



HOME Investment Partnerships Program

HOME BUYER – NEW CONSTRUCTION



April 2017 NOFA

I. OVERVIEW

The Arkansas Development Finance Authority (ADFA) hereby notifies interested Applicants of the availability of funds allocated from the HOME Investment Partnerships Program (HOME). The availability and use of these funds is subject to Federal HOME regulations (24 CFR Parts 91 and 92) and any amendments thereto, including the final regulations published by the Department of Housing and Urban Development (HUD) in the Federal Register on or about July 24, 2013, and is further subject to ADFA's policies and program requirements.

In releasing this Notice of Funding Availability (NOFA), the goal of ADFA is to facilitate the new construction of single family units for sale to low and moderate income homebuyers. To meet this goal, ADFA will provide grants to nonprofit organizations and local governments.

Funds will be awarded to successful Applicants who will act as Sub-recipients of ADFA to administer the programs set out in this NOFA.

Interested parties may find the regulations governing the use of HOME funds under Title 24, Part 92, of the Code of Federal Regulations. Additional HOME information may also be found at the following link:

<http://adfa.arkansas.gov/adfa-housing-forms-and-applications>

A copy of this NOFA and the Application package and other related materials will be available on the ADFA website at the link listed below within seven (7) business days of the posting of this NOFA.

Applicant questions must be directed in writing no later than April 30, 2017. Questions and Answers to these NOFAs as well as other program updates will be posted to the website noted above regularly.

<http://adfa.arkansas.gov/home-program-documents>

II. AMOUNT OF FUNDS AVAILABLE FOR AWARD

ADFA anticipates that approximately seven million dollars (\$7,000,000) will be available under this NOFA. ADFA reserves the right to fund, in whole or in part, any, all, or none of the applications submitted in response to this NOFA. ADFA may also reallocate funds from this NOFA to other projects if it determines that such a substitution is necessary to further its administration of programs.

III. MINIMUM AND MAXIMUM AMOUNTS OF HOME FUNDS PER DEVELOPMENT

ADFA will not award less than \$100,000 per application submitted ("Application") and not more than \$1,500,000 per Application. Eligible Applicants may submit only one Application.

IV. ELIGIBLE APPLICANTS

A. Sub-recipient Role

Successful Applicants will act as Sub-recipients of ADFA HOME funds. Sub-recipients are defined in the revised HOME Final Rule of July 24, 2013, as follows:

*“Sub-recipient” means “a public agency or nonprofit organization selected by the participating jurisdiction to administer all or some of the participating jurisdiction’s HOME programs to produce affordable housing....A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of a housing project is **not** a Sub-recipient. The participating jurisdiction’s selection of a Sub-recipient is not subject to the procurement procedures and requirements.”*

Applicants approved for funding under this NOFA will administer the one activity which is outlined in Exhibit “A” of this NOFA.

Administrative responsibilities of the Sub-recipient will include, but are not limited to:

- Selecting third party developers to complete eligible activities.
- Conducting assessments of proposed developments and coordinating appropriate work to be completed.
- Evaluating the reasonableness of proposed project costs.
- Ensuring that the work is performed in accordance with all required property standards.
- Submitting required project documentation to ADFA.
- Performing federal compliance oversight.
- Monitoring Program timelines for commitment and expenditure of funds.
- Monitoring compliance with ADFA and HOME Program requirements for the period of affordability.

ADFA intends to enter into a formal written agreement with each selected Applicant no later than July 26, 2017.

B. Eligible Entities

The following entities will be considered eligible to act as a Sub-recipient under this NOFA:

- Local governments
- Qualified non-profit organizations
- Public Housing Authorities

All Applicants must meet the following requirements:

1. The Applicant must show the capacity to carry out the proposed development by having either staff or entities under contract with relevant experience in successfully

- completing the administration of other developments of a similar nature and scope.
2. Applicants must not be out of material compliance or disqualified from any program administered by ADFA or under debarment, proposed debarment or suspension by a federal agency.

C. Additional Qualification Requirements for Applicant Entities – Nonprofits

In addition, an Applicant formed as a nonprofit must be determined by ADFA to be qualified to act as a Sub-recipient. The nonprofit must be able to demonstrate technical expertise of staff and other project partners in housing production and management and meet the following criteria:

1. A proven track record in affordable housing development and project management for a minimum period of three (3) years prior to the application submission date.
2. The healthy operating sustainability of the organization, including fiscal longevity.
3. The sound management and governance of the non-profit.

D. Additional Eligibility Requirements for Applicants – Local Governments

In addition to the requirements for all Applicants, Local Governments must also meet the following requirements:

1. Local governments that received a grant award under the Community HOME Investment Program (CHIP) in the 2009 or any prior grant year must have expended all project and administrative funds by December 1, 2013, in order to be qualified as an Applicant.

