

**REQUEST FOR PROPOSALS**

**CDBG-DR PROGRAM**

**RENTAL HOUSING DEVELOPMENT**

**FUNDING APPLICATION**



**MOBILE COUNTY, ALABAMA**

**DUE NOON, JANUARY 8, 2025**



Mobile County  
205 Government Street  
South Tower, 8th Floor  
Mobile, Alabama 36644  
[www.mobilecountyal.gov](http://www.mobilecountyal.gov)

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## I. Overview.

The Mobile County Commission (MCC) hereby releases this Request for Proposals (RFP) for the MCC CDBG-DR Development of Affordable Rental Housing Program (“The Program”). This RFP is designed to provide funding for the new construction or acquisition/rehabilitation of affordable multifamily housing in the designated areas impacted by Hurricane Sally and Zeta. The availability and use of these funds are subject to the Alabama Department of Economic and Community Affairs (ADECA) CDBG-DR Action Plan which was approved by the U. S. Department of Housing and Urban Development’s (“HUD”) and MCC’s Local Recovery Plan and Unmet Needs Assessment. The availability and use of these funds is also contingent upon ADECA’s acceptance of MCC’s Local Recovery Plan. The RFP complies with the requirements as stated in the Action Plan and establishes the application acceptance period, threshold criteria and selection criteria for awards.

The sum of **\$4,500,000** of CDBG-DR funds has been set aside for this program. MCC reserves the right to increase or decrease the level of funding available for this program. In the event MCC increases the funds allocated to the Program, MCC may re-consider acceptable applications not previously selected for funding without re-opening the Program.

The Program objective is to create or preserve multifamily rental units with CDBG-DR funds structured as an amortizing or soft first or second mortgages paid from available cash flow, and equity from the sale of Low Income Housing Tax Credits (LIHTC’s) in 9% or 4% transactions with Bond financing. Successful Applicant(s) will receive a letter of intent, which will state that the County’s commitment of CDBG-DR funds is contingent upon: 1) availability of CDBG-DR funds; 2) approval by ADECA of the County’s Local Recovery Plan; 3) final commitment of all funding sources; 4) an environmental review clearance and release of funds secured from HUD; and 5) the Applicant’s successful application for either 4% or 9% LIHTC’s through the Alabama Housing Finance Authority (AHFA). Additional resources may also be used to finance proposed developments.

An Applicant receiving funds under this RFP will be expected to maintain the property as safe, decent affordable housing for the longer of the project’s LIHTC compliance and extended use period, the 20- year CDBG-DR Use Agreement, or the maturity of any loan or guaranty financing provided by the MCC.

Additional information regarding this RFP, the Mobile County Commission’s Disaster Recovery Local Recovery Plan, and more details about the program can be found at the following link: <https://www.mobilecountyal.gov/cdbg-dr-hurricanes-sally-and-zeta-1/>

**Timeline.** The following timeline is applicable for the RFP:

Date	Event
12/4/2024	RFP published
12/27/2024	Questions submitted by Close of Business (COB) on this date will be answered by MCC on or before COB 1/3/2024
1/8/2025	Application submission date

Applicants and other stakeholders may submit questions by email to [Gordon.Bauer@mobilecountyal.gov](mailto:Gordon.Bauer@mobilecountyal.gov)

## II. Application Submission:

**A.** Questions regarding this RFP will only be considered if they are submitted in writing to the above email address on or before December 27, 2024. Questions shall clearly reference the section of the RFP for which the applicant is inquiring or seeking clarification. Answers, along with the actual question, will be posted on the MCC website link referenced above. It is the sole responsibility of the applicant to inquire into and clarify any item of the RFP that is not understood.

**B.** The Application and all supporting documents must be received by MCC in their entirety, no later than January 8, 2025 at 12:00 p.m. CST at the following address:

**Mobile County Commission**  
Attn: "CDBG-DR Multifamily RFP"  
205 Government Street  
8<sup>th</sup> Floor, South Tower  
Mobile, AL 36602

Applications not received by this date, will be accepted and placed on a waiting list. If there are additional funds available, these Applications will be reviewed in order of receipt.

**C.** A complete Application will include all items listed in Attachment B.

**D.** Applicants must submit an application under the AHFA 2025 Competitive LIHTC Round and under this RFP.

## III. Property Requirements

**A. Development Cost Limits**

MCC has adopted cost limits as defined by the HUD PIH Office of Capital Improvements. Regardless of the reasonableness of the proposal, MCC will not fund properties with costs exceeding these limits.

[https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/ph/capfund](https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/capfund) – refer to “What’s Hot” column.

Applications incorporating resilient building materials and designs may use up to 110% of the applicable cost limits. Applicants must clearly detail these additional cost factors, including how much each line item costs.

**B. Income/Rent Requirements.**

1. At least 51% of the property’s units must be rent and income restricted: the designated low and moderate income having rents affordable to households at or below the lesser of 80% of Area Median Income (AMI) or the LIHTC unit designation (whichever is less).
2. Applicants utilizing income averaging must demonstrate market units (unrestricted units) have achievable rents more than 10% greater than 80% AMI gross rent limits for the applicable area.
3. A minimum affordability period of fifteen (15) years for the rehabilitation or reconstruction of multi-family rental project with eight or more units, and a minimum affordability period of twenty (20) years for the new construction of multi-family rental units with five or more units.

**C. HUD Notices.** Applicants must meet all requirements of applicable notices HUD’s website: <https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-laws-regulations-and-federal-register-notices/>. See the Federal Register Notices under the Header “2020 Events.”

## IV. Eligibility

**A. Eligible Applicants:** All borrowers will be LIHTC single asset entity limited partnerships or limited liability corporations which are for-profit entities. General Partners of these entities may be for- or non-profit entities. A Public Housing Authority may participate as General Partner. Proposed Project Teams must meet MCC’s qualification requirements and be determined to have the experience and capacity to complete the proposed property. Ineligible Applicants include:

- Any person or entity on the federal debarred list, or an organization representing such person or entity on that list.
- Any person or entity (or affiliate thereof) that received notice that they are currently out of program compliance for LIHTC, HOME or CDBG.
- Any person or entity (or affiliate thereof) who is in default on any MCC program loan.

