or to substantiate all payments then made concerning the Project.
6. A determination by the Department that all HTF requirements about the initial development of the project have been met, as applicable.
7. Evidence that any project-based rental assistance contract anticipated as part of the Department's underwriting has been fully executed and is in effect.

CONSTRUCTION TERM & COMPLETION DEADLINES

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

EXTENSION OF REGULATORY AGREEMENT'S PERIOD OF CONSTRUCTION

Extensions of regulatory agreement periods may, at MHC's discretion, be permitted for any HTF recipient that can demonstrate that the project is proceeding in a manner such that completion of the project is certain in the time identified. However, regulatory agreements cannot be extended beyond the project completion deadlines outlined in HTF regulations.

Applicants wishing to extend the period for the regulatory agreement may do so in writing at least six months before the expiration date. The request for an extension must be submitted in writing via email to GrantManagement@mshc.com or via mail to:

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

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

TERMINATED PROJECTS

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

PROGRAM REQUIREMENTS

HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. All HTF-assisted rental housing must meet a minimum affordability period of 30 years.

SITE AND NEIGHBORHOOD STANDARDS

Projects must be within the state of Mississippi. Additional geographic targeting, potentially including set-asides or scoring incentives, may be included in NOFAs issued by MHC.

HTF-assisted new construction projects must comply with 24 CFR 983.55 (e) (2). Site and neighborhood standards do not apply to rehabilitation projects under HTF. However, if project-based vouchers are used in an HTF rehabilitation unit, the site and neighborhood standards for project-based vouchers will apply. In addition, the requirements of 24 CFR Part 8 (which implements section 504 of the Rehabilitation Act of 1973) apply to HTF and specifically address the site selection with respect to accessibility for persons with disabilities.

INCOME TARGETING REQUIREMENTS

In any fiscal year in which the total amount available for allocation of HTF funds is less than \$1 billion, the State must use 100 percent of its HTF grant for the benefit of extremely low-income families or families with incomes at or below the poverty line (whichever is greater). In any fiscal year in which the total amount available for allocation of HTF funds is greater than \$1 billion, the State must use at least 75 percent of its grant for the benefit of extremely low-income families or families with incomes at or below the poverty line.

Due to the critical need for affordable housing for ELI families, ninety (90) percent of any HTF allocation to MHC will be dedicated to rental housing.

INCOME DETERMINATIONS

The owner must determine that each family occupying an HTF-assisted unit is income-eligible by determining the family's annual income.

1. If a family is applying for or living in an HTF-assisted rental unit, and the unit is assisted under the public housing program, then the owner must accept the public housing agency's determination of the family's annual income and adjusted income under 24CFR 5.609 and 24 CFR 5.611.
2. If a family is applying for or living in an HTF-assisted rental unit, and the family is assisted under a federal tenant-based rental assistance program (e.g., housing choice voucher program, HOME tenant-based rental assistance, etc.), then the owner must accept the rental assistance provider's determination of the family's annual income and adjusted income under the rules of that program.
3. If a family is applying for or living in an HTF-assisted rental unit, and the unit is assisted with a Federal or State project-based rental subsidy program, then the owner must accept the public housing agency, owner, or rental subsidy provider's determination of the family's annual income and adjusted income under the rules of that program.
4. In all other cases, the grantee must calculate annual income following the definition of "annual income" below.

DEFINITION OF "ANNUAL INCOME"

When determining whether a family is income-eligible, the owner must use the definition of "annual income" as defined at 24 CFR 5.609 (a) and (b).

Annual income includes, concerning the family:

1. All amounts, excluding the sources listed in 24 CFR 5.609(b), received from all sources by each member of the family who is 18 years of age or older or is the head of household or spouse of the head of household, plus unearned income by or on behalf of each dependent who is under 18 years of age, and
2. When the value of net family assets exceeds \$50,000 (which amount HUD will adjust annually in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers) and the actual returns from a given asset cannot be calculated, imputed returns on the asset based on the current passbook savings rate, as determined by HUD.

DETERMINING ANNUAL INCOME

For families who are tenants in HTF-assisted housing, the owner must initially determine annual income by examining at least 2 months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the family.

For subsequent income determinations during the period of affordability, the owner may:

1. Examine at least 2 months of source documents evidencing annual income;
2. Obtain from the family a written statement of the amount of the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request; or
3. Obtain a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family. The statement must indicate the tenant's family size and state the amount of the family's annual income; or alternatively, the statement must indicate the current dollar limit for very low- or low-income families for the family size of the tenant and state that the tenant's annual income does not exceed this limit.

DETERMINING FAMILY COMPOSITION AND PROJECTING INCOME

1. The owner must calculate the annual income of the family by projecting the prevailing rate of income of the family at the time the owner determines that the family is income-eligible. Annual income includes income from all persons in the household, except live-in aides, foster children, and foster adults. Income or asset enhancement derived from the HTF-assisted project shall not be considered in calculating annual income. Families may use the certification process in 24 CFR 5.618 to certify that their net family assets are below the threshold for imputing income used in 24 CFR 5.609(a)(2). For families living in HTF-assisted rental housing units, any rental assistance provided to the family under a Federal tenant-based rental assistance program or any Federal or State project-based rental subsidy provided to the HTF rental housing unit shall not be counted as tenant income for purposes of determining annual income.
2. The owner is not required to re-examine the family's income at the time the HTF assistance is provided unless more than six months have elapsed since the owner determined that the family qualified as income-eligible.

ADJUSTED INCOME

The HTF program does not require that adjusted income be used or calculated. If a family or unit is assisted with public housing, Federal tenant-based rental assistance, (e.g., housing choice voucher program, HOME tenant-based rental assistance, etc.), or by a Federal or State project-based rental subsidy program, then the owner must accept the determination of adjusted income made under the rules of that program, as applicable.

