REQUEST FOR PROPOSALS

HOME PROGRAM
RENTAL HOUSING DEVELOPMENT APPLICATION

MONTGOMERY, ALABAMA

PY 2020

City of Montgomery Alabama
Department of Planning
Community Development Division
25 Washington Avenue, 4th Floor
Montgomery, AL 36104

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I. INTRODUCTION

The City of Montgomery, Alabama (City) is a Participating Jurisdiction (PJ) with the U.S. Department of Housing and Urban Development (HUD) for the purpose of receiving federal HOME Program grant funds annually from the U.S. Treasury. This program is designed to ensure the availability of affordable housing to citizens who are low-income residents, as defined by HUD. The City seeks proposals from developers applying for HOME funding to construct and manage affordable rental housing within the statutory limits of Montgomery**.**

II. GENERAL REQUIREMENTS

Applicants must examine and become familiar with the City's HOME-Assisted Rental Housing Program Guidelines included herein as *Appendix A: Rental Housing Guidelines*. The *Program Guidelines* have been updated to clarify the City's HOME program goals and objectives as well as applicable HUD requirements. **Applications received by the published deadline will be scored based on compliance with the requirements set forth in the *Program Guidelines* and as listed therein at Exhibit "A" (p. A-23)**. Projects selected for this funding round must meet all of the specific requirements set out in Section III below

III. RFP REQUIREMENTS

A. Application Requirements and Deadline:

All applicants must submit *Appendices B through D*, organized by tabbed dividers per the checklist instructions. Include Appendices E and F as applicable. All materials must be in compliance with the requirements set forth in the *Program Guidelines*.

Applications must be received complete in print format and date stamped by the City no later than **2:00 p.m.** on **Friday, December 20, 2019**. Applications must be sealed and properly labeled as indicated herein. Submissions may be mailed or hand delivered only. No submissions will be accepted by email or facsimile transmission.

Please submit two (2) hard copies of the response in white 3-ring binders, one marked "Original," and one copy. Identify the proposal binders on the outside front cover ONLY with a photocopy of the Application Cover Sheet (Appendix B). In addition, please provide one copy in electronic file format (.pdf) on compact disc ONLY. The electronic copy will not be accepted as a substitute for a hard copy document.

Application fees are not required by the City of Montgomery at this time for HOME Program Assistance loans or grants to CHDOs, owners, or developers. <u>IN LIEU OF FEES: each applicant is expected to apply dedicated attention to completeness of information, detail, and accuracy in following instructions and in providing all requested information (i.e., answer all narrative questions and make all comments using complete sentences).</u>

Ship or hand-deliver completed proposals to the address below:

City of Montgomery Alabama
Department of Economic and Community Development
25 Washington Avenue, 4th Floor Montgomery, AL 36104

For additional information or clarification about this request, please inquire by email at: pvanfleet@montgomeryal.gov.

A. Funding Focus:

The primary focus of funding for this RFP will be directed accordingly through successful proposals to develop and operate multi-family and/or single-family affordable rental housing, with emphasis on, though not exclusive to, senior rental housing designs and amenities. The Department of Economic and Community Development particularly invites proposals to use HOME Project funding to develop affordable rental housing at the following sites:

- Phase IV of "Lanier Place 2 Rental Homes" on undeveloped residential property adjacent to the north boundary of 1706 and 1707 Lanier Lane, addressed as 1778 E.D. Nixon Avenue / Parcel No. 11-06-24-1-017-048.000;
- Garden Square subdivision, acquisition with rehabilitation at unspecified sites of blighted single-family units surrounding or adjacent to Amanda Loop; and
- any other eligible sites within the statutory City limits, particularly sites that are *not* currently located among existing housing occupied by greater than a 51% concentration of low-income population.

Under this RFP, available HOME Project funds from the City's Program Years 2019 AND 2020 will be awarded for use as construction or permanent gap financing in the form of low-interest deferred loans. HOME assistance loans may be designated as forgivable after successful compliance for the duration of an affordability period of up to 15 years in the case of rehabilitation, or 20 years for new construction. Funded organizations will develop, own, and operate the HOME assisted developments as rental housing (single- and/or multi-family units) to serve low-income households. The City may consider awarding limited financing for rehabilitation of single family owner-occupied housing, or other types of affordable housing development activities, depending upon proposals received.

- New developments shall be ground-level or elevator-type construction, having from one to four bedrooms per dwelling unit, under either single-family or multi-family configuration.
- New single-family structures may contain multiple housing units.
- Projects proposing to serve elderly tenants exclusively should specify minimum age restrictions to be set at either 55 or 62 years of age.
- All new construction or rehabilitation developments involving five (5) or more units must be managed by a professional construction project manager that is either employed by or under contract to the owner/developer.

B. Community Housing Development Organizations

A Community Housing Development Organization (CHDO) is a specific type of nonprofit organization as defined in 24 CFR Part 92. Although many nonprofit organizations share common characteristics with CHDOs, not all non-profits qualify as CHDOs under the requirements of HOME Program regulations. Only community housing development organizations certified by the City of Montgomery, when acting under

written agreement to carry out CHDO roles as defined at 24 CFR 92.300(a)(2-6), may receive funds from the City's HOME 'CHDO Reserve' (CR) setaside (i.e., "CHDO Project") fund to develop affordable housing.

Under HOME regulations, HUD reserves 15 percent of Montgomery's annual HOME allocations for investment in "CHDO Projects," or, housing to be developed, sponsored, and/or owned by CHDOs. CHDOs may also request HOME Project entitlement (EN) funding to develop affordable housing, either alone or in combination on the same projects with CHDO Project (CR) funding. The EN amount would usually be the balance of the PJ's annual HOME allocation, less the 15 percent CR setaside, and less 10 percent that is used for HOME administrative costs to the PJ, as published in the annual Action Plan.

CHDO Operating Cost Assistance Grants

HOME funds for CHDO Operating (CO) cost assistance will be awarded in the form of grants. These grants are not project-specific, and they are only available to certified CHDOs that apply via this RFP for HOME 'setaside' funds, having executed, or in anticipation of executing within 24 months of the grant award, a written agreement with Montgomery to develop an eligible CHDO project. The CO grant funds may reimburse a portion of actual expenses paid for eligible costs to conduct CHDO operations, while in the effort to meet City of Montgomery affordable housing objectives. *Not* project-specific, such cost reimbursements are limited to salaries, employee wages & benefits; employee education, training and travel; rent; utilities; communication costs; taxes; insurance; equipment; materials and supplies (not related to direct costs of housing development). HUD will allow the City to award this grant annually, up to the lesser of: (1) 5% of the City's annual HOME allocation, or (2) 50% of a given CHDO's total organizational expenses for the prior *fiscal* year. In the case of multiple CHDOs, CO grant amounts allocated to each organization will be determined at the sole discretion of the City.

C. Funding Limits:

In each annual funding round, the City establishes both a limit on total HOME funding available within the round and a maximum cap on HOME investment in a single development or activity. Maximum cap limits are based on the known and anticipated availability of funding, the number of eligible proposals received and approved, and other City priorities.

Program Year 2020 HOME funds are offered with the assumption that Montgomery will receive funding from HUD at least level with the prior year's HUD allocation. Available new funding is subject to the amount actually awarded by HUD, after approval of the City's PY 2020 Action Plan. However, simultaneous with 2020 funding, the City re-presents its uncommitted PY 2019 HOME funds:

	Total HOME	**Activity/Project Cap**
PY 2019 + estimated 2020 HOME Project (EN) Funds	$1,202,670	$ 601,335
PY 2019 + estimated 2020 CHDO Project (CR) Funds	$ 257,722	$ 257,722
Total estimated HOME funding for project activities:	**$1,460,392**	**$ 859,057**
PY 2019 + estimated 2020 CHDO Operating Grants (CO)	$ 85,906	$ 42,953 (per CHDO)

Given the projected limits outlined above, the City anticipates approving some combination of the following:

- one or more awards of CHDO Project ('CR') 'setaside' funds to certified CHDOs; and

- one or more awards of HOME Project ('EN') funds, which may include one (1) contingent award to a proposal that anticipates funding from the Alabama Housing Finance Authority's LIHTC funding round); and
- one or more awards of CHDO Operating Cost assistance grant funds.

Subject to the number of eligible proposals received and approved for funding, the City reserves the option to award up to the total of available HOME funds, without respect to any activity/project cap.

The City will consider providing HOME 'gap' financing for reasonable proposals in most any combination of projects within these limits, **where *all other necessary financing can reasonably be expected to become secured within 12 months of a notice of HOME assistance award AND* prior to executing a HOME loan agreement.**

D. Inclusion of Soft Costs:

For a typical HOME Program funding round, the City may retain certain 'up-front' allowances from HOME awards as may be incurred and paid by the City for necessary soft costs, and/or for ongoing monitoring fees due throughout the applicable HOME affordability period. Because such allowances may vary among projects and from year to year, the City will inform awardees of the amounts, if any, upon notification of award and prior to execution of a HOME funding agreement.

E. HOME Rent and Income Restrictions:

For a housing development to qualify for HOME Program assistance as affordable housing, a minimum number of the development's rental units, as determined by formula, must be explicitly designated by address, unit number, and/or legal property description in the HOME funding agreement as either *fixed* or *floating HOME-assisted* units. The designated units must be rented only to households with incomes below certain limits and at rents restricted under HOME program limits to be affordable to low income households. Rent and income restrictions are adjusted by HUD annually, and the City will provide written notification to property owners and/or property management of HOME assisted units as soon as each year's limits are received from HUD. Current Rent and Income Restrictions are provided at Appendix D. (Note: listed limits are subject to adjustment prior to execution of a HOME funding agreement.)