**B. Eligible Properties**

- Projects must have at least five (5) residential rental units. There is no maximum project size, so long as the development is supported by market demand evidenced through a market study.
- Mixed-use projects (that is, projects that include uses other than residential housing) are not eligible. Common space buildings for exclusive use of residents are not considered mixed use. Leasing offices and common space employee units are allowable.
- Projects with existing LIHTC reservations, (Carryover Allocations for 9% LIHTCs or Letter of Determination for 4% LIHTCs) must resubmit an Application to meet 2025 QAP Threshold requirements. Applicants may change the unit mix or add additional units in the resubmitted Application.
- Projects without an existing LIHTC reservation must also request an award of 9% or 4% credits from AHFA during its 2025 cycle.

**C. Eligible Sites.** All proposed properties must be located within Mobile County, AL but not within the City of Mobile.

**D. Eligible Use of Funds.**

1. CDBG-DR funds can be used to finance activities other than “construction work.”
2. “Financing” is not limited to the act of paying for construction work directly. “Financing” can mean, for example, using CDBG-DR assistance to reduce the interest rate on a construction loan (including certain collateral accounts).
3. For example, CDBG-DR can finance real property acquisition, purchase of equipment, architectural and engineering fees, other services (e.g., legal, accounting, construction management), and other non-construction items such as furniture, business licenses, real estate taxes, and tenant allowances for such items.

**E. Eligible Activities.**

1. Rehabilitation of Units directly damaged by the disaster.
2. New Construction Units located in one of the targeted areas listed in C. Eligible Sites.
3. Rehabilitation/New Construction: Units were directly damaged by the disaster; Units are located in one of the targeted areas listed in C. Eligible Sites.
4. Each of these uses may include mitigation or resiliency elements.
5. CDBG-DR funds may not be used for activities reimbursable by or which funds are made available by FEMA or USACE.

## V. CDBG-DR Loan Terms

**A. Loan Size Requirements.** Minimum: \$1 million; Maximum: \$4.5 million

**B. Terms of Loan.**

1. Minimum term: 20 years
2. Maximum term: 30 years

3. 0% interest Construction financing (if requested during construction)
4. 1% Permanent financing
5. CDBG-DR loans cannot comprise more than 50% of the total development Costs
6. Loans must be in no less than third position for 9% LIHTC developments
7. For non-amortizing loans, payment on the loan will be based on the lesser of 50% of available cash flow (after the payment of deferred developer fee) or a payment necessary to maintain the minimum Debt Coverage ratio's outlined in Section B. Underwriting criteria.

## VI. MCC Underwriting Review

**A. Standard of review.** All selected Applications will be subject to a stringent underwriting review. Prior to commitment, the proposed loan must be approved by the Mobile County Commission. The presentation of a workable loan is the sole responsibility of the Applicant. Properties that are determined by the Commission to pose an undue risk of loss through recapture during the period of affordability or default prior to payment in full will not receive a final commitment of funds.

MCC underwrites the loan based on the proposed pro forma submitted by the Borrower. Underwriting staff also performs a "sensitivity" analysis. The sensitivity analysis will show whether the expenses or revenue proposed by the applicant can be less than 10% and still show a viable repayment structure. This means that proposed rents will be underwritten both at the maximum allowable amount and at 10% less than the maximum amount. The ability of the proposed loan to "pass" this sensitivity analysis is used as part of the overall analysis of the risk of recapture and/or default.

Risk of default after the end of the period of affordability may be mitigated by a market appraisal showing that the property has a value in excess of the loan balances.

Additional information on the County's Underwriting Review process is included in Attachment F.

## VII. Application Review Process

Applications submitted for consideration for CDBG Disaster Recovery funding under this RFP will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as described in this RFP. Applicants will be promptly notified in these instances.

**A. Eligibility Criteria Review.** All Applications will first be reviewed as described above. Applications will be confirmed for eligibility for funding.

**B. Completeness Review.** Applications received by MCC will be reviewed for completeness, including but not limited to:

1. Organization of electronic Application Submission.
2. Inclusion of all required Application forms.
3. Inclusion of Environmental Phase I.
4. Inclusion of Market Study.
5. Submission of all required supporting documents.

Any project which is deemed substantially incomplete will be returned to the Applicant and not subject to further review.

**C. Financial Evaluation.** Applications will be reviewed by a MCC underwriter to determine the financial feasibility and amount of requested funds needed for the project to arrive at an appropriate level of CDBG Disaster Recovery Funds. In determining an appropriate level of CDBG Disaster Recovery Funds, MCC shall, at a minimum, evaluate the estimated cost of the project needed based on verifiable estimates from reputable contractors. MCC shall evaluate acceptable cost parameters as evidenced in the third-party verified scope of work or property condition assessment. Underwriting will include a determination by MCC, that the amount of CDBG Disaster Recovery Funds recommended for commitment is necessary for the financial feasibility of the project.

**D. Compliance Evaluation.** After MCC has determined that a project is financially feasible, it will be reviewed for evaluation of the regulatory compliance status.

**E. Site Evaluation.** Site conditions shall be evaluated through a physical site inspection by MCC or a third party designated by MCC. Such inspection will evaluate the project site based upon the criteria to be determined and the inspector shall provide a written report of such site evaluation. "Unacceptable" sites include, without limitation, those containing an immitigable environmental factor that may adversely affect the health and safety of the residents.

**F. Environmental Review.** It will be the applicant's responsibility to obtain and submit a HUD Environmental Review Record (ERR), completed by an environmental consultant, in accordance with 24 CFR Part 58. As long as the consultant was properly procured, the expenses for this ERR is reimbursable as a line item under soft costs.

**NOTE:** There can be no choice-limiting actions on the part of the developer/owner until environmental clearance is received, and a Notice to Proceed is issued. The concept of prohibiting "choice-limiting" actions is to prevent the developer from investing in a project before all necessary environmental clearances are obtained. Market studies, environmental studies, plan development, engineering or design costs, inspections and tests are not



considered “choice-limiting” actions. “Choice-limiting actions” are defined as any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives, such as acquisition by the developer/owner (or any subsidiary of the developer), construction, demolition of buildings, or rehabilitation or reconstruction of buildings. Per 24 CFR Part 58.22, failure to comply with the prohibition against committing funds or taking physical action (using either HUD funds or non-HUD funds) before the completion of the environmental review process could result in loss of HUD assistance, cancellation of the project, reimbursement by the developer/owner to HUD for the amount expended, or suspension of the disbursement of funds for the affected activity.