ELIGIBLE & PROHIBITED ACTIVITIES

ELIGIBLE ACTIVITIES

MHC will adhere to the eligible activities discussed in 24 CFR 93.200. Applicants must describe activities to be undertaken in sufficient detail for MHC to determine that the proposed activities are permitted by regulation. Eligible activities are:

1. New Construction only of permanent rental housing in the forms of multifamily or single-family housing.
2. Rehabilitation only of permanent rental housing in the forms of multifamily or single-family housing.
 - a. Substantial rehabilitation (24 CFR 5.100), for the purpose of determining when installation of broadband infrastructure is required as part of substantial rehabilitation of multifamily rental housing, means work that involves:
 - i. Significant work on the electrical system of multifamily rental housing. “Significant work” means complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75 percent of the cost of replacing the entire electrical system. In the case of multifamily rental housing with multiple buildings with more than 4 units, “entire system” refers to the electrical system of the building undergoing rehabilitation; or
 - ii. Rehabilitation of the multifamily rental housing in which the pre-construction estimated cost of the rehabilitation is equal to or greater than 75 percent of the total estimated cost of replacing the multifamily rental housing after the rehabilitation is complete. In the case of multifamily rental housing with multiple buildings with more than 4 units, the replacement cost must be the replacement cost of the building undergoing rehabilitation.
3. Acquisition and Rehabilitation of permanent rental housing in the forms of multifamily or single-family housing.
4. Acquisition of Vacant Land and New Construction of permanent rental housing in the forms of multifamily or single-family housing.
5. Acquisition, Demolition, and Reconstruction of permanent rental housing in the forms of multifamily or single-family housing.
6. Conversion of non-residential structures to permanent rental housing (considered rehabilitation unless two or more units are attached to the existing building, to which the activity will convert to new construction).
7. Purchase and installation of manufactured homes for permanent rental housing only if they meet all the following standards:
 - a. A newly constructed single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law.
 - b. A unit that is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure.
 - c. A unit that has wheels, axles, and towing chassis removed.
 - d. A unit that has a pitched roof.
 - e. A unit that is located on land held by the applicant in fee-simple title or a lease for at least the duration of the period of affordability.

ELIGIBLE PROJECT TYPES

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

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

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
7. Student Housing
8. Private foster care facilities

ELIGIBLE PROJECT COSTS

All project costs must be reasonable, whether paid directly with HTF funds or other funding sources. MHC will review all project costs, including hard and soft costs, to evaluate reasonableness and may, at its option, require applicants to obtain additional quotes, bids, or estimates of costs. A cost analysis will be conducted to determine cost reasonableness.

DEVELOPMENT HARD COSTS

1. Hard costs associated with new construction activities to meet standards of 24 CFR 93.301.
2. Hard costs associated with rehabilitation activities to meet standards of 24 CFR 93.301(b).
3. Demolish existing structures (must be undertaken only for a particular housing project intended to provide affordable housing)
4. Utility connections include off-site connections from the property line to the adjacent street.
5. Site improvements: on-site roads and water and sewer lines necessary for the development on the property owned by the owner of the project.
6. Multifamily projects: costs to construct or rehabilitate laundry and community facilities that are located within the same building as the housing, and which are for the use of the project residents and their guests.

ACQUISITION COSTS

Costs of acquiring improved or unimproved real property, only if it results in the development of affordable rental housing.

SOFT COSTS

Soft costs may comprise no more than 15% of the maximum HTF award request. For-profit developers or those utilizing 9% LIHTC and 4% Tax-Exempt Bonds may only allocate 5% of the maximum HTF award request for soft costs. These costs are limited to:

1. Architectural, engineering, or related professional services required for the preparation of plans, drawings, specifications, or work writeups.
2. Costs to process and settle the financing for the project in the application:
 - a. Private lender origination fees
 - b. Credit reports
 - c. Fees for title evidence
 - d. Fees for recording & filing of legal documents
 - e. Building permits
 - f. Attorney fees
 - g. Private appraisal fees
 - h. Fees for an independent cost estimate
 - i. Builders' or developers' fees
3. Costs of a project audit, including certification of costs performed by a certified public accountant.
4. Affirmative marketing and fair housing information to prospective homeowners and tenants.

RELOCATION COSTS (FOR PERSONS DISPLACED BY THE PROJECT):

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

COSTS RELATING TO PAYMENT OF LOANS

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

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

HTF FUNDS & PUBLIC HOUSING

1. HTF funds may be used for new construction or rehabilitation of public housing as part of the Choice Neighborhoods (Choice) program under a HUD appropriation act or for new public housing units that have been allocated and will receive LIHTC.
2. HTF funds may be used for the rehabilitation of existing public housing units in which the public housing assistance will be converted and used at the properties under the Rental Assistance Demonstration (RAD) program under

HUD's 2012 Appropriations Act (Pub. L. 112-55, 125 Stat. 552, approved November 18, 2011) or subsequent statutes.

3. Public housing units constructed using HTF funds must replace units that were removed from a public housing agency's public housing inventory as part of a Choice program grant, or as part of a mixed-financed development under section 35 of the 1937 Act. The number of replacement units cannot be more than the number of units removed from the public housing agency's inventory.
4. The public housing units constructed or rehabilitated using HTF funds must receive Public Housing Operating Fund assistance (and may receive Public Housing Capital Fund assistance) under section 9 of the 1937 Act. These units cannot receive operating costs assistance or operating cost assistance reserves from HTF.

PROHIBITED ACTIVITIES AND FEES

1. Provide assistance to a project previously assisted with HTF funds during the affordability period.
2. Pay for the acquisition of property owned by the applicant.
3. Pay delinquent taxes, fees, or charges on properties to be assisted with HTF funds.
4. Pay for political activities, advocacy, lobbying, counseling services, travel expenses, and preparing or providing advice on tax returns.
5. Pay for administrative, outreach, or other costs to manage and operate the grantee of HTF funds.
6. Pay for any cost that is not eligible under 24 CFR 93.201 and 24 CFR 93.202.
7. Project owners are prohibited from charging origination fees or charging more than is customary for parking and laundry room use, among other fees.
8. Luxury improvements according to 24 CFR 93.200
9. Non-residential accessory structures such as free-standing community/leasing buildings, garages, carports, or maintenance structures
10. Community space or common laundry facilities included in residential buildings.
11. Off-site infrastructure costs, including any costs associated with extending infrastructure to the project site. The cost of connecting to public infrastructure located in an adjacent right-of-way (e.g., water or sewer tap) is eligible.
12. Organizational costs such as application fees or partnership formation or syndication costs associated with transactions using equity from LIHTC, historic tax credits, or other similar tax incentives.
13. Acquisition, rehabilitation, refinancing, or new construction if any part of a development or its land is located within the boundaries of a 100-year floodplain. A flood determination must be provided for each parcel associated with the project.

