



**CITY OF MOBILE
DEPARTMENT OF COMMUNITY PLANNING &
DEVELOPMENT**

**HOME INVESTMENT PARTNERSHIPS PROGRAM
AFFORDABLE HOUSING PROGRAM
MULTIFAMILY HOUSING**

**PROGRAM POLICIES
AND
GUIDELINES**

SEPTEMBER 2013

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MULTIFAMILY HOUSING PROGRAM – OVERVIEW

The City of Mobile (“City”) receives funds through the U. S. Department of Housing and Urban Development’s (“HUD”) HOME Investment Partnerships Program. The City allocates a portion of these funds for the acquisition, rehabilitation or construction of rental housing units within the City limits. The City’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 loans with the potential for debt deferment, property owners will agree to rent restrictions and to rent to low-income tenants for at least 15 years for projects involving rehabilitation or acquisition, or 20 years for new construction projects. Projects selected for funding must provide rental housing that is affordable to families with incomes at or below 60% of Mobile’s AMI. A greater subsidy is available when units are affordable to families with incomes at or below 30% - 50% of AMI. The program priorities are listed in Section 1.4. The City may limit the additional subsidy to half of the HOME-assisted units in a fully HOME-assisted project. Projects are monitored for compliance during the affordability period. Project sponsors must coordinate funders’ requirements when there are multiple funding sources.

In addition to HOME program requirements, other Federal requirements may apply. These include, but are not limited to, the payment of wage standards under the Davis Bacon Act, relocation benefits payable to the tenants under the Uniform Relocation Act, the testing and/or mitigation of lead-based paint hazards, and accessibility requirements of the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973.

The City may accept applications for HOME funds in multiple competitive funding rounds annually. In addition, the City must reserve funds for **projects owned, sponsored, or developed by Community Housing Development Organizations (“CHDOs”)**, a designation for non-profits specializing in housing development that meet specific HOME requirements. The required minimum CHDO reservation is 15 % of the City HOME allocation. These amounts may change, depending on loan payoffs and/or funds recovered from projects that do not move forward.

The City will provide a project application, which includes many forms. The application includes a Word document, Excel spreadsheet forms, and attachments. Applications will be available at www.cityofmobile.org when the City is accepting applications, or you can call the Community Planning and Development Department at 251-208-6290. Information that is not required as part of the City’s initial application may be requested later. An application may be more competitive if it includes such information. For example, a full market study and appraisal may not be required at the time of application to the City, but including them could increase the application’s competitiveness. Such information should be submitted when available, and final approval may be conditioned upon its receipt.

Applications are submitted to the City’s Department of Community Planning and Development, which ensures the applications are complete (requesting additional information, as needed), summarizes the information, and distributes materials to the CPD Project Selection Team. The Team recommends projects for funding. Applicants will be notified of the funding recommendations about 6-8 weeks after applications are submitted.

1. PROGRAM INFORMATION AND GUIDELINES

1.1 Source of Funds

The primary source of funds is the federal **HOME Investment Partnerships Program, 24 CFR Part 92**. The HOME program was created under Title 11 of the National Affordable Housing Act of 1990 and funds became available in 1992.

1.2 HOME Program Goals

HOME is the centerpiece program of the Cranston-Gonzalez National Affordable Housing Act (NAHA), officially entitled the HOME Investment Partnerships Act. 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 nonprofit partnerships to address affordable housing needs.

1.3 2014 Program Year Activities and Allocation of HOME Program Funds

The City will review proposals and select projects involving acquisition of existing multifamily rental properties and new construction of multifamily rental units across of spectrum of housing along with adaptive reuse of vacant property. The City's production goal is to increase the supply of affordable rental housing by 20-25 units annually through allocation of funds to nonprofit or for-profit developers. The City is interested in maximizing the return of its HOME funding and will provide "gap financing". Repayments will be required from the Sponsors. While we recognize that this may affect the total number of affordable units financed, we are looking for greater flexibility in meeting local affordable housing needs and the City ability to undertake ongoing monitoring and compliance requirements required by HUD.

Priority will be given to projects located in CDBG eligible areas and other target areas within the City.

1.4 Priority Housing Needs

The City Affordable Housing Program ("AHP") addresses the needs of priority populations identified in the City's 2013-2017 Consolidated Plan. High priority housing needs include acquisition and new construction of rental housing for extremely low (0-30% of Mobile Area Median Income) and very low-income (31-50% of Mobile Area Median Income) households that are:

- Households with a current housing cost burden greater than 50% of their income, or those living in substandard units.
- Elderly or disabled households with a current housing cost burden of over 50% of their income, or those living in substandard housing.
- Preference will be given to projects located in the CDBG eligible areas and other target communities and can demonstrate broad community support and need for the project.

- Preference will be given to projects that will serve special needs populations including mentally ill, developmentally disabled persons/households, and veterans.

1.5 Affordable Housing Funding Options

A. Loan Details

The HOME funds for the City's Affordable Housing Program for multifamily rental projects will be available in the form of amortized loans, deferred loans and forgivable loans. The CPD staff will thoroughly review, underwrite, and evaluate each project and will work with the Sponsor to determine the most appropriate loan term.

Amortized loans will be provided to projects determined to have sufficient revenue to repay HOME loan proceeds. Deferred loans will be used when projects are determined to have insufficient cash flow for repayment, but will have some opportunity to generate additional revenue in the future. Deferred loans may also accrue interest. Forgivable loans will be provided if conditions on the loan are met for an extended period; the loan can qualify for debt forgiveness.

The City's financing may not fully pay for a project, but can serve as "gap financing" to enable project sponsors attract other sources of financing. The deferral of the interest and principal on the City's loan improves the cash flow of the project to service other conventional debt. Projects typically have multiple funding sources, such as an amortizing loan from a private lender, a very long-term loan from a state agency, or equity from the sale of tax credits. The City prefers any debt with a lien position superior to the City's be a fixed rate loan. Project owners are expected to contribute to the project. The required owner cash contribution is 5 -10 % of the lesser of project cost or appraised value. In the case of 501(c) (3) nonprofits, grants and long-term deferred or forgivable loans from other public funders may be considered part of the equity requirement.

B. Loan Terms

Amortized Loan: The City amortized loan will accrue interest at either 1- 4% (compounded annually) or the Applicable Federal Rate, whichever is the higher of the two. The HOME Program requires a minimum (mandatory) Period of Affordability (POA) - 5 to 15 years for acquisition of existing housing and 20 years for new construction or acquisition of newly constructed housing.

Deferred Loan: The City's deferred loan accrues interest at 1-4%, compounded annually, with payments deferred during first 1- 5 years. At the end of the initial deferral period, the interest rate on the City's loan will remain fixed and the forgiven at the rate of 10 % per year. Interest will accrue at 1- 4% during the extended period of affordability.

In some cases, project sponsors may choose to repay the loan. Alternative loan structures will be considered, if they are at least as advantageous to the City. For example, a fully amortizing loan with or without a deferral period is acceptable. The City may not consider a loan at less than 1 - 4% interest or a deferral longer than 5 years. The City prefers loans be repaid within 25 years, if rehabilitation, or 30 years, if new construction.

C. Security Interest

The City will secure its interest in projects funded with loan documents including a promissory note secured by a recorded mortgage and covenant agreement restricting use of the property.

The City's loan will typically be in a secondary lien position to another lender, including private lenders. If HOME is the only funding source, the City loan will be in the first lien position. The total loan-to-value ratio of all debt, including the City's, should not exceed the lesser of 90% appraised value or 90% of the project's cost.

1.6 Period of Affordability and Occupancy Requirements:

To ensure HOME investments yield affordable housing over a longer period, HOME regulations imposes occupancy requirements over the length of the affordability period. The length of the affordability period depends on the amount of HOME funds in the property and nature of activity (See Chart Below). The loan's principal and interest are amortized over the next 10 or 15 years. In exchange for an extended affordability period beyond the initial 15 or 20 years, the project sponsor is eligible for forgiveness of the City's loan (see Loan Forgiveness Provision). Should there be a default or sale before the end of the restricted period of service; the City's loan may need to be repaid. Repayment **will not** extinguish the affordability requirement during the initial affordability period. The affordability period begins at project completion, which is described in Appendix 1 Definition of Terms.

Forgivable and Extended Period of Affordability: A sponsor is eligible for forgiveness of the principal and accrued interest on the City's loan, if rents continue to be affordable under the provisions of the original regulatory agreement during the next 10 years following the initial loan term.

Activity	HOME Funds per unit	Minimum Affordability
Homeownership – acquisition, rehabilitation & new construction	Less than \$15,000/unit	5 Years
	\$15,000-\$40,000/unit	10 Years
	Greater than \$40,000/unit	15 Years
Rehabilitation or Acquisition of existing rental housing	Less than \$15,000/unit	5 Years
	\$15,000-\$40,000/unit	10 Years
	Greater than \$40,000/unit	15 Years
Refinancing of housing	Any \$ Amount	15 Years
New Construction of Rental housing	Any \$ Amount	20 Years

In exchange for low interest financing from the City, the project sponsor agrees to a Period of Affordability (POA) for low-income households. Affordability provisions are recorded as covenants running with the land and will remain in force even if the property is sold and/or the loan is repaid prior to the expiration of affordability terms.