Applicants must plan for the implementation of two primary HOME Program rules:

The Project Rule:
For new developments with 5 or more HOME-assisted units, at least 20% of the so-*designated* units must remain earmarked for at least twenty (20) years for occupancy ONLY by tenants with household incomes at or below 50% of area median income (AMI) as defined by HUD. The City retains the right, if necessary, to require minimum higher percentage if stated within the HOME funding agreement. Affordable rents for these units shall be defined as any rate at or below the "Low-HOME" rate, as published annually by HUD.

The Program Rule:

As of 2020, the City of Montgomery requires that 100*% of a new development's* ***designated HOME-assisted units, at initial lease-up****, must be leased to tenants with incomes at or below 60% of AMI.*[1] (The actual ratio of 60% AMI tenants may change thereafter, with attrition.) The remaining **HOME**-*assisted units* may be initially leased to tenants with incomes at or below 80% of AMI as defined by HUD. For all HOME-assisted units (*other than those restricted to Low-HOME rates)*, affordable rents shall be defined as at or below the 'High-HOME' rate as published annually by HUD.

F. Match:

The City of Montgomery must match 12.5 cents of non-federal funds for each dollar of HOME funds spent on affordable housing. Applicants are NOT required to assist the City in meeting this requirement. However, proposals that include resources that would provide eligible matching funds will receive applicable points under the scoring criteria. Guidance for eligible matching funds in the HOME Program can be found at 24 CFR 92.220 at the following link:

https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title24/24cfr92_main_02.tpl.

Applicants should note that direct contributions from the applicant, including owner equity, do not count as match and will not result in the award of match points under this RFP.

Potential forms of match on multifamily rental projects include:

- Below Market Interest Rate financing—when a project receives below-market interest rate (BMIR) permanent financing from a non-federal source, the discounted present value of the foregone yield can be counted as match. To count as match on a multifamily project, the interest rate at the time of closing on the BMIR loan must be less than 300 basis points above the 10-year treasury note (for example, as of January 2, 2018 the 10-year treasury rate was 3.22%, so a permanent loan closing on that date would have needed a rate less than 6.22% to count as a BMIR at that time).

  Federal Home Loan Bank Affordable Housing Program awards are non-federal source and can generally qualify as match based on their below-market interest rate structure.

- Local government fee waivers—if the local government waives building permit, tap fees, or other impact fees, the full value of the fee waiver can be included as match. Note that applicants should not assume that the City will offer waivers of building permit fees. However, upon written request from the developer, such waivers have historically been provided. Therefore, points will be awarded for any such fees as may be reasonably expected, according to the planned development as proposed. (Note: NO waivers are available for any bonding requirements.) Note also that water and sewer services in Montgomery are provided by the Montgomery Water Works and Sanitary Sewer Board (MWWSSB), which is a separate legal entity and not affiliated with the City of Montgomery. Tap fee waivers can only be obtained by developer's request from the MWWSSB; points for such waivers are only available upon presentation of a letter from the MWWSSB indicating actual, pending *or potential* waiver.

[1] HOME regulations require at least 90%. HUD allows participating jurisdictions to set stricter standards.

- Donation or sale of property below market value—if a property owner donates real property or sells real property at less than appraised value for the purpose of supporting affordable housing, the value of the donated land or amount of the discount to market value may be considered match. To count as match, the seller must be an unrelated third party. The seller must also acknowledge the discount or donation in writing as a contribution to affordable housing, and the below market sales price must be documented by an independent appraisal approved by the City.

- Infrastructure improvements—if *non-federal resources* are used to install infrastructure related to the development of HOME-assisted housing. For example, if the City uses non-federal funds to extend sidewalks to the project site; adds a turn lane to accommodate development access; or otherwise extend streets, water, or sewer necessary to serve the project site, the value of that infrastructure investment may be counted as match.

- Supportive services—Supportive services necessary to facilitate independent living provided to the occupants of HOME-assisted units (such as case management, job training, assistance with the tasks of daily living, etc.) may be credited as match. To be counted, the services must be provided/paid for with non-federal sources and cannot be paid for by the owner of HOME-assisted housing. Usually, these are associated with developments with units targeted to special needs populations. In all cases services must be voluntary; tenants cannot be required to accept or participate in services as a condition of occupancy.

HOME match is a complex topic. In many cases the "match credit" of a contribution is discounted based on various financial calculations, or in other cases certain investments only create match credit after being prorated between HOME and non-HOME portions of a project or an infrastructure investment. For more information on eligible match see HUD CPD Notice 97-03 which is available at the following link: http://portal.hud.gov/huddoc/19652_97-3.pdf

Applicants with questions about match should contact Paul D. Van Fleet, Grants Coordinator, at 334-625-2297 or pvanfleet@montgomeryal.gov.

IV. SELECTION CRITERIA

The preliminary funding commitments resulting from this Request for Proposals shall be determined by a scoring system based upon the factors shown below. Regardless of strict numerical ranking, the scoring does not operate to vest in any applicant or project any right to a reservation or commitment of HOME funds. The City will, in all instances, award and commit HOME funds consistent with its published Consolidated Plan and Action Plan, and based upon sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion to ensure the following:

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

Points will be awarded for each factor below, earning a maximum score of 100 or more points. Points may be deducted from points earned when necessary, based upon subjective evaluation. The allocation of

points to each category below is determined at the sole discretion of City grants administration staff, as approved by the Grants Administrator.

1. *Developer experience and financial capacity—up to 35 points.*
   Rankings will be based on scope of past portfolio including, but not limited to, leveraging of other sources of funds, experience developing and managing projects of similar type and scope, staff qualifications, input from other funders as well as the overall quality of the application for this project. Applicant's current financial statement and independent audit will be reviewed for financial capacity and soundness.

2. *Projected Rents and Design/Amenities—up to 15 points.*
   Projected rents as well as design and amenity considerations will be looked at closely for compliance with the requirements set out in the Program Guidelines. Each proposal will be compared to the City's minimum requirements and to each other to determine which proposal(s) are the strongest and provide the greatest public benefit.

3. *Strength of Pro forma—up to 35 points.*
   The Applicant's pro forma will be reviewed against the underwriting and pro forma requirements set forth in the Program Guidelines for compliance and strength. Rankings will reflect the strength of the overall financial proposal including the combination and availability of other non-HOME funds.

4. *Matching Contributions—up to 5 points.*
   Proposals that include eligible matching funds as described in this RFP will be eligible for points in this category.

5. *Community Housing Development Organizations—up to 10 points.*
   Applicant organizations that qualify as Community Housing Development Organizations (CHDOs) as certified by the City may receive up to 10 additional points, depending upon applicable performance factors. Points for CHDO certification are distributed according to the following scale:
   - CHDO status pending only: 2 points;
   - CHDO with less than 3 projects awarded and/or limited performance history: 4 points;
   - CHDO with property management capacity rated at level 1*: 6 points;
   - CHDO with property management capacity rated at level 2*: 8 points;
   - CHDO with property management capacity rated at level 3*: 10 points

   *Based on subjective analysis by City HOME Program staff of CHDO performance indicators, i.e., length of performance history; demonstrated property management team performance, marketing, communication, collaboration, pro-active maintenance, site presence, etc. (not based on production volume).

V. QUALIFICATIONS ON FUNDING

By signing and submitting a HOME funding proposal in response to this RFP, the Applicant certifies that he/she understands and accepts all of the following:

Limitation on City Commitment
Successful Applicants will receive a letter of intent, which will state that the City's commitment of HOME funds is contingent upon: 1) approval of the City's Action Plan by HUD; 2) availability of HOME funds; 3) final commitment of all funding sources; 4) environmental review clearance per 24 CFR Part 58 and release of funds obtained from HUD; and 5) timely execution of an agreement between the City and the HOME recipient. **Construction of the project must be reasonably expected to start within 12 months of agreement execution.**

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

A. Good Standing

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

B. Code of Conduct

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

APPENDIX A

RENTAL HOUSING PROGRAM GUIDELINES

Rental Housing Program Guidelines

City of Montgomery

2020

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1. Summary

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

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

HOME funds will be used to provide permanent 'gap' financing to affordable rental housing projects located within the City of Montgomery. The City's program will target housing in eligible areas that is affordable to people whose incomes are at or below 80% (and in some cases, as described herein, at or below 60% or 50%) of the Montgomery area's median family income ("AMI"). In exchange for low-cost permanent financing, property owners will agree to restrict rents for designated units and to rent HOME assisted units only to low-income tenants for at least 20 years for new construction projects or 15 years for rehabilitation projects.[2] Projects are monitored for compliance during this affordability period. Project sponsors must coordinate funders' requirements when there are multiple funding sources.

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

2. Application and Evaluation Procedure

The City will generally issue a Rental Housing HOME Program RFP on an annual basis. The RFP will outline specific application deadlines, any funding focus (e.g. by project type, population served, etc.), and other special considerations applicable to a given funding round. Applications for HOME Rental Housing Program funding can be submitted at any time throughout the program year. If submitted outside of an

[2] HOME affordability period requirements are based on the amount of HOME funds invested in a project.