PROHIBITION OF CERTAIN FEES TO TENANTS

Pursuant to 24 CFR 93.204 for HTF, program participants may not charge fees to program beneficiaries to cover administrative costs related to the cost of administering the HTF program. Specifically, rental project owners may not charge tenants fees that are not customarily charged to tenants of rental housing (e.g., laundry room access fees). However, Owners may charge fees approved by MHC for the following:

1. Reasonable application fees to prospective tenants.
2. Fees or penalties related to the late payment of rent, non-sufficient funds or returned checks, or the like provided such fees are determined by the Fund to be customary for rental housing projects in the area and not excessive.
3. Parking fees to tenants only if such fees are customary for rental housing projects in the neighborhood; and
4. Fees for optional services such as supportive services for special needs tenants or general services such as bus transportation or meals, if the services are voluntary, and fees are charged only for services provided.

MHC will review and approve fee schedules annually to ensure that any fees charged in addition to rent are permissible under the applicable HTF requirements and whether proposed fees are reasonable, and customary based on market comparisons.

PROPERTY STANDARDS

NEW CONSTRUCTION AND GUT REHABILITATION PROJECTS

HTF-assisted new construction and gut rehabilitation projects must meet all applicable state and local codes, ordinances, and zoning requirements, the International Residential Code, or International Building Code (as applicable), or state or local residential and building codes for new construction or gut rehabilitation. MHC will also adhere to the MHC Minimum Design Quality Standards. MHC will follow written standards to ensure that project plans, specifications, and work write-ups meet State and local codes, ordinances, requirements, standards, and cost estimates.

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.

ENERGY AND WATER EFFICIENCY

The development units will comply with energy and water efficiency requirements. Energy Star labeled and Water Sense labeled products are to be installed when older obsolete products are replaced as part of the approved rehabilitation work and as appropriate for achieving energy efficiency.

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

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

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

DISASTER MITIGATION

Where relevant, the housing will be improved to mitigate the impact of potential disasters, (e.g., earthquakes, hurricanes, flooding, and wildfires) following applicable State and local codes, ordinances, and requirements, or such other requirements established by HUD.

WRITTEN COST ESTIMATES, CONSTRUCTION CONTRACTS, AND CONSTRUCTION DOCUMENTS

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

CONSTRUCTION PROGRESS INSPECTIONS

MHC will review the initial site assessment to identify the deficiencies that must be addressed. The property will then be inspected at fifty (50) percent completion and at one hundred (100) percent completion to determine that work was done in accordance with work write-ups and construction/rehabilitation standards. All HTF-assisted units will be inspected at 100% completion. If there are any health and safety deficiencies according to the standards adopted by MHC and depending on the severity of the deficiency, they must be addressed and corrected within 30 days or immediately. Any deficiencies considered “Life Threatening Hazard” will be addressed within 24 hours, and “Non-Life-Threatening Hazards” but generate health and safety issues will be addressed within 30 days.

BROADBAND INFRASTRUCTURE

All buildings of five or more residential units in new construction or substantial rehabilitation of HTF projects must include the installation of “broadband infrastructure” as defined by 24 CFR 5.100. In limited circumstances, MHC may waive this requirement if the project’s location makes such installation infeasible or creates an undue financial burden. In practice, this

requires the developer to provide the wiring for high-speed internet but does not require the project to provide the internet service itself.

REHABILITATION PROJECTS

HTF-assisted rehabilitation projects must meet all applicable state and local codes, ordinances, and requirements at 24 CFR 93.301 (b) upon project completion. MHC adopted the rehabilitation guidelines of the MHC Minimum Design Quality Standards. MHC will thoroughly inspect each dwelling for compliance with regulations and certification that the development complies with all the minimum requirements.

MAJOR SYSTEMS

Major systems are structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. MHC's designated inspector will estimate (based on age and condition) the remaining useful life of these systems, upon project completion of each major system. For multifamily housing projects of 26 units or more the inspector will determine the useful life of major systems through a capital needs assessment of the project. For rental housing, if the remaining useful life of one or more major 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 are installed when older obsolete products such as windows, doors, lighting, fans, water heaters, furnaces, boilers, air conditioning units, refrigerators clothes washers dryers, dishwashers, toilets, showers, and faucets) are replaced as part of the approved rehabilitation work and such products are appropriate for achieving energy efficiency for the climate area in which the housing is located. When it is necessary to replace items, the replacement items must conform to the MHC Minimum Design Quality Standards and HTF Rehabilitation Standards.

HOUSING STANDARDS

The HTF-assisted project and units must be decent, safe, sanitary, and in good repair and meet the applicable standards in 24 CFR 5.703. Rehabilitation projects will follow the same construction progress inspections as new construction.

CAPITAL NEEDS ASSESSMENT

For multifamily rental housing projects of 26 or more total units, MHC determines all work that will be performed in the rehabilitation of the housing and the long-term physical needs of the project through a capital needs assessment (CNA) 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:
4. Site, including topography, drainage pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines.
5. Structural systems including exterior walls and balconies, exterior doors and windows, roofing system, and drainage.
6. Interiors, including unit and common area finishes (carpeting, tile, plaster walls, paint condition, etc.), including unit kitchen finishes, cabinets and appliances, unit bathroom finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors.
7. Mechanical systems, including plumbing and domestic hot water; HVAC, electrical, lighting fixtures, fire protection, and elevators.
8. Verification of modest amenities and anesthetic features and non-luxury improvements.

POST CONSTRUCTION CERTIFICATION

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

ONGOING PROPERTY CONDITION STANDARDS

Onsite inspections will occur within 12 months after project completion and at least once every 3 years thereafter during the period of affordability. MHC will issue an inspection notice letter within 14 days of the date of the inspection. MHC will randomly select samples of HTF-assisted units for inspection to determine compliance. For projects with one to four HTF-assisted units, the inspectable items (site, building exterior, building systems, and common areas) for each building with HTF-assisted units and 100 percent of the HTF-assisted dwelling units will be inspected.

If there are any health and safety deficiencies according to the standards adopted by MHC and depending on the severity of the deficiency, they must be addressed and corrected within 12 months or immediately. Any deficiencies considered “Life-Threatening Hazards” will be addressed immediately and “Non-Life-Threatening Hazards” that generate health and safety issues will be addressed within 12 months.

