City of Montgomery, Alabama

Department of Economic Development
Housing Development Division

Request for Proposals
The HOME Investment Partnerships Program

For Program Year 2026
May 1, 2026 through April 30, 2027

Due Date: Open Until Further Notice

25 Washington Ave., 4th Floor
Montgomery, AL 36104

PROPOSED PROJECT NAME: _____

TOTAL HOME FUNDS REQUESTED $_____

Overview

The City of Montgomery seeks competitive proposals from non-profit and for-profit developers to develop, own, and operate affordable rental housing within the statutory limits of the City. The City will provide available assistance from the HOME Investment Partnerships (HOME) Program for use as permanent gap financing to develop affordable rental housing. The funds are allocated annually to the City of Montgomery by the U.S. Department of Housing and Urban Development (HUD). The HOME program is designed to ensure the availability of affordable housing to low-income residents, as defined by HUD. For more information, refer to HUD program information at **https://www.hudexchange.info/programs/home/**.

Low interest loans for available funds may be used for acquisition (with or without rehabilitation), rehabilitation, and/or new construction, as may be applicable under HOME rules. These loans must be used as permanent gap financing, and will be designated as forgivable after successful compliance for the full duration of a specified affordability period, up to 15 or 20 years, based on the amount of assistance. Recipients will be responsible for ensuring successful development, ownership, and continued operation of the assisted property as affordable rental housing, available to serve low-income households, throughout the entire applicable affordability period.

This Request for Proposals sets forth the requirements for the City's Program Year 2026 awards of HOME Program funds for affordable rental housing development.

Funding Focus:

HOME FUNDS-PY 2026

The primary focus of Montgomery HOME funding is to develop and operate affordable rental housing, including, but not limited to, an emphasis on accommodations for low-income seniors. We particularly invite proposals to develop affordable rental housing at the following variety of sites: (1) surplus City-owned land that may be contributed by the City for an eligible HOME or CHDO project, and/or other scattered residential 'infill' sites; and (2) any other privately or publicly held eligible sites within the statutory City limits, including sites that are *not* currently located among existing housing occupied by greater than a 51% concentration of low-income population.

Guidelines for using Montgomery HOME Program funds in affordable rental development proposals submitted under this RFP are available at Appendix "A".

Eligible Activities:

HOME FUNDS

Eligible activities for HOME funds administered by the City of Montgomery currently include low-interest forgivable loans for acquisition, rehabilitation, and new construction of affordable rental housing units, as well as grants for limited operation cost assistance to certified Community Housing Development Organizations (CHDOs). All development proposals must include a minimum investment of $1,000 in HOME funds per HOME assisted unit; the maximum HOME per-unit investment allowed by HUD (24 CFR 92.250) may be found in Appendix "A" at Exhibit 1. For a rental development to qualify for HOME Program assistance as affordable housing, a minimum number of the development's rental units, as determined by formula, must be explicitly designated in the HOME loan agreement by address, unit number, and/or legal property description, as either 'fixed' or 'floating' HOME-assisted units. The designated units must be rented only to households with incomes at or below specified limits and at restricted rent rates as determined by HUD to be affordable to low income households in the Montgomery Metropolitan Statistical Area (MSA). Rent and income restrictions are adjusted by HUD annually, upon notification of the City by HUD.

Current-year rent and income restrictions are shown at Exhibit 2 in Appendix "A".

Funding Limits:

Funds offered under this RFP are contingent upon full or partial funding by Congress of the HOME Program for FY 2026. Developers are encouraged to be familiar with ongoing legislative developments in this regard, as pertains to the preparation and submission of a proposal. Be sure to consult the link in the Overview section above, and other available news sources, for information. If 2026 HOME funding is ultimately approved by Congress, Montgomery's allocation is presumed at the time of this writing to be level with prior year (2025) funding. Recipients that are approved for funding will be notified of any changes in available funds in a letter of contingent award. Any HOME allocation to the City is subject to the amount actually awarded by HUD, after approval of the City's PY 2026 Action Plan.

1. **Affordable housing** development funds offered herein are as follows:

Estimated 2026 HOME Project (EN)	$610,046.39
Estimated 2026 CHDO Project (CR)	$130,725.00

The City anticipates approving one or more projects from each category, or any combination thereof. Subject to the number of eligible proposals received and approved for award, the City reserves the option to distribute its HOME awards with or without respect to any particular proposed activity, or ratio of distribution among multiple proposals, at its sole discretion.

