



**HOME Investment Partnerships Program
and
National Housing Trust Fund
Rental Program Guidelines**

Rev. May 2026

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1. Summary

The Arkansas Development Finance Authority (ADFA) supports the rehabilitation and new construction of affordable rental housing for low-income, very low-income, and extremely 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) and National Housing Trust Fund Program (NHTF). HOME was created under Title 11 of the Cranston-Gonzalez National Affordable Housing Act of 1990 with implementing regulations at 24 CFR Part 92; NHTF was established under Title I of the Housing and Economic Recovery Act of 2008 with regulations at 24 CFR Part 93.

In general, both HOME and NHTF are intended to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention on rental housing. Both programs include income targeting. NHTF is primarily focused on extremely low-income households with incomes at or below 30% of the area median income (AMI) while HOME is focused on very low-income households (at or below 50% AMI) and low-income households (at or below 60% AMI).

ADFA's HOME and NHTF funds will be used to provide financing and gap financing to housing projects located in Arkansas. Each program will target housing in areas that are affordable to people who are at or below the specific program's applicable income limits. In exchange for low-cost permanent financing, property owners will agree to income, rent, and other restrictions for an affordability period between 15 and 30 years (depending on funding source and activity)¹. Projects are monitored for compliance during the affordability period. When there are multiple funding sources, project developers, owners, and sponsors must abide by each funding source's requirements.

This document sets forth the requirements for ADFA's awards of HOME and/or NHTF funds for rental projects. In most cases, the requirements for HOME and NHTF funds are the same, and ADFA's goal is to operate the two programs in a unified fashion; however, there are important distinctions between the programs which are identified herein. This guidebook is supplemental to the 2018 HOME Program Operations Manual.

¹ HOME regulation allows for an affordability period of 5 years (less than \$25,000/assisted unit) or 10 years (less than \$50,000/assisted unit) for rehab projects; however, in practice, most HOME rehab projects trigger a 15-year affordability period

2. HOME and NHTF Funding Limits

ADFA has established a maximum cap on its investment in a single development. Such a limit will be based on the availability of funding and other ADFA priorities. The maximum cap as established by the ADFA Board of Directors is currently \$3,000,000 for HOME and \$1,000,000 for NHTF. To qualify for HOME/NHTF funding, a project must demonstrate the need for an investment of no less than \$1,000 in HOME/NHTF funding per HOME/NHTF-assisted unit.

3. Application Submission Criteria

All HOME and/or NHTF Rental Housing Program applicants must comply with the submission criteria set forth in ADFA's Rental Program Guidelines and application materials. ADFA reserves the right to require the submission of additional information as needed to complete project underwriting. ADFA reserves the right to reject or deny any application that fails to meet the following criteria: a complete Multi-Family Housing Application (MFHA) in Excel (with all worksheets/tabs completed) uploaded to the ADFA Programs Portal (the Portal), an Adobe PDF version of the full MFHA application (including all worksheets/tabs) with signature pages and attachments uploaded to the Portal, the repayable loan terms for all applicable funding sources, an acceptable DCR of at least 1.15 not to exceed 1.40, and the proposed rents that include any anticipated subsidy.

All MFHA and required reporting through the application approval process should be submitted to the Portal until a project has been completed and placed in service.

A. Application Submission Process

- 1) The MFHA must be saved as an Excel file, in the same format as the MFHA posted on the ADFA website and submitted via email to: Multifamily.Housing@arkansas.gov.
- 2) A PDF copy of the MFHA and all exhibits bookmarked must be submitted to ADFA on a USB flash drive, if applying for both LIHTC and HOME/NHTF. If any of the Application Requirements are not applicable, the applicant must mark "N/A" on the respective tab insert and provide an explanation why.
- 3) Applications must also be submitted in the Portal. Instructions are included in the MFHA.

- 4) If revisions are made after the initial submission, then the revised MFHA must be submitted with its revision date.

B. Application Review Process

Applications submitted for a proposal of HOME and/or NHTF funding will be subject to a two- phase process: 1) Preliminary review and 2) Underwriting and subsidy layering review.

The preliminary review starts when the ADFA staff receives notification that an application has been submitted to the Portal. This review will determine if the application includes a Portal submission of all required forms, certifications, and documentation. Applications with incomplete or missing forms, certifications, or documentation will be notified through email and will be given ten (10) business days to make the needed corrections.

If during the preliminary review and the underwriting subsidy layering review there have been two (2) notifications issued and there are still missing documents/information or no response, ADFA has the right to terminate the application from consideration of HOME/NHTF funding.

Once the MFHA is underwritten and reviewed by ADFA staff, then ADFA staff will submit the proposal to the Housing Review Committee (HRC) and provide a report of the underwritten application, including a summary of the project.

The report will include the type of development, the total development costs, all the funding sources, the loan terms, and an acceptable Debt Coverage Ratio (DCR).

The HRC staff will review the report and make a recommendation for approval/denial of the application.

If the application is recommended for approval, it will be reviewed at the next scheduled ADFA Board Meeting. If the application is awarded or denied, an official letter will be issued to the applicant.

4. Required Forms for a Complete Application

The following Application Requirements (the "Requirements") must be followed. Failure to submit all the following will terminate the application from consideration. This list is not all inclusive.

A. Financial Commitment Letters

All sources of financial commitments, including but not limited to the following, as applicable:

- Commitment letter(s) from any non-ADFA permanent lender(s) including units of local government. The letter(s) shall be dated within six (6) months prior to the submission of the application and state that a formal application for permanent financing is under serious consideration. The letter must contain:
 - the amount of the loan.
 - amortization period.
 - annual loan payment; and
 - interest rate.

B. Appraisal

- 1) Acquisition costs shall be supported by an independent appraisal of the property dated within one (1) year prior to the application submission date, which supports the purchase price of the land. An Appraisal must be provided with the initial application.
- 2) The purchase price must be equal to or less the appraised value of the land, and buildings, if applicable.
- 3) For Acquisition/Rehabilitations, the appraisal must separately identify:
 - a) the appraised value for the buildings in the development and the value of the land.
 - b) the value of any federal rental subsidy enhancing the value of the buildings.
(The applicant must submit a commitment letter from the federal agency stating the subsidy has been awarded).

C. Zoning and Planning Commission Information

A signed letter, dated within six (6) months prior to the Application Deadline, from the appropriate zoning authority (including a planning commission, if applicable) stating the proposed use of the property and that the property is properly zoned for such proposed use.

D. Independent Market Study

Applications must include a comprehensive market study conducted by a disinterested party on ADFA's "Market Analyst Firms - Approved List" dated within six (6) months prior to the application submission. The analyst will acknowledge in the study that it is being done for ADFA's use and benefit. ADFA will reject the application if the market study shows:

- 1) inadequate demand for any unit size proposed, based upon the targeted income group for that unit size,
- 2) a capture rate of more than 20% for any unit,
- 3) the proposed development will detrimentally affect other affordable housing in the area,
- 4) the proposed location is or nearly is saturated, or
- 5) any other negative impact.

E. Capital Needs Assessment-Pre Approval Process

ADFA requires a Capital Needs Assessment (CNA) to be provided for all rehabilitation projects, a minimum of 60 calendar days prior to the application deadline or application submission.

ADFA staff will review the submitted CNA with the purpose of determining whether the proposed scope of work meets requirements for Federal Housing Programs as well as ADFA's ongoing commitment to providing safe, affordable housing. ADFA's review of the CNA will include an inspection of the property to be rehabilitated. If ADFA's review concludes that the proposed CNA meets the requirements of ADFA, the scope will be approved in writing and returned. If the CNA does not meet these standards, the CNA may be returned with a list of deficiencies as identified by ADFA staff. No application for rehabilitation will be accepted unless and until the CNA has been approved in writing by ADFA.

All rehabilitation developments must include a capital needs assessment conducted by a firm on ADFA's "Capital Needs Assessment Firms - Approved List" dated within six (6) months prior to the Application Deadline/Submission. **"As needed" CNA's will**

not be accepted. ADFA requires each unit to be inspected and estimate the repairs needed for each specific unit. The assessment must involve an interview with the maintenance personnel and an analysis of the following:

- a. Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utility lines.
- b. Structural systems, both substructure and superstructure, including exterior walls, balconies and stairways, exterior doors and windows, roofing system and drainage, including but not limited to termite, mold, and water damage.
- c. Interiors, including unit and common area finishes (carpeting, vinyl flooring, tile flooring, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors.
- d. Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators; and
- e. Buildings, facilities, common use areas, residential units, parking areas, curbs, ramps, and railings to ensure compliance with applicable federal, state, and local laws regarding accessibility for persons with disabilities.

The report must include a physical inspection of the interior and exterior of each unit and each building and must specifically identify the scope of work and estimated costs necessary to:

- Rehabilitate all components examined and analyzed in the development to a new or "like-new" condition.
- Correct all deficiencies in order for the development to comply with applicable federal, state, and local laws and requirements regarding accessibility for persons with disabilities; and
- Correct all deficiencies to ensure compliance with ADFA's Design Standards Manual for New Construction and Rehabilitation (other than as may be waived).

All rehabilitation applicants must submit a statement that the scope of rehabilitation will include all capital needs set forth in the Capital Needs Assessment.

F. Tenant Income Audit

All applications for rehabilitation projects must include a complete, detailed Tenant Income Audit that identifies all existing tenant households and their incomes. The audit must separately identify those tenant households whose income exceeds applicable income limits.