Project sponsors interested in the production of rental units are strongly encouraged to consult with CPD staff regarding occupancy requirements and maximum rents allowed for HOME assisted units. The maximum rents allowed (including utilities) and annual Median Family Income guidelines are provided in Appendix 5 of the Program Policies and Guidelines.

Projects involving multi-family units where less than 100% of the units are HOME assisted may only allocate costs to HOME assisted units using either a pro-rata cost allocation method or a unit-by-unit cost allocation method. CPD staff will provide Project Sponsors guidance in identifying HOME assisted units in multi-family projects using both cost allocation methods.

Length of Commitment: All loan agreements regulate the use of the property for at least 15 years for existing projects, or 20 years for new construction projects. To receive the forgiveness of the loan, the owner must meet the affordability requirements for an additional 10 years. **For projects that serve a particular special needs group, any change during the contract term to the population served or to supportive services provided may need to be approved in advance by the City.**

Subsequent City Loans: Projects are not expected to need additional funding from the City during the period of affordability. For the City to add HOME funds to an existing project, the project must have satisfied the federal minimum affordability requirement of the HOME program. The intent of the additional fund will be to enable the Sponsor to preserve the City's investment in existing projects. For the City to add more funds to an existing project, the project must have satisfied the federal minimum affordability requirements for HOME program.

A project that previously received HOME funds may be eligible for additional HOME funding prior to the end of the initial 15-year affordability period, if the City's investment of HOME funds is less than \$40,000 per HOME unit in projects involving acquisition or rehabilitation. New construction projects and projects with \$40,000 or more in HOME funds per HOME unit are **not** eligible for additional funds during the initial 20-year affordability period. Existing HOME projects may apply for additional funding during the extended period of affordability. City staff will determine if your project is eligible for additional funds. Requests for additional funds compete with other applications in the regular funding rounds. Contact CPD staff at 251-208-6290, if you have questions.

1.7 Rent Affordability Requirements

HUD publishes the maximum allowable HOME rents annually. Rent payments, including certain utilities, may not exceed the lesser of 30% of the maximum monthly income level established for each assisted housing unit or Section 8 Fair Market Rents ("FMR"). In projects where housing is occupied prior to the application, the rents charged to existing tenants after the rehabilitation cannot exceed the greater of the prior rent or 30% of the tenant's income. If the tenant pays utilities, the maximum allowable rent is reduced using the HUD Section 8 Existing Housing Allowances for Tenant-Furnished Utilities and Other Services. **See Appendix 4 for current household income limits and rent limits by household size for the Mobile area.** These are updated at least annually by HUD. The City will monitor projects for compliance with the maximum rent limits and other Federal requirements.

Different rent limits apply to group homes. **For group homes**, the sum of the rents paid by all tenants cannot exceed the Mobile Area's FMR for a comparably-sized unit. Each tenant's rent is a proportionate share of the total unit rent. Rent limits include utilities but do not include food or the cost of any supportive services. Bedrooms occupied by resident supportive services providers are counted as eligible bedrooms for subsidy purposes.

1.8 Eligible Applicants/Sponsors and Capacity

Applicants/Sponsors must have prior experience in developing and managing the type of project they undertake. Applicants/Sponsors must clearly demonstrate that they or their development team members have the skills and experience needed to develop and operate the property for the minimum period of affordability. Collaborative efforts with experienced parties and/or experienced development consultants will be considered. **No HOME funds may be committed to any project unless CPD staff certifies that it has conducted a complete underwriting review, assessed developer capacity and fiscal soundness, and examined neighborhood market conditions to ensure adequate need for each project.**

The following types of organizations are eligible to apply for funds:

- Nonprofit organizations, including Community Housing Development Organizations (CHDOs). The CHDO must be certified by the City CPD.
- For-profit entities, including individuals, partnerships, corporations, limited liability companies and limited liability partnerships.
- Housing Authorities.

Community Housing Development Organizations (CHDOs):

Federal regulations require a minimum of 15% of the annual HOME allocation to the City be set aside for housing projects that are owned, sponsored or developed by CHDOs. A **CHDO** is a nonprofit organization that meets a variety of criteria outlined in the HOME regulations. HUD has specific requirements for CHDOs to qualify as the owner, sponsor, or developer. For example, a CHDO can own the project directly, or have effective management control as the managing general partner of a partnership. Using a limited liability company for ownership requires a time-consuming HUD waiver, and the waiver is not assured. See the Appendix 2 “Regulatory Guidelines for HOME Funds” for information on CHDOs.

Organizations that are religious or faith-based are eligible on the same basis as any other organization. HOME funds cannot be used to assist inherently religious activities, such as worship or religious instruction. If an organization conducts such activities, the activities must be offered separately, in time or location, from the assistance funded by HOME funds, and participation must be voluntary for the beneficiaries of the assistance provided. In addition, the organization shall not discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief. See the “Regulatory Guidelines for HOME Funds” for more information on the eligible uses for HOME funds in projects that are wholly or partially used for religious activities.

1.9 Eligible Tenants and Program Priorities

Selected projects must provide rental housing that is affordable to households with incomes **at or below 60%** of Mobile’s **Area Median Income** (“AMI”). A greater **subsidy** is available when units are affordable to households with incomes **at or below 50% of AMI**. The City may limit the units with the greater subsidy to **half** of the units in a project.

Projects must meet at least one of the following priorities:

- **housing affordable to households with incomes at or below 30% of AMI;**
- **housing with three or more bedrooms that are affordable to large families with incomes at or below 50% AMI.**
- **project located in CDBG eligible areas and other target communities and serves household at or below 60% of AMI.**
- **adaptive reuse of a vacant, blighted property**

“Target Communities” will be designated areas targeted for revitalization/ redevelopment in CDBG eligible areas within the City.

For additional information about the target areas, contact CPD office 251-208-6290.

Residents of HOME-assisted units must meet the income eligibility requirements of the program and incomes must be periodically verified to ensure ongoing compliance. **Owners, sponsors, and developers of projects assisted with HOME funds may not occupy a HOME-assisted unit in a project. This extends to the officers, employees, agents or consultants of the owner, sponsor, or developer.** It does not apply to an employee or agent of the owner or developer who occupies a housing unit as the On Site Resident Manager or maintenance worker.

1.10 Conflict of Interest:

In developing and administering the HOME program, the City may rely on the substantial expertise available from private and public sector individuals. The City recognizes that these individuals and the entities with which they are associated may have an interest in applying for the funding made available through this

Program. While the City recognizes the need to protect against the exercise of undue influence in obtaining benefits made available through this Program, the Program will be available to those who have the experience, expertise, and willingness to undertake the development of critically needed housing for low-income City residents. At the same time, it is necessary to ensure that the City retains its ability to call upon residents to assist in the ongoing development of the Program, without requiring them to forego possible benefits from the Program. Any conflict of interest must be disclosed and the appropriate procedures must be followed. A conflict of interest may be classified as one of the following:

Primary and Material Conflicts of Interests - A project will not be eligible if any of its sponsors, owners, or members of their households or immediate families are directly involved in the evaluation and funding determinations under the Program. These include, but are not limited to: 1) members of CPD staff; 2) members or staff of any other local or State government department that has regulatory involvement in the development, site, or approval of the project; and 3) board members and employees of any organization under contract or retained by the City to manage, advise, or assist in the Program for compensation.

Remote Conflicts of Interest - A project sponsor or owner must adhere to the following procedures when they or a member of their household or immediate family are directly involved in the management of, or serves in a decision or policy making capacity with, the Program. In addition, these procedures must be adhered to if the sponsor is a corporation or partnership and there is a director, officer, partner or shareholder who is directly involved in the management of, or serves in a decision or policy making capacity with, the Program. Under such circumstances, the project sponsor or owner must: 1) disclose, in writing, the existence and extent of a conflict of interest and the individual's interest in the project to the CPD staff; 2) the individual with a conflict of interest must remove himself/herself from all involvement in the process of evaluating and determining whether the project is eligible for, and/or approved for, funding; 3) the individual with a conflict of interest must refrain from influencing any other person involved in evaluating and/or determining whether the project is eligible for, and/or approved for, funding; and/or 4) an individual with a conflict of interest regarding project proposals under consideration will not vote on or rank projects during the funding round in which his/her project is being considered.

The funding application will include a Conflict of Interest form to be used in disclosing conflicts of interests. All sponsors must review and complete the form. The City's Legal Department will review all conflicts of interest and will make decisions concerning conflict of interest issues on an individual basis.