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

ENVIRONMENTAL PROVISIONS

Applicants must comply with the requirements in 24 CFR 93.301 and HUD CPD Notice 16-14: “Requirements for Housing Trust Fund Environmental Provisions.” MHC must maintain documentation demonstrating that each project meets the HTF Environmental Provisions at project completion. HUD-suggested formats should be used to document compliance.

1. To help facilitate the timely expenditure of HTF funds, all applicants are required to complete and submit the Environmental Checklist at the time of application.
2. As part of the Section 106 Historic Review process, MHC is required to submit all new construction projects to the Mississippi Department of Archives & History Preservation Office, also known as the State Historic Preservation Officer (SHPO), for archaeology review. The SHPO is statutorily required to complete this review within 30 days. Please plan your project timeline accordingly.
3. The applicant must certify that the project meets the safe drinking water provision requirements by the time of the 50% construction inspection.
4. The applicant will receive their fully executed HTF award documents and will be allowed to draw funds only after the applicant has been allowed to publish a public notice and when the Release of Funds process is complete.

Applicants may not purchase any property to be assisted with HTF funds, sign contracts, or begin rehab/construction until the ERR/Environmental/Release of Funds process has been completed and approved.

NEW CONSTRUCTION PROJECTS ENVIRONMENTAL REQUIREMENTS: 24 CFR 93.301(F)(1)

1. Historic preservation.
 - a. The project activities (including demolition) must not be performed on properties that are either listed in or determined eligible for listing in the National Register of Historic Places, unless the project activities meet the Secretary of the Interior's Standards for Rehabilitation, either as certified through the Federal and/or State historic rehabilitation tax credit programs or as verified by someone that meets the relevant Secretary of the Interior's Professional Qualification Standards;
 - b. Archaeological resources. If archaeological resources or human remains are discovered on the project site during construction, the Borrower must consult with affected tribes and/or descendant communities and comply with the Native American Graves Protection and Repatriation Act (25 U.S.C. 3001–3013), State law, and/or local ordinance (e.g., State unmarked burial law).
2. Farmland. Project activities must not result in the conversion of unique, prime, or statewide or locally significant agricultural properties to urban uses.
3. Airport zones. Projects are not permitted within the runway protection zones of civilian airports, or the clear zones or accident potential zones of military airfields.
4. Coastal Barrier Resource System. No projects may be assisted in Coastal Barrier Resource System (CBRS) units. CBRS units are mapped and available from the U.S. Fish and Wildlife Service.
5. Coastal zone management. Development must be consistent with the appropriate State coastal zone management plan. Plans are available from the local coastal zone management agency.
6. Floodplains. Except as modified below, definitions for terms used below can be found at 24 CFR part 55.
 - a. Construction and other activities in the 100-year floodplain are to be avoided when practicable. If there are no practicable alternatives to new construction or substantial improvement in the 100-year floodplain, the structure must be elevated at least the base flood elevation (BFE) or floodproofed to one foot above the BFE. Elevated and floodproofed buildings must adhere to National Flood Insurance Program standards. The primary sources of floodplain data are Federal Emergency Management Agency (FEMA) Flood Insurance

- Rate Maps (FIRMS). When FEMA provides interim flood hazard data, such as Advisory Base Flood Elevations (ABFE) or preliminary maps or studies, the latest of these sources shall be used.
- b. No HTF assistance may be approved with respect to:
 - 1) Any action, other than functionally dependent uses, located in a floodway;
 - 2) Any new construction critical action located in a coastal high-hazard area, 100- or 500-year floodplain; or
 - 3) Any non-critical new construction action in a coastal high-hazard area, unless the action is reconstruction following destruction caused by a disaster and is designed for location in a coastal high-hazard area consistent with the FEMA National Flood Insurance Program requirements for V-Zones.”
7. Wetlands.
- a. No draining, dredging, channelizing, filling, diking, impounding, or related grading activities are to be performed in wetlands. No activities, structures, or facilities funded under this program are to adversely impact a wetland.
 - b. A wetland means those areas that are inundated by surface or ground water with a frequency sufficient to support, and under normal circumstances, does or would support a prevalence of vegetative or aquatic life that requires saturated or seasonally saturated soil conditions for growth and reproduction. Wetlands generally include swamps, marshes, bogs, and similar areas such as sloughs, potholes, wet meadows, river overflows, mud flats, and natural ponds. This definition includes those wetland areas separated from their natural supply of water as a result of activities, such as the construction of structural flood protection methods or solid-fill road beds, or mineral extraction and navigation improvements. This definition is independent of the definition of jurisdictional wetland used by the U.S. Army Corps of Engineers under section 404 of the Clean Water Act (33 U.S.C. 1251 et seq.).
8. Explosives and hazards. Projects must be in compliance with the standards for acceptable separation distance as set forth at 24 CFR 51, subpart C.
9. Contamination. All properties assisted with HTF 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:
- a. All proposed multifamily (more than four housing units) HTF project activities require a Phase I Environmental Site Assessment (ESA—ASTM). If the Phase I ESA identifies recognized environmental concerns (RECs), a Phase II (ESA—ASTM) will be required. ASTM reports shall be prepared in accordance with the most current ASTM standard. Single-family housing does not require a Phase I ESA.
 - b. HTF projects must avoid sites located within 0.25 miles of a Superfund or CERCLIS (Comprehensive Environmental Response, Compensation, and Liability Information System) site or other contaminated site reported to Federal, State, or local authorities without a statement in writing from the U.S. Environmental Protection Agency (EPA) or the appropriate State agency that there is no hazard that could affect the health and safety of the occupants or conflict with the intended use of the property.
10. Noise.
- a. Internal noise levels: All activities will be developed to ensure an interior noise level of no more than 45 decibels (dB).
 - b. External noise levels:
 - 1) Project sites exposed to less than or equal to 65 dB of environmental noise are acceptable.
 - 2) Sites between 65 dB and less than 75 dB are acceptable with mitigation (e.g., noise walls, careful site planning) that result in an interior standard of 45 dB.
 - 3) Locations with environmental noise levels of 75 dB or greater may not have noise-sensitive outdoor uses (e.g., picnic areas, tot lots, balconies, or patios) and require sound attenuation in the building shell to achieve the 45 dB interior standard.
11. Endangered species. The Borrower must avoid all actions which could jeopardize the continued existence of any endangered or threatened species, as designated by the U.S. Fish and Wildlife Service or National Marine Fisheries Service, or would result in the destruction or adversely modify the designated critical habitat of such species.
12. Wild and scenic rivers. The Borrower must avoid activities that are inconsistent with conservation easements, land-use protections, and restrictions adjacent to wild and scenic rivers, as designated/listed by the Departments of Agriculture and Interior. Maps for the National Wild and Scenic Rivers System are available at the governing departments.
13. Safe drinking water. Projects with a potable water system must use only lead-free pipes, solder, and flux.
14. Sole-source aquifers. Project activities should avoid sites and activities that have the potential to contaminate sole source aquifer areas (SSAs). The EPA defines a sole or principal source aquifer as an aquifer that supplies at least fifty percent (50%) of the drinking water consumed in the area overlying the aquifer. If the project overlies an SSA, the EPA must review the project. The EPA review is designed to reduce the risk of groundwater contamination that could pose a health hazard to those who use it.

