REQUEST FOR PROPOSALS

HOME-ARP PROGRAM
RENTAL HOUSING DEVELOPMENT
FUNDING APPLICATION

MOBILE COUNTY, ALABAMA

DUE NOON, FEBRUARY 24, 2025

Mobile County
205 Government Street
South Tower, 8th Floor
Mobile, Alabama 36644
www.mobilecountyal.gov

EQUAL HOUSING OPPORTUNITY

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I. INTRODUCTION

Mobile County Urban County is a recipient of HOME-American Rescue Plan Program (HOME-ARP) funds from the U.S. Department of Housing and Urban Development. This program is designed to support housing needs of individuals and families that meet one of the Qualifying Populations defined in CPD Notice: *Requirements for the Use of Funds in the HOME-American Rescue Plan Program* ("the Notice"). Qualifying Populations can be defined as: persons who are experiencing homelessness, persons at risk of homelessness, persons fleeing or attempting to flee domestic violence or human trafficking, and veterans or other populations experiencing housing instability. To learn more about the HOME-ARP Program, please visit: https://www.hudexchange.info/programs/home-arp/. As lead agency for the Urban County, Mobile County Commission requests applications from developers to construct and manage affordable rental housing in the Mobile County Urban County area. The Urban County consists of City of Bayou La Batre, City of Chickasaw, City of Citronelle, City of Creola, Town of Mount Vernon, City of Prichard, City of Saraland, City of Satsuma, City of Semmes and the unincorporated areas of Mobile County.

II. GENERAL REQUIREMENTS

Applicants should review and become familiar with Mobile County's Rental Housing Program Guidelines (Program Guidelines) included as Appendix A*. Applications will be scored based on compliance with the requirements set forth in the Program Guidelines. In addition, projects selected for this funding must meet the specific requirements set out in Section III of this Request for Proposals.

III. RFP REQUIREMENTS

A. Application Requirements and Deadline:

The proposing firm must submit the application cover sheet and required materials described at Appendix B, which includes all certifications at Appendix C and, if applicable, the Uniform Relocation Act Forms at Appendix E. All materials must be in compliance with the guidelines set forth in the Program Guidelines.

All applications must be accompanied by a non-refundable application fee of $2,500. Application fees must be paid by check, cashier's check, or money order made out to Mobile County. Failure to submit the application fee, or failure of a check to clear, may result in automatic disqualification of an application.

Applications must be received and date stamped by the County no later than 12:00 noon local time on February 24, 2025. Applications must be sealed and properly labeled. Submissions may be mailed or hand delivered. Applications must be provided in hard copy and in electronic format. The electronic copy does not substitute for the hard copies.

Please submit one (1) original application (so marked)
address below:

Grants Department
Mobile County Commission
South Tower, 8th Floor

205 Government Street
Mobile, Alabama 36644-1800

Please mark envelope "Mobile County - Proposal For HOME-ARP Rental Housing Development."

For additional information or clarification about this request, please email Gordon Bauer at Gordon.Bauer@mobilecountyal.gov.

B. Funding Focus:

Funding is available for new construction of rental housing developments serving primarily individuals and families that meet one of the qualifying populations defined in the Notice and low-income households. Not less than 70 percent of the total number of rental units assisted with HOME-ARP funds must be restricted to occupancy by households that are qualifying households at the time of the household's initial occupancy and not more than 30 percent of the total number of rental units assisted with HOME-ARP funds may be occupied by low-income households as defined in 24 CFR 92.2. The development must be located on a single site and shall be a ground level or elevator type construction, with not less than 32 units. Units must have a minimum of one bedroom and up to four bedrooms.

C. Community Outreach & Consultation:

Applicants are **strongly** encouraged to undertake community outreach efforts as part of project planning. Such efforts may include meeting with nearby neighborhood associations, residents, nonprofit organizations, and other similar community groups to share development plans, solicit input on neighborhood concerns, and take such information into account when planning the development. Applicants **must** describe their community outreach efforts as part of the initial application submission (see Appendix B).

D. Community Housing Development Organizations

Unlike regular HOME, the HOME-ARP Program does not require the County to set aside CHDO funds. Any for-profit developers and nonprofit organizations can apply for the HOME-ARP Program funds.

E. Available Funding and Maximum Award:

For this funding round, both the total funding available and the Maximum Project Subsidy Limit is $1,061,758. Applicants should note that the maximum per-unit subsidy does not apply to HOME-ARP units.

F. Inclusion of Soft Costs:

The County will provide allowances for development period County soft costs and ongoing monitoring fees to be used by applicants in their proposals. For this funding round, applicants should assume $70,000 for County soft costs and $2,500 per project per year for County monitoring fees.

G. Operating Costs:

For each funding round, the County will provide minimum operating cost assumptions for underwriting purposes. For this funding round, applicants should allow for *not less* than $5,200 per unit per year in total operating costs. This standard does not eliminate the need for applicants to provide information on operating costs for nearby comparable properties or limit the County's discretion to underwrite to higher costs as may be warranted.

H. Rent and Income Restrictions:

To qualify as affordable housing, HOME-ARP units must be rented only to qualifying populations as defined in the HOME-ARP CPD Notice and low-income households with certain incomes at rents regulated by the program to be affordable to low-income households. Current Rent and Income Restrictions are provided at Appendix D.

Not less than 70% of the total number of rental units assisted with HOME-ARP funds must be restricted to occupancy by households that are qualifying households at the time of the household's initial occupancy. Not more than 30% of the total number of HOME-ARP units may be restricted for occupancy by low-income households.

I. Match:

Under the HOME-ARP Program, the County is not required to contribute any match towards funds spent on affordable housing. However, proposals that include eligible matching funds in their projects will be welcome and accepted for future HOME projects.

