

MEMORANDUM

TO: Tax Credit Recipients and Tax Credit Applicants

DATE: December 18, 2024

FROM: Lori Brockway - Federal Housing Programs Manager
John Blackwell - Director of Tax Credits

RE: HOME- Notice of HOME funding availability for 2025 LIHTC applications

1. The Arkansas Development Finance Authority (ADFA) hereby notifies interested Applicants of the availability of funds allocated from the HOME Investment Partnerships Program (HOME). The availability and use of these funds is subject to Federal HOME regulations (24 CFR Parts 91 and 92) and any amendments thereto, including the final regulations published by the Department of Housing and Urban Development (HUD) in the Federal Register on or about July 24, 2013, and is further subject to ADFA's policies and program requirements.
2. ADFA anticipates that approximately three million dollars (\$3,000,000) in HOME funds will be available per application, for the 2025 LIHTC applications. ADFA reserves the right to fund, in whole or in part, any, all, or none of the applications submitted in response to this notice. ADFA may also reallocate funds from this MEMO to other projects if it determines that such a substitution is necessary to further its administration of the program.
3. **ADFA will not award more than \$3,000,000 in HOME funds, per application submitted.** ADFA's award of the HOME funds will be subject to subsidy layering guidelines and underwriting criteria to ensure the project's success. Eligible Applicants may submit only one application per property. The loan terms for the HOME dollars are as follows:
 - a. Applicants requesting \$100,000 to \$2,000,000 will sign a note that will bear interest at one percent (1%), with level amortization and monthly payments over (at the borrower's election) (a) 20 years, or (b) the development's LIHTC affordability period (30 or 35 years), in either case with the first payment deferred for one (1) year after the placed-in-service date.
 - b. Applicants requesting \$2,000,000 to \$3,000,000 will sign a note that will bear interest at two percent (2%), with level amortization and monthly payments over (at the borrower's election) (a) 20 years, or (b) the development's LIHTC affordability period (30 or 35 years), in either case with the first payment deferred for one (1) year after the placed-in-service date.

- c. DCR cannot exceed 1.40 or loan term will need to be adjusted.
 - d. Any HOME Loan that exceeds \$2,000,000, requires that ADFA be in a first position.
4. HOME funds awarded in connection with an allocation of LIHTC will be in the form of a loan, as described in ADFA's HOME Program Operations Manual and HOME/NHTF Rental guidebook. The loan will be evidenced by a promissory note and secured by a mortgage on the development. The mortgage may be subordinated to a mortgage on the development securing other debt. A number of units in the development equal to the amount of HOME funds awarded with respect to the development divided by the per unit subsidy limits identified in the HOME-Rental guidebook, and rounded up, will be subject to HOME affordability restrictions for a period determined in accordance with the information in the table appearing in the ADFA HOME Program Operations Manual under the heading "LONG-TERM AFFORDABILITY - Affordability Period." Consistent with past practice, a successful LIHTC applicant's acceptance of HOME funds will not require the applicant to place that program's affordability restrictions on units that are not to be under LIHTC restrictions. Rather, that program's affordability restrictions may be placed on units that will be subject to LIHTC affordability restrictions as well. An applicant who receives both HOME and NHTF moneys may not, however, use the same unit to satisfy both low HOME and NHTF affordability requirements. Further, as provided in the QAP, applicants who are awarded points for designating at least five percent of a development's units to serve households whose incomes are 30% or less of the area median income may not use the same units to satisfy low HOME affordability requirements.