G. Fair Housing Training

The applicant must include with its application a certification evidencing completion of four (4) hours of fair housing training by a principal of the following members of the development team, or manager dealing with day-to-day operations, as appropriate under the circumstances: Owner, Developer, Management Company, Consultant; and Architect, if applicable. A certification is valid for the purpose herein, for two (2) years from date of certification. Each development team member should attend the class most relevant to his or her development team role.

H. Narrative Description of the Development

A detailed narrative description that includes the type of development; a description of the development site and surrounding area; an overview of all work to be done on the development site and surrounding area; types of financing; tenants served; bedroom mix; percentage of low-income units; involvement of nonprofit support service organizations; project amenities; energy efficiency; rehabilitation work to be performed, if applicable; and any other relevant descriptive information, including any information that would be considered reasonably necessary in determining the scope of an environmental review analysis (including other work, regardless of timing and who will be performing it, which applicant may consider outside the scope of the project, but which is related to the project on either a geographical or functional basis, or which along with the project are logical parts of a composite of contemplated actions).

I. Letter to Public Housing Authority (PHA)

The applicant shall provide written documentation to the local PHA of its intent to develop a low-income multifamily rental development.

J. Letter of Participation, Licenses, and Certification

Applications must include a cover letter describing the participation of the members or partners in the development. The General Contractor/Builder, Architect, and Engineer must be licensed to conduct business in Arkansas. A Certification of Good Standing from the Arkansas Secretary of State for the Applicant, Developer, and Management Company must be included as well.

K. Site Plan, ALTA/NSPS Survey, and Topographic Survey

A site plan depicting the location and orientation of each existing or proposed building, and all paved areas throughout the development site, including sidewalks and parking areas, must be submitted. For new construction and rehabilitation developments, an ALTA/NSPS survey and topographic survey of the proposed development site, signed and dated, will be required to be submitted by a person authorized to perform such surveys by the Arkansas State Board of Licensure for Professional Engineers and Professional Surveyors 3 months after award, but prior to Notice to Proceed.

For situations where the applicant only has a leasehold estate, the owner of the underlying fee simple parcel(s) will be required to “parcel out” (as a single tax parcel) an area that matches the leased parcel—if there isn’t a single tax parcel that already matches the leased parcel. The ALTA survey submitted should reflect that the fee simple parcel matches the leased parcel.

The detailed site plan, along with any existing environmental reports that the applicant is aware of and any other relevant information, must be submitted by the applicant to the qualified environmental professional who will be performing the environmental review as required by ADFA.

L. Equal Opportunity

ADFA requires that all housing financed or otherwise assisted by ADFA be open to occupancy by all persons regardless of race, color, religion, sex, handicap, familial status, or national origin. Contractors and subcontractors engaged in the construction or rehabilitation of such housing must provide equal opportunity for employment without discrimination as to race, color, religion, sex, handicap, familial status, or national origin.

5. Project Funding Requirements

A. Eligible Applicants

Developers and owners of affordable rental housing including for-profit developers, nonprofit developers, public housing authorities, and ADFA-designated community housing development organizations (CHDOs) are eligible to apply for HOME/NHTF funding subject to the program-specific limitations noted below.

B. Conflict of Interest

To comply with HOME and NHTF requirements and to maintain a high standard of accountability to the public, conflicts of interest and perceived conflicts of interest must be avoided. Owners shall maintain compliance with all HUD conflict of interest provisions as stated in 24 CFR 92.356(f) for HOME and 93.353(f) for NHTF.

1. HOME

- a) While public housing authorities are eligible to apply, public housing units supported by Public Housing Capital or Operating Funds authorized by the 1937 US Housing Act are not eligible for HOME funding. Non-public housing units owned and developed by a public housing authority are eligible.
- b) A CHDO is a specific type of community-based nonprofit organization defined by section 92.2 of the HOME Final Rule. The HOME program includes an annual set-aside of funds for projects owned, developed, or sponsored by CHDOs. Prior to committing funds, ADFA will review the status of any organization seeking funds from the CHDO set-aside to ensure that it meets all HOME requirements, that it has sufficient staff capacity to carry out the project, and that the CHDO meets the requirements of "owner," "developer," or "sponsor" as required by 24 CFR 92.300(a).

2. NHTF

Unlike HOME, NHTF can be awarded to assist in the development of public housing units under limited circumstances as outlined in 24 CFR 93.203:

- a) NHTF funds may be used for new construction or rehabilitation of public housing as part of the Choice Neighborhoods (Choice) program under a HUD appropriation act or for new public housing units that have been allocated and will receive low-income housing tax credits under section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42).
- b) NHTF funds may be used for the rehabilitation of existing public housing units in which the public housing assistance will be converted and used at

the properties under the Rental Assistance Demonstration (RAD) program under HUD's 2012 Appropriations Act (Pub. L. 112-55, 125 Stat. 552, approved November 18, 2011) or subsequent statutes; and

- c) The public housing units constructed using NHTF funds must replace units that were removed from a public housing agency's public housing inventory as part of a Choice program grant, or as part of a mixed-financed development under section 35 of the 1937 Act. The number of replacement units cannot be more than the number of units removed from the public housing agency's inventory. The public housing units constructed or rehabilitated using NHTF funds must receive Public Housing Operating Fund assistance (and may receive Public Housing Capital Fund assistance) under section 9 of the 1937 Act. These units cannot receive operating cost assistance or operating cost assistance reserves from NHTF.

ADFA 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.

C. The System for Award Management (SAM)

The System for Award Management (SAM) database will be used by ADFA to confirm that development team members are not excluded. The SAM database is available at www.sam.gov. **All applicants and team members must be registered at SAM.gov and provide proof of registration to ADFA.**

D. Capacity and Identity of Interest

ADFA may disqualify an application based on its determination that any development team member does not have the capacity to undertake performance, information provided in the Criminal Background and Disclosure Form, or documentation supporting instances of nonperformance, including:

- 1) Failure to meet and maintain minimum property standards.

- 2) Failure to meet and maintain any material aspect of a development as represented in an application.
- 3) Excessive late or incomplete reports to ADFA.
- 4) Failure to obtain prior approvals from ADFA.
- 5) Having been involved in uncured financing defaults, foreclosures, or placement on HUD's list of debarred contractors.
- 6) Events of material uncorrected noncompliance with any Federal- or State-assisted housing programs within the prior seven (7) year period.
- 7) Failure to comply with ADFA's request for information or documentation on any development funded or administered by ADFA; or
- 8) Removal as a general partner.

Each member of the development team as listed in the Development Team tab of the MFHA must complete the "Conflict of Interest Acknowledgment" and "Contract and Grant Disclosure and Certification Form". Additionally, each applicant, developer, consultant, development team member, and any public official affiliated with an application must complete a "Criminal Background and Disclosure Form." While the Development Team Information tab only lists the "Contact Person," ADFA expects all aforementioned documents from every individual in every member of the development team that has either (1) a leadership role or (2) an ownership interest in said development team entity. In addition, ADFA reserves the right to require the aforementioned documents from anyone ADFA determines to be involved in the project and whose capacity to undertake performance should be part of ADFA's analysis. Failure to submit or correctly complete each required "Criminal Background and Disclosure Form" may result in disqualification of the Application.

As appropriate for each entity listed on the Development list and the Limited Partnership, the application must include an organizational chart for each member of the Development Team listing the entity, and all applicable stockholders, directors, officers, members, managers, trustees, etc. including full names and addresses and percentage of ownership and voting rights.

The application must identify all members or partners, as applicable, of the applicant entity. If any such members, partners, or shareholders are entities, the application must identify all members, partners, or shareholders of such entities. None of the parties identified may be affiliated with the project's architect or civil engineer.

Applicants 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.

All HOME and/or NHTF applications must include personal financial statements (audited if available) and the two most recent tax returns from all underlying developers, owners, and guarantors; and will be subject to ADFA's evaluation of fiscal soundness as required by 24 CFR 92.250(b)(2) (HOME) and 24 CFR 93.300(b)(2) (NHTF).

E. Project Location and Site Control

Projects must be located in the State of Arkansas.

A project site or (site) is defined as a parcel or parcels of land (each with a unique parcel number) on which the HOME, and/or National Housing Trust Fund ("NHTF") project will be developed, as described by a unique legal description (covering the entire parcel or parcels in question) that will be part of the Declaration of Restrictive Covenants and Mortgage. ADFA will not allocate HOME, and NHTF based on costs associated with a site, or any portion thereof, **which was included in a prior ADFA allocation.**

If the applicant only has a long-term (at least 99 years) lease on the project site, ADFA requires completion of ADFA's Rider for Restrictive Documents, which will be attached to the relevant Mortgage and Declaration of Restrictive Covenants for each HUD funding source—allowing said Mortgage(s) and Declaration(s) of Restrictive Covenants to attach to the fee simple interest.

No part of any project's legal description which is subject to an active ADFA restriction shall be released.

1. Scattered Site Applications

Scattered site applications will be limited to sites within one county. A scattered site development is any housing development that is:

- a) Noncontiguous,
- b) Located within a single county, and
- c) Comprised solely of low-income units.

2. Scattered Site Development

A scattered site development must meet the following requirements:

- a) All units must be rent restricted in accordance with 24 CFR 92 and 24 CFR 93 and other federal funding sources;
- b) Each site within the proposed development must meet all applicable threshold criteria.
- c) All buildings in the development must be under the ownership of one entity. The applicant must have site control and provide evidence in one of the following forms:
 - i) Executed purchase option contract; or
 - ii) Evidence of executed assignment and assumption agreement with executed purchase option agreement/contract.