## VIII. GAP FINANCING LOANS

- A. CDBG-DR Regulatory Agreement.** The CDBG-DR Regulatory Agreement will be subject to only those liens and encumbrances specifically agreed to by MCC. The lien of any permanent mortgage will be subject to the CDBG-DR Regulatory Agreement.
- B. Mortgage.** The Gap Financing Loan will have either (a) second lien position (other than construction financing), or (b) third lien position behind the lien of permanent financing acceptable to MCC and AHFA (in which case, if the first and second lien lenders so request, MCC agrees to execute MCC’s standard form of Subordination Agreement).
- C. Guaranties.**
1. MCC will require the project owner and a credit-worthy guarantor(s) to guarantee certain personal obligations (“non-recourse carve-outs”) under the Note, Mortgage and Loan Agreement.
  2. MCC will require a credit-worthy guarantor(s) to give an Operating Deficit Guaranty to MCC.
  3. If an Applicant requests CDBG-DR funding during construction, MCC will require a credit-worthy guarantor(s) to give a Guaranty of Completion to MCC.
- D. Transaction Costs/Expenses.** The Applicant will be responsible for all costs related to closing the loan, whether or not closing occurs, including all title costs, recording costs, legal fees (including fees for MCC’s counsel), abstract fees, appraisal costs, environmental and historic property review, and site and progress inspection fees (including fees for MCC’s inspector), survey costs, or such other costs associated with the funding. These costs will include MCC’s expenses, (if any) that may be incurred subsequent to the closing. Expenses provided under this paragraph and incurred subsequent to the closing but not escrowed at the time of closing shall be the responsibility of the Applicant.
- E. Conflicts.** Conflicts between the CDBG-DR Legal Documents and any other documents executed in connection with the project will be resolved in favor of the

CDBG-DR Legal Documents. MCC will not be a party to “operating agreements” and other agreements between the Applicant and its investor(s). The Applicant and its investors and/or lenders may not enter into an agreement regarding cash distributions, except as regards the share of Surplus Cash distributed to the project owner in accordance with the CDBG-DR Legal Documents.

**F. Representations and Warranties.** The CDBG-DR Legal Documents contain ongoing representations and warranties. Accordingly, it is possible that an Applicant may receive an Award Acceptance Agreement but be ineligible to close.

## IX. CDBG-DR AWARD PROCESS.

Successful Applicant(s) will receive a letter of intent, which will state that the County’s commitment of CDBG-DR funds is contingent upon: 1) availability of CDBG-DR funds; 2) approval by ADECA of the County’s Local Recovery Plan; 3) final commitment of all funding sources; 4) an environmental review clearance and release of funds secured from ADECA; and 5) execution of an agreement between the County and the developer/applicant within 18 months from the date of letter of intent. Construction of the project must start within 12 months of the aforementioned agreement.

Neither this RFP nor the acceptance of any application shall imply a funding obligation to any applicant. Funding of proposals will be contingent upon receipt of federal CDBG-DR funds from ADECA. Should Mobile County’s CDBG-DR allocation be reduced or eliminated, no claim may be made against the County’s General Fund or other resources regardless of the status of the proposal(s) or issuance by the County of a Commitment Letter(s) for CDBG-DR funding. The County reserves the sole right to approve or reject any and all applications on such basis as it deems to be in its best interest. As a CDBG-DR Subrecipient, Mobile County Commission is responsible for the administration of its CDBG-DR Program funds under federal CDBG-DR regulations, HUD requirements, and ADECA requirements. It is the intent that this RFP be issued and proposals underwritten in compliance with said regulations and requirements. Should the regulations and requirements change at any time, the County reserves the right to alter its Program to ensure compliance up to and including terminating any Commitment issued if the project does not meet new CDBG-DR regulations and/or HUD/ADECA requirements. The County, its elected officials, employees and agents shall not be held responsible or liable for any losses incurred from claims, suits, damages, and costs and expenses of any kind or of any nature that any proposing firm may suffer, incur or pay arising out of decisions by the County concerning any proposal, application, loan decision(s), or action(s) associated with the administration of the CDBG-DR Program.

## X. CDBG-DR FEDERAL COMPLIANCE REQUIREMENTS.

Funding of the Program is through the United States Department of Housing and Urban Development, Community Development Block Grant Disaster Recovery Program. Applicants and their counsel should be familiar with the full range of CDBG-DR compliance requirements. The following is a brief summary of certain aspects of some of these compliance requirements.

**A. Environmental Clearance.** Applicants selected for funding must submit an Environmental Review Record (ERR) pursuant to 24 CFR Part 58. A successfully completed ERR will then require a 30-day public comment period prior to Release of

Funds. Prior to receipt of environmental clearance from MCC, the Applicant may not undertake, or commit any funds to, physical or choice-limiting actions, including property acquisition, demolition, tenant relocation, rehabilitation, conversion, repair or construction. Violations of this provision may result in the denial of any funds under this program. Applicants are encouraged to ensure that site control exists for sufficient period of time to allow environmental clearance process to be completed before purchase must occur.

**B. Elevation standards.** For new construction, repair of substantial damage, or substantial improvement.

1. All structures, defined at 44 CFR 59.1, designed principally for residential use and located in the 100-year (or 1 percent annual chance) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the base flood elevation.
2. All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 500-year (or 0.2 percent annual chance) floodplain must be elevated or flood proofed (in accordance with the FEMA standards) to the higher of the 500-year floodplain elevation or three feet above the 100-year floodplain elevation. If the 500-year floodplain is unavailable, and the Critical Action is in the 100-year floodplain, then the structure must be elevated or flood proofed at least three feet above the 100-year floodplain elevation. Critical actions are defined as an “activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons, or damage to the property.”