V. FORMS OF HOME ASSISTANCE AND DEVELOPER AND PROJECT DELIVERY FEES

Funds provided to all Sub-recipients will be in the form of a grant from ADFA. All funds must be loaned to individual homebuyers qualifying for HOME funds and approved in advance by ADFA. Program income generated must be retained in a separate account for use in future HOME-eligible affordable housing developments by the Sub-recipient.

Housing units utilizing funds from this NOFA will be sold to the individual homebuyers at a price not to exceed the total construction costs of constructing the housing unit. Any deviation from this requirement will result in suspension of all future activities between the sub-recipient and ADFA until resolved and approved by ADFA personnel.

Developers seeking to utilize plans other than ADFA approved plans will have to submit the plans to ADFA for approval. For purposes of this NOFA, the suggested plan guidelines are modified as follows: 700 square feet heated and cooled minimum for 2 bedroom houses, and 1,000 square feet heated and cooled minimum for 3 bedroom houses.

Funds for the development must be provided by the Sub-recipient to the owner of the individual housing unit as a loan. The terms of the loan will not include a charge for interest and will be

subject to ADFA approval and should be set to ensure housing affordability for the targeted population and program income to the Sub-recipient to the greatest extent possible.

Sub-recipients will receive a project delivery fee of up to 10% of the HOME-funded portion of the total project development costs. A portion of this delivery fee can be requested upfront to aid the sub-recipient with project activities. These requests will be reviewed on a case by case basis by ADFA personnel.

More details are provided in Section III of Exhibit A (Activity Summaries).

VI. APPLICATION REVIEW PROCESS

All Applications will initially be reviewed by ADFA to determine completeness. Applicants must respond to any ADFA clarification request within three (3) business days from receipt. Failure to meet this deadline will cause the Application to be deemed incomplete and the Application will not be reviewed further.

Complete Applications will be screened to determine whether the Application meets the minimum NOFA eligibility requirements. ADFA will evaluate and rank each complete and eligible Application according to the priorities identified herein. For any Applications ranked at the same level, the ADFA Receipt Date will determine which Application has priority, with the earliest submission ranked the highest. The “ADFA Receipt Date” is defined as the date and time a complete Application is received by ADFA.

VII. SELECTION PRIORITIES

A. Experience of the Proposed Sub-recipient

Both the experience of the Applicant in administering HOME funds as a Sub-recipient and/or the Applicant’s experience in developing or administering the development of similar units will be considered.

B. Project Concept

ADFA will evaluate each Applicant’s proposal for administration of any awarded funds. The evaluation will include, but not be limited to, the appropriateness of the proposed service area, the type of housing to be developed, the income of the population to be served, the amount of HOME investment per unit, and the demonstrated demand for the completed units. Proposals will also be evaluated for completeness, existing delivery systems and the plan for meeting ADFA program deadlines.

C. Readiness to Proceed

Applications that can demonstrate the greatest readiness to proceed with program implementation will be given the highest priority. This can be demonstrated by the submission of the following with the Application:

1. The identification of proposed development sites is not required at the time of submission. However, if sites have been identified and site control is in place for the

Applicant or owner, priority will be given to these Applications. Site control is identified as (A) A Warranty Deed that conveys title to the subject property (ies) to the Applicant or proposed owner, (B) a legally binding contract to purchase the proposed project site(s) in the name of the Applicant or ownership entity, or (C) a legally binding contract for a binding long-term ground lease, with a minimum term of 45 years.

2. If the Applicant is a local government, documentation of the publication of a legal notice seeking public comments on the Tier One environmental review.

VIII. APPLICATION PROCEDURES AND AWARD ANNOUNCEMENTS

A. Application Submission

One (1) Application on ADFA forms (hard copy or electronic) must be submitted to ADFA along with all supporting documents. The Application may be submitted anytime on or after April 14, 2017, **but no Applications will be accepted after May 15, 2017 at 4:00 PM.** All Applications must arrive at ADFA by the date and time indicated in order to be considered. Postmarks will not be considered to meet this requirement.

All applications must be mailed or be delivered to ADFA's mailroom at the following address:

HOME Program NOFA
Arkansas Development Finance Authority
900 W Capitol Ave, Suite 310
Little Rock, AR 72201
Robert.Hunt@adfa.arkansas.gov

B. Application Award and Notification

All applications will be reviewed, evaluated, and ranked according to the priorities and preferences outlined in Section VII. ADFA will consider the geographic distribution of these resources across the State prior to making final funding decisions. All award results will be posted on the ADFA web site and Applicants notified in writing.

IX. TIMEFRAME FOR COMMENCEMENT AND COMPLETION OF DEVELOPMENT

Project must begin construction within one year of award and completion should occur within 18 (eighteen) months of the Notice to Proceed. All HOME funds must generally be expended within forty-eight (48) months of ADFA's award date. All development activity must be completed within four (4) years of award.