1. The option contract or agreement must be in the name of an existing entity or person that is in a position of control over the applicant and gives such entity or person the exclusive right to purchase or lease the property for a period not to expire prior to December 6 of the year of the MFHA submission deadline. The option or contract cannot be subject to extension fees in order for the contract to reach the required expiration date. If one of the above applies, the applicant must also submit a copy of the recorded deed evidencing the Seller’s or Lessor’s ownership.

The applicant will sign a Verification of Arm’s-Length Transactions. A statement in the market study or appraisal will not suffice. If the seller is an entity, the applicant must disclose the identity of all members, partners, or shareholders.

F. Project Types

Funds will be provided for acquisition/rehabilitation and new construction of multifamily residential rental projects. While ADFA will entertain any proposals meeting its criteria, in practice, most projects will also require other public investment to be economically feasible. This may include projects also funded with other federally regulated affordable housing programs such as, but not limited to, LIHTC, HUD Section 202, Section 811,

Rental Assistance Demonstration (RAD), Choice Neighborhoods, or United States Department of Agriculture Rural Development (USDA-RD).

Acquisition costs exceeding the appraised value of the property will be ineligible for HOME and/or NHTF funding reimbursement. When a project's sources include USDA-RD or other HUD funding, the USDA-RD or HUD appraisal methodology will apply.

6. Environmental Review

A. Environmental Review Requirements

The Environmental Assessment (EA) or Environmental Review for Activity/Project that is Categorically Excluded Subject to Section 58.5 (CEST) form (whichever is appropriate for the level of review) must be completed by an environmental professional who is qualified to perform (1) Phase I and II Environmental Site Assessments and (2) wetland delineations (a "Qualified Environmental Professional"). All relevant information, including details, site plans and existing environmental reports that the applicant is aware of, must be submitted by applicant to the Qualified Environmental Professional prior to the commencement of their environmental review.

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 ADFA staff **prior to** entering into a purchase agreement or submitting an application.

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

1. HOME

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

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

Submitting an application for HOME funds triggers environmental review requirements under 24 CFR Part 58, including the National Environmental Policy Act (NEPA), and the implementing procedures issued by the Council on Environmental Quality at 40 CFR Parts 1500-1508. HUD regulations implementing NEPA are contained in 24 CFR Part 50, "Protection and Enhancement of Environmental Quality." One of the tenets of HUD's Environmental policy is stated at § 50.3(i)(1) which requires that property proposed for HUD programs be free of "radioactive substances (Radon) where [they] could affect the health and safety of occupants." Once an application for federal funds is submitted, a project proposal is now subject to the environmental review requirements and requires an environmental clearance and issuance of an Authority to Use Grant Funds (AUGF), as applicable, by the U.S. Department of Housing and Urban Development.

Contact Agency	EPA: https://www.epa.gov/radon/radon-standards-practice#current HUD: https://www.epa.gov/home United States Environmental Protection Agency 1201 Elm Street, Suite 500 Dallas, Texas 75270-2102
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2. NHTF

NHTF funding is not specifically subject to NEPA or to HUD's environmental review regulations at 24 CFR 58. However, the NHTF regulations at 24 CFR 93.301 impose substantially similar provisions to the detailed requirements under NEPA and Part 58.

The difference between the two regulatory approaches is largely administrative. NHTF funds are not subject to publication requirements, nor is

ADFA required to seek a formal release of funds from HUD prior to committing funds to a project. Notwithstanding the technical differences in the regulatory requirements, in practice, ADFA does not intend to enter into project-specific funding commitments until it has satisfactory evidence that all appropriate requirements have been met.

Applicants are strongly encouraged to review the requirements in 24 CFR 93.301 and [HUD CPD Notice 16-14: Requirements for Housing Trust Fund Environmental Provisions](#).

B. Floodplains

Pursuant to 24 CFR Part 55 and Executive Order 11988 (Floodplain Management), ADFA's goal in this section is "to avoid to the extent possible the long and short-term adverse impacts associated with the occupancy and modification of floodplains."

Accordingly, any project—rehabilitation or new construction—that requires the 5-step or 8-step decision-making process pursuant to 24 CFR 55.20 shall not be funded.

A Qualified Environmental Professional must provide a definitive determination that no aspect of the project (including any project aggregation pursuant to 24 CFR 58.32) triggers the 5-step or 8-step process prior to application submission. Any project failing to provide this determination at application submission shall not be funded.

All environmental review approvals are based on the detailed site plans—showing the locations of project aspects like buildings, parking spaces, ground-disturbing activities, etc.—which must be submitted to the Qualified Environmental Professional prior to the commencement of their review. Any subsequent changes to the project area (including locations of structures like buildings, parking spaces, etc.) must be sent to ADFA for review and determination if such changes require further evaluation, which may include reevaluation of floodplains aspect of the environmental review by the Qualified Environmental Professional.

In order to ensure compliance with 24 CFR Part 55/Executive Order 11988 and account for standard construction variations between site plans and the actual location of structures, for new construction projects, a minimum 15-foot distance is required between the project as shown on the site plans and the

relevant floodplain (including floodway) which would trigger the 5-step or 8-step decision-making process.

For rehabilitation projects, there is no distance requirement. All structures (buildings, parking spaces, etc.) must be located outside of the floodplain.

C. Wetlands

Pursuant to 24 CFR Part 55 and Executive Order 11990 (Protection of Wetlands), ADFA's goal in this section is "to avoid to the extent possible the long- and short-term adverse impacts associated with the destruction or modification of wetlands and to avoid direct or indirect support of new construction in wetlands whenever there is a practicable alternative."

Accordingly, any project—rehabilitation or new construction—that requires the 5-step or 8-step decision-making process pursuant to 24 CFR 55.20 shall not be funded.

A Qualified Environmental Professional must provide a definitive determination that no aspect of the project (including any project aggregation pursuant to 24 CFR 58.32) triggers the 5-step or 8-step process (that the project will not have any impact on any on- or off-site wetlands) prior to application submission. Any project failing to provide this determination at application submission shall not be funded.

All environmental review approvals are based on the detailed site plans—showing the locations of project aspects like buildings, parking spaces, ground-disturbing activities, etc.—which must be submitted to the Qualified Environmental Professional prior to the commencement of their review. Any subsequent changes to the project area (including locations of structures like buildings, parking spaces, etc.) must be sent to ADFA for review and determination if such changes require further evaluation, which may include reevaluation of wetlands aspect of the environmental review by the Qualified Environmental Professional.

In order to ensure compliance with 24 CFR Part 55/Executive Order 11990 and account for standard construction variations between site plans and the actual location of structures, for new construction projects, a minimum 15-foot distance is required between the project as shown on the site plans and any wetlands.

For rehabilitation projects, there is no mandatory distance requirement between the project and any wetlands. The requirement is that the project will not have any impact on any on- or off-site wetlands. However, from a practical

perspective, it is recommended that there is a 5-to-10-foot buffer between the project and any wetland.

D. Environmental Impact Statements

ADFA will not fund any project which requires completion of an Environmental Impact Statement.

7. Other State and Local Requirements for HOME/NHTF

This section addresses State and local requirements and policies that must be adhered to as part of the project planning and developments. Only asbestos abatement removal, which falls under the Clean Air Act, is part of the Part 58 environmental review compliance process. Lead based paint is addressed in the HOME/NHTF program regulations.

Solid Waste Disposal

Legislation	Solid Waste Disposal Act as amended by the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901-6987
Citations	40 CFR 240-265
Applicability	Any Activity generating solid waste that will require a disposal permit
Contact Agency	ADEQ: https://www.eli.org/brownfields-program/arkansas-department-environmental-quality-adeq Solid Waste Management Division 8017 Interstate 30 5301 Northshore Drive, NLR 72118-5317 501-682-0600

Lead Based Paint

Legislation	Lead Based Paint Hazard Elimination
Citations	24 CFR 35 and Sections 1012 and 1013 of the Residential Lead-based Paint Hazard Reduction Act of 1992; Arkansas Pollution Control and Ecology Commission https://portal.arkansas.gov/state_agencies/department-of-energy-and-environment/arkansas-pollution-control-and-ecology-commission/
Applicability	Units constructed before 1978
Contact Agency	ADEQ Air Division- Asbestos/Lead Branch 5301 Northshore Drive, North Little Rock, AR 72118-5317 501-682-0717

Asbestos Identification and Abatement

Legislation	Asbestos Identification and Abatement
Citations	The Clean Air Act of 1972, as amended; 40 CFR 61 dated November 20, 1990, as amended; Arkansas Asbestos Abatement Regulation (Section 3 of Act 531 of 1987). Arkansas Pollution Control and Ecology Commission_ https://www.adeq.state.ar.us/regs/#reg21 the Arkansas Asbestos Abatement Regulation
Applicability	All projects involving rehabilitation of buildings
Online Resource	https://www.adeq.state.ar.us/regs/#reg21 .
Contact Agency	ADEQ Air Division-Asbestos/Lead Branch 5301 Northshore Drive, North Little Rock, AR 72118-5317 501-682-0718

Radon Identification and Abatement

Legislation	Indoor Radon Abatement Act
Citations	National Technology Transfer and Advancement Act (1995), and Circular A-119 (2016, 1998) issued by the Office of Management and Budget, Executive Office of the President. For more information, please visit " EPA Guidance on the Use of Voluntary Consensus Standards for State Indoor Radon Grant Recipients ."
Applicability	All projects involving rehabilitation and new construction of buildings
Online Resource	https://standards.aarst.org/

8. Match

A. Match Requirements for HOME Funding

Match is the local contribution to affordable housing that is required of all applicants participating in the HOME program.