**C. Flood Insurance Purchase Requirements.**

1. HUD does not prohibit the use of CDBG–DR funds for existing residential buildings in a Special Flood Hazard Area (or 100-year floodplain). However, Federal, State, local, and tribal laws and regulations related to both flood insurance and floodplain management must be followed, as applicable. With respect to flood insurance, a HUD-assisted owner of a property located in a Special Flood Hazard Area must obtain and maintain flood insurance in the amount and duration prescribed by FEMA’s National Flood Insurance Program.
2. Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD-assisted property within a Special Flood Hazard Area.
3. HUD strongly recommends the purchase of flood insurance outside of a Special Flood Hazard Area for properties that have been damaged by a flood, to better protect property owners from the economic risks of future floods and reduce dependence on Federal disaster assistance in the future, but this is not a requirement.

- D. Accessibility.** All projects that receive allocations or funding under this RFP Plan must comply with all applicable Federal and State accessibility laws, including but not limited to The Fair Housing Amendments Act of 1988, Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, Alabama Fair Housing Law and Alabama Access Law.
- E. Davis-Bacon.** For properties of 8 units or more, construction will be subject to Davis-Bacon wage and record-keeping requirements.
- F. Lead Based Paint.** HUD's lead based paint regulations at 24 CFR Part 35 will apply. The HUD regulations require, among other things, that lead hazard evaluation and reduction activities be carried out for buildings originally constructed before 1978 and receiving CDBG-DR assistance. Capitalized terms in this paragraph are as defined in 24 CFR Part 35. The discussion below assumes that CDBG-DR assistance will be at least \$25,000 per residential unit.
1. For any project that includes an existing building that was completed prior to January 1, 1978, the application must include a discussion that establishes whether each such building is Target Housing (as defined in Part 35).
  2. For any proposed project that includes Target Housing:
    - Prior to commencement of construction, a Risk Assessment (to determine the existence of lead paint hazards, and to design a lead hazard control plan) must be completed by State-accredited inspection personnel. The Risk Assessment must be prepared in accordance with HUD's regulations at 24 CFR Part 35. The Risk Assessment must also identify any lead paint Hazards.
    - An Inspection (to determine the location of any lead-based paint) is also required. The Inspection must identify the components that contain lead paint in sufficient detail to permit construction personnel to formulate a hazard control plan.
    - During the rehab, any Lead Hazards (that were identified in the Risk Assessment) must be Abated, and this Abatement work must be performed by State-licensed Abatement Contractors.
    - A lead hazard clearance report, based on Dust Testing by a State-accredited Risk Assessor or Inspector, is required after completion of construction. Dust Testing must be carried out, and evaluated, in accordance with HUD's regulations at 24 CFR Part 35.
    - The application must include a line item for the costs of lead hazard abatement and control, with an explanation that adequately supports the estimated cost, based on the risk assessment and inspection.
    - A copy of the Risk Assessment and Inspection must be included in the application.
- G. Section 3.** HUD's Section 3 requirements apply. In general, Section 3 requires outreach, prior to awarding contracts and subcontracts to construct a project under the Program.

Applicants must conduct outreach to low-income individuals living in the area where the project is located and to certain businesses located in the area in which the project is located. The intent of the Section 3 requirements is to encourage employment of such individuals and businesses in connection with the construction of the project. These requirements apply to any construction/rehab contract or subcontract in excess of \$100,000.

**H. Program Income.** Program income is defined as gross income generated from the use of CDBG-DR funds and received by the State or a sub recipient of a State. When income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used. Program income includes, but is not limited to the following:

1. Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-DR funds.
2. Proceeds from the disposition of equipment purchased with CDBG-DR funds.
3. Gross income from the use or rental of real or personal property acquired by a State, local government, or subrecipient thereof with CDBG-DR funds, less costs incidental to generation of the income (i.e., net income).
4. Net income from the use or rental of real property owned by a State, local government, or subrecipient thereof, that was constructed or improved with CDBG-DR funds.
5. Payments of principal and interest on loans made using CDBG-DR funds.
6. Proceeds from the sale of loans made with CDBG-DR funds.
7. Proceeds from the sale of obligations secured by loans made with CDBG-DR funds.
8. Interest earned on program income pending disposition of the income, including interest earned on funds held in a revolving fund account.
9. Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households not low- and moderate-income, where the special assessments are used to recover all or part of the CDBG-DR portion of a public improvement.
10. Gross income paid to a State, local government, or a subrecipient thereof, from the ownership interest in a for profit entity in which the income is in return for the provision of CDBG-DR assistance.
11. "Program income" does not include the following:
  - The total amount of funds that is less than \$35,000 received in a single year and retained by a State, local government, or a subrecipient thereof.
  - Amounts generated by activities eligible under section 105(a)(15) of the HCD Act and carried out by an entity under the authority of section 105(a)(15) of the HCD Act.

**I. Duplication of Benefits.** The Applicant must document all funds obtained from any source from the date of the disaster until the date of the application. To address any potential duplication, beneficiaries must enter a signed agreement to repay any assistance later received for the same purpose as the CDBG-DR funds. This agreement must also include the following

language: “Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.”

**J. CDBG Tenant Protections.** Following are summaries of the most significant requirements:

1. **Uniform Relocation Act (“URA”).**
  - CDBG-DR requires protections for each in-place tenant with a bona fide lease. The tenant must be given at least 90 days advance notice to move, or until the lease expires, whichever is longer.
2. **Section 104(d).**
  - The one for one-replacement provisions of Section 104(d) of the Housing and Community Project Act of 1974 as amended are not applicable.
  - The remaining requirements of Section 104(d) are applicable.

**K. Prohibition against eminent domain.** An Applicant may not undertake any involuntary acquisition of property in connection with an eligible project unless the MCC has given its advance written consent.

**L. Bonding Requirements.** Per 2CFR Part 200.325, projects utilizing CDBG loans used for construction or facility improvement contracts or sub contracts exceeding the Simplified Acquisition Threshold, must obtain the following:

1. **A bid guarantee** from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
2. **A performance bond** on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
3. **A payment bond** on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

**M. Sustainable Building Certification.** Applicants must obtain a sustainable building certification from one of the following entities:

1. Enterprise’s Enterprise Green Communities certification program (following Enterprise Green Communities protocol under the guidance of an Enterprise Qualified TA provider)

2. US Green Building Council's LEED for Homes certification program, which includes single-family detached and multi-family low and mid-rise structures

**N. Broadband infrastructure.** Any substantial rehabilitation, as defined by 24 CFR 5.100, or new construction of a building with more than four rental units must include installation of broadband infrastructure, except where MCC documents that:

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

## XI. SELECTION CRITERIA.

The preliminary funding commitments resulting from this Request for Proposals shall be determined by a scoring system including, but not necessarily limited to, the factors shown below. Regardless of strict numerical ranking, the scoring does not operate to vest in an applicant or project any right to a reservation or commitment of CDBG-DR funds. The County will, in all instances, commit CDBG-DR funds consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion to ensure that:

- Developers awarded funds are both capable and fiscally sound;
- The neighborhood market will support the proposed housing; and
- The project's financial assumptions and projections have been reviewed (or underwritten) to balance their adequacy and subsidy layering considerations.