The City will consider providing conditional awards of HOME assistance as gap financing for reasonable proposals, **ONLY when the Housing Development Division team has determined that they may reasonably expect that *all other necessary financing can be secured in a timely manner,* prior to executing a HOME assistance agreement.**

2. **CHDO Operating (CO) Cost assistance grants** are only available to certified CHDOs that are applying for HOME CHDO Project funds (i.e., 'CHDO Reserve' funds) in response to this RFP, or that are currently developing a previously awarded CHDO Project. These grants (1) are not project-specific and (2) must be requested at Section D in the proposal format. CHDOs receiving CO grants must have executed (or anticipate executing within 24 months) a written agreement with the City to develop an eligible CHDO project. The CO grant funds may reimburse a portion of actual expenses paid for eligible costs to conduct CHDO operations, as applicable to City affordable housing objectives. Reimbursements are limited to salaries, employee wages & benefits; employee education, training and travel; rent; utilities; communication costs; taxes; insurance; equipment; materials and supplies (not related to direct costs of housing development). HUD will allow the City to award this grant annually, up to statutory limits of the HOME regulation. Anticipated CHDO Operating Cost grant assistance offered in this RFP are as follows:

Estimated 2026 Total CHDO Operating Grants (CO)	$43,574.75

Applicant Eligibility and Selection

Competitive proposals for HOME funds, requesting separate or combined funding, will be accepted from qualified for-profit and non-profit business entities, including certified CHDOs, that clearly demonstrate the necessary qualifications. Funding selections will be determined using subjective evaluation and a scoring system that is based upon the factors shown in the bulleted list below. All award decisions will be based upon sound and reasonable judgment of the reviewers, prudent and fair business practices, and free exercise by the City of its inherent discretion to ensure the following:

- selected developers are experienced in affordable housing, capable of compliance with all applicable funding program requirements, and fiscally sound;
- local neighborhood markets will support the proposed development; and
- financial assumptions and projections in the proposal have been reviewed (underwritten) to balance their adequacy and subsidy layering considerations.

Any for-profit or non-profit owners and developers submitting a proposal must first carefully examine and become familiar with:

- ***Appendix "A": HOME Rental Housing Program Guidelines***, which sets forth the conditions for using City HOME Program assistance as well as the City's program goals and objectives as published in its 5-year Consolidated Plan; and
- ***Appendix "B": HOME Match***, providing instructions for earning points for HOME Match credit; and
- ***Appendix "C": Section 3 Certifications***, which contains two forms required upon submission of a proposal, as excerpted from the City of Montgomery Housing Development Division's **Section 3 Plan**, which can be viewed in its entirety at https://www.montgomeryal.gov/home/showpublisheddocument/18528/638778072311470000.

CHDOs certified by the City of Montgomery to qualify as nonprofit organizations as defined in 24 CFR Part 92.2 may apply and receive funds allocated from the City's HOME 'CHDO Reserve' (CR) set aside when acting under written agreement to carry out CHDO roles as defined at 24 CFR 92.300(a)(2-6). HUD reserves 15 percent of Montgomery's annual HOME allocation for investment in "CHDO Projects," i.e., affordable housing to be developed, sponsored, and/or owned by CHDOs. The CR funds may be used alone, or in combination with available "HOME Project" (EN) funds.

HOME Match Obligations are placed by HUD on the City of Montgomery, which must match 12.5 cents of non-federal funds for each dollar of HOME funds spent on affordable housing. Applicants are NOT required to assist the City in meeting this obligation. However, **proposals that include resources that would provide eligible matching funds to the City could receive applicable points under the scoring criteria**. Guidance from HUD for eligible matching funds in the HOME Program can be found at 24 CFR 92.220 at the following link: **https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title24/24cfr92_main_02.tpl**

Be sure to note that direct contributions from the applicant, including owner equity, do not count as match and will not result in the award of match points under this RFP. Further discussion on potential forms of match for City HOME assisted rental developments may be found at Appendix "B". Applicants with questions about match should contact the HOME Program Manager at 334-625-2297 or pvanfleet@montgomeryal.gov.

Scoring Points will be awarded for each factor below, earning a maximum standard score of 100 or more points, with potential bonus points available in some cases. Points may be deducted from points earned, when necessary, based upon subjective evaluation by the reviewers. The allocation of points to each category is determined at the sole discretion of reviewing staff, as approved by the Housing Director.

1. Developer Experience and Financial Capacity up to 40 points.

   Rankings will be based on evidence of the applicant organization's past portfolio including, but not limited to, leveraging of other sources of funds, experience developing and managing projects of similar type and scope, staff qualifications, input from other funders as well as the overall quality of the proposal presentation. Applicant's current financial statement and independent audit will be reviewed for financial capacity and soundness.

2. Projected Rents, Design, and Site Considerations—up to 15 points.

   These will be closely examined for compliance with the requirements set out in the Program Guidelines.

3. Strength of Pro forma—up to 40 points.

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

4. Matching Contributions—up to 5 points.

   Proposals that include eligible matching funds as described in this RFP will receive points in this category.