B. Basic Facts about Match

- 1) The HOME Program requires that ADFA provides a matching contribution in an amount equal to no less than 25 percent of the total HOME funds drawn down for project costs. If there is a reduced match rate, it is based on approval by HUD and, as such, is subject to change
- 2) Match is a permanent contribution to affordable housing.
- 3) Match is not leverage. Match is the local, non-federal permanent contribution to the partnership with the HOME program. Leverage is the amount of debt relative to the total value of the assets in a project. The use of HOME funds in a project may increase the ability of a project to secure mortgage financing which is repaid over time.

C. Eligible Forms of Match

The match obligation may be met with many different options as stipulated in 24 CFR 92.220:

- 1) Cash or cash equivalents from a non-federal source such as a donation from private or non-profit entity members who do not hold an investment or ownership interest in the project.
- 2) Waived taxes, fees or charges associated with HOME projects.
- 3) Value of donated land or real property.
- 4) Cost of infrastructure improvements associated with HOME projects from non-federal sources are prorated per unit.
- 5) A percentage of the proceeds of single- or multi-family housing bonds issued by state, state instrumentality or local government.
- 6) Value of donated materials, equipment, labor and professional services.
- 7) Sweat equity.
- 8) Direct costs of supportive services to residents of HOME projects; and/or
- 9) Direct cost of homebuyer counseling to families purchasing homes with HOME assistance.

Match counted for other Federal programs cannot be counted as HOME match. For more information about match see [Chapter 14 2018 HOME Policy Operations Manual](#)

D. Ineligible Forms of Match

The following do not meet the requirements for eligible sources of match and do not count toward meeting the matching contribution requirement:

- 1) Contributions made with or derived from federal resources or funds (including CDBG), regardless of when the funds were received or expended.
- 2) Property acquired with federal funds.
 - a) Note that the properties acquired with federal funds can, in certain circumstances, provide match credit, only if purchased with federal funds specifically for HOME assisted housing or for a HOME eligible project. Additionally, the property must have been acquired at demonstrably below

the appraised value and seller acknowledged the sale at below-market value as a donation to affordable housing at the time of acquisition.

- 3) The interest rate subsidy attributable to the federal tax exemption on financing (such as bonds issued by the State) or the value attributable to federal tax credits (such as the Low-Income Housing Tax Credit Program).
- 4) Owner equity or investment in a project (except for sweat equity).
- 5) Cash or other forms of contributions from applicants for or recipients of HOME assistance or contracts, or investors who own, are working on, or are proposing to apply for assistance for a HOME-assisted project (except for sweat equity or professional services donated by contractors **who do not own** any HOME projects)
 - a) Example: Discounted costs/fees of a construction company contractor whose owners or investors are shared with the Owner/Applicant, are ineligible for Match.
- 6) The cost of administering HOME-assisted or HOME-eligible housing projects or rental assistance; or
- 7) Contributions counted as match toward any other federally funded program.

9. Other Federal Requirements

Project is Subject to Other Federal Requirements

Requirement	Impact on Project
Environmental Review of Activities	A recipient cannot commit funds to a project until the appropriate level of environmental review is complete, and AUGF is received (if applicable).
Section 3	Construction contracts of \$200,000 or more must include language regarding best efforts to include businesses and low-income residents in the project area. This applies to hiring of additional workers and training them and using project-area suppliers for materials. ADFA may set specific goals for Recipients

	based on additional requirements set by HUD that may impact how quickly the project can get under construction.
Women/Minority Business Enterprise (MBE/WBE)	All competitive bidding must include Women and Minority Businesses, including subcontracts. Recipients must ensure that these firms have a fair opportunity to participate and current list of WBE/MBE must be maintained.
Contractor Selection	Recipients must check the website at www.sam.gov to determine if a contractor has been suspended before awarding HOME funds to any firm. Additionally, state law (A.C.A. §22- 9-101) requires all building projects in excess of \$100,000 to be designed by a state-licensed architect and all infrastructure projects in excess of \$25,000 must be designed by a state-licensed engineer.
Procurement	ADFA's procurement policies specify bidding requirements for construction, including competitive and formal bidding.
Conflict of Interest	Recipients need to be fully aware of parties involved in a contract and seek legal counsel if there is the potential for real or perceived COI
Lead Safe Housing Requirements (rehab of pre-1978 units)	When there is HOME assistance involving pre- 1978 properties, Recipients must have qualified staff (or hire them for the project) to notify occupants of the hazards of LBP and take the appropriate approach for various activities; qualified staff must be involved in inspections and clearance actions and report preparation.
Cost Reasonableness	Recipients must have qualified cost estimators available to assist in bid preparation and contract awards, as well as reviewing payment requests.
Americans With Disabilities (ADA)	Recipients must make an internal review of its programs and communications to ensure they are accessible to and usable by persons with disabilities. This may include working with advocacy groups to achieve compliance.

Affirmative Marketing	Recipients must determine if there are under- served populations who are eligible for HOME assistance, and if they are non-English speaking or have literacy challenges, the agency may work with advocacy groups to translate or otherwise reach these households.
Section 504	Recipients must ensure that specifications for new construction of multi-family dwellings meet the design and construction standard of the Fair Housing Act to make units accessible and the requirements were included in contracts for substantial rehabilitation of buildings with 15 or more units when rehab exceeds 75% of replacement costs. In other projects, the Recipient should work with the developer/owner to make units adaptable and/or accessible as is financially feasible. Additionally, all ADFA funded projects must comply with ADFA's MDS Standards.
Energy Conversation	Recipients must become familiar with the International Energy Conservation Code and include its requirements in all contracts for residential new construction.
Labor Requirements	Before beginning construction or rehab of projects with 12 or more HOME-assisted units, Recipients must obtain the prevailing wages for various building trades to be obtained from the Dept. of Labor; someone must be designated to monitor work on site and payrolls; must be reported as required by Davis-Bacon related acts. Davis-Bacon does not apply to NHTF Funding.

<p>Uniform Relocation Act and Section 104 (d)</p>	<p>Recipients are responsible for ensuring that tenants in properties that may be acquired or rehabilitated receive correct and timely notices and protections; owners of units to be acquired through a Homebuyer assistance program must receive the “Notice to Owner” for voluntary acquisitions, and tenants living in units purchased with HOME funds are protected by the URA. If units are demolished or converted with HOME funds, 104 (d) may be triggered and appropriate notices and assistance must be provided. Since no one can be forced to move (displaced) without at least 30 days’ notice, a project may not meet a developer’s schedule.</p>
<p>Radon Reduction</p>	<p>Recipients are responsible for providing radon testing of properties where buildings will be used for residential occupancy. In cases of substantial rehabilitations and new construction projects, an active radon mitigation system shall be incorporated into the design specifications.</p>
<p>Buy America, Build America Act (BABA)</p>	<p>The Build America, Buy America Act (“BABA”) requires any infrastructure project funded by any Federal Financial Assistance (“FFA”) to apply a domestic content procurement preference—called the “Buy America Preference” (“BAP”). This means that all iron, steel, manufactured products, and construction materials used in the infrastructure project are to have been produced in the United States, unless the awarding agency has issued a waiver of this requirement.</p> <p>The purpose of BABA is to bolster America’s industrial base, protect national security, and support high-paying jobs. For additional information, please see Title IX of the Infrastructure Investment and Jobs Act (BABA).</p>

A. Nondiscrimination and Equal Opportunity

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

- 1) The requirements of the Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR Part 100; Executive Order 11063, as amended by Executive Order 12259 (3 CFR 1958 B1963 Comp., P. 652 and 3 CFR 1980 Comp., P. 307) (Equal Opportunity in Housing) and implementing regulations at 24 CFR Part 107; and of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1;
- 2) The prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing Regulations at 24 CFR Part 146.
- 3) The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8.
- 4) The requirements of Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR 1964-65, Comp., p. 339) (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60.
- 5) 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 subrecipients, owners, developers, 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.

B. Uniform Relocation Act (URA)

All Rental Housing projects fall under the requirements of the URA. Applicants must further document that any purchase of property meets the requirements of

URA, including the provision of notices to the seller identifying the transaction as a voluntary sale not under the threat of eminent domain.

Additionally, for properties occupied by commercial or residential tenants at the time of application, URA requires certain notices to tenants in place as of the application for federal funds. Failure to provide such notices may result in substantial compliance costs or render a project ineligible. To ensure compliance with URA, applicants should **consult ADFA staff prior to the submission of any application involving an occupied property** to understand the requirements of URA. Information regarding URA can be found here: [CPD Handbook 1378.0 | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

C. Labor Standards

1. HOME

Labor standards, including Davis-Bacon federal prevailing wage requirements, shall apply to all rental housing projects with 12 or more HOME-assisted units. Information regarding Davis- Bacon can be found here: [Davis Bacon Labor Standards](#)

2. NHTF

(Not Applicable) NHTF funding does not trigger federal labor standards.

D. 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 or rehabilitation of the project. Information regarding MBE/WBE can be found here: [Guidance on Minority Business Enterprise/Women Business Enterprise Outreach](#)

E. Section 3

Developers must maintain a Section 3 plan that demonstrates a marketing plan to include Section 3 contractors and all tiers of subcontractors in the construction or rehabilitation of the project. Information regarding Section 3 can be found here: [Section 3 - HUD Exchange](#)

10. Underwriting Analysis

Upon submission of a request for HOME and/or NHTF funds, ADFA staff will conduct an underwriting analysis of the project and developer(s) as presented in the application. ADFA will, in all instances, commit HOME and/or NHTF funds consistent

with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion.