REHABILITATION PROJECTS ENVIRONMENTAL REQUIREMENTS: 24 CFR 93.301(F)(2)

1. Historic preservation.
 - a. The project activities (including demolition) must not be performed on properties that are either listed in or determined eligible for listing in the National Register of Historic Places, unless the project activities meet the Secretary of the Interior's Standards for Rehabilitation, either as certified through the Federal and/or State historic rehabilitation tax credit programs or as verified by someone that meets the relevant Secretary of the Interior's Professional Qualification Standards;
 - b. Archaeological resources. If archaeological resources or human remains are discovered on the project site during construction or rehabilitation, the Borrower must consult with affected tribes and/or descendant communities and comply with the Native American Graves Protection and Repatriation Act (25 U.S.C. 3001–3013), State law, and/or local ordinance (e.g., State unmarked burial law).
2. Farmland. Project activities must not result in the conversion of unique, prime, or locally significant agricultural properties to urban uses.
3. Airport zones. Projects are not permitted within the runway protection zones of civilian airports, or the clear zones or accident potential zones of military airfields.
4. Coastal Barrier Resource System. No projects may be assisted in Coastal Barrier Resource System (CBRS) units. CBRS units are mapped and available from the U.S. Fish and Wildlife Service.
5. Coastal zone management. Development must be consistent with the appropriate State coastal zone management plan. Plans are available from the local coastal zone management agency.
6. Floodplains. Except as modified below, definitions for terms used below can be found at 24 CFR 55.
 - a. Construction and other activities in the 100-year floodplain are to be avoided when practicable. If there are no practicable alternatives to new construction or substantial improvement in the 100-year floodplain, the structure must be elevated at least to the base flood elevation (BFE) or floodproofed to one foot above the BFE. Elevated and floodproofed buildings must adhere to National Flood Insurance Program standards. The primary sources of floodplain data are Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (FIRMS). When FEMA provides interim flood hazard data, such as Advisory Base Flood Elevations (ABFE) or preliminary maps or studies, the latest of these sources shall be used.
 - b. No HTF assistance may be approved with respect to:
 - 1) Any action, other than functionally dependent uses, located in a floodway;
 - 2) Any critical action located in a coastal high-hazard area, 100- or 500-year floodplain; or
 - 3) Any non-critical action located in a coastal high-hazard area, unless the action is designed for location in a coastal high-hazard area consistent with the FEMA National Flood Insurance Program requirements for V-Zones. "Any non-critical action in a coastal high-hazard area, unless the action is reconstruction following destruction caused by a disaster and is designed for location in a coastal high-hazard area consistent with the FEMA National Flood Insurance Program requirements for V-Zones."
7. Wetlands. No rehabilitation of existing properties that expands the footprint into a wetland is allowed. A wetland means those areas that are inundated by surface or ground water with a frequency sufficient to support, and under normal circumstances, does or would support a prevalence of vegetative or aquatic life that requires saturated or seasonally saturated soil conditions for growth and reproduction. Wetlands generally include swamps, marshes, bogs, and similar areas such as sloughs, potholes, wet meadows, river overflows, mud flats, and natural ponds. This definition includes those wetland areas separated from their natural supply of water as a result of activities such as the construction of structural flood protection methods or solid-fill road beds and activities such as mineral extraction and navigation improvements. This definition is independent of the definition of jurisdictional wetland used by the U.S. Army Corps of Engineers under section 404 of the Clean Water Act (33 U.S.C. 1251 et seq.).
8. Explosives and hazards. If the rehabilitation of the building increases the number of dwelling units, then the project must be in compliance with the standards for acceptable separation distance as set forth at 24 CFR 51, subpart C.
9. Contamination. All properties assisted with HTF 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:
 - a. All proposed multifamily (more than four housing units) HTF project activities require a Phase I Environmental Site Assessment (ESA—ASTM). If the Phase I ESA identifies recognized environmental concerns (RECs), a Phase II (ESA—ASTM) will be required. ASTM reports shall be prepared in accordance with the most current ASTM standard. Single-family housing does not require a Phase I ESA.
 - b. HTF projects must avoid sites located within 0.25 miles of a Superfund or CERCLIS (Comprehensive Environmental Response, Compensation, and Liability Information System) site or other contaminated site reported to Federal, State, or local authorities without a statement in writing from EPA or the appropriate State agency that there is no hazard that could affect the health and safety of the occupants or conflict with the intended utilization of the property.

10. Noise - Internal noise levels. All activities will be developed to ensure an interior noise level of no more than 45 decibels (dB).
11. Endangered species.
 - a. The Borrower must avoid all actions that could jeopardize the continued existence of any species designated by the U.S. Fish and Wildlife Service or National Marine Fisheries Service as endangered or threatened.
 - b. The Borrower must avoid all actions that adversely modify the critical habitat of such species.
12. Wild and scenic rivers. The Borrower must avoid activities that are inconsistent with conservation easements, land-use protections, and restrictions adjacent to wild and scenic rivers, as designated/listed by the Departments of Agriculture and Interior. Maps for the National Wild and Scenic Rivers System are available at the governing departments.
13. Safe drinking water. Projects with a potable water system must use only lead-free pipes, solder, and flux.
14. Sole-source aquifers. Project activities should avoid sites and activities that have the potential to contaminate sole source aquifer areas (SSAs). The EPA defines a sole or principal source aquifer as an aquifer that supplies at least 50 percent of the drinking water consumed in the area overlying the aquifer. If the project overlies an SSA, the EPA must review the project. The EPA review is designed to reduce the risk of groundwater contamination, which could pose a health hazard to those who use it.