1.11 Sponsor Responsibilities:

Project sponsors are responsible for all aspects of their project's development, including, but not limited to, assessing their project's feasibility, cost analysis, budgets, contractor selection and negotiations, compliance with Federal, State, and local requirements, working with their local governments departments in addressing their requirements, and identifying and securing financing. In addition, HOME funds require compliance with payment of prevailing wage under the Davis Bacon Act if 12 or more HOME-assisted units are in the project; Section 504 of the Rehabilitation Act of 1973, as amended; The Lead Safe Housing Regulation 24 CFR Part 35 of the U.S. Department of Housing and Urban Development; The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

1.12 Eligible Projects and Activities

Eligible projects must (1) increase the supply of rental housing affordable to low-income or special needs households, or (2) preserve existing affordable housing that is likely to be lost, when economically feasible. Preservation projects are defined as projects that will preserve affordable units that will be lost due to conversion to other uses or market rate rents, and projects where health or safety hazards put households at risk of losing their housing. Projects combining commercial and residential uses are eligible; however, the

HOME funds **may not** be used for non-residential portions of the project. Housing projects that include units affordable to a range of household incomes are eligible, but HOME funds will be used exclusively for the units within the project that meet HOME program requirements. While a project may offer services to the residents, participation in services must be voluntary and may not be a condition of the tenant's lease.

The following are **eligible** housing project types:

- Construction, purchase, or rehabilitation of permanent rental housing or transitional housing.

Eligible project-related costs that may be reimbursed include:

- Accessibility improvements
- Accounting/audit expenses during the development period
- Acquisition costs
- Appraisal
- Architectural and engineering costs
- Construction and rehabilitation costs to make essential improvements, improve accessibility, make energy-related repairs
- Demolition costs
- Developer fees (limited)
- Fair housing promotion and information
- Fees relating to financing (e.g., loan fees, Low Income Housing Tax Credit fees, closing, title and recording fees, etc.)
- Hazardous abatement and monitoring, including environmental site assessments and lead-based paint testing, abatement, and monitoring
- Infrastructure improvements within the project's property boundaries
- Some major appliances (e.g., stoves and refrigerators, not washers and dryers)
- Marketing/leasing, including marketing of units to households that might not apply for housing without special outreach
- Permits, fees, hookups
- Project management
- Relocation expenses of any displaced persons, families, businesses, or organizations
- Site improvements in keeping with improvements of surrounding, standard projects, e.g., landscaping
- Soft costs including architectural/engineering and other professional fees, legal fees, insurance and utility costs during development, boundary and topographic surveys

While some project-related costs incurred prior to a funding commitment are potentially reimbursable, there is no guarantee of program reimbursement for expenses incurred before or during the application process. Ineligible activities under this Program may be financed by other funding sources, if the other sources allow their funds to be used for that activity.

Note that site-limiting activities that are done prior to the environmental review required by HUD can make a project ineligible for HOME funds.

Project sites must be located within the City limits, at the time of application. Applications and allocations are site specific and the application and allocation are no longer valid, if site control is lost. You may not substitute a new site, if you lose control of the original site.

Fees paid to the owner or developer of a project, or entities related to the owner or developer must reflect the work undertaken. Due to the vast differences in projects, the City does not have a strict limit on the percentage that can be paid. The City prefers to pay for hard costs and project-related soft costs and may limit its portion of the development fees and the total development fees charged to the project.

Projects may be charged for City staff and overhead costs directly related to carrying out a project, such as cost relating to the administration or compliance requirements of federal requirements. For example, a project may be charged for City staff to monitor requirements of the Davis Bacon Act, including activities such as site visits, interviews and documentation reviews. For multiunit projects, such costs must be allocated among HOME-assisted units in a reasonable manner and documented.

1.13 Ineligible Projects and Activities

Ineligible projects and activities include:

- Correctional facilities
- Delinquent taxes, fees, or charges on properties
- Emergency shelters (including shelters for disaster victims)
- Facilities that provide continual or frequent nursing, medical or psychiatric services including nursing homes, convalescent homes, hospitals, and residential treatment facilities
- Furnishings, office equipment, computers
- General overhead
- Improvements to or construction of commercial space
- Improvements to owner-occupied units
- Offsite improvements, other than utility connections
- Operating and replacement reserves
- Projects previously assisted with HOME funds during the minimum federal Period of Affordability (except those funded in the prior 12 months)
- Properties with outstanding Rental Rehabilitation Program loans (as program requirements conflict)
- Public housing
- Refinancing permanent debt
- Student dormitories
- Upgrades such as cable television hookups, garbage disposals
- Work on the structure prior to loan commitment.

1.14 Funding Award Limits

The City's HOME funds should leverage other housing funds to maximize the available resources for housing. Applicants are encouraged to seek funding from other sources, such as public and private grants, loans, equity investments, and in-kind contributions. There are situations where leverage is difficult to achieve. Therefore, there is no minimum leverage requirement on each project. However, each project will be reviewed to ensure that the applicant has made rigorous attempts to secure funding from other sources.

The maximum amount of financing available depends upon the population served and or the financial viability of the project and tenant income levels. The CPD Project Selection Team may recommend financing which is less than what was requested. City funds cannot be used to refinance permanent debt and the total project financing cannot exceed its cost. In a project where only a portion of the total units are HOME-assisted, the proportion of HOME financing to total financing can not exceed the proportion of HOME-assisted units to total units.

A commitment to rents which are affordable to very low-income households (those making less than 30% of AMI) reduces the income available to pay expenses and service debt. The greater subsidy is available on a limited basis to projects that commit units to extremely low rents targeting households with incomes at or below 30% of AMI. Since the lower rent affects the project's income, the City may limit the greater subsidy to **up to half** the units in a project.

1.15 Equity Requirement

For-profit applicants **must** provide a cash contribution to the project totaling at least 10% of the lesser of project cost or appraised value. Nonprofit sponsors must have at least a 10% equity holding which may include grants or appraised equity. In some cases, substantial long-term investment through state or federal programs may be considered as the equity contribution for nonprofit sponsors.

1.16 Matching and Layering Funds

The HOME program requires that HOME funds be matched with other contributions, such as grants, below market rate loans, and volunteer labor. The requirement applies to the program as a whole and is monitored by the City staff. Depending upon the City's match position, the contribution of individual projects will be a consideration or requirement of funding. The HOME program does not consider funding from any federal source to be match.

HOME Program participants must contribute to qualified housing in an amount equal to at least ten percent (10%) of HOME project funds. These contributions are referred to as match. **A match amount equaling ten percent (10%) of project funds is a minimum threshold requirement.** During the ranking process, an Applicant's proposed match will be compared to other applications submitted.

Before submitting an application, an Applicant are encouraged to consult with the CPD staff to determine if its proposed match source is eligible and request, in writing, confirming match eligibility. The written request for confirmation must include the specific dollar amounts for all proposed sources of match, and the amount of HOME funds to be requested.

The Applicant must submit the confirmation letter from CPD in its application. Applicants must clearly document proposed matching contributions or HOME may not consider the funding application for ranking. To be considered eligible match, a contribution must be made from **non federal sources** and must be made to housing that is assisted with HOME funds.

Sweat equity and volunteer labor or services must be documented. Documentation must include a document signed by the donating party stating the number of hours worked, the dates worked, and the dollar value of services provided.

HUD requires a 25% overall match for HOME funds. CPD currently requires only a 10 % match by keeping the match requirement lower than what it would otherwise be. **Grantees are strongly encouraged to report all matches that may be generated even though a project may have met its minimum 10% requirement. Many projects may generate excess match well above the 10% requirement, but this may not be reported after the minimum is met. This excess match goes to supporting the program as whole and assures that the 10% minimum does not have to be raised.**

Each project will also be evaluated to determine if it is receiving an excessive federal subsidy through an analysis of all of the financing available to the project. **All direct or indirect government assistance must be identified in the application**, including contributions of federal, state, and local governments and/or agencies. In addition, applicants must notify the City, if any additional federal funds are obtained after the application is submitted. Any federal funds invested in a project through a non-federal funding source are considered to be federal funds. For example, the federal funds that are managed by a local nonprofit, or HOME funds allocated by the Alabama Housing Finance Authority or any State agency should be identified as federal funds. Project sponsors must submit documentation relating to funding sources to ensure compliance.

1.17 Market Analysis

Applicants must document the need and potential market for any proposed project. Applicants are strongly encouraged to conduct a thorough market analysis prior to undertaking a project. Different levels of analysis are required to determine the need and market for any given project depending on the type and complexity of that project. As with any investor, the higher the risk involved with a project, the more analysis the HOME Program will require with an application.

1.18 Site Control

Applicants must provide firm evidence of site control in the form of fee simple title or deed to the property, a minimum 75-year lease, or a purchase sale agreement signed by both the buyer and seller **before the application is submitted**.

According to 24 CFR §58.22, *Limitations on activities pending clearance*, any applicant or any participant in the project development process may NOT commit HOME or non-HOME funds until the environmental review has been completed and approved by HUD. This restriction includes acquisition using any source of funds in advance of application to the HOME program if HOME funds are intended to be invested in the project. Applicants that intend to acquire land in advance of application and/or award must complete an environmental review and have it approved by HUD before the land is acquired, regardless of the source of funds used for acquisition.