RFP period, the City may consider an application based on the availability of funding, or such applications will be reviewed as a part of the City's next Rental Housing HOME Program RFP process.

A. Funding Availability

Upon submission of a proposal for HOME funds, City staff will conduct a review and analysis of the project and developers as presented in the proposal. Proposals will be scored based on criteria recorded in the RFP. Regardless of strict numerical ranking, the scoring does not operate to vest in an applicant or project any right to a reservation or commitment of HOME funds. The City will, in all instances, commit HOME funds consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion.

Projects seeking City HOME funds prior securing all other funding sources, including State or federal tax credit reservations, may be provided with non-binding preliminary awards. Only projects with firm commitments for all other permanent and construction funding required to successfully complete the proposed project may receive binding commitments of available HOME funds. Further, eligible Rental Housing projects will be provided funding commitments upon Grant Administrator's approval and may be contingent upon 1) approval of the City of Montgomery's Action Plan by HUD, the Mayor, and the City Council; 2) the City's receipt of its allocation of HOME funds from HUD; 3) the applicant's award from the Alabama Housing Finance Authority (AHFA) for LIHTC, if applicable; and 4) completion of the HUD Environmental Review process culminating in documentation of clearance to use federal funds for the proposed project action.

B. Submission of Materials

All HOME Rental Housing Program applicants will need to comply with the submission criteria set forth in the City's HOME request for proposals and submit supporting documentation and due diligence items identified therein. The City reserves the right to require the submission of additional information as needed to complete project underwriting.

If awarded HOME funds, Rental Housing applicants whose projects rely on the award of LIHTC may also be required to submit a copy of their completed AHFA application, including all attachments, prior to receiving a formal commitment of HOME funds.

3. Project Funding Requirements

A. Eligibility Criteria

Eligible Applicants

The City will fund developers and owners of affordable rental housing, including for-profit developers, non-profit developers, and CHDOs, with City HOME Rental Housing Program funds. Public housing units supported by Public Housing Capital or Operating funds authorized by the 1937 Act are not eligible for

HOME; however, non-public housing units owned and developed by a public housing authority are eligible. The City generally will not fund individual owners of rental property, such as private individuals owning scattered-site single family residential rental property. Prior to committing funds, the City will review the status of any organization seeking assistance with CHDO Reserve 'set-aside' funds as a designated Community Housing Development Organization (CHDO) to ensure that it meets all HOME requirements and that it has sufficient paid staff capacity to carry out the project.

Project Location

Projects must be located within the statutory limits of the City of Montgomery.

Project Types

Funds will be provided for acquisition projects with or without rehabilitation, and for new construction ground level or elevator type projects. While the City will entertain any proposals meeting its criteria, in practice most projects will also require other public investment to be economically feasible. This may include but is not limited to projects also funded with other federally regulated affordable housing programs such as LIHTC, HUD Section 202, Section 811, or Choice Neighborhoods. Generally, the City will not fund Single Room Occupancy (SRO) projects. RFPs issued by the City may further specify eligible project types and occupancy criteria including, but not limited to, elderly or non-age restricted occupancy.

The City prefers projects to be located on a single site but may consider projects on scattered sites. Scattered site projects must be concentrated, avoid unnecessarily close proximity to dilapidated or abandoned structures, and demonstrate sufficient scale such that the project will directly impact the majority of parcels within the immediate neighborhood. The City will anticipate the need for higher operating and replacement reserve estimates to address increased costs of overseeing and maintaining scattered-site units.

Parameters of HOME Investment Funding

Applications must include a minimum investment of $1,000 in HOME funds per HOME unit. In no case will the City investment exceed the maximum HOME per-unit investment allowed by HUD (24 CFR 92.250). Current limits for Program Year 2019 are as indicated in the table below:

Unit Size	Sec. 234 Elevator-type Limit	HCP	HOME Maximum Per-Unit Subsidy Limit
0 BR	$62,445	245%	$152,990
1 BR	$71,584	245%	$176,042
2 BR	$87,047	245%	$213,265
3 BR	$112,611	245%	$275,897
4+ BR	$123,611	245%	$302,847

Additionally, for any projects involving both City and State HOME funds, the combined HOME funding investment shall not exceed the total maximum HOME investment per unit allowed under 24 CFR 92.250.

Typically, the City will also establish a maximum cap on its investment in a single development. Such a limit will be based on the availability of funding and other City priorities and will be addressed in any RFP issued by the City.

B. Eligible Costs

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

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

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

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

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

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

City Project Related Soft Costs

The HOME program allows the City to include, as project costs, its internal soft costs specifically attributable to a HOME project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and overseeing the award of funds to the project. Projects must provide budget allowances for "City-Lender Due Diligence & Legal Costs" in the project's sources and uses and annual "City Compliance Monitoring Fees" (if applicable) in the operating budget.

The City will provide allowances/estimates of such internal soft costs to be used by applicants in any RFP issued.

Cost Reasonableness

Per the requirements of 92.250(b) and 24 CFR 2.225, all project costs must be reasonable, whether assisted with HOME funds or not. The City will review project costs, including hard and soft costs, to evaluate their reasonableness and may, at its option, require applicants to obtain additional quotes, bids, or estimates of costs. The City must be allowed the opportunity to conduct a cost analysis to determine costs reasonableness. Applications may be determined ineligible if access is not granted or costs are determined to be unreasonable.

Identity of Interest

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

C. Property Standards

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

i. Construction must meet all local codes.

The City of Montgomery has adopted and enforces the following codes with amendments:

- The 2003 International Residential Code
- The 2003 International Existing Building Code
- The 2009 International Energy Conservation Code
- The 2003 International Plumbing Code
- The 2003 International Mechanical Code
- The 2003 International Fuel Gas Code
- The 2003 International Property Maintenance Code and
- The 2014 National Electrical Code International Building Code
- Municipal Ordinance 75-81 Standard Housing Codes

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

iii. Unless otherwise specified in a given RFP, all newly constructed residential structures developed in association with City HOME Program funding must be designed, built, and <u>certified by a HERS rater</u> to qualify for Energy Star status under either the EPA's Energy Star Certified Homes Program (applicable for new construction up to 3 stories) or Energy Star Multifamily High Rise Program.

This requirement applies to all units in the development, whether or not the units receive the 'HOME Assisted' designation in the HOME funding agreement.

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

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

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

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

vii. Sites, upon development, shall be served by public sewer, public water, and public road;

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

D. HOME Unit Allocation

In general, designated HOME assisted units will be "floating units" and evenly distributed among the unit types in the development. In the case of developments with all comparable units, the City will designate a minimum number of units as "HOME-assisted" in proportion to the percentage of HOME investment in the development. For example, if HOME represents 10% of the project's total investment in HOME-eligible costs, at least 10% of the units will be designated as HOME-assisted units. If the development's

units are not comparable, "fixed units" must be designated in an even proportion, according to the differences in amenities offered, i.e., an equal number of 2-BR units to 3 BR units, etc. must be designated.

HOME-assisted units shall be designated for either "High HOME" or "Low HOME" rent rates, which are determined annually by HUD and announced to owner/managers of HOME assisted properties by the local PJ (the City). In projects with five or more HOME-assisted units, at least 20% of the HOME-assisted units, rounded up to a whole number, must be retained at or below Low HOME rates for the duration of the 20-year Affordability Period. Generally the City will only designate the minimum required number of Low-HOME units unless the applicant has reason to request that additional Low-HOME units be designated to coordinate income and rent restrictions with other project requirements.

E. Income and Rent Restrictions

To qualify as affordable housing, HOME assisted units may be rented only to households with incomes at or below 80% of the Area Median Income (AMI) as determined by HUD, and at rent rates regulated by the HOME program to provide affordability to low-income households. At least 90% of the City's HOME-assisted units must be rented *at initial project lease-up*, to tenants with household incomes at or below 60% of AMI. The 20% of assisted units discussed at 'D." above that are required to be retained at Low HOME rates may be leased only to households with incomes at or below 50% of AMI.

2019 HOME Rental Income Limits for Montgomery, Alabama MSA

Subject to 2020 Adjustments As Provided by HUD

Number of People: >>	1	2	3	4	5	6	7	8
AMI Category:								
50% Median Income	$23,100	$26,400	$29,700	$32,950	$35,600	$38,250	$40,900	$43,500
60% Median Income	$27,720	$31,680	$35,640	$39,540	$42,720	$45,900	$49,080	$52,200
Low Income	$36,900	$42,200	$47,750	$52,700	$56,950	$61,150	$65,350	$69,600

The City of Montgomery calculates Annual Income as defined in 24 CFR Part 5 (Section 8).

2019 HOME Rent Limits for Montgomery, Alabama MSA

Subject to 2020 Adjustments As Provided by HUD

	Bedroom Size	Efficiency	1 BR	2BR	3 BR	4 BR	5 BR	6 BR
Low HOME Rent		$577	$618	$742	$856	$956	$1055	$1153
High HOME Rent		$581	$696	$825	$1043	$1,193	$1,297	$1,403

Income Limits for HOME Assisted Units

i. High HOME units must be initially occupied by tenants with household incomes at or below 60% of the Area Median Income (AMI); following initial occupancy, High HOME units may be rented to tenants with household incomes up to 80% AMI; and

ii. Low HOME units must be rented exclusively to tenants with household incomes at or below 50% AMI.