Points will be designated for each factor of consideration below with a maximum score of 100 points.

- *Developer experience and financial capacity— up to 35 points.*  
Rankings will be based on scope of past portfolio including, but not limited to, leveraging of other sources of funds, experience developing and managing projects of similar type and scope, staff qualifications, input from other funders as well as the overall quality of the application for this project. Applicant's current financial statement and independent audit will be reviewed for financial capacity and soundness.
- *Strength of Proforma—up to 45 points.*  
Rankings will reflect the strength of the overall financial proposal including the combination and availability of other non-CDBG funds. The County may also take into account the relative efficiency of each funding request in terms of producing affordable units at the lowest per-unit CDBG-DR subsidy cost (for this purpose, the County will consider the total affordable units in a project, including non-CDBG-DR units that are otherwise income and rent restricted LIHTC requirements). The County will also consider the anticipated/projected repayment schedule for the CDBG-DR loan; generally, the County will favor projects that can retire the largest portion of the original loan amount within the affordability period.

- *Projected Rents and Design/Amenities—up to 20 points.*  
Projected rents as well as design and amenity considerations will be looked at closely for compliance with the requirements set out in the Program Guidelines. Each proposal will be compared to the County’s minimum requirements and to each other to determine which proposal(s) are the strongest, provide the greatest public benefit, and are consistent with neighborhood needs and input.

## Attachment A - Full Application Requirements and Due Diligence Exhibits

**INSTRUCTIONS:** To apply for funding, applicants must submit all materials required by the County’s CDBG-DR request for proposals along with all bolded due diligence items from the list below. Applicants will need to submit all items, including non-bolded items, prior to receiving a formal commitment of funds from the County and should submit all items that are available with their initial application.

The County reserves the right to require additional due diligence items as needed to evaluate the project, document compliance with CDBG-DR and other applicable federal regulations. Additionally, following a commitment of CDBG-DR funds, additional items will be required in order to close on the County’s CDBG-DR loan.

### APPLICATION

- Complete Response to Request for Proposals including all required certifications and attachments**
- Executive Summary containing a brief synopsis of the proposed development and number of units, location, project costs and the proposed financing. The Summary should also have a brief description of the proposed complex (frontal elevation and floor plan only—detailed drawings are not required with RFP), proposed site plan, security arrangements, amenities and accessibility/adaptability provisions;**
- Itemized summary of “self-score” under Draft Alabama Qualified Allocation Plan**
- AHFA Rental Housing Programs Application and all exhibits submitted to AHFA (for any development seeking LIHTC or other funding from the AFHA), if applicable.

### DEVELOPER CAPACITY & FISCAL SOUNDNESS

- Developer statement of qualifications that identifies**
  - A. Recently completed comparable projects completed within the last five (5) years**
  - B. All projects underway and/or pending**
  - C. Staff assigned to this project and their roles and experience**
  - D. Disclosure of any identify of interest**
- Individual resumes, copies of appropriate licenses and/or professional certifications of assigned developer staff**
- Information on qualifications of property management agent, if applicable**



- Current financial statements for developer and any guarantors (not less than 90 days old)**
- Most recent corporate audit or reviewed financial statements**
- Most recent tax returns for developer (990s for nonprofit developers)**
- Certified copies of all organizational documents of all entities in the project, including articles of incorporation, operating agreement, partnership agreement, as applicable**
- Authority to Release Confidential Information, which is included in the Application Cover Sheet certification. Will allow County to:**
  - A. Contact Banking references**
  - B. Obtain developer’s corporate credit report (e.g. Dun & Bradstreet) or personal credit report (e.g. sole proprietors, S-corps, etc.)**
- Development team**
  - A. List of third-party development team members**
  - B. Corporation profiles and/or individual resumes, copies of appropriate licenses and/or professional certifications for development team members**

**SITE AND PRODUCT**

- Evidence of site control (e.g. option, etc.)**
- Uniform Relocation Act documentation**
  - o URA Notice to Seller of Voluntary Sale**
  - o Seller certification regarding vacancy (as applicable)**
  - o Rent Roll and evidence of General Information Notices to existing tenants (occupied properties only)**
- Preliminary Title insurance commitment
- Documentation of existing property value (e.g. tax assessment, appraisal, etc.)
- Phase I Environmental Site Assessment. The Phase I must be completed in compliance with the American Society for Testing and Materials (ASTM) standard E-1527-13, including Appendices X4 and X5. The Phase I provider should acknowledge in its “statement of purpose” that one use of the report will be to determine compliance with HUD’s environmental review requirements at 24 CFR Part 58. (Additional time may be granted for submission of report prepared by third parties if requested in writing at time of application submission. Note: Applicants whose project rely on the award of LIHTC will also be required to comply with the applicable Alabama Housing Finance Authority’s (AHFA) Environmental Policy Requirements for both Low Income Housing Tax Credits and CDBG-DR. While not required at the time of application submission, an acceptable Environmental Report (i.e., presented in the required format and meeting requisite AHFA standards) must be provided to Mobile County in advance of a funding commitment.**
- Site specific environmental record and (as applicable) estimate of remediation costs
  - o Radon and mold testing (as applicable)**
  - o LBP risk assessment (as applicable)**

- Documentation of utility availability and connection costs**
  - **Water/sewer, electric, gas**
- Plans and specifications, including site plan and elevation drawings
- Zoning/site plan and building/code review approvals**
- Flood Hazard Determination Form (FEMA Form 086-0-32) from a nationally recognized flood data service or from a licensed surveyor that no portion of the property is located within the 100-year flood plain. The proposed development cannot be located in the designated floodplain.**
- Utility allowance calculations

#### **MARKET DATA**

- Market study**
- Additional Evidence of demand—applications/waiting lists from similar projects, voucher/rental assistance pipelines, or Continuum of Care data for homeless/special needs projects, etc.