An option agreement for a proposed site is allowable prior to the completion of the environmental review if the option agreement is contingent on a favorable environmental review determination and the cost of the option is a nominal portion of the purchase price. **The option agreement must be executed before the application is submitted.**

1.19 Environmental Review

The environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58 and the applicants must use the checklist to initially evaluate environmental circumstances that may affect the proposed project and to raise their awareness of possible problems if the HOME fund is awarded.

Note: HUD places restrictions on project activities in accordance with **24 CFR §58.22**, *Limitations on activities pending clearance*.

- (a) *Neither a recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in 58.1(b) on an activity or project until HUD has approved the recipient's Request for Release of Funds (RROF) and the related certification from the responsible entity (RE). In addition, until the RROF and the related certification have been approved, neither a recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a program listed in 58.1(b) if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives.*
- (b) *If a project or activity is exempt under 58.34, or is categorically excluded (except in extraordinary circumstances) under 58.35(b), no RROF is required and the recipient may undertake the activity immediately after the responsible entity has documented its determination as required in 58.34(b) and 58.35(d), but the recipient must comply with applicable requirements under 58.6.*

- (c) *If a recipient is considering an application from a prospective subrecipient or beneficiary and is aware that the prospective subrecipient or beneficiary is about to take an action within the jurisdiction of the recipient that is prohibited by paragraph (a) of this section, then the recipient will take appropriate action to ensure that the objectives and procedures of the National Environmental Protection Act (NEPA) are achieved.*
- (d) *An option agreement on a proposed site or property is allowable prior to the completion of the environmental review if the option agreement is subject to a determination by the recipient on the desirability of the property for the project as a result of the completion of the environmental review in accordance with this part and the cost of the option is a nominal portion of the purchase price*

In summary, as soon as the Applicant decides to submit an application for federal funds, e.g., HOME, etc., it must cease all activities for the project, regardless of the source of funds to be used to fund the activities, except for activities that are considered “Exempt”. Activities may not proceed until the applicable environmental clearance has been approved.

1.20 Lead Based Paint (LBP)

Housing that was built prior to January 1, 1978 is subject to HUD’s Lead Safe Housing Rule (found in HUD’s regulations at 24 CFR Part 35). The rule applies to work performed in target housing units receiving HUD housing assistance, such as rehabilitation or acquisition assistance. In addition, the Lead Safe Housing Rule (LSHR) must also comply with EPA’s Renovation, Repair and Painting Rule (RRP).

Effective April 22, 2010, the RRP rule affects paid renovators who work in pre-1978 housing and child-occupied facilities, including:

- Renovation contractors
- Painters and other specialty trades.

Specifically the rule requires that at least one **EPA Certified Renovator** be on the job or available when the work is being performed. Information regarding how to become an **EPA Certified Renovator** can be found at: <http://www.epa.gov/lead/pubs/toolkits.htm>

Required lead hazard reduction activities are based on the **HOME investment per unit**, excluding the cost to address any LBP hazard. Applicants applying for HOME funds must demonstrate an understanding of LBP regulations and have a process in place to provide satisfactory compliance with the LBP regulations. The HOME program will thoroughly review the Applicant’s written policies and guidelines in its management plan, and assess its ability to provide the necessary personnel and the qualified contractors. Applications for programs that require LBP policies will not be funded unless detailed policies are provided in the application.

LBP regulations do not apply to:

- Housing built after January 1, 1978
- Property that has had all LBP removed and/or has been found to be free of LBP by a certified LBP inspector
- Housing designated (in the lease or residency agreement) as exclusively for the elderly or persons with disabilities, unless a child under 6 years of age resides or is expected to reside in the unit. This exemption does not apply to owner-occupied single-family housing.

- Any zero-bedroom dwelling, including efficiency apartments and single-room occupancy housing

1.21 Project Consistency with Local Plans and Codes

Projects assisted with City HOME funds must be consistent with the City's Consolidated Housing and Community Development Plan and must meet all zoning and building code requirements. The Program serves only households with incomes at or below 60% of the Mobile Area Median Family Income. We encourage projects accessible to services, jobs, public transportation, and amenities.

As a reminder, projects must meet at least one of the following priorities:

- **housing affordable to households with incomes at or below 30% of AMI;**
- **housing with three or more bedrooms that are affordable to large families with incomes at or below 50% AMI.**
- **project located in CDBG eligible areas and other target communities and serves family at or below 60% of AMI.**
- **adaptive reuse of a vacant, blighted property**

We encourage you to meet with the City's CPD Department when planning your project. Call 251-208-6290 for information or to schedule a predevelopment conference. If you have had a predevelopment conference, include the notes from the conference in your application. The City's Urban Development Department is the central point for information on plan review and building permits.

Minimum Eligibility Standards:

Rental housing acquired or developed with HOME funds must meet written standards. See below for more detail on Property Standards. Note that rehabilitation projects must meet the City Housing Code and other requirements. Contact the City Urban Development Department for more information.

All projects must meet certain minimum standards. These include:

- Completed new construction housing projects must meet or exceed State and local codes. If no local codes apply, then one of the following national model codes – ICC, BOCA. New construction projects must also meet the Model Energy Code.
- Acquisition of existing housing without rehabilitation must meet at a minimum state and local housing quality standards and code requirements. If none exist the property must meet the HUD Section 8 Housing Quality Standards.
- Acquisition of existing housing with rehabilitation must meet all of the applicable state and local codes in addition to the City Housing Code.
- An existing building must be basically sound and worthy of repair. An inspection by an independent consultant may be required, at the owner's expense, to assess the building's condition.
- Acquisition projects constructed prior to 1978 must comply with the Lead Safe Housing Regulation, which took effect on January 10, 2002.
- Project costs must be customary, necessary, and reasonable. Per unit cost will be considered in the decision to allocate funds to a project.

- Completed projects must have an expected life at least as long as the period of affordability.
- Management plan must evidence the ability and organizational capacity to successfully manage the project during and after construction or rehabilitation.
- Social services plan must identify the needs of the targeted population and how those needs will be met.
- Timelines of the project will be considered, i.e., how soon the project can be underway and completed. Construction or rehabilitation should be underway within six months of the funding commitment.
- Project(s) pro forma must reflect a **minimum 1.15 debt coverage ratio** (net operating income divided by the total debt service).
- Developer fees must be reasonable and should reflect the work involved. The justification for developer fees should outline the services provided and how the fee was calculated. The City may negotiate a lesser fee than proposed by the Sponsor. Acquisition only projects may not have a developer fee reflected in the budget.

The City encourages improvements to increase energy efficiency and supports the federal ENERGY STAR® program. ENERGY STAR® is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy. It assists businesses and individuals in protecting the environment through superior energy efficiency. You can obtain more information at www.energystar.gov or the ENERGY STAR® hotline at (888) STAR-YES or (888) 782-7937.

1.22 Displacement and Affirmative Marketing

Applicants are encouraged to propose projects that prevent or minimize displacement of residential or commercial occupants, such as acquisition of vacant properties or properties being voluntarily sold by an owner-occupant; rehabilitation projects that require only temporary relocation; and new construction projects. If a project includes relocation, federal Uniform Relocation Act (URA) and Section 104(d) requirements must be met. Some requirements are outlined in the appendix 2 Other Regulatory Guidelines section. **It is critical that you understand your responsibilities and the costs of the URA. If your project is occupied, contact the CPD Department at 251-208-6290 for assistance with planning relocation and budgeting for potential relocation costs.**

Project owners are responsible for compliance with federal Fair Housing requirements. Owners must verify that their staff has received Fair Housing training by providing evidence of training to the City's CPD and other staff. Training on Fair Housing requirements and practices is available at various times throughout the year. For more information, contact the Center for Fair Housing at 251-479-1532 or www.sacfh.org

Sponsors must advertise vacancies to persons who are not likely to apply for housing without special outreach. Examples of special outreach include advertising vacancies with the Mobile Housing Board, including the Equal Housing Opportunity logo in advertising, displaying the Fair Housing poster, and contacting ethnic, religious organizations or social services agencies who may seek housing for their members or clients. **Projects must have an Affirmative Fair Housing Marketing Plan.** HUD's form HUD-935.2a "Affirmative Fair Housing Marketing Plan" will be included in the City's HOME Funding Application. It is also available as a fillable pdf file at www.hud.gov/offices/adm/hudclips/forms/files/935-2a.pdf. The costs of affirmative marketing activities should be included in your development and operating budgets.

CPD will not allow permanent displacement of current residents of any project funded with HOME funds. All residential residents in place prior to the submission of an application through the completion of the proposed construction and issuance of the certificate of occupancy are candidates for assistance under this provision found in 24 CFR §92.353. If there are existing residents who are not eligible for the program, the owner may request HOME assistance for vacant units or those occupied by eligible residents only. Owners of developments with residents in place prior to submission of the application MUST comply with Federal Relocation Requirements found in 24 CFR §92.353.

Applicants need to ensure all costs associated with relocation are adequately reflected in the project budget.