Rent Limits for HOME Assisted Units

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

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

iii. The City must approve the development's rent schedule annually throughout the HOME affordability period.

Adjustment for Tenant Paid Utilities

i. The High- and Low-HOME rent limits are gross rent limits. The actual rent collected from a tenant must be adjusted taking into account an allowance for any tenant-paid utilities.

ii. The City must approve the development's utility allowance annually throughout the HOME affordability period.

Income Verification

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

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

i. Re-verifying income annually through source documentation;

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

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

Rent adjustments

HUD provides HOME income and rent limits on an annual basis. City staff will provide this information to owners annually. Utility allowances will also be reviewed and adjusted, as needed, annually. Owners must obtain City approval before implementing HOME unit rent increases. Owners shall also provide not less than 30 days' written notice to tenants upon receiving City approval for HOME unit rent increases.

HOME assisted units are considered to be compliant despite a temporary increase in income exceeding HOME requirements for existing tenants. However, in such cases there are detailed requirements about how to adjust the rent of such tenants and how to restore overall project compliance. These are outlined in the HOME Model Guide "Compliance in HOME Rental Projects: A Guide for Property Owners," which is available online at:

https://www.hudexchange.info/resources/documents/ComplianceinHOMERentalProjects_GuideforPropertyOwners.pdf

For projects with floating units, when an existing tenant's income increases beyond 80% AMI adjusted for household size, the tenant's gross rent will be increased to the lesser of the unassisted market rent for the unit or 30% of the tenant's adjusted household income. When the income of an existing tenant of a Low-HOME unit increases above 50% AMI but is below 80% AMI, the rent for that tenant will be increased to the High-HOME rent. In both cases, the next available unit in the project should be rented, based on the project's compliance needs, as a Low- or High-HOME unit.

Notwithstanding, over-income tenants of HOME assisted units that have been allocated low-income housing tax credits must pay rent according to Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42).

F. Environmental Review Requirements

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

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

ii. The City shall be responsible for conducting the environmental review and completing all necessary public notifications, and documenting HUD clearance to use federal funds. The applicant is responsible for cooperating with the City in the environmental review process and providing information necessary for the City to fulfill its responsibilities under Part 58 and other applicable regulations.

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

iv. Developers are prohibited from undertaking any physical or choice-limiting actions or committing or expending any funds to (including non-federal funds) for activities on or adjacent to the proposed project site prior to obtaining written environmental clearance as required under 24 CFR Part 58. Physical and choice limiting actions include, but are not limited to, entering any legally binding contracts, property acquisition, demolition, movement, rehabilitation, conversion, repair or construction. This prohibition applies regardless of whether federal or non-federal funds are used. Taking any choice limiting action prior to completion of the required environmental clearance process will result in the denial of any HOME funds from the City.

v. Prospective applicants for HOME project funding who have any questions about the environmental review requirements with regard to a proposal are encouraged to call City Community Development Division staff for assistance at 334-625-2735.

G. Other Federal Requirements

Nondiscrimination and Equal Opportunity

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

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

ii. Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107;

iii. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d- 2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1

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

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

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

vii. Executive Order 11246, as amended by Executive Orders 11375, [[Page 41]] 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966- 1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60;

viii. Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971- 1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development).

ix. Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise). The nondiscrimination provisions of Section 282 of the National Affordable Housing Act of 1982.

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

Uniform Relocation Act (URA)

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

Davis Bacon

Davis Bacon federal prevailing wage requirements shall apply to all City HOME funded projects that provide 12 or more units (without regard to the number of units in the project that are designated as 'HOME-assisted').**Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Plan**

Developers must maintain a MBE/WBE plan that demonstrates marketing and solicitation of MBE/WBE businesses and contractors for the construction of the project.

Section 3

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

Excluded Parties

The City will not fund projects owned, developed, or otherwise sponsored by any individual, corporation, or other entity that is suspended, debarred, or otherwise precluded from receiving federal awards. Nor may the owner contract with any other entity (including but not limited to builders/general contractors, property management companies, or other members of the development team) that are suspended, debarred, or otherwise so precluded. Similarly, the general contractor will be required to determine that subcontractors are not so precluded.

4. Ongoing Project Requirements

A. Project Completion Deadline and Period of Affordability

The period of affordability will be based on the official date of project completion as defined by 24 CFR 92.2 which, among other things, requires that all construction activity is complete and all units of the development (whether or not HOME-assisted) are certified by building authorities for substantial occupancy; all HOME funds due the City of Montgomery for the project have been drawn from the US Treasury; and that all required project completion information has been entered into HUD's IDIS reporting system by City staff. The City Grants Administrator will determine and notify the developer of the official date of project completion, which must occur within 4 years of the date of commitment of funds to the project by the City in the IDIS system. If the Owner fails to meet this 4-year deadline, Owner must repay to the City any HOME funds disbursed for the project. In accordance with the minimum requirements of 24 CFR 92.252(e), rental rehabilitation projects funded with HOME shall maintain HOME affordability requirements for a period of **15 years** after project completion and new construction rental projects shall maintain HOME affordability requirements for a period of **20 years**.

Initial Occupancy Deadlines:

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

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

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

B. Marketing and Leasing Materials:

The owner/developer must establish a written tenant selection plan consistent with the requirements of 24 CFR 92.253(d). Among other requirements, the tenant selection plan must, insofar as is practical, provide for the selection of tenants from a project's waiting list in chronological order of their applications and provide written notification to any rejected applicant of the reason for their rejection.

All HOME funded projects with five (5) or more HOME-assisted units must establish an affirmative marketing plan detailing marketing procedures to attract eligible occupants without regard to race, color, national origin, sex, religion, familial status, disability, or sexual orientation. Affirmative marketing plans shall include all required aspects as stated in 24 CFR 92.351(a)(2). The City will accept affirmative marketing plans using the most recent version of form HUD-935.2A or in another format as may be specified by the City from time to time. HUD-935.2A is available online at the following link:

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

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

i. Agreement to be sued

ii. Treatment of personal property

iii. Excusing owner from responsibility

iv. Waiver of notice

v. Waiver of legal proceedings

vi. Waiver of a jury trial

vii. Waiver of right to appeal court decision

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

ix. Mandatory supportive services

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

C. Prohibition on Certain Fees to Tenants

Pursuant to 24 CFR 92.214, HOME program participants may not charge fees to program beneficiaries to cover administrative costs related to the cost of administering the HOME program. Specifically, rental project owners may not charge tenants fees that are not customarily charged to tenants of rental housing (e.g., laundry room access fees). However, Owners may charge fees for the following:

i. Reasonable application fees to prospective tenants;

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

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

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

D. Reporting and Recordkeeping

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

i. Owners are required to report on project performance in writing to the City on a regular basis during the development, lease-up, and affordability period phases according to a schedule to be set forth in the HOME funding agreement.;

- During the construction phase, owners will generally be required to provide monthly reports detailing construction progress and any barriers to progress, copies of invoices being paid, and evidence of appropriate lien waivers.

- During the initial phase of lease-up, owners are generally required to provide reports quarterly, detailing leasing and marketing activity, and monthly income and expenses. In most cases, once the owner has leased 90% of project units or the City has notified the Owner of the official project completion date according to the federal IDIS system, project performance reporting may only be required annually.

ii. Annual Reports shall be required for all HOME projects, and shall be completed in accordance with the forms approved or provided by the City and all related documents. Annual reporting requirements will, at a minimum, consist of the following information:

- Owner name and mailing address;
- Project name;
- Rent Roll indicating occupancy, tenant income, rents, and utility allowances for all Low- and High-HOME units;
- Outstanding loans on the property;
- Development yearly financial performance including:
  - Operating surplus or deficit;
  - Vacancy rate;
  - Rent collection rate; and
  - Tenant turnover;
- Copy of the Lease Agreement; and
- Capital expenditures (previous year and any planned for next 3-5 years).

iii. The City may require more frequent reporting due to findings identified during annual monitoring, or findings identified in other HOME funding performance reports submitted for the project.

iv. All HOME project owners shall be required to submit an annual audit prepared by an independent Certified Public Accountant.

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

vi. In conjunction with requirements of the HOME Project Annual Report, owners must annually submit any updates to their Tenant Selection Policy and affirmative marketing plan and must maintain records of annual efforts to affirmatively further fair housing in accordance with 24 CFR 92.351. Updates must clearly detail all changes.

vii. The City will periodically require owners to obtain a capital needs assessment prepared by an independent third party architect, engineer, or other qualified firm approved by the City. Initially, the City expects that capital needs assessments would be required every five (5) years following

project completion. Such capital needs assessments shall be used for the purposes of determining the adequacy of the Replacement Reserve, taking into account its existing balance, planned deposits, and anticipated future capital replacement costs for the project.

If the capital needs assessment indicates the Replacement Reserve is not sufficient to address anticipated capital costs during the affordability period, the owner must, at the City's option, either make an additional deposit or increase its annual deposits sufficient to meet any underfunding. If the Owner fails to meet this requirement, Owner may be declared in default of meeting HOME Program affordability provisions and required repay to the City all HOME funds disbursed for the project.

E. Conflict of Interest

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

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

Owners with employees, family members, consultants, or agents that are otherwise eligible to occupy HOME funded-units must receive written approval from the City's Grants Administrator before entering into a lease with HOME eligible employees. 92.356(f) provisions apply to all HOME projects.