COMBINING HTF WITH HOME FUNDS

When combining HTF and HOME funds, HTF funds cannot be committed to a project until the HOME environmental review is complete, and an environmental clearance has been received. The violation of this provision may result in the denial of any funds under the agreement. The agreement to provide funds to the project is conditioned on MHC's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review meeting HTF environmental provisions.

CERTIFICATION OF SAFE DRINKING WATER

By 50% project completion, the Owner must submit documentation verifying the project contains lead-free pipes, solder and flux. This can be documented with photos and architectural plans by a certified qualified professional along with a certification provided by the project's engineer.

QUALIFICATION AS AFFORDABLE RENTAL HOUSING

ELIGIBLE TENANTS

The HTF-assisted units in a rental housing project must be occupied by households under the income targeting requirements in 24 CFR 93.250. Eligible tenants selected to occupy HTF-assisted units are ELI families. HUD will publish the HTF rent limits on an annual basis and limits will be provided to grantees on an annual basis. MHC will ensure that rents do not exceed the maximum rent limits and are following HTF regulations.

RENT LIMITATIONS

1. Extremely Low-Income Tenants- HTF rent plus utilities of an ELI tenant shall not exceed the greater of 30 percent of the federal poverty line or 30 percent of the income of a family whose annual income equals 30 percent of the area median income, as determined by HUD, with adjustments for the number of bedrooms in the unit. Rent limits are published on an annual basis.
2. If the HTF unit receives a Federal or State project-based rental subsidy, and the tenant pays as a contribution toward rent not more than 30% of the tenant's adjusted income, the maximum rent is the rent allowable under the Federal or State project-based rental subsidy program.

INITIAL RENT SCHEDULE AND UTILITY ALLOWANCE

1. The owner must establish maximum monthly allowances for utilities and services (excluding telephone, television, and Internet service).
2. MHC will annually review and approve rents proposed by the owner for HTF units. For all units for which the tenant is paying utilities, the owner must ensure that the rents do not exceed the maximum rent minus the monthly allowances for utilities.

UTILITY ALLOWANCES

HTF rent limits are gross rent limits. The actual rent collected from a tenant must be adjusted, taking into account an allowance for tenant-paid utilities. HTF regulations, 24 CFR 93.302(c), respectively, require that the utility allowance (UA) for the project be based on the type of utilities used at the project.

RENT ADJUSTMENTS

Owners must obtain approval before implementing HTF unit rent increases. Owners shall also provide not less than 30 days' written notice to tenants upon receiving approval of HTF unit rent increases. In the event a tenant occupying an HTF unit becomes over-income, the HTF-assisted unit continues to qualify as affordable housing despite a temporary noncompliance caused by increases in the existing tenant's income if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with 24 CFR 93.302 until the noncompliance is corrected.

MARKET-RATE UNITS & HTF FUNDS

A housing development may contain market-rate units. However, HTF funds may not be used to support market-rate units.

PERIODS OF AFFORDABILITY

HTF-assisted units must meet the affordability requirements for not less than 30 years, beginning after project completion. The affordability requirements apply without regard to the term of any loan or mortgage, repayment of the HTF investment, or the transfer of ownership. They will be imposed by a Declaration of Restrictive Covenants and be recorded under State recordation laws. The termination of the restrictions on the project does not terminate the applicant's HTF loan repayment obligation.

TENANT INCOME

1. The income of each tenant must be determined initially according to "Income Determinations". In addition, each year during the period of affordability, the project owner must re-examine each tenant's annual income per "Income Determinations" as well.
2. An owner who re-examines a tenant's annual income through a statement and certification under "Income Determinations" must examine the source documentation of the income of each tenant every 6th year of the affordability period unless the tenant or unit is assisted under the public housing program, Federal or State project-based rental assistance program, or a Federal tenant-based rental assistance program (e.g., housing choice voucher assistance, HOME tenant-based rental assistance, etc.). For families or units that receive assistance under the public housing program, a Federal or State project-based rental subsidy program, or Federal tenant-based rental assistance program, the owner must accept the calculation of a tenant's annual and adjusted income

under the rules of those programs. Otherwise, an owner who accepts the tenant's statement and certification is not required to examine the income of tenants unless there is evidence that the tenant's written statement failed to completely and accurately state information about the family's size or income.

OVER-INCOME TENANTS

HTF-assisted units continue to qualify as affordable housing despite temporary noncompliance caused by increases in the incomes of existing tenants if actions satisfactory to HUD are being taken to ensure that all vacancies are filled until the noncompliance is corrected.

FLOATING HTF UNITS

In a project containing HTF-assisted and other units, the HTF-assisted units are floating units. This designation is made at the time of project commitment in the regulatory agreement and Declaration of Restrictive Covenants between the owner and MHC, and the HTF units must be identified not later than the time of project completion. Floating units must be changed to maintain conformity with the income requirements during the period of affordability so that the total number of housing units meeting the requirements remains the same, and each substituted unit must be comparable in terms of size, features, and number of bedrooms to the originally designated HTF-assisted unit.

TENANT PROTECTION & SELECTIONS

LEASE

There must be a written lease between the tenant and the owner of rental housing assisted with HTF funds that is for not less than one year unless by mutual agreement between the tenant and the owner a shorter period is specified. The mutual agreement, a separate document from the lease, must be signed by both the tenant and the owner and kept in the tenant file. The lease must incorporate the VAWA lease term/addendum.

PROHIBITED LEASE TERMS

1. Agreement to be sued.
2. Treatment of personal property.
3. Excusing the owner from responsibility.
4. Waiver of notice.
5. Waiver of legal proceedings.
6. Waiver of a jury trial.
7. Waiver of right to appeal court decision.
8. Tenant chargeable with cost of legal actions regardless of outcome; and
9. Mandatory participation in supportive services

TERMINATION OF TENANCY

An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HTF funds, except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; or for other good cause. Good cause does not include an increase in the tenant's income. To terminate or refuse to renew tenancy, the owner must serve written notice upon the tenant specifying the grounds for the action and providing a specific period for vacating that is consistent with State or local law.

TENANT SELECTION PLAN

Owners must create a written tenant selection plan that meets all compliance with the affirmative marketing requirements.