A. Underwriting Analysis will include:

- 1) Vacancy factor of at least 7% for family and elderly developments unless the market study indicates a higher vacancy factor is needed;
- 2) ADFA staff will use a maximum 2% inflation factor for all sources of income;
- 3) All operating expenses will be underwritten with an inflation factor of 3%.
- 4) All HOME and/or NHTF projects must maintain a total project Debt Coverage Ratio (DCR) of at least 1.15 for the affordability period. Properties with a DCR that exceeds 1.40 may have rent increases reduced or denied; and
- 5) Proposals must include justification of operating costs that includes a comparison to similar projects in the local market. Whenever possible, comparable properties should be operated by the proposed management company. ADFA may establish minimum annual per unit operating costs as part of its annual QAP or RFP.
 - a) At a minimum, projects must make a minimum replacement reserve deposit of \$300 per unit per year for family and elderly projects. The Replacement Reserve must be funded and maintained for the full affordability period and reflected in the operating expenses for the full 15-to-30-year projection of expenses, as applicable. Replacement Reserve deposits will be inflated at 3% annually.
 - b) Projects must include a capitalized Operating Reserve equal to 6 months of underwritten operating expenses, amortizing debt service, and required reserve deposits. If drawn, the operating reserve must be replenished prior to distributions of cash flow. The operating reserve is intended to protect against unplanned operating deficits. If ADFA's underwriting projections anticipate deficits within the applicable affordability period, a separate operating deficit reserve must be capitalized as well.
 - c) To substantiate LIHTC equity pricing, if applicable, applicants must submit documentation indicating that a syndicator or investor has reviewed the proposal and indicated preliminary pricing along with their interest in the project.

d) Applicants must provide the amounts and terms for the construction financing, permanent financing, and if applicable, owner equity information.

B. Proforma Requirements

ADFA requires submission of a project proforma in a format provided by ADFA as part of the application instructions.

If not otherwise itemized, applicants must be able to separate the hard costs of any stand-alone accessory buildings, including leasing offices, community buildings, laundry facilities, free-standing garages or carports, or maintenance buildings so that ADFA can complete preliminary HOME and/or NHTF cost allocation calculations.

Costs and fees may be paid to ADFA as permitted by the HOME and/or NHTF program(s). The HOME and/or NHTF program(s) allow(s) ADFA to include, as project costs, its internal soft costs specifically attributable to the project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and monitoring award of funds to a project.

Applicants must include allowances for ADFA's project-related soft costs in their development budget, if specified.

Similarly, applicants must include, as part of the operating budget, an allowance for ADFA's ongoing monitoring fees as specified in the application or QAP.

1. Cost Limitations

All project costs must be reasonable and necessary whether directly paid with HOME/NHTF funding or another source. ADFA reserves the right to review any line-item cost to ensure that total project costs are not excessive. Additionally, HOME and/or NHTF projects will be subject to the following specific cost limitations:

- a) The maximum developer fee is 12.5% of net development costs approved by ADFA. Net development costs are total development costs less syndication related costs and the developer fee itself. Consultant fees are payable only from proceeds of the developer fee.
- b) Maximum allowable builder General Requirements, Overhead, and Profit are 7%, 4%, 10%, respectively. The builder line-item percentages are calculated on the construction contract price which cannot include

construction contingency. If ADFA's Inspector approves a Change Order for use of construction contingency, the same percentages for builder line items apply.

- i. Generally, Architectural and Engineering fees may not exceed 6% of total project hard costs (excluding builder's line items) unless ADFA has approved a larger fee (e.g., in response to specific project characteristics such as a requirement for historic rehabilitation or unusual site conditions requiring additional engineering).
- ii. Acquisition costs may not exceed the lesser of the appraised value of a property, the purchase price negotiated with an arms-length seller, or the cost basis of an identity of interest seller.

2. Other Public Funding Sources

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

ADFA will consider adjusting its underwriting in consultation with other funders to the project.

ADFA retains, at its sole discretion, the power to decide whether to accept alternative standards.

a) Financial Feasibility

ADFA will underwrite all applications through using the same criteria regardless of project type or location based on the following criteria:

- i) The extent to which the development's sources of funds equal the development's uses of funds.
- ii) the reasonableness of total development costs.

- iii) repayment terms (including interest rates, total debt, and loan terms) for all proposed debt; and
- iv) The reasonableness of the expenses, incomes, and increases in both are shown in the submitted pro-forma.

ADFA may incorporate terms and conditions required by the equity investor(s) and lender(s) into its underwriting of an application.

3. Operating Deficit Reserve and Replacement Reserve Funds

The total development budget must include an Operating Deficit Reserve Fund equal to the greater of:

- a) Six (6) months of projected annual operating expenses, annual debt service payments, and annual replacement reserve deposits; OR
- b) The amount of operating reserves required by the applicant's equity investor(s) or lender(s).
- c) The funding and maintenance of a Replacement Reserve Fund equal to the greater of:
 - i) \$300 per unit per year; OR
 - ii) The amount of replacement reserves required by the applicant's equity investor(s) or lender(s). These amounts must be evidenced in the final cost certification.

The Replacement Reserve shall be maintained, and yearly deposits shall be made equal to the above requirement, for the entirety of the affordability period. The applicant shall identify the name of the financial institution where each reserve will be held. A copy of the December bank statement for the Operating Reserve account and the Replacement Reserve account must be submitted by the Owner to ADFA's Compliance Department by February 1 of each year. If the December bank statements do not evidence a year-end summary of each month's balance, copies of bank statements for all twelve (12) months for the Operating Reserve and the Replacement Reserve must be submitted to ADFA's Compliance Department by February 1 of each year. The ending balance of each reserve account must total the amounts required, whether the accounts are replenished from operating income or by the general partner of owner or member, shareholder or partner of general partner, as ADFA deems appropriate. ADFA will require notification of all withdrawals from the operating deficit reserves, in writing, prior to withdrawal. Owner must submit with the withdrawal request supporting documentation evidencing the

need for the funds, written evidence that insufficient funds exist in the primary operating account, and a written guaranty by the general partner or owner or member, shareholder or partner of general partner, as ADFA deems appropriate, that said guarantor will deposit sufficient funds so that at the end of the year the total in the Operating Deficit Reserve account equals the amount required as modified for Rural Development. ADFA will require notification from owner on any Replacement Reserve withdrawal and notice of approval from development's lender or investor as applicable.

4. General Requirements, Contractor's Overhead, and Contractor's Profit

The amount allocated to General Requirements cannot exceed seven percent (7%) of its construction hard costs. General requirements include items that are required for the contractor to provide for the specific project including but are not limited to: field supervision; field engineering such as field office, sheds, toilets, and phone; performance and payment or latent defects bonds; building permits; site security; temporary utilities; property insurance; and cleaning or rubbish removal. Such items should not be accounted as separate line items in the development budget.

ADFA will limit the Contractor's Profit to ten percent (10%), and Contractor's Overhead to four percent (4%) of the development's construction hard costs plus general requirements. ADFA may determine whether costs included in the contractor's overhead and contractor's profit calculations are appropriate and reasonable. The applicant must disclose in its application or an attachment all persons and entities, whether or not affiliated with the applicant, that will receive any portion of the contractor's profit, including all members, partners and shareholders of such entities. The applicant must notify ADFA in writing of any proposed change in the person(s) or entity/entities that shall receive any portion of the contractor's profit.

11. Per Unit Subsidy

A. HOME Limits

In no case will the ADFA investment exceed the maximum HOME investment allowed under 24 CFR 92.250. The maximum per unit subsidy in HOME is published each year by HUD. ADFA has set per unit subsidy limits for HOME as follows: 0 BR- \$159,500, 1 BR- \$181,500, 2 BR- \$198,000, 3 BR- \$220,000, and 4 BR- \$247,500.

B. NHTF Limits

NHTF regulations at 24 CFR 93.300 require ADFA to establish a maximum subsidy limit for units assisted with NHTF funding as part of ADFA's annual NHTF Allocation Plan. In no case will the ADFA investment exceed the limits established in the NHTF Allocation Plan as approved by HUD. The applicable limits are 0 BR- \$159,500, 1 BR- \$181,500, 2 BR- \$198,000, 3 BR- \$220,000, and 4 BR- \$247,500,

If awarded, investment in NHTF-funded operating cost assistance or operating deficit reserves is not counted against the maximum per unit subsidy required by 24 CFR 93.300.

C. Unit Allocation

In general, HOME and/or NHTF units will be "floating units" and evenly distributed among the unit types in the development based upon a cost allocation review. If the project's units are not comparable, "fixed units" must be designated. In the case of projects with comparable units, ADFA will designate units as HOME or NHTF-assisted in proportion to the percentage of HOME or NHTF investment in the transaction. For example, if HOME represents 10% of the project's total HOME-eligible cost, at least 10% of each unit type will be designated as HOME-assisted units.