Improper procedures may substantially increase the costs to the project or render the project infeasible. The project owner will pay relocation payments and other relocation assistance, including replacement-housing costs, moving expenses, and reasonable out-of-pocket costs incurred in the relocation of persons.

2. PROJECT SELECTION PROCESS

2.1 Application Processing

The following outlines the typical process for applications. Other steps may be added, depending upon the type of project.

- **Applications must be complete when submitted.**
- CPD reviews applications, obtains additional information and clarification as needed, and summarizes information for the CPD Project Selection Team
- Staff initiates environmental review and can provide sample Davis Bacon wage rates, if applicable.
- Applicant is informed of applicable Federal regulations that can affect the project.
- If necessary, staff works with the applicant to have inspections scheduled. The applicant will pay for any inspections. If the project is approved, these costs are eligible for reimbursement.
- Project Selection Team reviews applications and recommends projects for funding.
- Applicants are notified whether or not their project is recommended for funding.
- Projects that are not recommended for funding may reapply in future application cycles.
- Commitment letters will contain any conditions of the allocation, which must be met before funding, including funding by other sources.
- Projects are expected to begin within 6 months, but CPD recognize that coordination with other lenders and/or investors may affect the timeline. If a project does not meet the time frames outlined in the commitment letter, the City can rescind the funds and make them available to other projects. The City must meet federal timeliness requirements, or it will lose the funds.
- HOME Agreements are executed between the Sponsor and the City.
- Projects must be completed within 24 months from the date an Agreement is executed, subject to conditions issued in the City's Commitment Letter. A project is considered complete when a Certificate of Occupancy, or its equivalent, is issued to the project.

NOTE: The CPD reserves the right to not award all available funds. **At closing, Sponsors may be responsible for the legal costs associated with the creation of the legal documents.** Funding commitments will be effective for up to six months, with the possibility of another six months, based upon the project's progress. **If a project does not meet these time frames, HOME funds will be made available to alternate projects.**

2.2 Evaluation Criteria

Applications must comply with the program priorities and funding regulations. Projects will be evaluated based in part on conceptual need, population served and consistent with City housing goals and priorities; organizational capacity; financial feasibility; and readiness. A brief description concerning each factor is listed below.

- **Need and population served and consistent with Consolidated Plan (25 points)** - Funding priorities will be given to projects that serve families at or below 50 % of area median income and in target communities. Project must be consistent the City's housing goals and priorities.
- **Conceptual Soundness (15 points)** - The project design and scope of work are consistent and feasible and respond to an identified housing need. The site, structure, location, and program design are appropriate for the proposed residents. Elements of the project concept must meet all threshold and eligibility requirements of the funding sources, including target population and affordability. Support services are included if appropriate.
- **Organizational Capacity (20 points)** - The skills and experience of the project Sponsor and the development team are appropriate to the size and complexity of the project. Performance of team members in managing current and past projects, including (but not limited to) compliance, monitoring, and payment history. The Sponsor organization is fiscally sound and has reliable systems and personnel to manage and account for public funds. The Sponsor has realistically assessed obstacles and challenges, including shortfalls in organizational expertise, and has a reasonable mitigation plan to address them. Strong capability and experience of the property manager. The projects Management Plan assures reasonable operation and maintenance of the project or program for the length of commitment.
- **Financial and Economic Feasibility (20 points)** - Budget forms are consistent, accurate, and thorough. Estimates and costs are reasonable and well supported or justified. A rigorous attempt to leverage other funds, including overall leverage of public resources is documented. Proposed sources of funds are matched to eligible activities. Documentation of conditional and committed funds is included. The operating pro forma indicates sufficient cash flow and reserves to maintain and operate the project in a prudent and responsible manner for the length of commitment. The rents and/or mortgage payments are consistent with affordability requirements.
- **Readiness (20 points)** - The Project Schedule and Cash Flow Statement indicates that all proposed and conditional funds will be committed within six months of the City's funding award and that the project can be completed within 24 months of the City's agreement. Issues of site control, zoning, special permits, environmental hazards, and licensing are identified and can be resolved in a timely manner. The status of architectural plans, cost estimates, and project financing contribute to the timeliness of the proposed schedule.

2.3 Administrative Requirements

Please read this section! It includes information which has not been covered elsewhere.

- Acquisition and rehabilitation of housing constructed before 1978 can trigger inspection, testing, repair, and ongoing maintenance activities under HUD's Lead Safe Housing regulation. These activities must be performed by specially trained and/or certified persons and can result in additional project costs.
- HOME funds can be used with many other federal programs, but restrictions may apply. For example, you must be careful when you mix HOME funds with low-income housing tax credits or housing bonds.
- Davis Bacon prevailing wage requirements are triggered when 12 or more units in a project are HOME-assisted.
- Completed projects **must** comply with all local building codes including approval by City inspector for Mechanical, Electrical, HVAC, Framing etc.
- Bidding procedures must be reviewed and approved by staff.
- If applicable, at least three contacts with minority and women-owned businesses are encouraged when obtaining bids.
- All contract documents must be reviewed and approved by staff.
- Contractors and subcontractors must be licensed and bonded.
- A bid, payment, or performance bond is required for all contracts exceeding \$100,000.
- **The applicant, contractor, and all subcontractors cannot be on the General Services Administration's Excluded Parties List (<http://www.epls.gov>).** These are parties excluded throughout the U.S. Government (unless otherwise noted) from receiving Federal contracts or certain subcontracts and from certain types of Federal financial and non-financial assistance and benefits. The applicant is responsible for ensuring its contractor and subcontractors are not "excluded parties".
- Tenant Leases and selection procedures must be reviewed in regard to compliance with Federal Fair Housing and Affirmative Marketing regulations
- Funds for approved projects will only be disbursed upon presentation of an acceptable request for funds. The funding of payment requests requires evidence of expenses incurred, compliance with Davis Bacon wage requirements (if applicable), permit-related inspections by the City's Building Division, and owner inspection of the work completed, as well as other approvals determined necessary and appropriate for the project. Lien releases may be required.
- Funds are not advanced for materials prior to installation. For example, roof trusses, windows, cabinets and plumbing fixtures must be installed to be eligible for reimbursement.
- Requests for payment are not paid upon receipt. Once approved by the staff, a request for funds is made to HUD, which wires the funds to the City's account. The process may take up to 7 work days.
- Ten percent of the City's funds will be held until the project is complete, any Davis-Bacon requirements are satisfied, other federal requirements are met, related permits are finalized, the final certificate of occupancy is issued (if applicable), and the owner accepts the work. The City will retain 10% of each draw request until 95% project completion is reached.
- Developer fees are an eligible expense, they must be reasonable and identified in the application. If City funds are requested for developer fees, the amount should be reasonable compared with other costs paid by the City. Payment of developer fees may be withheld until the project is complete and all other project costs are paid.
- HUD publishes income levels and maximum HOME rents annually. These amounts may increase or decrease. For projects that are selected for funding, rents limits will not fall below the maximum

amount of rent allowed at the time of application. Additional information is available at www.hud.gov/offices/cpd/affordablehousing/programs/home/

- If a project receives HOME funds from multiple public sources, the funders must coordinate the number of HOME-designated units. Applicants should contact the City before ordering an appraisal. City staff may need to speak with the appraiser regarding the rent restrictions and the appraisal assumptions.
- Units for on-site resident managers should not be included as a HOME assisted unit, unless the manager's household will qualify under the income requirements for tenants during the affordability period.
- Projects must meet federal environmental review requirements. Activities completed prior to the completion of the environmental review might make the project ineligible for federal HOME funds. Projects may be charged for City staff and overhead costs directly related to administering these requirements as they relate to the project.
- **If a nonprofit recipient of federal financial assistance expends more than \$500,000 in federal funds in its fiscal year, it must meet the audit requirements of the U.S. Office of Management and Budget's Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", Section 400.** Applicants must submit copies of the audit to the City's Community Planning and Development Department, if this applies to them.
- Applicants for federal funds, with the exception of individuals other than sole proprietors, must have a DUNS (Data Universal Numbering System) number. This is a unique nine-digit identification number provided by Dun & Bradstreet (D&B). You do not need to have one to apply to the City, but you must have one if you are allocated funds. This is free for all entities doing business with the Federal government, so be certain that you identify yourself as a Federal grant applicant or prospective applicant. You can reach D&B at 1-866-705-5711.

Disclaimer: The Community Planning and Development Department reserves the right to not award all available funds if submitted proposals do not meet the evaluation and funding criteria or do not address the program priorities. Funds not allocated during a funding cycle may be awarded during a subsequent application cycle. Federal deadlines for funds commitment may require reallocation of funds if implementation of a project is significantly delayed.

CPD reserves the right to reserve and allocate HOME funds to any project. CPD may deny HOME funds for any project, regardless of the ranking score under the project selection criteria, if it determines, in its sole discretion, the project is unacceptable based on, but not limited to the following:

- Negative comments or lack of support from community organization(s) and stakeholder, or
- Information that a particular market is saturated with affordable housing projects, or
- The likelihood that the project may not comply with HOME program requirements in a timely manner, or
- The applicant's (including any related party's) lack of or unacceptable prior experience and performance related to compliance with housing assistance or other government-sponsored programs, regardless of type and location

If CPD determines not to award HOME funds on such basis, it will set forth the reasons for such determination.