The owner must adopt and follow written tenant selection policies and criteria that:

1. Limit the housing to income-eligible families;
2. Are reasonably related to the tenant's ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing; not to interfere with the rights and quiet enjoyment of other tenants);
3. Limit eligibility or give a preference to a particular segment of the population if permitted in its regulatory agreement with MHC (and only if the limitation or preference is described in MHC's consolidated plan);
4. Do not exclude an applicant with a voucher under the Section 8 Tenant-Based Assistance: Housing Choice Voucher program or an applicant participating in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such voucher or comparable HOME tenant-based assistance document.
5. Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;
6. Give prompt written notification to any rejected applicant of the grounds for any rejection; and

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7. Comply with VAWA requirements.
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MARKETING ACCESSIBLE/SPECIAL NEEDS UNITS

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

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

OTHER FEDERAL REQUIREMENTS

NONDISCRIMINATION AND EQUAL OPPORTUNITY

The following federal nondiscrimination and equal opportunity guidelines apply to all rental housing projects and affect both the development and operation of assisted housing:

1. The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.
2. Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107.
3. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1.
4. The Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146.
5. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8.
6. Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.
7. 24 CFR part 8.
8. Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60.
9. Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises).
10. Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development).
11. Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

DISCLOSURE REQUIREMENTS

The disclosure requirements and prohibitions of 31 U.S.C. 1352 and implementing regulations at 24 CFR part 87; and the requirements for funding competitions established by the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531 et seq.).

DEBARRED, SUSPENDED, OR INELIGIBLE CONTRACTORS

The prohibitions at 2 CFR part 2424 on the use of debarred, suspended, or ineligible contractors and participants.

DRUG-FREE WORK

The Drug-Free Workplace Act of 1988 (41 U.S.C. 701, et seq.) and HUD's implementing regulations at 2 CFR part 2429.

HOUSING COUNSELING

1. Any housing counseling, including rental housing counseling, required under or provided in connection with any program administered by HUD shall be provided only by organizations and counselors certified by the Secretary under 24 CFR part 214 to provide housing counseling, consistent with 12 U.S.C. 1701x.
2. Required under or provided in connection with any program administered by HUD means:
 - a. Housing counseling required by statute, regulation, Notice of Funding Availability (NOFA), or otherwise required by HUD;
 - b. Housing counseling that is funded under a HUD program;
 - c. Housing counseling that is required by MHC or subgrantee of a HUD program as a condition of receiving assistance under the HUD program; or
 - d. Housing counseling to which a family assisted under a HUD program is referred, by MHC or subgrantee of the HUD program.

AFFIRMATIVE FAIR HOUSING MARKETING PLAN

HTF-funded projects consisting of 5 or more units must establish an Affirmative Fair Housing Marketing Plan detailing marketing procedure to attract eligible occupants without regard to race, color, national origin, sex, religion, familial status, disability, or sexual orientation. If MHC's regulatory agreement with the project owner permits the rental housing project to limit tenant eligibility or to have a tenant preference, the owner must have affirmative marketing procedures and requirements that apply in the context of the limited/preferred tenant eligibility for the project.

The affirmative marketing requirements and procedures adopted must include:

1. Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the owner's affirmative marketing policy (e.g., the use of the Equal Housing Opportunity logotype or slogan in press releases and solicitations for owners, and written communication to fair housing and other groups);
2. Requirements and practices the owner must adhere to carry out MHC's affirmative marketing procedures and requirements (e.g., use of commercial media, use of community contacts, use of the Equal Housing Opportunity logotype or slogan, and display of fair housing poster);
3. Procedures to be used by the owner to inform and solicit applications from persons in the housing market area who are not likely to apply for the rental housing or homeownership assistance program without special outreach (e.g., using community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies);
4. Records that will be kept describing actions taken by the owner to affirmatively market rental housing units and records to assess the results of these actions.

LEAD-BASED PAINT

HTF-assisted housing is subject to the regulations at 24 CFR Part 34, Subparts A, B, J, K, and R which govern lead-based paint poisoning prevention in residential structures. Applicants, developers, and builders of any project requiring the rehabilitation of structures built before 1978 must comply with this regulation.

UNIFORM RELOCATION ACT (URA)

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

All rental housing projects fall under the requirements of the URA. Applicants must further document that any purchase of property meets the requirements of URA, including the provision of notices to the seller identifying the transaction as a voluntary sale not under the threat of eminent domain.

Additionally, for properties occupied by commercial or residential tenants at the time of application, URA requires certain notices to tenants in place as of the application for federal funds. Failure to provide such notices may result in substantial compliance costs or render a project ineligible. To ensure compliance with URA, applicants should consult the Grants Management staff before the submission of any application involving an occupied property to understand the requirements of URA.

DISPLACEMENT

To the extent feasible, displaced residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary, and affordable dwelling unit in the building/complex upon completion of the project.

MINIMIZE DISPLACEMENT

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

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

RELOCATION

Temporary relocation: The following policies cover residential tenants who will not be required to move permanently but who must relocate temporarily for the project. Such tenants must be provided:

1. Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied housing and any increase in monthly rent/utility costs.
2. Appropriate advisory services, including reasonable advance written notice of:

- a. The date and approximate duration of the temporary relocation;
- b. The location of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period;
- c. The terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling in the building/complex upon completion of the project.

ACQUISITION

The acquisition of real property for a project is subject to URA and the requirements of 49 CFR part 24, subpart B, which states to ensure that persons displaced as a direct result of Federal or federally-assisted projects are treated fairly, consistently, and equitably so that such displaced persons will not suffer disproportionate injuries as a result of projects designed for the benefit of the public as a whole.

CONTACTS AND APPEALS

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

Grants Management
735 Riverside Drive
Jackson, MS 39202

CONFLICT OF INTEREST

To comply with HTF requirements and to maintain a high standard of accountability to the public, conflicts of interest and perceived conflicts of interest must be avoided. Owners shall maintain compliance with all HUD conflict of interest provisions as stated in 24 CFR 93.353 for HTF.

Applicant and Related Parties. Developers and owners with employees, family members, consultants, or agents that are otherwise eligible to occupy HTF-funded units must receive approval from MHC before entering a lease with HTF-eligible employees, family members, consultants, or agents 24 CFR 93.353(f) provisions apply to all HTF projects.

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

FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT

The HTF assistance provided to subgrantees and recipients shall be considered a Federal award for purposes of the Federal Funding Accountability and Transparency Act of 2006 (31 U.S.C. 6101 note).