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

D. Cost Allocation

For HOME/NHTF funding, a cost allocation on the development must be used to determine the number of units needed for the HOME/NHTF request in accordance with [CPD 16-15](#). ADFA will request the dollar amounts of the following ineligible HOME/NHTF budget items so they can be deducted from the total development budget:

- Off Site infrastructure

- Accessory Buildings
- FF & E (furniture, fixtures & equipment)
- Hard and Soft Cost Contingency
- Syndication Costs
- Organization fees
- Bridge Loan and Expenses
- Tax Opinion
- Development Reserves
- Replacement Reserves

12. Rent Limits

For all projects, ADFA must specifically approve the project's rent schedule annually, including utility allowances and any tenant fees as described in the sections below. For any HOME unit (Low or High) with local, state, or federal rent assistance (project-based or tenant-based), the tenant's contribution to rent is set by the rental assistance program (30% of adjusted or 10% of annual gross income). The Owner may accept rental subsidy even if the subsidy + tenant contribution exceeds published HOME rent.

A. HOME Rent Limits

- 1) High HOME units must be rented at or below the High HOME rent as published by HUD.
- 2) Low HOME units must be rented at or below the Low HOME rent as published by HUD.

B. NHTF Rent Limits

- 1) NHTF-assisted units must be rented at or below the HUD-published Housing Trust Fund rent for extremely low-income units.
- 2) If the NHTF unit receives Federal or State project-based rental subsidy, and the tenant pays as a contribution toward rent not more than 30% of the tenant's adjusted income, the maximum rent is the rent allowable under the Federal or State project-based rental subsidy program.

13. Utility Allowances

The HOME and NHTF rent limits are gross rent limits. The actual rent collected from a tenant must be adjusted taking into account an allowance for tenant paid utilities. ADFA must review the project's utility allowance (UA) annually.

HOME regulations at 24 CFR 92.252(d) require that the UA for the project be based on the type of utilities used at the project and updated annually. HOME further specifies that the UA is to be established using a project-specific methodology and based on actual utility usage at the property or estimates an allowance based on project-specific factors such as size, orientation, building materials, mechanical systems, and construction quality, as well as local climate conditions.

For HOME projects funded on or after April 20, 2025, the Public Housing Authority area-wide UAs prepared for the housing choice voucher program are an acceptable method of calculating UAs.

The following methodologies, used in other Federal Housing Programs, will meet HOME and NHTF regulatory requirements and are generally acceptable to ADFA. ADFA's HOME/NHTF Department must approve the methodology selected by an applicant. The same methodology must be used for all HOME and/or NHTF units within a single project, thereafter, as reviewed by the Compliance Department.

A. HUD Utility Schedule Model (HUSM): The HUSM enables users to calculate utility schedules by housing type after entering utility rate information (tariffs). This model is based on climate and survey information from the U. S. Energy Information Administration of the Department of Energy, and it incorporates energy efficiency and Energy Star data. This model is allowed for LIHTC projects per IRS regulations at 26 CFR 1.42-10(b)(4)(D). The HUSM and use instructions can be accessed on HUD User at <https://www.huduser.gov/portal/resources/utilallowance.html>.

The HUSM is available as either a spreadsheet model in MS EXCEL or a web-based model on HUD User at <https://www.huduser.gov/husm/uam.html>.

A. Multifamily Housing Utility Analysis: In 2015, HUD published Multifamily Notice H-2015-4 to provide instructions to owners and management agents for completing the required utility analysis. This analysis is also used for the USDA Rural Housing Service program and allowed for LIHTC projects per IRS regulations at 26 CFR 1.42-10(b)(3). This method is applicable for the following

programs: Project-based Section 8, Section 101, Section 202/162, Section 811, Section 236, and Section 221(d)(3).

D. Energy Consumption Model (Engineer Model) (26 CFR 1.42-10(b)(4)(E)) -UA based on an energy and water and sewage consumption and analysis model (energy consumption model) prepared by a properly licensed engineer or a qualified professional. IRS regulations require that such professionals be independent from the property owner, and they specify the building factors that must be included in the model.

E. ADFA will accept the utility allowance established by the applicable local public housing authority (PHA), or another method approved by HUD, to determine utility allowances signed and dated by an official of the issuer.

14. Eligible Costs

Costs funded with HOME funds must be eligible according to [24 CFR 92.206](#). The definition of “eligible HOME costs” is expanded in the final rule to include several additional soft costs: professional services required for HUD environmental reviews or other environmental studies or fees; any legal fees in addition to attorney’s fees; accounting fees; filing fees for zoning or planning review and approval; and “other lender required third-party reporting fees.”

Costs funded with NHTF funds must be eligible according to [24 CFR 93.201](#).

24 CFR Parts 92-93 allows for reimbursement of approved soft costs, and the approved soft costs must be a part of the written agreement.

ADFA will allow HOME/NHTF funds to reimburse HUD environmental reviews or other environmental studies or fees that are approved and included in the written agreement only. The costs may be paid if they were incurred not more than 24 months before the date that HOME/NHTF funds are committed to the project and are expressly permitted by ADFA to pay the soft costs in the written agreement.

The soft costs listed below are eligible soft costs for reimbursement and must be completed by a third-party company.

1. New Construction eligible soft costs
 - Phase 1 Environmental Site Assessment
 - Phase 2 Environmental Site Assessment
 - EA Form or CEST Form

- Studies/Reports as a consequence of the Phase 1 Environmental Site Assessment.

2. Rehabilitation eligible soft costs

- Radon Reports completed by a third-party company.
- Capital Needs Assessment completed by a third-party company.
- Lead based paint Testing and Report
- Lead free pipes/Safe drinking Water Testing and Report
- Asbestos Testing and/or Abatement

The following additional limitations also apply:

- A. HOME and/or NHTF funds shall not be used for luxury improvements according to 24 CFR 92.205 and 24 CFR 93.200, respectively.
- B. HOME and/or NHTF funds may not be used to pay operating costs or to capitalize reserves with the following exceptions:
- 1) HOME and NHTF may be used, subject to ADFA's approval, to establish a rent-up reserve to cover initial operating deficits allowed under 24 CFR 92.206(d)(5) and 24 CFR 93.201(d)(5); and
 - 2) For projects without project based rental assistance, NHTF may, subject to ADFA's approval and the requirements of 24 CFR 93.201(e), be used to establish operating cost reserves specifically for anticipated deficits related to the NHTF-assisted units in a project.
- C. HOME and/or NHTF funds shall not be used for free-standing 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.
- D. HOME and/or NHTF funds shall not be used for off-site infrastructure costs, including any costs associated with extending infrastructure to the project site. The cost of connecting to public infrastructure located in an adjacent right-of-way (e.g., a water or sewer tap) is an eligible cost.

- E. HOME and/or NHTF funds shall not be used for organizational costs such as partnership formation or syndication costs associated with transactions using equity from LIHTC, historic tax credits, or other similar tax incentives.
- F. Hard Construction Cost Breakout
All applicants must complete ADFA's Summary Cost Estimate form included in the MFHA.

15. Cost Reasonableness

Per the requirements of 92.250(b) for HOME, and 92.300(b) for NHTF, all project costs must be reasonable, whether or not paid directly with HOME and/or NHTF funds. ADFA will review all 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. ADFA may also require an applicant, at its own cost, to obtain a third-party cost review from a professional provider acceptable to ADFA. ADFA's staff, or its agents, must be allowed access to the property as necessary to evaluate the cost projections associated with a project's plans and specifications. Applications may be determined ineligible if access is not granted or costs are determined to be unreasonable.

16. Loan Types and Terms

ADFA will provide HOME and/or NHTF funds in the form of a loan to the entity that owns the property. No grants will be awarded, and funding commitments are not transferable without prior written ADFA approval.

- Applications must have a minimum debt coverage ratio of 1.15 including the debt service on the HOME and/or NHTF loan and cannot exceed 1.40.
- The first payment of the loan will be due one (1) year from the date of the first Certificate of Occupancy (temporary or permanent) on the first residential building completed in the Project.
- For any amounts not paid, both principal and interest shall accrue and be payable on the Maturity Date of the loan.
- For projects utilizing HOME Program funds and U.S. Department of Agriculture (USDA) Rural Development (RD) funds and/or any form of HUD

Financing, the HOME loan will match the terms and amortization of the USDA RD loan and HUD Financing.

- ADFA's HOME and/or NHTF Loan is intended as construction/permanent financing. Proceeds of the HOME and/or NHTF loan will only be released as reimbursement of approved monthly construction draws and/or submission of invoices for approved soft costs.

A. HOME

ADFA has the following standard loan terms and conditions for repayment of HOME Rental Housing Program, including:

- 1) All loans must be evidenced by a fully executed promissory note payable at a one percent (1%) interest rate with a term of twenty (20) years and amortized over twenty (20) years at a one percent (1%) interest rate with a term and amortization that will match an extended affordability period.

B. NHTF

ADFA has the following standard loan terms and conditions for repayment of NHTF, including:

- 1) All loans must be evidenced by a fully executed promissory note payable at a zero percent (0%) interest rate with a term of thirty (30) years and amortized over thirty (30) years at a zero percent (0%) interest rate with a term and amortization that will match an extended affordability period.

C. Priorities/Subordination

As part of its funding of a project, ADFA requires the recordation of certain documents. For HOME and/or NHTF projects, a Declaration of Restrictive Covenants and Mortgage must be recorded to ensure that the restrictions and liens, respectively, run with the land.

The Declarations of Restrictive Covenants are to be recorded before the Mortgages. If a project has both HOME and NHTF, the order of recording priority should be (1) the Declaration of Restrictive Covenants for the funding source supplying the greater amount of funds, (2) the Declaration of Restrictive Covenants for the funding source supplying the lesser amount of funds, (3) the Mortgage for the funding source supplying the greater amount of funds, and (4) the Mortgage for the funding source supplying the lesser amount of funds. If the

project is receiving an equal amount of HOME and NHTF funds, the HOME documents are given priority (i.e. HOME Declaration, NHTF Declaration, HOME Mortgage, and NHTF Mortgage).