"Completion" is defined as all construction activities being complete, all development funds expended, all final inspections have taken place, and certificates of occupancy issued.

All homebuyer units must have ratified sales contracts within nine (9) months of the issuance of a certificate of occupancy for the unit or the unsold unit must be converted to a HOME-

funded rental unit.

X. COMPLIANCE WITH OTHER FEDERAL REQUIREMENTS

In addition to the basic HOME rules previously outlined, a number of other federal and state regulations must be adhered to in the course of administering HOME funds. The certifying official of the Applicant is responsible for ensuring that the proposed program, activities, goals and timetables are in compliance with all federal and state laws, regulations and executive orders. The major applicable federal laws, regulations and executive orders include, but are not limited to, the areas outlined below:

A. Non-Discrimination and Equal Access

Applicants must take measures to ensure non-discriminatory treatment, outreach and access to HOME resources. This applies to employment and contracting, as well as to marketing and selection of program participants. ADFA does not discriminate based on disability in the administration of Federal HOME funds.

B. Fair Housing and Equal Opportunity

Applicants and their activities must comply with all of the federal laws, executive orders and regulations pertaining to fair housing and equal opportunity listed below:

- Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d et seq.)
- The Fair Housing Act (41 U.S.C. 3601-3620)
- Section 104(b) (2) of the Fair Housing Act
- Fair Housing Act implementing regulations for HUD programs at 24 CFR Part 100-115
- Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259)
- Equal Opportunity in Housing Regulations at 24 CFR Part 107
- Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101)
- Title VIII of Civil Rights Act of 1968 (2 U.S.C. 3601 et. seq. and implementing regulations, as amended)
- Affirmative marketing in accordance with the HOME Investment Partnerships Act and 24 CFR 92.351
- Section 3 of the Housing and Urban Development Act of 1968
- Arkansas Fair Housing Act

C. Accessibility for Individuals with Disabilities

- Section 504 of the Rehabilitation Act of 1973

D. Equal Opportunity

- Equal Employment Opportunity Executive Order 11246, as amended, and

implementing regulations at 41 CFR Part 60

E. Contracting and Procurement

- 2 CFR Part 200, General Procurement Standards

F. Environmental

- National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58

G. Lead Based Paint:

- Section 1012 and 1013 of the Residential Anti-Lead Based Paint Hazard Reduction Act of 1992, which is Title X of the Housing and Community Development Act of 1992 and implementing regulations at 24 CFR Part 35

H. Acquisition and Relocation

- Uniform Relocation Act (URA)
- Section 104(d) of the Housing and Community Development Act, known as the Barney Frank Amendments

I. Financial Management

- 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

J. Housing

- The Truth in Lending Act (Regulation Z)
- Title I Consumer Protection Act (PL 90321)
- Construction Industry Licensing Board Act (O.C.G.A. Section 43-14-1, et. seq.)
- Mandatory State Construction Codes, as well as the International Energy Conservation Code
- Construction and Safety Standards at 24 CFR 3280 for new manufactured housing

K. Labor Standards

- Every contract for the new construction or rehabilitation of housing that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as pre-determined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5). Such contracts are also subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).

- Contractors, subcontractors, and other HOME fund recipients must comply with regulations issued under these acts and with other Federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs).

L. General

- Title II of the National Affordable Housing Act of 1990, As Amended
- 24 CFR Part 92, HOME Investment Partnerships Program
- 24 CFR Part 5 A, 5.105, Other Federal Requirements

XI. COMPLIANCE WITH STATE REQUIREMENTS

In addition to the basic HOME rules and Federal requirements, the certifying official of the Applicant is responsible for ensuring that the proposed program, activities, goals and timetables are in compliance with all state laws, regulations and executive orders.

EXHIBIT "A"

I. Eligible Activities

Sub-recipients may fund the following eligible activities:

- (1) Single-family, homebuyer developments, including those on scattered sites.

A market analysis will not be required as part of this NOFA.

II. Ineligible Activities

The following activities are ineligible for funding from a Sub-recipient:

- Requests for refinancing as defined under the HOME regulations.
- Developments involving only acquisition of property.
- Developments that will result in any permanent, involuntary displacement of residents.
- Owner-occupied rehabilitation.
- Tenant-based rental assistance.
- Manufactured housing.
- All activities expressly prohibited in the HOME regulations as outlined in 24 C.F.R. 92.214.

III. Activity Summaries

Homebuyer Development - Funds will be provided to newly construct single-family units to be sold to low and moderate income homebuyers. All eligible Applicants, including qualified non-profit organizations, are eligible to apply for this activity

Funds to Applicants for new construction of single family units for homeownership shall be provided by the applicant as a construction loan at 0% interest converted to a mortgage (between the Sub recipient and individual homebuyer) at 0% upon sale to a homebuyer eligible under the HOME Program.