For more information on eligible match see HUD CPD Notice 97-03 which is available at the following link: http://portal.hud.gov/huddoc/19652_97-3.pdf

Applicants with questions about match should contact the County.

IV. 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 HOME-ARP funds. The County will, in all instances, commit HOME-ARP 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 30 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 40 points.*
  The Applicant's pro forma will be reviewed against the underwriting and pro forma requirements set forth in the Program Guidelines for compliance and strength. Rankings will reflect the strength of the overall financial proposal including the combination and availability of other non-HOME-ARP 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 HOME subsidy cost (for this purpose, the County will consider the total affordable units in a project, including non-HOME-ARP units that are otherwise income and rent restricted LIHTC requirements, if applicable). The County will also consider the anticipated/projected repayment schedule for the HOME-ARP 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.

- *Work/Experience with Qualifying Populations— up to 10 points.*
  Project sponsors/developers that have demonstrated experience or working history with the qualifying populations as described in the HOME-ARP CPD Notice (individuals who are homeless, at risk of homelessness, fleeing domestic violence, veterans who meet one of these criteria, and those with the greatest risk of housing instability) will be eligible for points in this category.

V. QUALIFICATIONS ON FUNDING

A. Limitation on County Commitment

Successful Applicant(s) will receive a letter of intent, which will state that the County's commitment of HOME-ARP funds is contingent upon: 1) availability of HOME-ARP funds; 2) final commitment of all funding sources; 3) an environmental review clearance and release of funds secured from HUD; and 4) 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 HOME-ARP funds from the U.S. Department of Housing & Urban Development (HUD). Should Mobile County HOME-ARP 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 HOME-ARP 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 Participating Jurisdiction, Mobile County Commission is responsible for the administration of the HOME-ARP Program under federal HOME-ARP regulations and HUD 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 HOME-ARP regulations and/or HUD 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 HOME-ARP Program.

B. Good Standing

No loan application will be processed for any borrower or related entity which is not in good standing with the Mobile County Commission, the Alabama Housing Finance Authority or any other state housing finance authority, the Alabama Department of Economic and Community Affairs (ADECA), the U.S. Department of Housing and Urban Development or the USDA Office of Rural Development (formerly the Farmers Home Administration). An applicant can be denied consideration for funding if the applicant or its related parties have a history of default or non-performance under any agreement, payment delinquencies, bankruptcy, foreclosure or activities determined to be unsound or unlawful.

C. Code of Conduct

The developer covenants that no person who presently exercises any functions or responsibilities in connection with the Mobile County HOME-ARP program has any personal financial interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. The developer further covenants that in the performance of this Agreement, no person having any conflict of interest shall be employed. Any interest on the part of the developer or its employees must be disclosed to the County provided, however, that this paragraph shall be interpreted in such a manner so as not to unreasonably impede the statutory requirements that maximum opportunity to be provided for employment of and participation by low income residents of the area.

*Please note the following changes to the Appendix A, Rental Housing Program Guidelines, as it pertains to the HOME-ARP Program:

- Program Guidelines: As most of the HOME-ARP requirements are kept similar to the regular HOME program, we essentially use the same Program Guidelines for the HOME-ARP program with the exceptions of the following:

- Summary: Unlike the regular HOME program, the Mobile County Commission (the County) will use its HOME-ARP funds to support the construction of new affordable rental housing to primarily benefit qualifying individuals and families who are (1). homeless, (2). at risk of homelessness, (3). fleeing domestic violence, dating violence, sexual assault, stalking, or human trafficking, (4). with greatest risk of housing instability, or (5). Veterans and families that include a veteran family member that meet one of the above criteria (Notice CPD-21-10).
    - Not less than 70 percent of the total number of rental units assisted with HOME-ARP funds must be restricted to occupancy by households that are qualifying households at the time of the household's initial occupancy and not more than 30 percent of the total number of rental units assisted with HOME-ARP funds may be occupied by low-income households as defined in 24 CFR 92.2
- CHDO Set Aside: Under HOME-ARP program, the County is exempt and not required to set aside CHDO funds.

- Match: HOME match requirement is exempt.
- Maximum per-unit subsidy: The cap on per unit investment is exempt. HOME-ARP funds may pay for up to 100% of eligible costs associated with HOME-ARP rental units.
- Section 5 (A). Loan Types and Term: The award will be structured as a grant rather than a loan.

Please review the notes for changes as it pertains to the HOME-ARP program as listed at the bottom of the RFP for HOME-ARP Rental Housing Development

APPENDIX A

Rental Housing Program Guidelines

Mobile County, Alabama

Updated October 2023

Mobile County
205 Government Street, South Tower
8th Floor,
Mobile, AL 36644
www.mobilecountyal.gov

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1. Summary

The Mobile County Commission (the County) supports the construction of new affordable rental housing for low- and very-low income households with its annual funding allocation from the U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnerships Program (HOME program). The HOME program was created under Title 11 of the Cranston-Gonzalez National Affordable Housing Act of 1990 with implementing regulations at 24 CFR Part 92. The HOME Program is intended to achieve four specific goals:

- To expand the supply of decent, safe, sanitary, and affordable housing with the primary focus on housing for low, very low, and extremely low-income families.
- Expand the capacity of nonprofit and Community Housing Development Organizations (CHDO) to plan and implement strategies for developing affordable housing.
- To strengthen the ability of local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing.
- To encourage public, private, and non-profit partnerships to address affordable housing needs.

The County's HOME funds will be used to provide gap financing to projects located in Mobile County and within the Mobile County Urban County jurisdiction. The County's program will target housing in eligible areas that is affordable to people who are at or below 60% of the Mobile area's median family income ("AMI"). In exchange for low-cost permanent financing, property owners will agree to rent restrictions and to rent to low-income tenants for at least 20 years for new construction projects. Projects are monitored for compliance during this 20-year affordability period. Project sponsors must coordinate funders' requirements when there are multiple funding sources.