#### **UNDERWRITING/FINANCIAL PROJECTIONS**

- Proforma showing rent and operating cost projections, all project costs, construction period sources/uses, and 20 year operating/cash flow projections**
- Commitments for other financing, both permanent and construction loan sources**
- Documentation of construction costs (e.g. estimate by qualified individual, bids, contract documents)
- Estimates/documentation of professional services and soft costs (e.g. architectural fees, construction period taxes/insurance, marketing expenses, realtor listing agreement, etc.)

#### **MARKETING AND LEASING**

- Marketing plan outlining
  - Tenant selection criteria and waiting list procedures
  - Description of primary market and outreach strategies, including affirmative marketing plan using HUD form HUD-935.2A as applicable
  - Availability of tenants services and appropriate referral plan
- Waiting list(s) of interested tenants—compare demographics to underwriting assumptions about household incomes, ability to pay projected rent, etc. (if available)

Attachment B – Application Cover Page and Required Materials Checklist



**MOBILE COUNTY CDBG-DR PROGRAM  
APPLICATION COVER SHEET  
2025 RENTAL HOUSING DEVELOPMENT PROGRAM**

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**APPLICANT NAME:** \_\_\_\_\_

**APPLICANT ADDRESS:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**APPLICANT PHONE:** \_\_\_\_\_

**APPLICANT EMAIL:** \_\_\_\_\_

**NAME OF AUTHORIZED REPRESENTATIVE:** \_\_\_\_\_

**AUTHORIZED REPRESENTATIVE PHONE:** \_\_\_\_\_

**AUTHORIZED REPRESENTATIVE EMAIL:** \_\_\_\_\_

**CERTIFICATION OF AUTHORIZED REPRESENTATIVE:**

I, \_\_\_\_\_, as Authorized Representative for \_\_\_\_\_  
\_\_\_\_\_, hereby certify that all materials submitted in this proposal as noted on the checklist  
below are true and correct to the best of my knowledge and belief. I understand that any attempt to  
falsify information in this application shall result in disqualification. Further, I hereby consent to  
requests that Mobile County may make of third-parties for information to substantiate information  
provided in this proposal, and I authorize third parties to release such information to Mobile County.

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPLICATION REQUIRED MATERIALS CHECKLIST**

Initial responses to the RFP, which are generally submitted prior to an applicant's related submission to the Alabama Housing Finance Agency for LIHTC, must include all of the exhibits in the "Initial Application" section.

Applicants initially selected will be required to submit additional and/or updated due diligence exhibits once a project receives an award of LIHTC. Prior to any issuance by the County of a formal and binding commitment of CDBG-DR funds, all items listed in Exhibit A will be required. If possible, any items from the "full" list that are available at the time of the initial application should be provided.

In all cases, materials must be organized according to the tab numbers below. If appropriate, provide an explanation for why any item is not applicable. Applicants should note that additional due diligence items will be required as set forth in Exhibit A prior to the County's final commitment of funds.

## **INITIAL APPLICATION STAGE**

### **Application**

- TAB 1- Certifications (provided at Appendix C of the Request for Proposals)
- TAB 2- Executive Summary containing a brief synopsis of the proposed development and number of units, location, project costs and the proposed financing. The Summary should also have a brief description of the proposed complex (frontal elevation and floor plan only—detailed drawings are not required with initial application), proposed site plan, security arrangements, amenities and accessibility/adaptability provisions. ***Applicants must also include a narrative describing any community outreach efforts they have made to engage nearby residents, property owners, and stakeholders.***
- TAB 3- Itemized summary of “self-score” under 2025 Alabama Qualified Allocation Plan

### **Developer Capacity & Fiscal Soundness**

- TAB 4- Developer statement of qualifications that identifies
  - A. Recently completed comparable projects completed within the last five (5) years
  - B. All projects underway and/or pending
  - C. Staff assigned to this project and their roles and experience
  - D. Disclosure of any identify of interest
- TAB 5- Individual resumes, copies of appropriate licenses and/or professional certifications of assigned developer staff
- TAB 6- Information on qualifications of property management agent
- TAB 7- Current financial statements for developer and any guarantors (not less than 90 days old)
- TAB 8- Most recent corporate audit or reviewed financial statements
- TAB 9- Most recent tax returns for developer (990s for nonprofit developers)
- TAB 10- Certified copies of all organizational documents of all entities in the project, including articles of incorporation, operating agreement, partnership agreement, as applicable
- TAB 11- Development team
  - A. List of third-party development team members
  - B. Corporation profiles and/or individual resumes, copies of appropriate licenses and/or professional certifications for development team members

## Site and Product

- TAB 12- Evidence of site control (e.g. option, etc.)
- TAB 13 Uniform Relocation Act documentation
  - A. URA Notice to Seller of Voluntary Sale (see Appendix F of the Request for Proposals)
  - B. Seller certification regarding vacancy (as applicable, see Appendix F of the Request for Proposals)
  - C. Rent Roll and evidence of General Information Notices to existing tenants (occupied properties only)
- TAB 14- Phase I Environmental Site Assessment. The Phase I must be completed in compliance with the American Society for Testing and Materials (ASTM) standard E-1527-13, including Appendices X4 and X5. The Phase I provider should acknowledge in its “statement of purpose” that one use of the report will be to determine compliance with HUD’s environmental review requirements at 24 CFR Part 58. (Additional time may be granted for submission of report prepared by third parties if requested in writing at time of application submission.) *Note: Applicants whose project rely on the award of LIHTC will also be required to comply with the applicable Alabama Housing Finance Authority’s (AHFA) Environmental Policy Requirements for both Low Income Housing Tax Credits and CDBG-DR. While not required at the time of application submission, an acceptable Environmental Report (i.e., presented in the required format and meeting requisite AHFA standards) must be provided to Mobile County in advance of a funding commitment.*
- TAB 15 - Documentation of utility availability and connection costs (Water/sewer, electric, gas)
- TAB 16 - Zoning/site plan and building/code review approvals
- TAB 17 - Flood Hazard Determination Form (FEMA Form 086-0-32) from a nationally recognized flood data service or from a licensed surveyor that no portion of the property is located within the 100-year flood plain. The proposed development cannot be located in the designated floodplain.