While conflict of interest provisions do not prohibit developers of housing from utilizing identity-of-interest providers, any identity-of-interest relationship must be disclosed in advance and approved in writing by the City's Grants Administrator.

5. Structure of Transaction

A. Loan Types and Terms

The City will provide HOME funds in the form of a low-interest or zero-interest loan to the entity that owns the property, and funding commitments are not transferable without prior written City approval.

The City's HOME Loan is intended as permanent financing. Proceeds of the HOME loan will only be released as reimbursement of expenses incurred and actually paid by the owner/developer following completion of eligible activities and satisfaction of all requirements outlined below.

In all cases, the HOME loan will:

i. Have a minimum term of up to 15 years for rehabilitation or 20 years for new construction;
ii. Be repayable in full upon sale, refinancing, or transfer of the property or upon maturity; and
iii. Be secured with a promissory note, mortgage, and appropriate UCC liens. Mortgages will be recorded with the Montgomery County Probate Judge's Office and generally may be subordinate only to an approved amortizing first mortgage and/or to any loan provided by AHFA, if applicable.

iv. If HOME funds are to be disbursed during construction: upon disbursement, the developer/owner must secure the HOME loan with an irrevocable Letter of Credit, in an equivalent amount, from a reputable banking institution acceptable to the City. The Letter of Credit must be in force from the first request for reimbursement of eligible project costs from City HOME funds, to be released upon receipt by the Grants Administrator's office of an acceptable Actual Cost Certification, and upon clearance of all monitoring or inspection findings, if any, related to project development and initial lease-up.

The City will generally offer HOME project loans at 0% interest with deferred payments structured as forgivable if all affordability period compliance requirements are met. For projects with approximately 25 or more proposed units, the City may choose to structure the HOME loan under alternative terms, for example: as a cash-flow contingent loan at little or no interest with payments equal to a percentage of cash flow remaining after all City approved operating costs and deposits to reserves; or allowing re-negotiation of the HOME repayment terms by the City and the Owner at the end of the HOME affordability period. Subject to underwriting evaluation, the City may require other alternative payment terms, as appropriate, to mitigate transaction risk or limit excessive returns to the owner.

B. Guarantees

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

i. Completion Guarantee including provisions guaranteeing construction completion of the project.
ii. Repayment Guarantee including provisions guaranteeing environmental compliance and compliance with HUD HOME guidelines.
iii. Replacement Reserve Guarantee to ensure annual deposits to a Replacement Reserve for the project in an amount consistent with the loan documents.

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

C. Property Covenants and Restrictions

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

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

ii. Property is not subject to additional liens or encumbrances to which the City Grants Administrator has not agreed in writing;

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

iv. For the duration of the HOME affordability period, the City must approve any transfer of the property. Such approval will be at the City's sole discretion;

v. Provisions must be included that will enforce ongoing requirements for HOME Program compliance, including:

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

D. HOME Agreement

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

6. Underwriting & Subsidy Layering Reviews

A. Project Underwriting

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

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

i. Proposals must use a vacancy factor of at least 6% for single-family developments, and the City may require higher vacancy factors for projects of less than 24 units.

ii. City staff will use a maximum inflation factor of 2% for all sources of income.

iii. Operating expenses will be underwritten with an assumption of no less than $4,375 per year and an inflation factor of at least 3%.

iv. All HOME projects must maintain a total project Debt Coverage Ratio (DCR) of at least 1.20. In any case that the DCR of a City HOME development should consistently rate less than 1.20, the property will become subject to closer monitoring scrutiny by the City for HOME Program compliance, as a safeguard against possible default and repayment of the HOME investment by the owner.

v. Proposals must include an itemized justification of operating costs that **includes a comparison to similar projects in the local market**. Whenever possible, properties used for comparison should be those operated by the proposed management company.

vi. A capitalized operating reserve equal to at least six months of the sum of projected gross operating expenses + rent revenue + debt service must be established at the initial closing of the project. This reserve must be in addition to any dedicated "deficit reserve" that may be established to account for predicted deficits with the project's 15 or 20 year cash flow projection, as applicable. HOME funds cannot be used to establish this reserve.

vii. At a minimum, projects must make replacement reserve deposits of $300 per unit per year. The City may allow reductions to as low as $250 per unit per year for proposed senior-dedicated housing projects. For projects consisting of detached single family homes (other than senior-dedicated housing), the City will require replacement reserve deposits of at least $400 per unit per year. Replacement Reserve must be funded, maintained and reflected in the operating expenses for the full length of the HOME affordability period.

viii. As applicable to LIHTC funded projects: in order to receive a Montgomery HOME Program letter of award, developers must submit documentation indicating that a syndicator or investor has reviewed the proposal and indicated preliminary pricing along with their interest in the project. The City reserves the right to underwrite at higher or lower equity pricing based on AHFA's projections, if applicable, or its own due diligence.

ix. Applicant must provide the amounts and terms for the construction financing, permanent financing, and, if applicable, owner equity information.

B. Proforma Requirements

Applicants are required to provide the proforma to the City in the form of an unlocked Microsoft Excel file as approved or provided by the City, except for proposals that include LIHTC funding, in which case the

City prefers printed color copies using the format provided by AHFA in its application package. While reserving the right to require submission in a specified format, the City may allow submission of the project proforma in the applicant's standard format provided it explicitly shows:

i. An itemized breakdown of units by bedroom size, square footage, income restriction, and both gross and net rent levels (i.e. net rents are those actually charged after adjusting rents for tenant paid utilities);

ii. Itemized operating cost assumptions showing costs on both a total development and per-unit basis;

iii. The specifically itemized hard costs of any stand-alone accessory buildings, including leasing offices, community buildings, laundry facilities, free-standing garages or carports, or maintenance buildings in the Development Sources and Uses (for projects using LIHTCs, this should clearly show which costs are included in basis, whether or not the proposed project qualifies for a 30% basis boost;

iv. Net tax credit equity projections supported by calculations clearly showing anticipated pricing (for projects using LIHTC funding);

v. Inflation assumptions for all revenues and expenses, including increases in replacement reserve funding, for the entire proposed operating projection; and

vi. Costs and fees to be paid to the City as permitted by the HOME program: The HOME program allows the City to include, as project costs, its own internal soft costs specifically attributable to the project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and monitoring the award of funds to a project. The City will notify Owners of the amounts, as applicable, to include in their Development Sources and Uses. Examples may include, but are not limited to, "City-Lender Due Diligence & Legal Costs" and annual "City Compliance Monitoring Fees."

C. Cost Limitations

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

i. The maximum allowable developer fee is 15% of total development costs.

ii. Maximum allowed builder General Requirements, Overhead, and Profit are 6%/2%/6%, respectively.

iii. Architectural *design* fees may not exceed 7% of estimated total project hard costs.

iv. Direct acquisition costs are limited to no more than fair market value as determined by a third party appraisal.

D. Other Public Funding Sources

Applicants must disclose all other proposed or secured public sources of funding, upon submitting the initial HOME Rental Housing Proposal to the City. The City will conduct a subsidy layering review as part of the underwriting process. Using its adopted standard underwriting criteria, the City will assess the proposed project and may require certain changes to ensure that cash flows to the owner/developer are not excessive. Changes may include but will not be limited to a reduction in HOME funds awarded; reductions in the rents being charged to tenants; requirements that excess cash be deposited to an operating reserve; or increases in annual payments on the HOME loan.

According to the circumstances of a given proposal, the City may consider adjusting its underwriting standards of analysis in collaboration with other public funders as may be applicable, including AHFA. The City retains, at its sole discretion, the right to decide whether to accept alternative standards.

7. Construction Process

A. City Construction Inspections

The City reserves the right to request copies of all contractor/subcontractor invoices. Accordingly, the City may also require reasonable notice of monthly draw inspections during the construction period even if no HOME funds are being sought on a given draw. City staff will conduct periodic inspections to ensure that the project is progressing and that work completed is consistent with all applicable HOME requirements and requests for disbursement of HOME funds.

B. Davis Bacon

When Davis-Bacon statutory requirements apply to a City HOME funded project (i.e. any project under contractual agreement to produce, or ultimately to produce, 12 or more *HOME assisted* housing units), the City will require submission by the owner/developer of applicable compliance documentation throughout the construction period, regardless of the purpose for which HOME funds are used on the project. Prior to start of construction, the City will provide the owner/developer with current prevailing wage determinations applicable to the project. The contractor will be required to provide certified weekly payroll forms to the City and allow access to the site and workers for the purpose of completing worker interviews.

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

C. Disbursement of City HOME Funds

The City's HOME loan is intended as permanent financing. Proceeds of the HOME loan will only be disbursed as reimbursement of expenses incurred and actually paid by the owner/developer following completion of eligible activities and satisfaction of all requirements outlined in the HOME funding agreement. The City will work with the owner/developer to draft a disbursement schedule in the written agreement that is suitable to both parties for purposes of the proposed project.

Final draw for proceeds of the HOME loan will only be released following:

i. Construction completion and receipt by the Grants Administrator's office of copies of the official Certification of Occupancy for *all* units produced for the project;

ii. Receipt by the Grants Administrator's office of a final Certification of Actual Costs prepared by an independent certified public accountant, using a format provided or approved by the City Grants Administrator's office.

iii. Satisfaction of the Grants Administrator with on-going lease-up and management of HOME-assisted units at the time of request for final draw, and submission of tenant data necessary to complete the project in the federal IDIS accounting system;

iv. City's approval of documentation and determinations of tenant income for HOME-assisted units, with acceptance of appropriate source documents;

v. A determination by the City that all HOME requirements pertaining to the initial development of the project have been met, including but not limited to monitoring of Section 3 and Davis-Bacon compliance.