All funding decisions made under these guidelines shall be made solely at the discretion of CPD. CPD in no way represents or warrants to any Applicant, investor, lender, or any other party that a proposed project is, in fact, feasible or viable.

CPD reserves the right to place special conditions on projects.

CPD reserves the right to modify or waive, on a case-by-case basis for good cause, any condition of these guidelines that is not mandated by the 24 CFR Part 92.

CPD reserves the right to exchange information with other state and federal allocating agencies and with other parties as deemed appropriate. By submitting an application for HOME funds, the Applicant is acknowledging and agreeing to this exchange of information.

If HOME funds are expended on a project that is terminated before completion, the expended funds must be repaid with interest calculated based on one-year Treasury rates as of the date of cancellation.

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2.4 Pre-Application Meetings

City staff is available to provide additional information about program requirements. We encourage you to meet with us to discuss your project, particularly if you have not previously applied for or received public funding. Sponsors of projects that are occupied or were built before 1978 should speak with City staff as federal requirements will affect your budget. The City staff will offer guidance and refer applicants to information sources and other funders as needed. However, the staff will NOT prepare the application. The applicant is responsible for securing all funding necessary to finance the project.

2.5 Application Schedule

September 9, 2013 Application available. You may download it from www.cityofmobile.org or call 251-208-6290 to request a copy via email. The application includes a Word document and Excel forms/spreadsheets. Some forms in the Word document are illustrative and must be completed as Excel spreadsheets. Please read the instructions carefully.

November 1, 2013 Deliver or mail 1 original and 1 hard copy of the complete application **and** the Excel forms to:

**City of Mobile
Community Planning and Development Department
205 Government Street
South Tower, Suite 515
Mobile, Alabama 36602
Attn: Kristina Stone**

3. STAFF CONTACTS

Alex Ikefuna	Ikefuna@cityofmobile.org	(251) 208-6293
Kristina Stone	Kristina.Stone@cityofmobile.org	(251) 208-6291
Karen Hansberry	Karen.Hansberry@cityofmobile.org	(251) 208-6290

Faxed or electronic submittals of applications will not be accepted.

The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Ave, NW, Washington, D.C. 20580.

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin.



APPENDIX 1

Definition of Terms

Accessibility - Depending upon its size or funding, a project may be required to make alterations to, or construct a portion of, units as accessible to persons with disabilities to comply with Section 504 of the Rehabilitation Act of 1973 (24 CFR 8), the Americans with Disabilities Act, Alabama State, Mobile City Code and/or other local requirements.

Affirmative Marketing - Direct marketing efforts or outreach to those populations, which may need special consideration in regard to receiving CDBG or HOME funded services, housing, or economic opportunities, without regard to race, color, national origin, sex, religion, familial status or disability. Procurement activities must encourage the use of minority and women-owned businesses consistent with 24 CFR Part 92 §351. Multi-family projects (five or more units) are required to practice affirmative marketing in advertising vacancies per the Fair Housing Act 42 USC 3601.

Affordable Housing - Housing for which monthly costs, including rent or mortgage payments and utilities, do not exceed 30% of a low-income household's monthly income adjusted for family size.

Amortization – Payment of a loan in regular installments of principal and interest.

Applicant - The individual or organization that is submitting the application and is usually the legal entity that will contract with the City to complete the proposed project.

Appraised Value – The value the property should sell for in the marketplace, as estimated by a professional appraiser.

Area Median Income (AMI) - HUD publishes an annual listing of the median income adjusted for family sizes for areas of the country. The median income is the level at which half of the families have incomes above that figure and half of the families have incomes below.

Break Even Point Ratio (BEP) - The ratio of the sum of total expenses and debt service divided by the gross rent (income). The ratio is an indicator of how much occupancy must occur to ensure that a project's income meets all required cash disbursements.

Cap Rate - A measure of the return on investment used by appraisers, property developers and/or lenders. It is the market cash flow rate of return available on an investment into real estate, as a result of owning and operating a property.

Cash Flow – Cash available for the property owner after vacancy, expenses, and debt service payment have been deducted from gross income.

Construction Loan - A short-term interim loan to finance the cost of construction.

Contingent Interest - See Shared Appreciation.

Conversion - A rehabilitation of a structure from a use which does not provide permanent housing to one which provides permanent housing. For example, the rehabilitation of a hospital, nursing facility, office building, or warehouse to apartments.

Children and Youth - Persons less than 18 years of age.

Community Housing Development Organization (CHDO) - A private non-profit 501(c)(3) organization which meets a variety of criteria, including having among its purposes the provision of decent, safe and sanitary housing that is affordable to low-income individuals, as evidenced in its charter, articles of incorporation, resolutions or by-laws. A CHDO must include low-income residents on its board, as well as in an advisory capacity. Other criteria are outlined in the HOME consolidated interim rule 24 CFR Part 92.

Chronic Homeless – Any disabled individual-single-who has been continuously homeless for one year or has had 4 episodes of homelessness in three years.

Conversion – A rehabilitation of a structure from a use, which does not provide permanent housing to one which provides permanent housing. For example, the rehabilitation of a hospital, nursing facility, office building, or warehouse to apartments.

CPD Project Selection Team – CPD staff that reviews and evaluates funding applications. The Team will recommend projects for HOME funding. The Team will also recommend Action Plan amendments requests and develop CPD AHP policies.

Davis-Bacon - Federal legislation, which assures that all laborers and mechanics working on federally funded projects are paid the prevailing wage in the City for various trades. Projects are subject to Davis-Bacon, dependent upon the size of the project (units, stories) and funding source.

Debt Coverage Ratio (DCR) - A ratio of the project's Net Operating Income (NOI) divided by the debt service payment. DCR reflects the project's ability to repay its debt. A 1.0 ratio would mean the project could barely make its debt/loan payments. A 1.2 ratio indicates that there is a cushion of 20%, or that operating income exceeds the debt/loan payments by 20%.

Debt Service Payment – Payment made to lender for funds borrowed for projects.

Deed of Trust – A legal instrument by which the borrower gives the lender an interest in the property.

Deferred Loan - Principal or principal and interest payments are deferred for a specified period of time or until the occurrence of a defined event (e.g., the transfer of property). Deferred amount may be due and payable in full at this time, depending upon the loan terms.

Developer Fee – A fee paid to the developer for services. It is used to offset overhead and is paid through the development process. It is usually based on a percent age of the costs, dollars per build able square feet, or dollars per unit.

Disabilities (Persons with) - Individuals with a physical or mental impairment that substantially limits major life activities, has a history of such impairment, or is regarded as having such impairment.

Displacement – The permanent relocation of a person (to include families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted with federal funds through the City.

Economic Opportunity - Part or full-time employment options and related placement or training activities. Economic opportunities also include those business activities, which are essential to providing necessary retail, service, trade, and industrial facilities within a community.

Equity - The difference between the value of a property and the loans against the property. Equity can be in the form of cash or appreciation or the owner's work contributed to the project (sweat equity).

Elderly Persons - Individuals 60 or more years of age.

Environmental Review – National Environmental Policy Act of 1969 (NEPA) 24 CFR 58 – City Staff will perform a NEPA assessment of the subject property following receipt of a project application. A 30-day public comment period and HUD Release of Funds may be required. Mitigation of environmental impacts may be required. This environmental assessment does not supersede state and local environmental review.

Extremely Low-income Persons - A member of a household, which has a gross annual income at or below 30% of the area median annual income adjusted by household size.

Fair Housing - Under Federal Fair Housing law, it is illegal to deny the opportunity to qualify for housing on the basis of race, religion, color, sex, national origin, family status or disability.

Fair Market Rent – Fair Market Rent means the rent that would be required to be paid in a particular housing market area in order to obtain privately owned, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. Rents are established by the Department of Housing and Urban Development for dwelling units of different sizes (number of bedrooms). Fair Market Rent includes utilities, except telephone and cable television.

501(c)(3) Corporation - A non-profit corporation which has received a tax-exempt ruling from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code of 1986.

Group Home - Single family home converted to a dwelling for multiple households. Often directed at special needs populations (such as disabled veterans or battered women) who do not require constant supervision, but who are not ready, financially and/or physically, for independent living.

Homeless Persons - A member of a household, which due to lack of income, eviction, physical or mental disability, family crisis or other event or situation is unable to independently obtain permanent, standard quality affordable housing.

Housing Quality Standards (HQS) – Minimum health and safety standards established under the Section 8 Rental Assistance Program and incorporated by the HOME Program as minimum standards for assisted rental housing in locally designed housing programs.

Housing Costs - Include playground areas, laundry facilities, hallways and kitchens if used only by residents of the housing project.