## Market Data

- TAB 18- Market study

## Underwriting/Financial Projections

- TAB 19 - Proforma showing rent and operating cost projections, all project costs, construction period sources/uses, and 20 year operating/cash flow projections
- TAB 20 - Commitments for other financing, both permanent and construction loan sources

## Attachment C - Certifications

### **CERTIFICATION REGARDING CONFLICT OF INTEREST**

The undersigned certifies to the Mobile County Commission that it and its principals are in compliance with the Conflict of Interest provision of the CDBG-DR Program:

In all cases not governed by those rules, conflicts of interest are not permitted. The following applies:

**If a person is:**

An employee, agent, consultant, officer, elected official or appointed official of a PJ (i.e. Mobile County or any of the members of the Mobile County Urban County), State recipient or sub recipient,

**Absent a HUD waiver pursuant to 24 CFR 92.357, such person may NOT:**

Obtain a financial benefit or interest from any CDBG-DR activity for themselves or those with whom they have family or business ties during their tenure or for one year thereafter.

### **CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS**

1. The undersigned certifies to the Mobile County Commission that it and its principals:
  - (a) Are not presently debarred, suspended, proposed for debarment or suspension, declared ineligible, or voluntarily excluded from any transactions or construction projects involving the use of Federal funds;
  - (b) Have not within a three-year period preceding this certification been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - (c) Are not presently for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1) (b) of this certification; and

- (d) Have not within a three-year period preceding this certification had one or more public projects (Federal, State or local) terminated for cause of default.
2. Where the undersigned is unable to certify to any of the statements in this certification, the undersigned shall attach an explanation to this certification.

**CERTIFICATION REGARDING DISPLACEMENT, RELOCATION AND ACQUISITION**

The undersigned hereby certifies to the Mobile County Commission that if its application is selected for funding, the project will not result in the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms).

**CERTIFICATION REGARDING PROHIBITION OF THE USE OF CDBG-DR FUNDS FOR LOBBYING AND BRIBES**

The undersigned certifies to the Mobile County Commission, for itself and its principals that:

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the Owner, to any person for influencing or attempting to influence an office or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement;
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Owner will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
- (3) The Owner shall require that this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

**CERTIFICATION REGARDING AFFIRMATIVE MARKETING PROCEDURES & EQUAL OPPORTUNITY**

The undersigned applicant certifies to Mobile County Commission that it will continue to further Equal Opportunity and Fair Housing by:



1. Establishing affirmative marketing procedures to be utilized so that no person shall, on the grounds of race, color, national origin, religion, or sex be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity funded in whole or part with funds made available under Mobile County's CDBG-DR Program.
2. Complying with the requirements of the Fair Housing Act and the Age Discrimination Act of 1975.
3. Displaying the Fair Housing logo on its advertisements for those units and at the leasing or sales office. At a minimum, a Fair Housing poster will be displayed at the leasing or sales office.
4. Submitting in writing to the County its plans to solicit applications from persons in the community who are unlikely to apply without special outreach.
5. Maintaining a list of the characteristics of the tenants renting CDBG-DR assisted units and will assess and report annually the results of these efforts to the County.

**Signature of Authorized Certifying Official:**

**Title:**

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**Applicant Organization:**

**Date:**

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STATE OF ALABAMA    )  
COUNTY OF MOBILE    )

I, the undersigned Notary Public in and for the State of Alabama at Large, hereby certify that \_\_\_\_\_, whose name as \_\_\_\_\_ of \_\_\_\_\_ is signed to the foregoing certifications and who is known to me, acknowledged before me on this date that that, being informed of the contents of the certifications, he/she, as such officer and with full authority, signed the same voluntarily for and as the act of said corporation.

GIVEN UNDER my hand and official seal this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
State of Alabama at Large  
My Commission Expires: \_\_\_\_\_

Affix Notary Seal

## Attachment D – Current Rent and Income Limits

### 2024 CDBG-DR Income Limits for Mobile, Alabama MSA (Annually Updated by HUD)

Number of People	1	2	3	4	5	6	7	8
80% Median Income	42,600	48,650	54,750	60,800	65,700	70,550	75,400	80,300

Mobile County calculates Annual Income as defined in 24 CFR Part 5 (Section 8 Definition).

### 2024 HOME Rent Limits for Mobile, Alabama MSA (Annually Updated by HUD)

Bedroom Size	Efficiency	1 BR	2BR	3 BR	4 BR
High HOME Rent	810	890	1094	1,448	1,484

## Attachment E – Uniform Relocation Act Forms

### DISCLOSURES TO SELLER WITH VOLUNTARY, ARM'S LENGTH PURCHASE OFFER

Dear \_\_\_\_\_:

This is to inform you that \_\_\_\_\_ would like to purchase the \_\_\_\_\_ property located \_\_\_\_\_ at \_\_\_\_\_, if a satisfactory agreement can be reached. The above is prepared to pay \$\_\_\_\_\_ for clear title to the property under the conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, Mobile County is required to disclose to you the following information:

- A. The sale is voluntary. If you do not wish to sell, \_\_\_\_\_ will not acquire your property. \_\_\_\_\_ does not have the power to acquire your property by condemnation (i.e. eminent domain).
- B. The estimated fair market value of the property is \$\_\_\_\_\_.

Since the purchase would be a voluntary, arm's length transaction, you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, no further action will be taken. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us.

Seller \_\_\_\_\_

Buyer \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

**This form must be signed and dated by the SELLER at the beginning of any negotiations to purchase the seller's property and such date must be no later than the date of the purchase offer; a copy shall be given to the SELLER and the original retained in the applicant's individual file at the County.**

[ APPLICANT LETTERHEAD ]

### **OCCUPANCY/VACANCY CERTIFICATION**

This is to certify that I/we \_\_\_\_\_  
are the owners and sellers of the property located at \_\_\_\_\_.

On or about the date of \_\_\_\_\_, I/we entered into a Purchase Agreement  
with \_\_\_\_\_  
for the purchase of the property described above.