D. Project Closeout

Owners are required to submit demographic data on HOME beneficiaries at lease up for all HOME assisted units. Data will include, but not be limited to: elderly status, race, gender, female head of household, number of household members, and percent of area median income. Owners must be aware that **the affordability period does not begin for HOME-assisted housing units until the official completion date, as determined by the City Grants Administrator**. Owners will be notified in writing of the official completion date after:

- all construction is and payment of all development costs completed
- project development costs are processed and paid;
- all current demographic data is received and accepted by City staff;
- designation of the HOME project as "Completed" has been certified by the Grants Administrator and entered into the federal Integrated Disbursement and Information System (IDIS)
- City Grants Administrator's receipt of the final Certification of Actual Costs.

8. Long Term Monitoring

Following project closeout and throughout the HOME affordability period, the City will monitor the project for ongoing compliance with HOME requirements, including but not limited to income and rent restrictions, property standards, tenant protections, and marketing and fair housing requirements. In addition to requiring periodic reporting as outlined in Section 4-E above, the City will conduct on-site monitoring visits. The purpose of those visits will include reviews of project records and inspection of the premises including common areas and residential units. Generally, site visits will take place at construction completion, within 12 months after completion, and at least every 3 years thereafter, based on existing HOME requirements at 24 CFR 92.504(d)(1). The City reserves the right to conduct site visits more or less frequently based on any changes in HOME regulations and/or City policy, or on evidence of compliance concerns that may arise from annual reporting data or from prior monitoring visits, or on evidence of health/safety issues. In addition, HOME regulations now require the City to conduct annual review and analysis of financial status for every development with 10 or more HOME assisted units, throughout the affordability period.

Exhibit A: Application Requirements

Scoring of all proposals will be based primarily on responses to items listed below in bold font. Remaining items may earn extra points if submitted, although only at each evaluator's subjective discretion. If awarded funding, the recipient must provide all remaining materials prior to executing a HOME assistance agreement with the City.

APPLICATION

1. Complete Response to Request for Proposals including all materials as required, executive signatures properly applied, all signed certifications and assurances
2. Executive Summary containing a brief synopsis of the proposed development and number of units, location, anticipated (estimated) project costs and proposed financing amounts/sources, also including a brief description of the proposed building/complex (conceptual elevations and floor plan only—detailed drawings are not required), proposed site plan, security arrangements, amenities and accessibility/adaptability provisions; copy of any pending AHFA Rental Housing Programs Application (cover and executive pages only) (if applicable)

DEVELOPER CAPACITY & FISCAL SOUNDNESS

3. Developer statement of qualifications that identifies
    - Comparable projects completed within the last five (5) years
    - All projects underway and/or pending
    - Staff assigned to this project and their roles and experience
    - Disclosure of any identity of interest
4. Individual resumes, copies of appropriate licenses and/or professional certifications of assigned development team staff
5. Information on qualifications of current or anticipated property management agent
6. Current financial statements for developer and any guarantors (not more than 90 days old)
7. Most recent corporate audit or reviewed financial statements
8. Most recent tax returns for developer (Form 990 for nonprofit developers)
9. Certified copies of organizational documents of all owner/developer entities in the project, including articles of incorporation, operating agreement, partnership agreement, as applicable
10. Authority to Release Confidential Information, which is included in the Application Cover Sheet certification and allows City to:
    - Contact banking references
    - Obtain developer's corporate credit report (e.g. Dun & Bradstreet) or personal credit report (e.g. sole proprietors, S-corps, etc.)
11. Completed *Exhibit F: CHDO Funding Request & CHDO Threshold Requirements Checklist* (as applicable)
12. Development team
    - (CHDOs only) Names of third-party development team members (i.e., consultants, if any)
    - (CHDOs only) Proof of payroll for assigned development team staff (W-2, W-9, etc.)

- Corporation profiles and/or individual resumes, copies of appropriate licenses and/or professional certifications for development team members

SITE AND PRODUCT

13. Evidence of site control (e.g. purchase option, etc.)

14. Uniform Relocation Act documentation
- URA Notice to Seller of Voluntary Sale
- Seller certification regarding vacancy (as applicable)
- Rent Roll and evidence of General Information Notices to existing tenants (occupied properties only)

15. Documentation of existing property value (e.g. tax assessment, appraisal, etc.)
16. Phase I Environmental Site Assessment (additional time may be granted for submission of report prepared by third parties if requested in writing at time of application submission) and/or City ER Clearance Memo
17. Letters of utility availability and connection costs - Water/sewer electric gas

18. Site development/concept plan, including:
- Preliminary cost estimates for construction and development, all sources/uses
- Project development timeline
- Project development budget
- Proposed A & E site plan; plat; concept sketches, etc.

19. Written approval from City Grants Administrator of final plans and specifications; zoning approvals from City Planning Controls office

20. Flood Hazard Determination Form (FEMA Form 086-0-32) (The proposed development cannot be located in the designated floodplain.)

MARKET DATA

21. Market study

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

UNDERWRITING/FINANCIAL PROJECTIONS

23. Proforma showing rent and operating cost projections, all projected development costs, construction period sources/uses, and applicable (i.e., 15 or 20 year) operating/cash flow projections

24. Commitments for other financing, both permanent and construction loan sources
25. Documentation of final projected construction costs (e.g. estimate by qualified source)

26. Final estimates of professional services and soft costs (e.g. architectural fees, construction period taxes/insurance, marketing expenses, realtor listing agreement, etc.)

27. Utility Allowance calculations-- initial utility allowance calculation obtained from the HUD Utility Schedule Model (www.HUDUser.gov/portal/datasets/husm/uam.html.)

MARKETING AND LEASING

28. Marketing plan NARRATIVE
    - Description of primary market and outreach strategies, including affirmative marketing plan using HUD form HUD-935.2A as applicable
    - Proposed written tenant selection plan and waiting list procedures
    - Detailed description of known and potential availability of tenant services and appropriate referral plan
29. Waiting list(s) of interested tenants—compare demographics to underwriting assumptions about household incomes, ability to pay projected rent, etc. (if available)
30. Form lease agreement consistent with 92.253

APPENDIX B

APPLICATION COVER SHEET and REQUIRED MATERIALS CHECKLIST

APPLICATION COVER SHEET

AND REQUIRED MATERIALS CHECKLIST

City Of Montgomery HOME Program

PY 2019 FUNDING ROUND

APPLICANT NAME: _____

APPLICANT ADDRESS: _____

_____

_____

APPLICANT PHONE: _____

APPLICANT EMAIL: _____

NAME OF AUTHORIZED REPRESENTATIVE: _____

AUTHORIZED REPRESENTATIVE PHONE: _____

AUTHORIZED REPRESENTATIVE EMAIL: _____

CERTIFICATION OF AUTHORIZED REPRESENTATIVE:

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

Signed: _____

Print Name/Title: _____

Date: _____

APPLICATION MATERIALS CHECKLIST:

All materials listed below must be included in any proposal, which must be organized in a standard, white 3-ring binder **AND TABBED for each of the tab numbers below**. All tabs below in **bold-font** must be completed at the time of submission. Do not omit any tabs for the incomplete items. If you receive an award, you must then provide supporting materials for all non-bolded tabs, prior to signing a HOME funding agreement with the City. Proposals will only be scored based upon responses to the tabs in **bold-font** below. Responses to non-bold tabs are allowed but not required; these may earn up to one (1) extra point per tab if provided, at the evaluator's subjective discretion.

Application

☐ **TAB 1**- 1) Cover Sheet—executive MUST sign in **BLUE INK** (affix a copy of this Application Requirements Checklist behind the cover sheet); and, 2) SIGNED CERTIFICATIONS from Appendix C; and, 3) SIGNED ASSURANCES from Appendix D.

☐ **TAB 2**- Narrative Summary containing a synopsis of the proposed development. This tab does not earn scoring points; however, **points may be deducted subjectively** for lack of relevant details. At a minimum, be sure to address ALL of the following:

- the number of proposed housing units (both affordable and market rate); quality map of site location; an estimate of the anticipated project costs; list of all proposed financing amounts/sources
- a brief description of the proposed complex (if available, attach elevation conception drawings, floor plan sketches, etc.); planned security arrangements during and after construction; amenities and accessibility/adaptability provisions; intended special populations
- a three-point (minimum) plan for how the applicant organization intends to emphasize and implement the recruitment of local prime contractors and vendors, including (but not limited to) Minority and Female Business Enterprises (MBE/WBEs) and Section 3 businesses.