Sub-recipients are eligible to receive project delivery costs of up to 10% of the HOME-funded total development cost. All eligible project delivery costs must be identified by the Sub-recipient.

If the housing units are sold to low and moderate income homebuyers, a formal agreement between the Sub-recipient and a HUD-approved housing counseling agency to provide pre-purchase, homebuyer education services to all new homebuyers will be required, but **NOT** at the time of this application. A firm partnership will be required in carrying out the funded activities. Partnerships that consider post-purchase education services for each new homebuyer are encouraged

IV. Property Standards

All funded properties must meet certain property standards. At minimum, all units must meet HUD's Uniform Physical Condition Standards (UPCS). However, the HOME regulation also requires that all housing that is rehabilitated or financed with HOME funds must meet all applicable local codes (including state codes), rehabilitation standards, ordinances, and zoning ordinances at the time of development completion. The State Code can be found at the following link:

[http://adfa.arkansas.gov/Websites/adfa/images/HOME_Program/Documents/Arkansas_Usability_Standards_in_Housing_\(Universal_Design\).pdf](http://adfa.arkansas.gov/Websites/adfa/images/HOME_Program/Documents/Arkansas_Usability_Standards_in_Housing_(Universal_Design).pdf)

V. Period of Affordability Compliance

During the Period of Affordability, Sub-recipients will be required to carry out ongoing compliance monitoring activities as dictated by HOME rules. ADFA will monitor their performance in completing these activities. The period of affordability will be determined by the level of assistance provided each unit as outlined in the HOME regulations in Sections 92.252 (e) for rental units and Section 92.254 for homeownership units and can vary from 5 to 20 years. All rental units funded under this NOFA will be subject to all HOME compliance and affordability requirements throughout this period of affordability, including periodic tenant file reviews and unit inspections to ensure all ongoing HOME requirements are met.

For homeownership developments, the liens will be considered satisfied by the owner's continued occupancy in the home as their primary residence as verified throughout the period of affordability. Failure to fulfill this requirement during this time frame will result in a recapture of net proceeds as described in The State of Arkansas's 2015-2019 Consolidated Plan including the 2016 Annual Action Plan.

**INSTRUCTIONS FOR
SUBMITTING PROGRAM APPLICATIONS**

All single-family applications for HOME Funds submitted during the April 2017 NOFA, must use the following instructions for submitting an Application. All applications must be submitted in the required format.

1. Submit one (1) signed original application, together with supporting documents. Submit application to:

**Arkansas Development Finance Authority
HOME Investment Partnerships Program
Post Office Box 8023
Little Rock, Arkansas 72203**

2. A copy of the application, along with a completed Federal Form 424, must also be submitted to the State Clearinghouse. If the applicant is not a state agency, a copy of this same information must also be submitted to the appropriate Area-wide Clearinghouse.

The address of the State Clearinghouse is:

**Arkansas Dept. of Finance & Administration
State Clearinghouse
1515 Building, Room 417
Little Rock, Arkansas 72201**

3. Please retain a copy of the full application for your files.
4. Answer all questions. If not applicable to your program, mark "NA."
5. Use and include application checklist and only mark items included in the application.
6. ONLY MATERIALS submitted on the enclosed forms (or copies of the forms) will be accepted for review. Others will be returned. Use only forms provided and additional sheets as necessary. Failure to comply may result in disqualification.
7. Incomplete applications will be returned and may result in disqualification.

8. Secure application with a binder clip -- do not insert application in any notebook, hardback cover, use Acco fasteners or any other permanent means of fastening.
9. Please do not submit a handwritten application (Please type)

PART I - APPLICATION CHECKLIST

Part I of the application provides information about the entity (i.e., local jurisdiction or nonprofit entity) submitting the application.

Completed applications must include the following documentation and attachments.

PLEASE NUMBER AND INCLUDE ATTACHMENTS IN THE ORDER LISTED BELOW:

1. Application for HOME Assistance
2. Applicant Experience and Capacity
3. Project Development Team Members
4. Conflict of Interest Acknowledgement
5. HOME Program – Match Guidance
6. Completed HOME Match Form
7. Minority and Women’s Owned Business Enterprise Plan (MBE/WBE)
8. Criminal Background and Disclosure Form (for all members of development team)
9. Completed Federal Form 424 (See ADFA website www.adfa.arkansas.gov)
10. Copy of City’s Fair Housing Ordinance
11. Copy of Section 3 Plan
12. Copy of Affirmative Fair Housing Marketing Plan (Homebuyer activities)
13. Copy of Financial Statement(s)
14. Copy of Most Recent Audit
15. Request for Taxpayer Identification Number (IRS Form W-9)
16. Contract and Grant Disclosure and Certification Form