In certain limited circumstances, ADFA will subordinate its loan to other loans. ADFA will usually subordinate to

1. Construction loans which are required to be paid off prior to the commencement of ADFA's loan(s) being repaid per the terms of the ADFA Promissory Note(s).
2. A conventional loan of a greater amount than the ADFA loan (if there is only one) or sum of the ADFA loans (if the project has both HOME and NHTF funding).

***Note that this only applies to ADFA subordinating its *loan(s)*. ADFA's Declaration(s) of Restrictive Covenants must remain in a higher priority.

However, even if ADFA subordinates its loan, no subordination shall

1. Affect the terms of ADFA's Promissory Note(s), including the repayment terms and maturity date.
2. Waive ADFA's right to approve or disprove any proposed ownership transfer (or any transfer of an ownership interest) in the project through ADFA's usual ownership transfer process.
3. Require ADFA to acquire the senior lender's permission to amend ADFA's Declaration of Restrictive Covenants or Agreement.

Furthermore, while ADFA's HOME and/or NHTF Agreements and Declaration of Restrictive Covenants will set forth the order of priority, ADFA specifically does not approve of any liens, restrictions, etc. which either appear for the first time in the Public Records or are created, attach, or are disclosed between the Commitment Date of the Title Commitment and the date on which the Title Policy is issued. Any lien, restriction, etc. meeting this criteria must be specifically sent to ADFA to be reviewed and a determination made on the effect said lien, restriction, etc. would have on the project.

17. Property Standards

Construction of the development must be in accordance with ADFA's "Design Standards Manual for New Construction and Rehabilitation" (as well as all applicable local, state, and national building codes). The applicant's architect must complete

and execute the "Design Standards Manual for New Construction and Rehabilitation Checklist".

Applicants may request a waiver for rehabilitation proposals by submitting the following: [ADFA Waiver Request](#)

- A. Certification by the design architect or licensed engineer that the standard concerned is impractical or impossible;
- B. Description of alternative design which will achieve the benefit of the required standard, or certification by the design architect or licensed engineer that no alternative design can be undertaken to achieve the benefit of the required standard due to structural constraints; and
- C. Statement by applicant that it will implement any alternative identified by the design architect or licensed engineer. ADFA will require a certification from the design architect or licensed engineer confirming compliance with ADFA's "Design Standards Manual for New Construction and Rehabilitation" prior to closeout.

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

Construction must meet all applicable local building and fire codes (including related electrical, mechanical, and plumbing codes).

All projects must meet applicable Section 504/UFAS requirements. New construction or substantial rehabilitation projects with five or more total units must provide 5% of the project's units (but not less than one) for physically disabled occupants and another 2% of units (but not less than one) designed to be accessible to those with visual or hearing impairments. Other rehabilitation projects will be required, to the maximum extent feasible, to provide physically and sensory accessible units in the same percentage. 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.

All buildings in new construction or substantial rehabilitation using HOME/NHTF funds must include the installation of “broadband infrastructure” as defined by 24 CFR 5.100. In limited circumstances, the regulations allow ADFA to waive this requirement if the project’s location makes such installation infeasible or creates an undue financial burden. In practice, this requires the developer to provide the wiring for high-speed internet but does not require the project to provide the internet service itself. **ADFA does not anticipate circumstances under which it would waive this requirement.**

All buildings in new construction or rehabilitation (substantial or non-substantial) using HOME/NHTF funds must include the installation of NRSB approved Home Radon Detector Short & Long-Term Continuous Monitoring hardwired in each unit in approved testing areas in accordance with National Radon Safety Board (NRSB). <https://nrsb.org/> ANSI/AARST Standards can be found at www.standards.aarst.org. All projects must also comply with ADFA’s Design Standards for New Construction and Rehabilitation, including the Universal Design Standards cited therein.

18. HOME/NHTF Agreement

In addition to any financing documents, owners of HOME/NHTF-financed projects must sign a HOME or NHTF Agreement with ADFA. The Agreement will identify requirements for compliance with the HOME or NHTF regulations and ADFA’s Rental Housing Program requirements and will remain in effect, during the affordability period, in the event of any prepayment of the HOME or NHTF loan. In the event a project is receiving both HOME and NHTF funding, separate Agreements are required for each funding source.

19. Declaration of Restrictive Covenants

Each HOME- and/or NHTF-funded project must maintain restrictions and covenants running with the land enforcing HOME, NHTF, and ADFA guidelines, as applicable. The Declaration of Restrictive Covenants will be separately recorded and will remain in place for the affordability period even if the HOME and/or NHTF loan is prepaid. Among other items, the Declaration of Restrictive Covenants will address:

- 1) Restrictions on the transfer of title to the property or underlying ownership interest of the property owner.
- 2) Restrictions on further encumbrances on the Property without ADFA’s prior permission.

- 3) Operational and performance requirements, including maintenance of various reserves, restrictions on the distributions of surplus cash (if applicable), and property management and insurance expectations.
- 4) Provisions to enforce ongoing requirements for project compliance through the HOME and/or NHTF Affordability period, including:
 - a) The length of the period of affordability.
 - b) Income and rent restrictions on HOME-assisted and/or NHTF-assisted units.
 - c) Property standards to be enforced.
 - d) Marketing and leasing requirements; and
 - e) Recordkeeping and reporting requirements.

If a project receives both HOME and NHTF funding, separate covenants will be recorded. The HOME/NHTF covenants will be separate from any required LIHTC covenant(s).

20. Drawing Funds

ADFA's HOME and/or NHTF loan is intended as construction and/or permanent financing. Proceeds of the HOME and/or NHTF loan will only be released as reimbursement for eligible project costs.

A. Conditions of Construction Draws

Proceeds of the HOME and/or NHTF loan will only be released to Owner for actually incurred HOME-eligible and/or NHTF-eligible project costs. The obligation of ADFA to approve any draw or to make any disbursement of HOME and/or NHTF funds is subject to the satisfaction of the following conditions at the time of making such disbursement:

- 1) Draws will not be processed if the Owner is in default of program regulations.
- 2) The Project shall not have been materially damaged by fire or other casualty.
- 3) ADFA shall have received evidence satisfactory to ADFA that all work and improvements requiring inspection by any governmental authority having jurisdiction have been inspected and approved by such authorities and by any other persons or entities having the right to inspect and approve construction; and

- 4) Owner shall have submitted at least 10 days prior to the date a disbursement is desired a completed disbursement request using AIA G-702 (Contractor's Application for Payment) and G-703 (Continuation) forms and such other appropriate source documentation as may be required by ADFA including, without limitation, the following:
 - a) Current Contractor Tracking Form and lien waivers must be concurrent with the requested disbursement.
 - b) Evidence satisfactory to ADFA that the Project and the contemplated use thereof are permitted by and comply with all applicable uses or other restrictions and requirements in prior conveyances, zoning ordinances, or regulations that have been duly approved by the municipal or other governmental authorities having jurisdiction; that the required building permits and other permits have been obtained as required; and that no environmental impact statement is required.
 - c) Appropriate certifications of compliance in all respects with labor standards and prevailing wage requirements applicable under federal law.
 - d) Such other supporting evidence as may be requested by ADFA or its agents to substantiate all payments which are to be made out of the relevant disbursement and/or to substantiate all payments then made with respect to the Project.
 - e) ADFA shall have determined that all HOME and/or NHTF requirements pertaining to the disbursement of funds have been met, including but not limited to monitoring of Davis-Bacon compliance.
 - f) ADFA shall have received a current inspection report from an ADFA inspector that verifies satisfactory completion of work to HOME/NHTF standards.
 - g) No determination shall have been made by ADFA that the undisbursed amount of the loan is less than the amount required to pay all costs and expenses of any kind that reasonably may be anticipated in connection with the completion of the Project.

B. Conditions of Final Disbursement

In addition to the requirements set forth above, ADFA shall require the following prior to the final disbursement of funds, the request for which shall not be submitted before completion of the Project, including all landscape requirements and offsite utilities and streets and correction of defects in workmanship and/or materials:

- 1) A certificate of occupancy, if applicable, or a final approved construction report from ADFA's HOME/NHTF Department for the Project.
- 2) Identification of the designated street address of the Project, including as applicable the street addresses assigned for the leasing office and each residential structure and the specific unit designations (e.g., unit number or lettering such as #12 or Apartment B-3) for all HOME/NHTF units.
- 3) Evidence satisfactory to ADFA that the Project has been completed lien free and substantially in accordance with the plans and specifications.
- 4) Review and final settlement of the cost certification.
- 5) Such other supporting evidence as may be requested by ADFA or its agent to substantiate all payments which are to be made out of the final disbursement and/or to substantiate all payments then made with respect to the Project; and
- 6) A determination by ADFA that all HOME and/or NHTF requirements pertaining to the initial development of the Project have been met, including but not limited to monitoring of Davis-Bacon compliance, as applicable, Section 3, Energy Star Certified Units, and Lead Based Paint reports, if applicable.

C. Limitation on Draw Requests

- 1) In all cases, Owner may not request disbursement of HOME and/or NHTF funds until funds are needed for the payment of eligible costs, and all disbursement requests must be limited to the amount needed at the time of the request. All ADFA funded draw requests are for reimbursement only.
- 2) No disbursements for materials stored will be made by ADFA.
- 3) All hard and soft costs budgeted to be paid by HOME and /or NHTF funds are subject to 10% of total funds to be held as retainage until submission and approval of all items required for final disbursement.