Developer Capacity & Fiscal Soundness

☐ **TAB 3**- Developer Portfolio

A. Recently completed comparable projects completed within the last five (5) years
B. Projects underway and/or pending, even if non-comparable
C. Staff potentially to be assigned to this project and their roles and experience
D. Disclosure statement indicating whether or not there are any identities of interest; if so, specify accordingly

- ☐ **TAB 4**- Professional Credentials: Individual resumes, copies of appropriate licenses, professional certifications, etc.
- ☐ **TAB 5**- Name and qualifications of current primary property management agency
- ☐ **TAB 6**- Current financial statements (P & L) - developer and guarantors (not more than 90 days old)
- ☐ **TAB 7**- Most recent corporate audit or reviewed financial statements
- ☐ **TAB 8**- Most recent tax returns for developer (990s for nonprofit developers)
- ☐ **TAB 9**- Certified copies of business organizational documents (RECORDED, as applicable) of the applicant organization, including articles of incorporation, operating agreements, partnership agreements, etc.
- ☐ **TAB 10**- Authority to Release Confidential Information, allowing the City to contact banking references, obtain developer's corporate credit report (e.g., Dunn & Bradstreet) or personal credit report (e.g. sole proprietors, S-corps, etc.)
- ☐ **TAB 11**- CHDO Status:
  - **Non-CHDOs**: leave Tab #11 empty, unless applying for CHDO certification.
  - **CHDOs:** insert signed *CHDO Funding Request and CHDO Threshold Requirements Checklist,* provided at Appendix F, AND a copy of current City certification letter
- ☐ **TAB 12**- Development team
  - Corporation profiles and/or individual resumes, copies of appropriate licenses and/or professional certifications for development team members
  - (CHDOs only:) Names of third-party development team members (i.e., consultants, if any)
  - (CHDOs only:) Proof of payroll for assigned development team staff (W-2, W-9, etc.)

Site and Product

- ☐ **TAB 13**- Site control:
  - Describe type of site control (e.g. already acquired, purchase option agreement, etc.)
    –OR—
  - A "Pending" statement giving an explanation of current barriers to site control, WITH a plan for obtaining it
- ☐ **TAB 14**- Uniform Relocation Act documentation—either:
  - Place a note behind the tab, "Not Subject To URA"
    –OR—
  - Provide the following, as applicable:
    - URA Notice to Seller of Voluntary Sale (see Appendix F of the Request for Proposals)

        - Seller certification regarding vacancy (as applicable, see Appendix F of the Request for Proposals)
        - Rent Roll and evidence of General Information Notices to existing tenants (occupied properties only)

☐ TAB 15- Document estimated current property value (e.g. tax assessment, appraisal, etc.)

☐ TAB 16- Environmental review documentation:
    - Phase I Environmental Site Assessment (may request additional time in writing in lieu of; none required if no buildings are on the proposed site)
    - Environmental Review Clearance Memo from the City Grants Administrator (if available)

☐ TAB 17 - Letters from utility companies of utilities availability at the <u>specific selected site</u>, including projected connection costs (water/sewer, electric, gas)

☐ **TAB 18**- Proposed site development plan:
    - Preliminary cost estimates for construction and development, all sources/uses, from third-party qualified provider (i.e., architect, designer, etc.) (identify by name & address)
    - HOME Project development timeline
    - HOME Project development budget
    - Proposed A&E Site Plan; plat; available conceptual sketches; etc.

☐ TAB 19 - Written approval of final plans and specifications from City Grants Administrator; Zoning approvals from City Planning Controls office

☐ **TAB 20**- Flood Hazard Determination Form (FEMA Form 086-0-32) from a nationally recognized flood data service or from a licensed surveyor indicating that no portion of the property is located within the 100-year flood plain.

Market Data

☐ **TAB 21**- Market study documentation:
    - Provide a current professional study (executive summary *<u>must</u>* be specific to the proposed site) (1-year old or less)

      –OR—
    - Insert page marked, "Market Study Pending Completion by [insert date]."

☐ TAB 22- Additional Evidence of demand—applications/waiting lists from similar projects, voucher/rental assistance pipelines, or Continuum of Care data for homeless/special needs projects, etc.

Underwriting/Proforma Financial Projections

- ☐ **TAB 23**- Underwriting showing, at a minimum:
    - Rent and operating cost projections with justifications
    - Construction period sources/uses
    - Proforma with 20 year operating/cash flow projections
    - Debt coverage ratio of 1.20 or higher
    - Capitalized operating reserve equal to at least 6 months' rent revenues, NOI, and debt service
    - Replacement reserve deposits of at least $300 per unit per year
    - Syndicator/investor (LIHTC) review, if applicable
- ☐ TAB 24- Letters of Commitment for all other financing--construction and permanent loans
- ☐ TAB 25-Documentation of final projected construction costs (e.g. qualified source estimates)
- ☐ **TAB 26**- Final estimated costs for professional services and soft costs (e.g. architectural fees, construction period taxes/insurance, marketing expenses, etc.)
- ☐ **TAB 27**- Utility Allowance calculations--final initial utility allowance calculation obtained from the HUD Utility Schedule Model:www.HUDUser.gov/portal/datasets/husm/uam.html.

Marketing and Leasing

- ☐ TAB 28 - Marketing plan outlining:
    - Narrative description of primary market and outreach strategies, including affirmative marketing plan using HUD form HUD-935.2A as applicable
    - Proposed written tenant selection plan and waiting list procedures
    - Detailed description of known and potential availability of tenant services and appropriate referral plan
- ☐ TAB 29 - Waiting list(s) of interested tenants—compare demographics to underwriting assumptions about household incomes, ability to pay projected rent, etc. (if available)
- ☐ TAB 30 - Form lease agreement consistent with 92.253

APPENDIX C

CERTIFICATIONS

CERTIFICATIONS

REGARDING CONFLICT OF INTEREST:

The undersigned certifies to the City of Montgomery that it and its principals are in compliance with the Conflict of Interest provision of the HOME Program:

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

If a person is:

An employee, agent, consultant, officer, elected official or appointed official of a PJ, State recipient or sub recipient,

AND have project-related responsibilities or access to inside information.

That person may NOT:

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

REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS:

1. The undersigned certifies to the City of Montgomery that it and its principals:

   (a) Are not presently debarred, suspended, proposed for debarment or suspension, declared ineligible, or voluntarily excluded from any transactions or construction projects involving the use of Federal funds;

   (b) Have not within a three-year period preceding this certification been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

   (c) Are not presently for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1) (b) of this certification; and

(d) Have not within a three-year period preceding this certification had one or more public projects (Federal, State or local) terminated for cause of default.

2. Where the undersigned is unable to certify to any of the statements in this certification, the undersigned shall attach an explanation to this certification.

REGARDING DISPLACEMENT, RELOCATION AND ACQUISITION:

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

REGARDING PROHIBITION OF THE USE OF HOME FUNDS FOR LOBBYING AND BRIBES:

The undersigned certifies to the City of Montgomery, for itself and its principals that:

(1) No Federal appropriated funds have been paid or will be paid by or on behalf of the Owner, to any person for influencing or attempting to influence an office or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement;

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Owner will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

(3) The Owner shall require that this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

REGARDING AFFIRMATIVE MARKETING PROCEDURES AND EQUAL OPPORTUNITY:

The undersigned applicant certifies to the City of Montgomery that it will continue to further Equal Opportunity and Fair Housing by:

1. Establishing affirmative marketing procedures to be utilized so that no person shall, on the grounds of race, color, national origin, religion, or sex be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity funded in whole or part with funds made available under the City's HOME Program.

2. Complying with the requirements of the Fair Housing Act and the Age Discrimination Act of 1975.

3. Displaying the Fair Housing logo on its advertisements for those units and at the leasing or sales office. At a minimum, a Fair Housing poster will be displayed at the leasing or sales office.

4. Submitting in writing to the City its plans to solicit applications from persons in the community who are unlikely to apply without special outreach.

5. Maintaining a list of the characteristics of the tenants renting HOME assisted units and will assess and report annually the results of these efforts to the City.

_____ _____

Signature of Authorized Certifying Official **Date**

_____ _____

Printed Name: **Title**

_____

Organization Name

STATE OF ALABAMA)
COUNTY OF MONTGOMERY)

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

GIVEN UNDER my hand and official seal this the _____day of _____, 20___.

_____
Notary Public
State of Alabama at Large
My Commission Expires:_____

APPENDIX D

FEDERAL ASSUARANCES
For
Construction Programs

(SIGN AND DATE IN BLUE INK)

FEDERAL / CITY OF MONTGOMERY ASSURANCES
For CONSTRUCTION PROGRAMS-

Note: Some of these assurances may not be applicable to your project. If you have questions, please contact the agency to which this proposal will be submitted. Further, the City of Montgomery may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of project described in this application.

2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.

3. Will not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.

4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.

5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.

6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.

7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards of merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).

9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

10. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29) U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation
Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statue(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statue(s) which may apply to the application.

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.

12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327- 333) regarding labor standards for federally-assisted construction subagreements.

14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more.

15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990;
(d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.);
(f) conformity of Federal actions to State (Clean Air) implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).

16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq).

18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act, OMB Requirements in 2 CFR 200, Subpart F – Audit Requirements, and Generally Accepted Government Auditing Standards.

19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

20. Will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104) which prohibits grant award recipients or a sub-recipient from (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect (2) Procuring a commercial sex act during the period of time that the award is in effect or (3) Using forced labor in the performance of the award or subawards under the award.

SIGNATURES	
Name of Organization:	
Printed name of Board President:	
Signature of Board President:	
Date:	
Printed name of Chief Executive Officer:	
Signature of Chief Executive Officer:	
Date:	

APPENDIX E

UNIFORM RELOCATION ACT FORMS

DISCLOSURES TO SELLER WITH VOLUNTARY ARM'S LENGTH PURCHASE OFFER

Dear _____:

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

Because Federal funds may be used in the purchase, the City of Montgomery is required to disclose to you the following information:

A. The sale is voluntary. If you do not wish to sell, _____ will not acquire your property. _____ does not have the power to acquire your property by condemnation (i.e. eminent domain).