This document sets forth the requirements for the County's awards of HOME funds for rental projects.

2. Application and Evaluation Procedure

The County will generally issue a Rental Housing RFP on an annual basis. The RFP will outline specific application deadlines, any funding focus (e.g. by project type, population served, etc.), and other special considerations applied to a given funding round. Applications for HOME Rental Housing funding can be submitted at any time throughout the program year. If submitted outside of an RFP period, the County may consider an application based on the availability of funding, or such applications will be reviewed as a part of the County's next Rental Housing RFP process.

A. Funding Availability

Upon submission of a proposal for HOME funds, County staff will conduct a review and analysis of the project and developers as presented in the proposal. Proposals will be scored based on criteria in the RFP. 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 HOME funds. The County will, in all instances, commit HOME funds consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion.

Projects seeking County HOME funds prior to the receipt of all other funding sources, including state or federal tax credit reservations, may be provided with non-binding preliminary awards. Only projects with firm commitments for all other permanent and construction funding may receive binding commitments. Further, eligible Rental Housing projects will be provided funding awards upon Commission approval and may be contingent upon the 1) County's approval of the Mobile County Urban County Action Plan by the Mobile County Commission and HUD; 2) the County's receipt of HOME funds from HUD; 3) the applicant's award from the Alabama Housing Finance Authority (AHFA) for LIHTC, if applicable; and 4) the County's receipt of the HUD Authority to Use Grant Funds following completion of the Environmental Review process.

B. Submission of Materials

All HOME Rental Housing Program applicants will need to comply with the submission criteria set forth in the County's HOME request for proposals and submit supporting documentation and due diligence items identified in Exhibit A. The County reserves the right to require the submission of additional information as needed to complete project underwriting.
Rental Housing applicants whose projects rely on the award of LIHTC must also submit a copy of their completed AHFA application, including all attachments, prior to the formal commitment of HOME funds.

3. Project Funding Requirements

A. Eligibility Criteria

Eligible Applicants
The County will fund developers and owners of affordable rental housing, including for-profit developers, non-profit developers, and County-designated CHDOs, with County HOME Rental Housing Program funds. Public housing units supported Public Housing Capital or Operating funds authorized by the 1937 Act are not eligible for HOME, however non-public housing units owned and developed by a public housing authority are eligible. The County generally will not fund individual owners of rental property, such as private individuals owning single-family residential rental properties. Prior to committing funds, the County will review the status of any organization seeking funds from the CHDO set-aside to ensure that it meets all HOME requirements and that it has sufficient staff capacity to carry out the project.

Project Location
Projects must be located in Mobile County and within the Mobile County Urban County jurisdiction, which includes the following areas:

- City of Bayou La Batre,
- Town of Creola,
- Town of Mount Vernon,
- City of Chickasaw,
- City of Citronelle,
- City of Prichard,
- City of Saraland,
- City of Satsuma,
- City of Semmes
- All of the unincorporated area of Mobile County, Alabama.

Projects located within the City of Mobile and the Town of Dauphin Island are not eligible.

Project Types
Funds will be provided for new construction ground level or elevator type projects. While the County will entertain any proposals meeting its criteria, in practice most projects will also require other public investment to be economically feasible. This may include projects also funded with other federally regulated affordable housing programs such as LIHTC, HUD Section 811, or Choice Neighborhoods. Projects shall be located on a single site. The County will not fund SROs or projects on scattered sites. RFPs issued by the County may further specify eligible project types and occupancy criteria including, but limited to, projects specified for either elderly or non-age restricted occupancy.

Parameters of HOME Investment Funding
Applications must include an investment of $1,000 in HOME funds per HOME unit. In no case will the County investment exceed the maximum HOME investment allowed under 24 CFR 92.250.
Additionally, for projects involving both County and State HOME funds, the combined HOME funding investment shall not exceed the total maximum HOME investment allowed under 24 CFR 92.250.
Typically, the County will also establish a maximum cap on its investment in a single development. Such a limit will be based on the availability of funding and other County priorities and will be addressed in any RFP issued by the County.

B. Eligible Costs

Costs funded with the County's HOME funds must be eligible according to HOME Final Rule 24 CFR 92.206. The following additional limitations also apply:

i. HOME funds shall not be used for luxury improvements according to 24 CFR 92.205.

ii. With the exception of a rent-up reserve to cover initial operating deficits allowed under 24 CFR 92.206(d)(5), HOME funds shall not be used to capitalize reserves.

iii. Acquisition costs shall be supported by an independent appraisal of the property. Acquisition costs exceeding the appraised value of the property will be ineligible for HOME funding reimbursement.

iv. HOME funds shall not be used for non-residential accessory structures such as free-standing community/leasing buildings, garages, carports, or maintenance structures. HOME funds may be used for community space or common laundry facilities included in residential buildings.

v. With the exception of the costs of architectural, engineering, and related professional services required to prepare project plans as allowed by 24 CFR 92.206(d)(1) incurred not more than 24 months prior to the commitment of HOME funds, the County will only disburse HOME for eligible costs incurred on or after the commitment of HOME funds.

vi. HOME funds shall not be used for organizational costs such as partnership formation or syndication costs, especially those associated with Low Income Housing Tax Credits (LIHTC).

County Project Related Soft Costs
The HOME program allows the County to include, as project costs, its internal soft costs specifically attributable to a HOME project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and overseeing the award of funds to the project. Projects must

provide budget allowances for “Mobile County-Lender Due Diligence & Legal Costs” in the project’s sources and uses and annual “Mobile County Compliance Monitoring Fees” in the operating budget. The County will provide allowances/estimates to be used by applicants in any RFP issued.