At the time of the Purchase Agreement, I/we certify that the property located at  
\_\_\_\_\_:

**Complete and check one of the following:**

- Was/is vacant of residential or non-residential tenants. I/we further certify that this property was vacant prior to any verbal land/or written agreement with the buyer.
- Has been occupied by ourselves (the sellers) for the previous \_\_\_\_\_ months.
- Has been occupied by the prospective purchasers, \_\_\_\_\_, for the previous \_\_\_ months.
- Was occupied by the individuals listed on Attachment A during the three (3) months prior to the date of the Purchase Agreement.

Nothing that I/we did as part of this sale, or previous to it, caused tenants to vacate and therefore avoid relocation in a Federally-assisted project.

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Co-Seller

\_\_\_\_\_  
Date

ATTACHMENT A  
PREVIOUS OCCUPANTS

List all residential or non-residential tenants (including businesses) that have occupied the property during the three months prior to the purchase agreement.

## Attachment F – Underwriting and Subsidy Layering Guidelines

### A. Project Underwriting

All CDBG-DR project applications must include a third-party market study. Unless otherwise approved by the County, market studies shall be prepared by providers who are members of the National Council of Housing Market Analysts (NCHMA) using the model content standards promulgated by NCHMA. Owner's may generally submit the market study used in conjunction with the Owner's LIHTC application, if applicable. Market studies must be less than 1 year old. The County reserves the right to require an updated market study prior to the commitment of CDBG-DR funds. Proposed rent levels must be supported by the applicant's market study and within HOME regulatory limits.

All CDBG-DR applications must include financial statements from all underlying owners and guarantors. Owners must have a net worth equal to 10% of the total development cost with net liquid assets equal to 3% of the total development cost.

- i. Vacancy factor of at least 7% for family developments and at least 5% for elderly developments.
- ii. County staff will use a maximum 2% inflation factor for all sources of income.
- iii. As part of any RFP, the County will specific minimum per-unit per-year operating cost underwriting standards. Additionally, all operating expenses will be underwritten with an annual inflation factor of at least 3%.
- iv. All CDBG-DR projects must maintain a total project Debt Coverage Ratio (DCR) of 1.20 through the affordability period. Properties with a DCR that exceeds 1.20 may have rent increases reduced or denied.
- v. Proposals must include justification of operating costs that includes a comparison to similar projects in the local market. Whenever possible, comparable properties should be operated by the proposed management company.
- vi. A capitalized operating reserve equal to at least six months of operating expenses, reserve deposits, and debt service must be established at the initial closing of the project. This reserve must be in addition to any dedicated "deficit reserve" that may be established to account for predicted deficits with the project's 20-year cash flow projection. CDBG-DR funds cannot be used to establish this reserve.
- vii. At a minimum, projects must make replacement reserve deposits of \$300 per unit per month for family projects and \$250 per unit per month for elderly projects. Replacement Reserve must be funded and maintained for the full affordability period and reflected in the operating expenses for the full 20-year projection of expenses. Reserve deposits will be inflated at 3% annually.



- viii. For equity pricing that is above AHFA's projections, if applicable, applicants must submit documentation indicating that a syndicator or investor has reviewed the proposal and indicated preliminary pricing along with their interest in the project.
- ix. Applicant must provide the amounts and terms for the construction financing, permanent financing, and, if applicable, owner equity information.

## **B. Proforma Requirements**

Applicants are required to provide the proforma to the County in the form of an unlocked Microsoft Excel file. The County will generally allow submission of the project proforma in the applicant's standard format provided it explicitly shows:

- i. An itemized breakdown of units by bedroom size, square footage, income restriction, and both gross and net rent levels (i.e. net rents are those actually charged after adjusting rents for tenant paid utilities);
- ii. Operating cost assumptions should be itemized and show costs on both a total development and per unit basis. The County prefers the format provided by AHFA in its application package;
- iii. The hard costs of any stand-alone accessory buildings (including leasing offices, community buildings, laundry facilities, free-standing garages or carports, or maintenance buildings), off-site infrastructure costs, and organizational costs such as partnership or syndication expenses associated with establishing the ownership entity and/or equity investment terms should be specifically itemized in the Development Sources and Uses so that the County can complete preliminary CDBG-DR cost allocation calculations. Further, for projects using LIHTCs, the Development Sources and Uses should clearly show which costs are included in basis, whether the project qualifies for a 30% basis boost;
- iv. For projects using LIHTCs, net tax credit equity projections should be supported by calculations clearly showing anticipated pricing; and
- v. The 20-year operating projection should clearly show inflation assumptions for all revenues and expenses, including increases in replacement reserve funding.
- vi. Costs and fees to be paid to the County as permitted by the CDBG-DR program. The CDBG-DR program allows the County to include, as project costs, its internal soft costs specifically attributable to the project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and monitoring award of funds to a project. The County will notify Owners of the amounts to include in their Development Sources and Uses for "Mobile County-Lender Due Diligence & Legal Costs" and annual "Mobile County Compliance Monitoring Fees."

## **C. Cost Limitations**

All project costs must be reasonable and customary. The County reserves the right to review any line-item cost to ensure that total project costs are not excessive. Additionally, CDBG-DR projects will be subject to the following specific cost limitations:

- i. The maximum allowable developer fee is 15% total development costs (less the developer fee itself).
- ii. Maximum allowed builder General Requirements, Overhead, and Profit are 6%/2%/6%.
- iii. Architectural and engineering fees may not exceed 7% of total project hard costs.
- iv. Acquisition costs are limited to fair market value as determined by a third-party appraisal.

#### **D. Other Public Funding Sources**

Owners must disclose all other public sources of or applications for funding with initial CDBG-DR Rental Housing application to the County at the time of application and upon receiving any additional commitments of public source funding. The County will conduct a subsidy layering review as part of the underwriting process for any project that includes other public subsidies. Using its underwriting criteria, the County will assess the project and may require changes to the transaction to ensure that cash flows to the owner/developer are not excessive. Changes may include a reduction in CDBG-DR funds awarded, reductions in the rents being charged to tenants, requirements that excess cash is deposited to an operating reserve, or increases in annual payments on the CDBG-DR loan.

The County will consider adjusting its underwriting in consultation with other public funders including AHFA, if applicable to the project. The County retains, at its sole discretion, the power to decide whether to accept alternative standards.