Interest - The amount of money charged by the lender for the use of a principal amount of money. It is expressed as a percentage and may be calculated in a variety of ways. The interest rate may be fixed over the life of the loan or may be adjustable at regular intervals as defined by the lender.

Lease - A lease provides site control for the term of the lease. The person holding the lease has the use of the property as long as they comply with the terms of the lease. Any lease must state the term and amount due during any given period. Any period for which the rental amount is not set is not part of the site control period.

Lender Loan - A loan provided by a financial institution.

Leverage – The ratio of total project dollars from other sources as compared with City HOME funds as compared to total project dollars from other sources. Leverage of public resources is the ratio of resources from government sources or programs to the resources from non-government sources.

Lien - A claim against a property filed with the City in which the property is situated. It can be the result of using the property as collateral or security for a loan. Other sources of liens are taxes and liens placed by a contractor or other party who is owed money for work or goods used to improve the property.

Loan-to-Value (LTV) - The ratio of the debt on a property to the value of the property. Due to the variation in the real estate market and the potential for deterioration in value (e.g., if a property is neglected), lenders do not like to exceed 75% to 80% LTV on commercial real estate property.

Low-Income Persons - A member of a household, which has a gross annual income at or below 80% of the area median annual income adjusted by household size.

Match - A requirement of the HOME program whereby certain types of funding (non-Federal, community-based funds) are required to be invested in projects that include HOME funds.

Median Family Income - Household income adjusted for family size in an urban area.

Minority Persons - Persons who are Black, Hispanic, Native American, Alaska Natives, Asian or Pacific Islanders.

Multi-family Property - Apartment complexes (five or more units) where each unit is equipped with a bathroom and kitchen.

Non-Housing Costs - Costs associated with space used for commercial purposes or the proportionate share of kitchens, community rooms, etc. not used by residents of the City project.

Non-Residential Costs – See Non-Housing Costs.

Non-Profit Corporation – A corporation which has received certification from the Internal Revenue Service as to its non-profit status. Typically, these receive a tax-exempt ruling from the Internal Revenue Service under section 501(c) (3) or (4) of the IRS Code of 1986.

Operating Subsidy - Financial assistance used to supplement the day-to-day operations of a project.

Option – An option states that the holder has the right to purchase or lease a property for a specific dollar amount during the term of the option. An option is often renewable for a set time period for a set fee.

Period of Affordability (POA) - A stipulated time period under which a project must remain affordable to low-income individuals and households. Under the HOME Program, the Period of Affordability may be from 5 years to 20 years.

Permanent Loan – Long term financing that allows the owner to pay for the cost of the development over the course of its useful life. Also known as a take-out or primary loan.

Pre-development Cost - Generally, these are costs associated with the planning of a housing project. They include a variety of costs which must be incurred prior to the start of construction but which may be necessary in order to obtain financing commitments for the project. Examples are market analyses, preliminary architect fees, engineering fees, surveys, application fees, site option costs and environmental assessments.

Project Completion – Under the HOME regulations, the affordability period begins at project completion, which means that all necessary title transfer requirements and construction work have been performed; the project complies with the requirements of 24 CFR Part 92, including the property standards under §92.251; the final drawdown has been disbursed for the project; and the project completion information has been entered in the disbursement and information system established by HUD.

Purchase and Sale Agreement - A purchase and sale agreement states the conditions under which the purchaser will purchase and the seller will sell. It is not as firm as an option since both sides often have ways out. It should specify a price and have a period of time for the purchaser to get financing and close any other contingencies in the agreement.

Relocation - Individuals and businesses that occupy homes and commercial buildings, which may be acquired and/or rehabilitated with Federal funds, are protected under the Uniform Relocation Act, as amended (49 CFI, part 24). Under this Act, those individuals and businesses affected are entitled to certain rights and benefits and must be adequately notified of each phase of the application and construction process.

Relocation Expenses - Costs paid to households or businesses when temporary or permanent relocation is necessary. The applicant must provide notices and pay certain relocation expenses.

Senior - A person 62 years of age or older, unless a program sets a different limit.

Shared Appreciation - An arrangement in which the lender shares in its proportional share of appreciation in the property if and when it is sold.

Shelter Housing - Developments offering short term temporary residency ranging from a few days to two months for homeless families and individuals. Shelter housing is not eligible for HOME funds.

Term - The period of time over which a loan is outstanding until it is entirely repaid.

Title - Evidence of legal ownership interest in a property and the right to encumber the property (e.g. to borrow funds, which will be secured by a loan against the property).

Section 3 of the Housing and Urban Development Act of 1968 - To the greatest extent *feasible*, low-income persons will benefit from training and employment arising from the use of Federal funds. In addition, efforts shall be made to obtain contracts from locally owned businesses.

Security - Assets pledged to support a loan. In general, a security interest is perfected through Deeds of Trust for real property and ICC filings for personal property. Alternate security instruments may include liens against other property, guarantees, a lender's letter of credit, and account receivables.

Single Family Property - Detached or attached homes (one to four units); each home designated for one household.

Social Services Plan - Services provided to the tenants of rental property, which should address the needs of an expected or targeted tenant population.

Substantial Rehabilitation - Rehabilitation that exceeds \$25,000 per dwelling unit.

Single Room Occupancy (SRO) - Units with sanitary or food preparation area, or both, if new construction. If rehabilitation, unit may or may not have sanitary and food preparation areas. Units may have common facilities. Does not include student housing.

Transitional Facilities - Complexes providing living units and services (e.g., counseling, job training, and housing placement) for a certain population, such as the homeless, the mentally ill, or battered women.

Vacancy - Non-occupancy of the rental space resulting in loss of rental income.

Very Low-income Persons - A member of a household, which has a gross annual income at or below 50% of the area median annual income adjusted by household size.

APPENDIX 2

Regulatory Guidelines for HOME Funds

Overall Design Policies and Requirements of the HOME Program

The statutory focus of the HOME Program is to create affordable permanent housing for low and very-low income residents. At least 15% of the annual allocation must be set aside for particular types of nonprofit housing providers called "Community Housing Development Organizations" (CHDOs). HOME funds may be used to develop affordable rental housing through site improvements, acquisition, new construction, and rehabilitation. These funds may also be used to pay for development soft costs including finance costs, predevelopment costs, and relocation costs.

Mixed Income and Mixed Use Projects

Mixed income projects can be eligible for HOME assistance as long as the assisted units are targeted and affordable to very low-income households with incomes at or below 60% of median. While the City encourages mixed income projects, applicants will have to be prepared to provide separate budgets and scopes of work for the residential and non-residential portions of the project.

For purposes of meeting the HOME affordable housing requirements for a project, the units counted for purposes of HOME may change ("float") over the period of affordability so long as the total number of affordable units remains the same, and the substituted units are comparable in size, features, and number of bedrooms to the originally-designated HOME units.

HOME funds will be available for assistance only in proportion to the percent of low-income units in the project.

Eligible Costs

HOME funds may be used to pay development hard costs for the construction and rehabilitation of housing. HOME funds may be used in rehabilitation projects to correct substandard conditions, to make essential improvements including energy-related repairs or improvements, improvements necessary to permit the use by handicapped persons, and the abatement of lead-based paint hazards, and to repair or replace major housing systems in danger of failure.

New Construction or Rehabilitation Costs: Within both new construction and rehabilitation, HOME funds can pay costs to demolish existing structures for improvements to the project site and costs to make utility connections.

Acquisition and Development Soft Costs: HOME funds may cover the cost of acquiring improved or unimproved real property and the following related soft costs: architectural, engineering or related professional services, impact fees, costs to process and settle the financing for a project, costs for a project audit, costs to provide information services such as affirmative marketing and fair housing information and relocation costs.

Community Housing Development Organization (CHDO) Set Aside

The federal regulations require that 15% of the HOME allocation be set aside for capital projects by Community Housing Development Organizations (CHDOs).

A CHDO is defined as a private nonprofit organization that:

- Is organized under State or local laws;

- Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
- Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
 1. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
 2. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and
 3. The community housing development organization must be free to contract for goods and services from vendors of its own choosing;
- Has a tax exempt ruling from the Internal Revenue Service under section 501(c) of the Internal Revenue Code of 1986;
- Does not include a public body (including the participating jurisdiction) or an instrumentality of a public body. An organization that is State or locally chartered may qualify as a CHDO; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members can be public officials;
- Has standards of financial accountability that conform to Attachment F of OMB Circular A-110 (rev.) "Standards for Financial Management Systems;"
- Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions, or by-laws;
- Maintain accountability to low-income community residents by:
 1. Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city; provided the governing board contains low-income residents from each area of the city neighborhoods; and
 2. Providing a formal process for low-income, program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
- Demonstrate capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced accomplished key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and
- Has history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community (from the date the participating jurisdiction provides HOME funds to the organization). However, a newly created organization formed by local churches, service organizations, or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

Faith-based Organizations and Activities

Organizations that are religious or faith-based are eligible, on the same basis as any other organization. An organization that is directly funded under the HOME program:

- may not engage in inherently religious activities, such as worship, religious instruction as part of the assistance funded under the HOME program. If an organization conducts such activities, the activities must be offered separately, in time or location, from the assistance funded under HOME, and participation must be voluntary for the beneficiaries of the assistance provided.