Cost Reasonableness

Per the requirements of 92.250(b) and 24 CFR 2.225, all project costs must be reasonable, whether paid directly with HOME funds or not. The County will review 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. County staff must be allowed the opportunity to conduct a cost analysis to determine costs reasonableness. Applications may be determined ineligible if access is not granted or costs are determined to be unreasonable.

Identity of Interest

Owners must disclose any identity of interest situations that may occur when contracting with related companies during either the development or ongoing operation of the project.

C. Property Standards

To meet both HOME regulations and County goals, all HOME-funded projects must meet certain physical standards intended to provide quality affordable housing that is durable and energy efficient.

i. Construction must meet all applicable local codes.

For projects obtaining permits on or after October 1, 2016, Mobile County has adopted and enforces the following codes with amendments:

- 2018 International Building Code (IBC)
- 2018 International Residential Code (IRC)
- 2018 International Mechanical Code (IMC)
- 2018 International Plumbing Code (IPC)
- 2018 International Fuel Gas Code (IFGC)
- 2018 International Existing Building Code (IEBC)
- 2017 National Electric Code (NEC - also known as NFPA 70)
- Commercial and Residential Energy Codes are the energy codes Adopted by the Alabama Energy and Residential Codes Board

Applicants and/or their architects are responsible for contacting Mobile County Public Works to obtain full details about all code requirements, including locally adopted modifications to the adopted international code standards.

ii. All HOME projects must meet applicable Section 504/UFAS requirements. New construction projects with 5 or more HOME-assisted units must provide 5% of the development’s units for physically disabled occupants and another 2% of units designed to be accessible to those with visual or hearing impairments. Additionally, covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements required by the Fair Housing Act as outlined in 24 CFR 100.205.

iii. All multifamily buildings (those with five or more units) in a HOME-assisted project must be equipped with "broadband infrastructure" as such term is defined in 24 CFR 5.100. Note this does not require the project owner to provide internet service to tenants; rather it requires installing the connections that tenants may use to obtain high-speed internet service.

iv. All ground floor or elevator accessible units in multi-family structures funded with HOME funds shall be visitable and meet the following minimum Universal Design requirements:

- Have at least one no-step main floor entry with a threshold of ½ inch or less;
- All doorways on the main floor must be 32 inches wide when open at a 90-degree angle and must be equipped with lever-style handles;
- All main floor hallways must be at least 42 inches wide;
- All main floor bathrooms must include blocking for future grab bar installation which is not less than 33 inches and no more than 36 inches above the floor (this does not require grab bars actually be installed during construction, just that blocking be put in place); and
- Each unit must be provided with at least one half-bathroom on the main floor with i) a clear floor space of 30 by 48 inches centered on and contiguous to the sink that is not encroached by the swing path of the bathroom door and ii) a sink and toilet that allow for parallel or head-on approach by a person in a wheelchair.

v. All projects must have a fully-equipped laundry room if washer/dryer connections are not provided in each unit;

vi. Complex must have, or have access to, an accessible van or public transportation;

vii. Site shall be served by public sewer, public water, and public road;

viii. Site shall be in a designated Fire District or served by a Fire Department;

ix. Units must be equipped with the following appliances: Refrigerator, range/oven, dishwasher, and garbage disposal. Developers may also propose to include in-unit clothes washers and dryers, microwave/vent fan combination units, as appropriate. If the Energy Star program rates the type of appliances being installed, the developer must furnish the units with Energy Star rated appliances. Note however that not all appliances are rated by the Energy Star program.

D. HOME Unit Allocation

In general, HOME units will be "floating units" and evenly distributed among the unit types in the development. If the development's units are not comparable, "fixed units" must be designated. In the case of developments with comparable units, the County will designate units as HOME-assisted in proportion to the percentage of HOME investment in the transaction, whichever is greater. For example, if HOME represents 10% of the project's total HOME-eligible cost, at least 10% of each unit type will be HOME units.

HOME-assisted units shall be designated as either “High HOME units” or “Low HOME units.” In projects with five or more HOME-assisted units, at least 20% of the HOME-units, rounded up to a whole number, must be designated as Low HOME units. Generally, the County will only designate the minimum number of Low-HOME units required unless the applicant requests that additional Low-HOME units be designated to coordinate income and rent restrictions with other project requirements.

E. Income and Rent Restrictions

To qualify as affordable housing, HOME units must be rented only to households with certain incomes at rents regulated by the program to be affordable to low income households.

Income Limits

i. At initial occupancy, all High HOME units must be occupied by tenants with household incomes at or below 60% of the Area Median Income (AMI). Following turnover, High HOME units must be leased to tenants with household incomes at or below 80% AMI; and

ii. Low HOME units must be rented exclusively to tenants with household incomes at or below 50% AMI both at initial occupancy and throughout the project’s affordability period.

Rent Limits

i. High-HOME units must be rented at or below the High-HOME rent as published by HUD. In general, HUD will calculate the High-HOME rent to be the lesser of the applicable Fair Market Rent or a rent equal to 30% of 65% of the adjusted area median income, adjusted for unit size.

ii. Low-HOME units must be rented at or below the Low-HOME rent as published by HUD. In general, HUD calculates the Low-HOME rent to be the lesser of the applicable Fair Market Rent of a rent equal to 30% of 50% of the area median income, adjusted for unit size.

iii. The County must approve the development’s rent schedule annually.

Adjustment for Tenant Paid Utilities

i. The High- and Low-HOME 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.

ii. Utility allowances must be calculated using the HUD Utility Schedule Model or another project-specific methodology acceptable to HUD and the County. In no case may HOME projects utilize an area-wide utility allowance schedule developed by the local Public Housing Authority.

iii. The County must approve the development’s utility allowance annually.