B. The estimated fair market value of the property is $_____.

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

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

Seller _____ Buyer _____

Date _____ Date _____

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

[USE APPLICANT'S LETTERHEAD]

OCCUPANCY / VACANCY CERTIFICATION

This is to certify that I/we, _____are the owners and sellers of the property located at _____.

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

At the time of the Purchase Agreement, I/we certify that the property located at _____.

Complete and check one of the following:

____ Was/is vacant of residential or non-residential tenants. I/we further certify that this property was vacant prior to any verbal land/or written agreement with the buyer.

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

____ Has been occupied by the prospective purchasers, _____, for the previous _____ months.

____ Was occupied by the individuals listed on Attachment A during the three (3) months prior to the date of the Purchase Agreement.

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

_____ _____
Signature of Seller Date

_____ _____
Signature of Co-Seller Date

ATTACHMENT A
PREVIOUS OCCUPANTS

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

APPENDIX F

CHDO Funding Request

And

CHDO Threshold Requirements Checklist

CHDO FUNDING REQUEST

CHDO Name:	***Date:***

Check one:

☐ This CHDO was last certified/re-certified by the City of Montgomery on _____ (insert date).

☐ This CHDO applied for pending certification/re-certification by the City on _____ (insert date).

☐ This CHDO will apply for certification/re-certification by the City no later than _____ (insert date).

This CHDO seeks an ward of the following type(s) of HOME Program funding from the City of Montgomery (**check** as applicable):

☐ 1. HOME CHDO Reserve funds (CR) pursuant to 24 CFR 92.300(a) — $128,861 – PY 2019; $128,861 – PY 2020

☐ 2. HOME Project funds (EN) pursuant to 24 CFR 92.205/92.206 — $601,355 – PY 2019; $601,355 – PY 2020

☐ 3. A CHDO Operating cost assistance funds (CO) pursuant to 24 CFR 92.208 — Amount: $21,476
(Must anticipate funding from #1 above within 24 months of grant agreement.)

This organization hereby requests consideration for awards of CHDO assistance as indicated above.

Authorized Signature:

(<u>The remainder of this checklist is to be completed by City of Montgomery Staff</u>)

CHDO THRESHOLD REQUIREMENT CHECKLIST

DETERMINATION OF CHDO THRESHOLD STATUS BY PJ STAFF	
Date of Review:	***Reviewed by:***
Determination: ☐The organization meets all CHDO Threshold requirements, including the capacity requirement as demonstrated by in the proposal/application documents. ☐The organization will not be certified as a CHDO at this time for the following reasons: ☐ The organization has failed to meet and/or document compliance with the threshold criteria as indicated in the notes below ☐ Staff does not have the necessary capacity given the project proposed by the organization, *Other Notes:*	

LEGAL STATUS	
1. Requirement **The nonprofit organization is organized under State or local laws [§92.2 CHDO definition paragraph (1)]**	
Criterion Met: ☐ Yes ☐ No	*Documentation:* ☐ Articles of Incorporation ☐ Bylaws ☐ Certificate of Good Standing ☐ Other: _____
Review Notes:	
2. Requirement **No part of the organization's net earnings may inure to the benefit of any member, founder, contributor, or individual [§92.2 CHDO definition paragraph (2)]**	
Criterion Met: ☐ Yes ☐ No	*Documentation:* ☐ Organizational Charter, OR ☐ Articles of Incorporation.
Review Notes:	

3. Requirement **The organization must be a recognized nonprofit by virtue of:** **1. Having a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986; OR** **2. Is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code; OR** **3. Is a wholly owned entity that is a disregarded entity separate from its owner for tax purposes and is owned by entity with a tax exemption ruling from the IRS under Section 501(c)(3) or 501(c)(4).** **[§92.2 CHDO definition paragraph (4)]**

Criterion Met:	*Documentation:*
☐ Yes ☐ No	☐ 501(c)(3) or (4) ruling/designation from the IRS; or ☐ A group exemption letter from the IRS under Section 905that includes the CHDO.
Review Notes:	

4. Requirement **The organization must have among its purposes the provision of decent housing that is affordable to low- and moderate-income people [§92.2 CHDO definition paragraph (7)]**

Criterion Met:	*Documentation:*
☐ Yes ☐ No	☐ Charter; ☐ Articles of Incorporation; ☐ By-laws; OR ☐ Resolutions
Review Notes:	

CAPACITY	
1. Requirement **The organization must conform to the financial accountability standards of 24 CFR 84.21, "Standards for Financial Management Systems" [§92.2 CHDO definition paragraph (6)]**	
Criterion Met: ☐ Yes ☐ No	*Documentation:* ☐ A notarized statement by the president or chief financial officer of the organization; ☐ A certification from a Certified Public Accountant, OR ☐ A HUD approved audit summary.
Review Notes:	
2. Requirement **The organization must have demonstrated capacity appropriate to the organization's role under §92.300 and to the nature of the proposed or anticipated project. This capacity must be satisfied by having paid employees with housing experience appropriate to the project or, for the first year of operations as a CHDO, by having a qualified consultant who will train the organization's paid employees. [§92.2 CHDO definition paragraph (9)]**	
Criterion Met: ☐ Yes ☐ No	*Documentation:* ☐ Project description from proposal/application ☐ **See separate CHDO Staff Capacity Evaluation Checklist** ☐ **See separate CHDO Role checklist as appropriate (e.g. Rental—CHDO Developed)**
Review Notes:	

3. Requirement **The organization must have a history of serving the community within which housing to be assisted with HOME funds is to be located [§92.2 CHDO definition paragraph (10)]** The CHDO or its parent organization must be able to show one year of serving the community prior to the date the PJ provides HOME funds to the organization. The organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president or other official of the organization.	
Criterion Met: ☐ Yes ☐ No	*Documentation:* ☐ A statement that documents at least one year of experience in serving the community, OR ☐ For newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community.
Review Notes:	

ORGANIZATIONAL STRUCTURE

1. Requirement

The organization must maintains <u>at least</u> 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 [§92.2 CHDO definition paragraph (8)(i)]

Criterion Met:	*Documentation:*
☐ Yes ☐ No	☐ By-Laws, ☐ Charter, OR ☐ Articles of Incorporation. ☐ Current Board Roster indicating which members meet this criterion along with documentation of each such board member's qualification (e.g. certification of low income status, documentation of home address in low income community, designation by low income neighborhood organization)

Review Notes:

2. Requirement

The organization must provide a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects [§92.2 CHDO definition paragraph (8)(ii)]

Criterion Met:	*Documentation:*
☐ Yes ☐ No	☐ By-laws, ☐ Resolutions, OR ☐ A written statement of operating procedures approved by the governing body ☐ Statement signed by the president or chief executive officer describing input sought and received on the current project proposal

Review Notes:

3. Requirement
The organization may not be a governmental entity or be controlled by a governmental entity. [§92.2 CHDO definition paragraph (5)] A CHDO may be created by a governmental entity provided: 1. The governmental entity may not appoint more than one-third of the membership of the organization's governing body; and 2. The board members appointed by the governmental entity may not, in turn, appoint the remaining two-thirds of the board members. Additionally, in any case whether or not the organization was established by a governmental entity: 1. No more than one-third of the governing board members may be public officials or employees of a government entity; and 2. The officers or employees of a governmental entity may not be employees of a CHDO.

Criterion Met:	*Documentation*:
☐ Yes ☐ No	☐ By-laws, ☐ Charter, OR ☐ Articles of Incorporation ☐ Current Board Roster indicating which members, if any, are public officials or employees of government entities
Review Notes:	

4. Requirement(s)
A CHDO may be sponsored or created by a for-profit entity, provided that 1. **The for-profit entity may not appoint more than one-third of the membership of the CHDO's governing body, and** 2. **The board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members** **3. The officers or employees of the sponsoring for-profit entity may not be employees of a CHDO.** **[§92.2 CHDO definition paragraph 3(i) and (ii)]**

	Documentation:
Criterion Met: ☐ Yes ☐ No	☐ By-laws, ☐ Charter, OR ☐ Articles of Incorporation

	☐ Current Board Roster indicating which members, if any, are appointed by a for-profit parent entity
Review Notes:	

RELATIONSHIP WITH FOR-PROFIT ENTITIES

1. Requirement

The organization may not be controlled by, nor under the direction of, individuals or entities seeking profit from the organization [§92.2 CHDO definition paragraph (3)]

Criterion Met: ☐ Yes ☐ No ☐ Not applicable, organization not sponsored by a for-profit	*Documentation*: ☐ The organization's By-laws, OR ☐ A Memorandum of Understanding (MOU).
Review Notes:	

2. Requirement

A Community Housing Development Organization may be sponsored or created by a for-profit entity, however, the for-profit entity's primary purpose does not include the development or management of housing AND the CHDO is free to contract for goods and services from vendor(s) of its own choosing [§92.2 CHDO definition paragraph (3)(i) and (iii)]

Criterion Met: ☐ Yes ☐ No ☐ Not applicable, organization not sponsored by a for-profit	*Documentation:* ☐ For-profit organization's By-laws ☐ CHDO's By-laws, ☐ Charter, OR ☐ Articles of Incorporation.
Review Notes:	