MONITORING

MHC's compliance monitoring requirements apply to all HTF projects; however, additional compliance requirements may be applicable based on other funding sources in addition to those required under HTF.

MHC will monitor HTF-assisted units for the following:

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

REPORTING AND RECORDKEEPING

The owner of a low-income housing project must keep records for each HTF-assisted project for each year of the compliance period and the extended use period to allow effective oversight of funded projects and document compliance with applicable HTF requirements. All projects must submit periodic reports to MHC. MHC reserves the right to require

additional reporting or to alter the reporting format or frequency based on future changes to HTF requirements or its policy and procedures guidelines. In addition, MHC reserves the right to require additional or more frequent reporting for projects with compliance deficiencies.

Owners are required to report quarterly on construction progress, Section 3, and MBE/WBE 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, copies of invoices being paid, and evidence of appropriate lien waivers.

During the initial phase of lease-up, MHC may request owners to provide monthly or quarterly reports detailing the number of additional leases, total project leases, marketing activity, and monthly income and expenses. Once the owner has leased 100% of units, leasing and marketing reporting will be required annually.

Annual Reports shall be required for HTF projects, and shall include an Annual Occupancy Report, utility allowance documentation, and examples of marketing materials.

HTF projects shall be required to submit annual budgets to MHC for review and approval. Additionally, all projects will be required to submit an audit prepared by an independent Certified Public Accountant within 180 days of the end of its fiscal year. For small projects where the cost of a project-specific audit is deemed by MHC to be burdensome, MHC may accept a statement of financial condition with prior approval by the manager of Asset Management.

Owners and developers shall allow MHC and HUD the right to inspect records and property. Owners must annually submit any updates to their tenant selection plan and Affirmative Fair Housing Marketing Plan and must maintain records of annual efforts to affirmatively further fair housing in accordance with 24 CFR 93.350. Updates must clearly detail all changes.

Owners must annually report on compliance with the provisions of the Violence Against Women Act (VAWA) including records related to any emergency transfer requests and their disposition.

MHC may periodically require owners to obtain a capital needs assessment prepared by an independent third-party architect, engineer, or other qualified firm approved by MHC. Such capital needs assessments shall be used for the purposes of determining the adequacy of the replacement reserve, considering its existing balance, planned deposits, and anticipated future capital replacement costs for the Project. If the capital needs assessment indicates the Replacement Reserve is not sufficient to address anticipated capital costs during the Affordability Period, the owner must, at MHC's option, either make an additional deposit or increase its annual deposits sufficient to meet any underfunding. If an additional deposit is required by MHC, the owner (or the Guarantors) must replenish the replacement reserve account within six months.

CROSS-CUTTING REQUIREMENTS

SECTION 3

Owners and developers of construction projects exceeding \$300,000 in aggregate HUD funding (including HOME or HTF as well as HOME, CDBG, or other similar funding from a local government) are subject to the requirements of Section 3 of the Housing and Community Development Act of 1968 as outlined in 24 CFR 75. The purpose of Section 3 is to provide economic opportunities, particularly employment, generated by HUD-assisted development activity to low- and very low-income persons. In practice, MHC expects that all HOME/NHTF projects will be subject to Section 3.

Projects subject to Section 3 are required to take steps to achieve HUD-specified benchmarks (and maintain records and provide reporting) on total labor hours worked including by eligible “Section 3 workers” (25% of total labor hours) and by “Targeted Section 3 workers” (5% of total labor hours). Note that the Section 3 regulations were comprehensively updated in 2020. HUD continues to provide guidance and training on the updated requirements. More information is available on the HUD Exchange’s Section 3 page ([Section 3 - HUD Exchange](#)). The Section 3 report must be submitted quarterly during the construction phase.

BUILD AMERICA, BUY AMERICA (BABA)

The Build America, Buy America Act (BABA) requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver. This requirement is known as the “Buy America Preference (BAP)” and the specific requirements are codified in 2 CFR 184. BAP will apply to all HTF projects committed with HUD funds appropriated on or after August 23, 2024.

Products covered under the BAP include:

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

Products should be classified into just one of these categories. The classification must be made based on the product’s status when brought to the work site.

BABA WAIVERS

HUD has defined two types of BABA waivers:

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

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

HUD currently has five general waivers available:

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

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

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

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

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

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

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

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

MINIMUM DOCUMENTATION REQUIREMENTS

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

VIOLENCE AGAINST WOMEN ACT (VAWA)

HTF-Assisted projects must comply with the requirements of the Violence Against Women Act (VAWA) as required by 24 CFR 93.356 for HTF. 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.

MHC will provide a standard form lease addendum for use by owners of HTF-assisted housing that will provide required tenant protections and eliminate any prohibited provisions from uses, otherwise used by owners. The following forms are located at www.mshomecorp.com:

1. Notice of Occupancy Rights Under VAWA-HUD Form 5380
2. Emergency Transfer Plan VAWA-HUD Form 5381
3. Certification of Domestic Violence-VAWA-HUD Form 5382
4. Emergency Transfer Request-VAWA-HUD Form 5383

LANGUAGE ACCESS

Recipients of federal financial assistance, including HTF funds, are required to provide meaningful access to their programs and services for persons with limited English proficiency (LEP). The U.S. Supreme Court has held that failing to take reasonable steps to ensure meaningful access for LEP persons is a form of national origin discrimination prohibited by Title VI of the Civil Rights Act of 1964.

The requirement to provide language assistance to LEP individuals applies to all recipients of federal financial assistance, including HTF funds, regardless of conflicting state or local laws. When meaningful access requires interpretation, interpreters should be provided at no cost to the persons involved. Budgeting adequate funds to ensure language access is essential. While costs are a consideration in determining what language assistance is reasonably required, fiscal pressures do not provide an exemption from civil rights requirements.

Recipients of HTF funds should develop, and periodically update, a written LEP plan that describes their language assistance services and explains how staff and LEP persons can access those services. Guidance regarding LEP compliance can be accessed on the HUD website at www.hud.gov.

EXCLUDED PARTIES

MHC will not fund projects owned, developed, or otherwise sponsored by any individual, corporation, or other entity that is suspended, debarred, or otherwise precluded from receiving federal awards.

Furthermore, the owner may not contract with any other entity (including but not limited to builders/general contractors, property management companies, or other members of the development team) that are suspended, debarred, or otherwise so precluded. Similarly, the general contractor will be required to determine that subcontractors are not so precluded.