Income Verification

All projects shall use the HUD Part 5 definition of income for determining income eligibility. Prior to signing a lease, income must be verified for all new tenants using at least two months of source documentation in accordance with 24 CFR 92.203(a)(1)(i). When available, the County prefers the use of 3rd party verification as the primary means of documenting income.

During the period of affordability, the income of in-place tenants must be re-certified using source documentation at least every sixth year of the project’s affordability period (e.g. in the sixth year, all in-place tenants must be re-certified using source documentation even if a given tenant is only in his/her second year of occupancy). In other years, owners must re-certify the income of existing tenants annually but may use one of the options in 92.203, unless the County requires that a project use one of the methods exclusively:

i. Re-verifying income annually through source documentation;

ii. Obtaining a written statement from the household regarding annual household income. However, source documentation for all existing tenants must be reviewed at least every 6th year of the affordability period; or

iii. Obtaining a written statement from the administrator of a government program under which the households receives benefits and which examines each year the annual income of the household.

Rent Adjustments
HUD provides HOME income and rent limits on an annual basis, usually in the spring. Each year, county staff will provide this information to owners following its publication by HUD. Utility allowances will also be reviewed and adjusted, as needed, annually. Owners must obtain County approval before implementing HOME unit rent increases. Owners shall also provide not less than 30 days' written notice to tenants upon receiving County approval for HOME unit rent increases.
HOME assisted units are considered to be compliant despite a temporary increase in income exceeding HOME requirements for existing tenants. However, in such cases there are detailed requirements about how to adjust the rent of such tenants and how to restore overall project compliance. These are outlined in the HOME Model Guide "Compliance in HOME Rental Projects: A Guide for Property Owners," which is available online at:
https://www.hudexchange.info/resources/documents/ComplianceinHOMERentalProjects_GuideforPropertyOwners.pdf

For projects with floating units, when an existing tenant's income increases beyond 80% AMI adjusted for household size, the tenant's gross rent will be increased to the lesser of the unassisted market rent for the unit or 30% of the tenant's adjusted household income. When the income of an existing tenant of a Low-HOME unit increases above 50% AMI but is below 80% AMI, the rent for that tenant will be increased to the High-HOME rent following the replacement of the Low-HOME unit. In both cases, the next available unit in the project should be rented, based on the project's compliance needs, as a Low- or High-HOME unit.
Notwithstanding, over-income tenants of HOME assisted units that have been allocated low-income housing tax credits must pay rent according to Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42).

F. Environmental Review Requirements

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

i. All Rental Housing projects shall be implemented in accordance with environmental review regulations as defined 24 CFR Part 58.

ii. The County shall be responsible for conducting the environmental review and completing all necessary public notifications, and the request for release of funds (RROF) from HUD. The applicant is responsible for cooperating with the County in the environmental review process and providing information necessary for the County to fulfill its responsibilities under Part 58 and other applicable regulations.

iii. Submitting an application for HOME funds triggers environmental review requirements under 24 CFR 58, including the National Environmental Policy Act (NEPA). Once an application for federal funds is submitted, a development proposal is now subject to the environmental review requirements and requires an environmental clearance and issuance of a Release of Funds (ROF) by the US Department of Housing and Urban Development.

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

iv. Rental Housing applicants whose projects 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 HOME. 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.

G. Other Federal Requirements

Nondiscrimination and Equal Opportunity

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

i. The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.;

ii. 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;

iii. 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

iv. The Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146

v. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title

vi. Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135;

vii. Executive Order 11246, as amended by Executive Orders 11375, [[Page 41]] 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;

viii. 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); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development).

ix. 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). The nondiscrimination provisions of Section 282 of the National Affordable Housing Act of 1982.

x. The requirements of 24 CFR 5.105(a)(2) requiring that HUD-assisted housing be made available without regard to actual or perceived sexual orientation, gender identity, or marital status and prohibiting owners (or their agents) from inquiring about the sexual orientation or gender identity of an applicant for, or occupant of, HUD-assisted housing for the purpose of determining eligibility for the housing or otherwise making such housing available. This prohibition on inquiries regarding sexual orientation or gender identity does not prohibit any individual from voluntarily self-identifying sexual orientation or gender identity.

xi. The requirements of 24 CFR 92.359 and 24 CFR Part 5, Subpart L which implement provisions of the Violence Against Women Act (VAWA), as amended, which provides various protections to applicants and tenants who are victims of domestic violence, dating violence, sexual assault, and stalking. Notwithstanding the title of the statute, VAWA’s requirements and tenant protections apply regardless of any individual’s sex, gender identity, or sexual orientation.

Uniform Relocation Act (URA)
All Rental Housing projects fall under requirements of the URA. Any project resulting in permanent relocation/displacement of households will not be funded by the County. Applicants must further document that any purchase of property meets the requirements of URA, including provision of notices to the seller identifying the transaction as a voluntary sale not under the threat of eminent domain. To ensure compliance with URA, applicants should consult the County to understand the requirements of URA and reference the URA forms included in the RFP prior to submitting an application involving an occupied property.

Davis Bacon
Davis Bacon federal prevailing wage requirements shall apply to all Rental Housing projects with 12 or more units assisted with HOME funds.

Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Plan
Developers must maintain a MBE/WBE plan that demonstrates marketing and solicitation of MBE/WBE businesses and contractors for the construction of the project.

Section 3
Developers must maintain a Section 3 plan that demonstrates a marketing plan to include Section 3 contractors in the construction of the project.

Excluded Parties
The County 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. Nor may the owner 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.