An organization that participates in the HOME program:

- will retain its independence from federal, state, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious belief, provided that it does not use direct HOME funds to support any inherently religious activities, such as worship, religious instruction. Among other things, faith-based organizations may use space in their facilities, without removing religious art, icons, scriptures, or other religious symbols. In addition a HOME-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.
- shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

HOME funds:

- may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities.
- may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities as described herein. Where a structure is used for both eligible and inherently religious activities, HOME funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to HOME funds. Sanctuaries, chapels, or other rooms that a HOME-funded religious congregation uses as its principal place of worship, however, are ineligible for HOME-funded improvements.

Disposition of real property after the term of the loan or grant, or any change in use of the property during the term of the loan or grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).

Maximum and Minimum HOME Subsidies Per Unit

The per-unit cost limits have been set at the limits established under 221(d) (3) (ii) of the National Housing Act (12 U.S.C. 17151(d)(3)) that apply to the area in which the housing is located. These limits may be adjusted in high cost areas. The limits established under the City's program will be within the federal limits.

A unit is defined as anything in which a household can reside, ranging from a single-room occupancy hotel unit, to a single family home, to a three-bedroom apartment. If multiple households share a single-family house, the house is counted as one unit.

The minimum level of HOME funds is \$1,000 per unit. The maximum HOME subsidy that may be provided for each project is established by HUD, updated annually, and is not reduced by the presence of Low Income Housing Tax Credits. The regulations specify this provision to prevent the layering of federal funds beyond the amount required to make a project financially feasible.

Property Standards

Rental housing acquired or rehabilitated with HOME funds must meet the Section 8 Housing Quality Standards ("HQS"). **Newly-constructed rental housing** must meet state and local code requirements, the current Model Energy Code published by the Council of American Building Officials, and site and neighborhood standards of 24 CFR 893.6(b). **All assisted rental housing** must meet the accessibility requirements of the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973. Operating budgets

must include adequate maintenance reserves (3 times the maintenance line item) to ensure that they can continue to meet property standards at least as long as the required period of affordability.

Tenant and Participant Protections Required by HOME Program

Tenants are to be afforded certain protections in any HOME-assisted project. The major tenant protections include the following provisions:

- leases must be for a minimum of one year unless mutually agreed to by the owner and tenant;
- restrictive provisions in the lease requiring the tenants to waive any rights is prohibited;
- an owner may not terminate tenancy or refuse to renew the lease except for violations of the terms of the lease or for violation of applicable federal, state or local law; and
- an owner must have written tenant selection policies and criteria that:
 - are consistent with the purpose of providing housing for very low-income and low-income families;
 - are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;
 - provide for selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
 - give prompt written notification to any rejected applicant of the grounds for any rejection.

APPENDIX 3

Other Regulatory Guidelines

A number of federal regulations apply to projects utilizing HOME funds. Information relating to some of these is summarized below.

Affirmative Marketing

Sponsors are required to make special outreach to advertise vacancies to persons who are not likely to apply for housing without special outreach. Examples of special outreach are advertising vacancies with the Mobile Housing Authority, including the Equal Housing Opportunity logo in advertising, and displaying the Fair Housing poster. The HUD 932-2a form is available at www.hud.gov/offices/adm/hudclips/forms/files/935-2a.pdf.

American Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, as amended (504) 24 CFR 8

New construction projects of 5 or more units must make, at a minimum, 5% of units accessible to handicapped persons and an additional 2% of units accessible to sensory impaired persons. If rehabilitating 5 or more units, perform planned repairs and improvements so that they increase handicapped and sensory accessibility as much as feasible. Major rehabilitation of a project with 15 or more units must also make 5% of units accessible to handicapped persons and an additional 2% of units accessible to sensory impaired persons.

Fair Housing

New construction of 4 or more units in a building must have fully accessible ground floor units and common spaces. If constructing a multistory building with an elevator, then all units and common spaces must be fully accessible and on an accessible route.

“ It is an unfair practice for any person to refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny a dwelling to any person, whether acting for himself, herself, or another, because of sex, marital status, race, creed, color, national origin, families with children status, the presence of any sensory, mental or physical disability, or the use of a trained dog guide or service animal by a disabled person.” Fair Housing Act as Amended (Title 8)

Sponsors shall not refuse to rent HOME-assisted units to a Section 8 certificate or voucher holder.

Lead-Based Paint

Sponsors acquiring and/or rehabilitating housing constructed before 1978 with federal financial assistance must comply with HUD regulations regarding lead-based paint. Depending on the types and extent of activity, certain inspections and repairs must be performed by certified inspectors and contractors. Completion of these requirements may affect the project's work list, timeline, and budget. Please consult City staff if you believe these requirements will apply to you.

Lessors of housing constructed prior to 1978 must provide tenants with the HUD/EPA approved Protect Your Family from Lead in Your Home pamphlet, disclose known lead-based paint hazards, and notify tenants of the results of any lead paint testing performed on the unit or common areas. Tenants must be instructed to notify the owner of any deteriorated lead-based paint surfaces. In addition, maintenance or repair that disturbs paint that may contain lead must use Safe Work Practices and pass a Certified Clearance Test.

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended

The Uniform Relocation Act (URA) applies to all occupied residential and/or commercial property assisted with Federal funds. The URA protects all tenants in occupancy at the time of application for federal funds. You may not deny tenancy to current tenants - including refusal to renew a lease unless the tenant has violated the lease. The URA also protects tenants occupying or vacating units following application unless proper procedures are followed. City staff can assist you with these requirements.

City staff will provide sample notices for URA protected tenants. URA guarantees that after the project is completed, tenant's initial rent, including the estimated average monthly utility costs, will not exceed the greater of: (a) tenant's current rent and average utility cost, or (b) 30% of tenant's average monthly gross household income.

Temporary relocation results when a tenant cannot reasonably enjoy their unit due to construction. The tenant must be provided with suitable temporary housing at no additional cost and have the opportunity to reoccupy a suitable unit in the building within 12 months of temporary relocation.

Permanent relocation can occur when tenancy is terminated to avoid URA impact, or when a tenant moves prior to receipt of a URA notice, cannot occupy a suitable unit in the building after project completion, is temporarily relocated for more than 12 months, or otherwise moves permanently as a direct result of the project. You must provide tenants with notices and comparable replacement housing, as well as pay displaced tenants' moving expenses and replacement housing costs. **Contact City staff as soon as possible if your project will temporarily or permanently relocate tenants.**

Wage Requirements: Federal Prevailing Wages/Davis-Bacon

Projects with 12 or more HOME-assisted units must pay federal prevailing wages for all on-site construction work related to the project. The wages are determined by the U. S. Department of Labor. All construction contracts must contain a Federal Labor Standards Provisions attachment, which is available at www.hud.gov/offices/adm/hudclips/forms/files/4010.pdf. Also, all contractors must complete federal certifications and payrolls. **The City may charge the project for its time to administer these requirements.** Contact City staff if your project may be subject to the Davis-Bacon Act.

APPENDIX 4 – HOME Income and Rents Limit

SOURCE: HUD

MSA: MOBILE, AL EFFECTIVE: April 2013

FY 2013 AREA MEDIAN INCOME (AMI): \$52,400

		2013 INCOME LIMITS							
		1	2	3	4	5	6	7	8
		PERSON	PERSON	PERSON	PERSON	PERSON	PERSON	PERSON	PERSON
LOW- INCOME	(80% AMI)	29350	33550	37750	41900	45300	48650	52000	55350
60% OF MEDIAN INCOME	(60% AMI)	22020	25200	28320	31440	33960	36480	39000	41520
VERY LOW- INCOME	(50% AMI)	18350	21000	23600	26200	28300	30400	32500	34600
EXTREMELY LOW- INCOME	(30% AMI)	11000	12600	14150	15700	17000	18250	19500	20750

		2013 RENTS LIMITS							
		SRO●	EFFICIENCY	1	2	3	4	5	6
				BEDROOM	BEDROOM	BEDROOM	BEDROOM	BEDROOM	BEDROOM
FAIR MARKET RENT (FMR)**	462	616		643	762	1021	1174	1350	1526
HIGH HOME RENT LIMIT		576		619	744	852	930	1008	1086
LOW HOME RENT LIMIT		458		491	590	681	760	838	917
50 % RENT LIMIT		458		491	590	681	760	838	917
65 % RENT LIMIT		576		619	744	852	930	1008	1086

▲ Calculate AMI for a more than 9-person household by adding 8% for each member over 4-person AMI and round to nearest \$50 (e.g., 9person is 140% of 4-person AMI).

● HOME rent for an SRO is 75% of the Efficiency Fair Market Rent.

* Although HUD's rent calculation may exceed FMR for some unit, HOME regulations do not allow rents to exceed FMR. Consequently, this rent is capped at FMR.