D. ADFA Construction Inspections

ADFA will provide HOME and/or NHTF funds in the form of construction and/or permanent financing only. ADFA must be provided with the AIA G702/G703 and supporting documentation and Developer/Owner must provide reasonable notice of any changes to scheduled monthly draw inspections during the construction period. ADFA staff will participate in all draw reviews and conduct inspections to ensure that the project is progressing, and that work completed is consistent with all applicable HOME and/or NHTF requirements.

1) Federal Labor Standards (Davis-Bacon) - HOME

When federal labor standards (i.e., Davis-Bacon and Related Acts) apply to a project, ADFA must be provided with compliance documentation throughout the construction period even when HOME is provided as a permanent loan following the completion of construction. Prior to commencing construction, ADFA must approve current wage determinations applicable to the project. The contractor will be required to provide weekly payroll forms to ADFA and allow access to the site and workers for the purpose of completing worker interviews.

ADFA will accept [Form WH-347](#) or acceptable internal forms from the contractor.

2) NHTF

Davis-Bacon does not apply to NHTF projects unless triggered by another source in the project.

21. Project Closeout

Owners are required to submit demographic data at least up for all HOME-funded and/or NHTF-funded units. Data shall include elderly status, race, gender, female head of household, number of household members, and percent of area median income. Owners must be aware that the Affordability Period does not begin for HOME/NHTF-funded Project(s) until all project costs are processed, all demographic data is verified by ADFA staff, and the project is entered as completed in IDIS.

22. Project Completion Deadline and Period of Affordability

A. HOME

The period of affordability will start on the date of project completion as defined by 24 CFR 92.2 which, among other things, requires that all construction activity be complete, all HOME funds drawn from the U.S. Treasury, and project completion information be entered into the HUD Integrated Disbursement and Information System (IDIS). For rental projects, project completion occurs upon completion of construction and before occupancy, and units may be marked vacant in IDIS until complete beneficiary data is received.

ADFA and HUD intend that a draw should occur within 12 months of the agreement execution date and that project completion occur within 24 months of the date of commitment of funds to the project. If the Owner fails to meet the 12 month or 24-month deadline, repayment to ADFA may be required of any HOME funds disbursed for the project. In accordance with the minimum requirements of 24 CFR 92.252(e), rehabilitated and new construction rental projects funded with HOME shall maintain HOME affordability requirements for a period of up to 15 years for rehabilitation projects and at least 20 years for new construction projects.

B. NHTF

The period of affordability will start on the date of project completion as defined by 24 CFR 93.2, which, among other things, requires that all construction activity be complete, all NHTF funds drawn from the U.S. Treasury, and project completion information be entered into HUD's IDIS reporting system. For rental projects, project completion occurs upon completion of construction and before occupancy, and units may be marked vacant in IDIS until complete beneficiary data is received.

ADFA and HUD intend that a draw should occur within 12 months of the agreement execution date and that project completion occur within 24 months of the date of commitment of funds to the project. If the Owner fails to meet the 12 month or 24-month deadline, repayment to ADFA may be required of any NHTF funds disbursed for the project. In accordance with the minimum requirements of 24 CFR 93.302(d), rehabilitated and new construction rental

projects funded with NHTF shall maintain NHTF affordability requirements for a period of 30 years as regulated by 24 CFR 93.302.

23. Portal Reporting

ADFA requires the submission of applications, required forms, and documents to be submitted through the Portal. To access the Portal, you will need to complete the Provider Setup form, then email the completed form to ADFA staff. Once ADFA has processed your set-up form, you will be provided the Housing Provider Number and Username to access the Portal.

If ADFA receives forms and documents that have not been submitted through the Portal, ADFA will require those forms and documents to be resubmitted through the Portal. When **all forms and documents** have been submitted through the Portal as instructed, the software will start tracking dates and will submit notifications to ADFA staff that the project is ready for a review of that process. The project will not be able to move forward, if forms and documents have not been submitted through the Portal.

These are the stages and reporting categories:

- Pre-Construction Form/Document submissions.
- Construction Draw Request Submissions.
- Project Completion & Final Cost Certification Form/Document submissions.
- Required Quarterly and Monthly Reporting
 - Pre-Construction Reporting Updates
 - Construction Progress Reporting
 - Section 3 and Davis-Bacon Reporting

The Portal performs the following functions:

- Tracks all Application statuses (Current and Historical).
- Access to required Forms, Documents, and Instructional Manuals.
- Primary method to submit and correspond regarding ADFA forms, documents, inspection results and ongoing administrative requirements.
- Date stamp for the submission of forms and documents.
- Access to project legal documents and correspondence (Agreements, Declarations of Restrictive Covenants etc.).
- Constructions Draw Request Submission.
- Construction disbursement tracking and available program balances; and

- Triggers notices to ADFA staff and tracks required performance measures (Performance tracking is important if applicant intends to submit other ADFA housing applications)

Owner shall submit monthly reports to ADFA, and each month's report shall be submitted by the 15th of the following month.

During the construction phase, owners must provide monthly reports detailing construction progress and barriers to progress, copies of invoices being paid, and evidence of appropriate lien waivers.

During the initial phase of lease-up, ADFA may request owners to provide monthly or quarterly reports detailing the number of additional leases, total project leases, marketing activity, and monthly income and expenses.

A. Initial Occupancy Deadlines

1) HOME

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

- a) Within 6 months from the date of project completion, if a rental unit remains unoccupied, the Owner will provide to ADFA information about current marketing efforts and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible.
- b) 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, ADFA will require repayment of all HOME funds invested in each vacant unit. A unit that has not served a low- or very low-income household, as applicable, has not met the purposes of the HOME program. Therefore, the costs associated with the unit are ineligible.

2) NHTF

HUD does not currently impose specific lease-up deadlines on NHTF-funded projects, but ADFA may require that projects which are not complete within the HOME timelines noted above repay NHTF funds.

B. Marketing and Leasing

The owner/developer must establish a written tenant selection plan consistent with the requirements of 24 CFR 92.253(d) for HOME and 24 CFR 93.303 for NHTF. 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. The tenant selection plan can be found on the ADFA website: [Home | Arkansas Development Finance Authority](#)- and the Portal.

An owner/developer, as part of the application for funding, may propose to restrict units to or provide preferences for identifiable portions of the income-eligible population, e.g., elderly/senior only projects, preferences for homeless and/or special needs populations, etc. Any such restriction or preference must be authorized in the Consolidated Plan and may not be in violation of any Fair Housing or similar requirements. ADFA may, as part of any periodic RFP, provide scoring incentives or further priority for particular populations.

All HOME- and/or NHTF-funded projects must establish an Affirmative Fair Housing Marketing Plan (AFHMP) detailing procedures to attract eligible occupants without regard to race, color, national origin, sex, religion, familial status, disability, or sexual orientation.

AFHMPs shall include all required aspects as stated in 24 CFR 92.351(a)(2) for HOME and 24 CFR 93.350 for NHTF. More detail on ADFA's affirmative marketing requirements, including instructions on completing the AFHMP using form HUD-935.2A can be found on the ADFA website: [Arkansas Development Finance Authority](#) as well as the Portal. ADFA requires owners to review/renew their AFHMP at least every 5 years for multifamily rental projects. ADFA requires Owners to use HUD's AFHMP format for multifamily projects - form [HUD-935.2A](#). The most current version of this form as of the date of this publication is dated 12/2011; OMB Approval No. 2529-0013 good through 1/31/2021. Owners should use the most current available version of this form if/when HUD updates it. Once complete, the person responsible for implementing and reviewing the plan is required to sign and date the plan prior to submission to ADFA for review. The following documents should be submitted to ADFA with a completed and signed

AFHMP for review: waiting list policy, and current examples of advertising material(s).

24. Compliance

The Compliance and Monitoring Division at ADFa plays a crucial role in overseeing and ensuring the adherence to regulations for the agency's Federal Housing Programs. Following project closeout, ADFa will monitor the project for ongoing compliance with HOME and/or NHTF requirements, including but not limited to income and rent restrictions, property standards, tenant protections, and marketing and fair housing requirements. This division is responsible for monitoring and auditing ADFa's affordable rental housing projects. See the link below for the Compliance and Monitoring Manual:

<https://adfa.arkansas.gov/compliance-and-monitoring/>

LANGUAGE ASSISTANCE PLAN

Individuals who are hearing and/or speech impaired and have a TTY may contact ADFA through the Statewide Relay System by calling (711) or (800) 285-1121 or (800) 285-1131 for TTY to Voice or Tele Braille. The relay operator should be asked to call ADFA at (888) 787-2527 or (501) 682-5900. Additional information is at the Arkansas Relay website <https://arkansasrelay.com/> Arkansas Relay offers Spanish relay service for our Spanish-speaking customers. Spanish-to-Spanish (711) or (866) 656-1842 or Spanish-to-English (711) or (800) 285-1131. Arkansas le ofrece el servicio de relevo a nuestros clientes en español. Los consumidores de TTY pueden escribir por máquina en español y las conversaciones serán retransmitidas en español y inglés.

[ISpeakCards 2004](#)

[LEP Brochure](#)

[Language Assistant Planning and Self-Assessment Tool](#)

www.LEP.gov

ACKNOWLEDGEMENT

Acknowledgement of Receipt and Review of the HOME/NHTF Rental Program Guidelines.

Printed Name: _____

Signature: _____ Date: _____

You must submit this acknowledgement with your application for HOME and/or NHTF.