4. Ongoing Project Requirements

A. Project Completion Deadline and Period of Affordability

The period of affordability will be based on the date of project completion as defined by 24 CFR 92.2 which, among other things, requires that all construction activity be complete, all HOME funds drawn from the U.S. Treasury, and project completion information be entered into HUD's IDIS reporting system. For rental projects, project completion occurs upon completion of construction and before occupancy, and units may be marked vacant in IDIS until complete beneficiary data is received. Project completion must occur within 4 years of the date of commitment of funds to the project. If the Owner fails to meet this 4-year deadline, it must repay to the County any HOME funds disbursed for the project. In accordance with the minimum requirements of 24 CFR 92.252(e), new construction rental project funded with HOME shall maintain HOME affordability requirements for a period of **20 years** after project completion.

B. Initial Occupancy Deadlines:

In accordance with 24 CFR 92.252, HOME-funded rental projects must comply with the following deadlines and requirements as evidenced by occupancy by tenants with a written lease that complies with the requirements of 24 CFR 92.253:

i. Within six (6) months from the date of project completion, if a rental unit remains unoccupied, the Owner will provide to the County information about current marketing efforts and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible.

ii. Within 18 months from the date of project completion, if efforts to market the units are unsuccessful and units remain unoccupied by an eligible tenant, the County will require repayment of all HOME funds invested in each vacant unit. A unit that has not served a low- or very low- income household has not met the purposes of the HOME program. Therefore, the costs associated with the unit are ineligible.

C. Marketing and Leasing Materials:

The owner/developer must establish a written tenant selection plan consistent with the requirements of 24 CFR 92.253(d). Among other requirements, the tenant selection plan must, insofar as is practical, provide for the selection of tenants from a project's waiting list in chronological order of their applications and provide written notification to any rejected applicant of the reason for their rejection.
All HOME funded projects with five (5) or more HOME-assisted units must establish an affirmative marketing plan detailing marketing procedures to attract eligible occupants without regard to race, color, national origin, sex, religion, familial status, disability, or sexual orientation. Affirmative marketing plans shall include all required aspects as stated in 24 CFR 92.351(a)(2). The County will accept affirmative marketing plans using the most recent version of form HUD-935.2A or in another format as may be specified by the County from time to time. HUD-935.2A is available online at the following link:

http://portal.hud.gov/hudportal/documents/huddoc?id=935-2a.pdf

Leases between the tenant and owner shall be for one year, unless by mutual agreement between the tenant and the owner. Owners are required to provide 30 days' written notice prior to terminating or refusing to renew the lease. Owners are prohibited from including unfair provisions in HOME project leases. In accordance with the provisions of 24 CFR 92.253, the following terms are prohibited from HOME project leases:

i. Agreement to be sued

ii. Treatment of personal property

iii. Excusing owner from responsibility

iv. Waiver of notice

v. Waiver of legal proceedings

vi. Waiver of a jury trial

vii. Waiver of right to appeal court decision

viii. Tenant chargeable with cost of legal actions regardless of outcome

ix. Mandatory supportive services

The County may require owners to use a HOME Lease Addendum, as may be updated from time to time.

D. Prohibition on Certain Fees to Tenants

Pursuant to 24 CFR 92.214, HOME program participants may not charge fees to program beneficiaries to cover administrative costs related to the cost of administering the HOME 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 for the following:

i. Reasonable application fees to prospective tenants;

ii. Parking fees to tenants only if such fees are customary for rental housing projects in the neighborhood; and

iii. Fees for services such as bus transportation or meals, as long as the services are voluntary and fees are charged only for services provided.

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

E. Reporting and Recordkeeping

To allow effective oversight of funded projects and document compliance with applicable HOME requirements, all projects must submit periodic reports to the County. While this section outlines standard reporting requirements, the County reserves the right to require additional reporting or to alter the reporting format or frequency based on future changes to HOME requirements or County policy. Additionally, the County reserves the right to require additional or more frequent reporting for projects with compliance deficiencies.

i. Owners are required to report quarterly during the development phase and lease-up phase. Quarterly reports will be due on the 15th of the month following the end of the prior quarter (e.g. by April 15th reports on the first quarter are due);

   - During the construction phase, owners must provide quarterly 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, owners are required to provide quarterly reports detailing number of additional leases, total project leases, marketing activity, and monthly income and expenses. Once the owner has leased 90% of project units, leasing and marketing reporting will be required annually.

ii. Annual Reports shall be required for all HOME projects and shall be completed in accordance with the forms for the Rental Property Owner's Annual Report Narrative and Rental Property Owner's Financial Report and all related documents. Annual reporting requirements will, at a minimum, consist of the following information:

   - Owner;

   - Project name;

   - Rent Roll indicating occupancy, tenant income, rents, and utility allowances for all Low- and High-HOME units;

   - Outstanding loans on the property;

   - Development yearly financial performance including:

- Operating surplus or deficit;
- Vacancy rate;
- Rent collection rate; and
- Tenant turnover;

- Copy of the Lease Agreement; and
- Capital expenditures (previous year and any planned for next 3-5 years).

iii. The County may require more frequent reporting due to findings identified during annual monitoring, or findings identified during quarterly reports submitted during the development and lease up phases.

iv. All HOME projects shall be required to submit an annual audit prepared by an independent Certified Public Account.

v. Owners and developers shall allow the County, HUD, HUD's Office of Inspector General, State of Alabama, the Comptroller General of the United States (aka the GAO), and all other pertinent Federal or State agencies or their designated representative the right to inspect records and property.

vi. Owners must annually submit any updates to their Tenant Selection Policy and affirmative marketing plan and must maintain records of annual efforts to affirmatively further fair housing in accordance with 24 CFR 92.351. Updates must clearly detail all changes.

vii. The County will periodically require owners to obtain a capital needs assessment prepared by an independent third-party architect, engineer, or other qualified firm approved by the County. Initially, the County expects that capital needs assessments would be required every five (5) years following project completion. Such capital needs assessments shall be used for the purposes of determining the adequacy of the Replacement Reserve, taking into account 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 the County's option, either make an additional deposit or increase its annual deposits sufficient to meet any underfunding. If an additional deposit is required by the County, the owner (or the Guarantors) must replenish the Replacement Reserve Account within six months.

F. Conflict of Interest

To comply with HOME requirements and to maintain a high standard of accountability to the public, conflicts of interest and perceived conflicts of interest must be avoided.

i. Owners shall maintain compliance with all HUD conflict of interest provisions as stated in 24 CFR 92.356(f).

Owners with employees, family members, consultants, or agents that are otherwise eligible to occupy HOME funded-units must receive waiver/approval from County staff before entering into a lease with HOME eligible employees. 92.356(f) provisions apply to all HOME projects.
While conflict of interest provisions do not prohibit developers of housing from utilizing identity-of-interest providers, any identity-of-interest relationship must be disclosed in advance and approved by the County.

5. Structure of Transaction

A. Loan Types and Terms

The County will provide HOME funds in the form of a loan to the entity that owns the property. No grants will be awarded, and funding commitments are not transferable without prior written County approval.
The County's HOME Loan is intended as permanent financing. Proceeds of the HOME loan may be released during construction subject to the requirements below or may be disbursed as a permanent loan only upon achievement of Stabilized Occupancy.
In all cases, the HOME loan will:

i. Have a minimum term of 20 years following project completion;
ii. Be repayable in full upon sale, refinancing, or transfer of the property or upon maturity; and
iii. Secured with a promissory note, mortgage, and appropriate UCC liens. Mortgages will be recorded with the Mobile Country Recorder of Deeds and generally may be subordinate only to an approved amortizing first mortgage and to any loan provided by AHFA, if applicable.
iv. If disbursed during construction, upon disbursement, the loan shall be secured by an irrevocable Letter of Credit in an amount equal to the full loan amount, from a reputable banking institution acceptable to the County. The Letter of Credit will be in force from the first draw-down of County HOME funds and will be released by at the achievement of Stabilized Occupancy, receipt of an acceptable cost certification, and clearance of any monitoring findings related to the County's review of records related to initial project development and lease-up.

Typically, the County will offer one of two potential repayment structures:
i. Most loans will carry a 0% interest rate and require repayment over a 20-year term; or
ii. At the County's option, and based on its underwriting evaluation, the loan may be structured as a cash-flow contingent loan with payments limited to 50% of cash flow remaining after all County approved operating costs and deposits to reserves.

B. Guarantees

Unless otherwise determined by the County, not including investor/syndicator partners or members of the ownership entity, all underlying individuals, corporate entities, partnerships, or limited liability companies with an interest in the project's ownership entity or receiving any portion of the developer fee will be required to provide the following guarantees:

i. Completion Guarantee including provisions guaranteeing construction completion of the project.

ii. Repayment Guarantee including provisions guaranteeing environmental compliance and compliance with HUD HOME guidelines.
iii. Replacement Reserve Guarantee to ensure annual deposits to a Replacement Reserve for the project in an amount consistent with the loan documents and/or covenant running with the land.

Guarantees shall be joint and several and must remain in effect throughout the affordability period.

C. Property Covenants and Restrictions

Each HOME-funded project property must maintain Covenants and Restrictions enforcing HOME and County guidelines. The Covenants and Restrictions will be separately recorded and will remain in place for the Affordability Period even if the HOME loan is pre-paid. The following guidelines must be enforced through Covenants and Restrictions:

i. Owner will be owner in fee simple of the property unless the County agrees to a 99-year ground lease structure;

ii. Property is not subject to additional liens or encumbrances that the County has not agreed to;

iii. Other than a Low Income Housing Tax Credit land use restriction, the HOME Covenants and Restrictions must be recorded senior to all liens and encumbrances associated with the project financing, including any loans senior to the County's HOME loan, and structured to survive any foreclosure by a senior lien;

iv. The County must approve any transfer of the property. Such approval will be in the County's sole discretion;

v. Provisions to enforce ongoing requirements for project compliance through the HOME Affordability period, including:

- The length of the period of affordability;
- Income and rent restrictions on HOME-assisted units;
- Property standards to be enforced;
- Marketing and leasing requirements; and
- Recordkeeping and reporting requirements.

D. HOME Agreement

In addition to any financing documents, owners of HOME-financed projects must sign a HOME agreement with the County. The HOME agreement will identify requirements for compliance with the HOME regulations and the County's Rental Housing Program requirements and will remain in effect in the event of any prepayment of the HOME loan.

6. Underwriting & Subsidy Layering Reviews

A. Project Underwriting

All HOME 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 HOME funds. Proposed rent levels must be supported by the applicant's market study and within HOME regulatory limits.
All HOME 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 HOME 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. HOME 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 and. 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 HOME 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 HOME program. The HOME 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, HOME 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 HOME 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 HOME 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 HOME 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.

7. Construction Process

A. County Construction Inspections

Whether or not HOME funds are being sought in association with any particular draw, the County must be provided with copies of all contractor invoices and provided reasonable notice of monthly draw inspections during the construction period. County staff will participate in all draw reviews and conduct inspections to ensure that the project is progressing and that work completed is consistent with all applicable HOME requirements.

B. Davis Bacon

When Davis Bacon applies to a project, the County must be provided with compliance documentation throughout the construction period even though HOME will be provided as a permanent loan following the completion of construction. Prior to commencing construction, the County must approve current wage determinations applicable to the project. The contractor will be required to provide weekly payroll forms to the County and allow access to the site and workers for the purpose of completing worker interviews.

The County will accept Form WH-47 or acceptable internal forms from the contractor. Form WH-347 and instructions for completing it may be accessed at http://www.dol.gov/whd/forms/wh347instr.htm.

C. Drawing County HOME Funds

The County's HOME Loan may be structured as a construction to permanent loan or a permanent loan only. When used as construction financing, the County loan shall be secured by an irrevocable Letter of Credit in an amount equal to the full loan amount, from a reputable banking institution acceptable to the County. The Letter of Credit will be in force from the first draw-down of County HOME funds and will be released following:

i. Construction completion and satisfactory inspection by the County;

ii. Achievement of Stabilized Occupancy which shall be defined to include:

- Lease-up of all HOME-designated units, submission of tenant data necessary to complete the Project in HUD's IDIS system, and the County's approval of income determinations for HOME-assisted tenants;
- Physical occupancy of no less than 93% of all units;
- 3 consecutive months of sustained economic occupancy (net rent collected divided by gross rent potential) of at least 93%; and
- 3 consecutive months of sustained operating performance at or above a debt coverage ratio of 1.20 (inclusive of all required debt payments and calculated as if any amortizing County HOME loan payment was payable on a monthly basis).

iii. Review and acceptance of appropriate source documentation by the County, including but not limited to submission of a cost certification prepared by an independent Certified Public Accountant following completion of construction and payment of all development costs;

iv. A determination by the County that all HOME requirements pertaining to the initial development of the Project have been met, including but not limited to monitoring of Davis Bacon compliance.

D. Project Closeout

Owners are required to submit demographic data at lease up for all HOME funded units. Data shall include elderly status, race, gender, female head of household, number of household members, and percent of area median income. Owners must be aware that the affordability period does not begin for HOME-funded units until all project costs are processed, all demographic data is verified by County staff, and the project is entered as completed in the HUD Integrated Disbursement and Information System (IDIS).

The County requires a copy of the final project sources and uses statement and submission of the project cost certification prepared by an independent Certified Public Accountant following completion of construction and payment of all development costs.

8. Long Term Monitoring

Following project closeout, the County will monitor the project for ongoing compliance with HOME requirements, including but not limited to income and rent restrictions, property standards, tenant protections, and marketing and fair housing requirements. In addition to requiring periodic reporting as outlined in Section 4.E. above, the County will conduct on-site monitoring visits. The purpose of those visits will include reviews of project records and inspection of the premises including common areas and residential units. In most cases, such reviews will take place annually based on existing HOME requirements at 24 CFR 92.504(d)(1). However, the County reserves the right to conduct site visits more or less frequently based on changes to HOME regulations and County policy or based on evidence of compliance deficiencies in a prior monitoring visit.

Exhibit A: Full Application Requirements and Due Diligence Exhibits

INSTRUCTIONS: To apply for funding, applicants must submit all materials required by the County's HOME 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 HOME and other applicable federal regulations. Additionally, following a commitment of HOME funds, additional items will be required in order to close on the County's HOME 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.)**

☐ **Completed Application for CHDO Certification (available from County upon request) along with required documentation (as applicable)**

☐ **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**

<u>SITE AND PRODUCT</u>

☐ **Evidence of site control (e.g. option, etc.)**

☐ **Uniform Relocation Act documentation**

- **URA Notice to Seller of Voluntary Sale**
- **Seller certification regarding vacancy (as applicable)**
- **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 HOME. 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

- Radon and mold testing (as applicable)
- 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)

APPENDIX B
APPLICATION COVER SHEET AND REQUIRED MATERIALS CHECKLIST

MOBILE COUNTY HOME-ARP PROGRAM
APPLICATION COVER SHEET
HOME-ARP RENTAL HOUSING DEVELOPMENT

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 , if applicable, 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, if applicable. Prior to any issuance by the County of a formal and binding commitment of HOME-ARP funds, all items required in the County's Rental Housing Program Guidelines 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 of the Program Guidelines 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 <u>must</u> 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 2024 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- Completed Application for CHDO Certification (as applicable) along with all required documentation *(Application and associated attachments is available upon request.)*

☐ TAB 12- 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 13- Evidence of site control (e.g. option, etc.)

☐ TAB 14 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 15- 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 HOME. 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 16 - Documentation of utility availability and connection costs (Water/sewer, electric, gas)

☐ TAB 17 - Zoning/site plan and building/code review approvals

☐ TAB 18 - 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 19- Market study

Underwriting/Financial Projections

☐ TAB 20 - Proforma showing rent and operating cost projections, all project costs, construction period sources/uses, and 20 year operating/cash flow projections

☐ TAB 21 - Commitments for other financing, both permanent and construction loan sources

APPENDIX 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 HOME 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 HOME-ARP 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 HOME 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 HOME 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 HOME assisted units and will assess and report annually the results of these efforts to the County.

Signature of Authorized Certifying Official:	**Title:**
___________________________________	____________________________
Applicant Organization:	**Date:**
___________________________________	____________________________

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

APPENDIX D
HOME RENTAL INCOME LIMITS AND HOME RENT LIMITS

2024 HOME Rental Income Limits for Mobile, Alabama MSA
(Annually Updated by HUD)

Number of People	1	2	3	4	5	6	7	8
50% Median Income	26,600	30,400	34,200	38,000	41,050	44,100	47,100	50,200
60% Median Income	31,920	36,480	41,040	45,600	49,260	52,920	56,520	60,240

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
Low HOME Rent	665	712	855	988	1,102
High HOME Rent	810	890	1,091	1,251	1,376

APPENDIX 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:

1. ___ 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.

2. ____ Has been occupied by ourselves (the sellers) for the previous ____ months.

3. ___ Has been occupied by the prospective purchasers, _____________, for the previous ___ months.

4. ___ 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.