5. Most Recent Audit—zero earned points; however, points may be subjectively ***deducted*** for deficiencies.

Regardless of numerical ranking, scoring shall not operate to vest in any applicant or project any right to a reservation or commitment of HOME funds. In all instances, the City will award HUD funds consistent with its published Consolidated Plan and approved Action Plan

Section 3 Compliance

The term, "Section 3" in this plan refers to a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated under requirements found at 24 CFR Part 75. The purpose of Section 3 regulations is to ensure that employment and other economic opportunities generated by certain federal financial assistance to recipients thereof are, to the greatest extent feasible, and consistent with existing federal, State and local laws and regulations, directed to low- and very low-income persons, particularly those who receive government assistance for housing, and to business concerns which provide these opportunities to low- and very low-income persons. Additional information is available on the HUD website at: **https://www.hud.gov/section3.**

Recipients are expected to follow the City of Montgomery Housing Development Division Section 3 Plan, (available at https://www.montgomeryal.gov/home/showpublisheddocument/18528/638778072311470000, in making every reasonable effort to utilize the existing available and qualified workforce by following the applicable Section 3 prioritizations of effort, when hiring additional employees as needed for covered contracts. Under Part 75 rules, contract recipients are required to certify best efforts to follow the prioritization of effort requirements, both prior to the beginning of work and after work is completed.

Included with the original proposal and/or all contract bids, potential HOME recipients as well as contractor/subcontractors seeking or anticipating contracts exceeding $200,000 are required to submit a *projected* strategy for implementing the required prioritization of effort for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns as outlined below, using the Section 3 Compliance Certification forms provided herein at Appendix "C". The plan must list anticipated ESTIMATES of the following:

1. Anticipated total number of labor hours expected to be generated by their own contract;
2. Anticipated total number of Section 3 worker hours to be generated;
3. Anticipated total number of Targeted Section 3 worker hours to be generated; and
4. Anticipated qualitative effort(s), if any, to be implemented during construction (see below).

Throughout implementation of the work of the contract, all direct and indirect contract recipients are required to track and to certify all construction labor hours in two ways, as follows:

- Worker Payroll Tracking Report using forms provided or otherwise as provided or approved by the Housing Development Division;
- Section 3 Monthly Compliance Report as provided or approved by the Housing Development Division.

How to Submit a Proposal

Date and time:
Proposals will be accepted at any time until further notice.

Format:
Provide an original, edge-bound original, plus one (1) copy, plus a copy in electronic file (.pdf) format on disc or portable drive. Both documents must be edge bound in a 3-ring binder, tabbed "Section A" through "Section I" for each section, with numbered tabs within each section. A cover page for each section/subsection is not required, but if included, all cover pages must be white only. **Both proposal volumes must have original 'wet' signatures in blue ink (no electronic signatures).**

Please mail or deliver your proposal to:

City of Montgomery
Housing Development Division
25 Washington Avenue, 4th Floor
Montgomery, Alabama 36104

Answer all narrative questions as specified, using complete sentence structure, with information that best represents and fully informs reviewers as to how the proposed project will benefit Montgomery's affordable housing objectives, as published in its 2025-2029 Consolidated Plan. Follow any links to available materials, as applicable to your organization and its proposal.

KEEP IN MIND that the first threshold for approval of HOME assistance proposals is based upon subjective standards, as assessed by the reviewers, especially with regard to the organization's *most recent audit,* as well as *quality and clarity of all submitted documentation*. FAILURE TO PASS SUBJECTIVE EVALUATION (i.e., 'first impressions') WILL NEGATIVELY AFFECT SCORES earned in the qualitative and quantitative response sections.

Place a copy of these pages 1-6 *in front* of the tab for "Section A."

Section A. -- Proposal Cover Sheet

A.1. Proposal General Information and Executive Certification – Copy, complete, sign and insert the following pages 8 and 9 at the tab for Section "A", followed by a copy of the most recent audit conducted by an independent Certified Public Accountant.

HOME PROPOSAL
PY 2026 FUNDING ROUND

PROJECT NAME: _____

APPLICANT NAME: _____

APPLICANT ADDRESS: _____

_____

_____

APPLICANT PHONE: _____ **UEI Code:** _____

APPLICANT EMAIL: _____ **DUNS #:** _____

NAME OF AUTHORIZED REPRESENTATIVE: _____

AUTHORIZED REPRESENTATIVE PHONE: _____

AUTHORIZED REPRESENTATIVE EMAIL: _____

By signing below, the applicant certifies to understanding and acceptance that all of the qualifying thresholds set forth in this RFP are requirements for 'Good Standing' in order to receive City of Montgomery HOME Program assistance.

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

☑ **Limitation on City Commitment: Successful Applicants will receive a letter of conditional award, which will state that the City's commitment of HOME funds is contingent upon: 1) approval of the City's Action Plan by HUD; 2) availability of HOME funds; 3) final commitment of all funding sources; 4) environmental review clearance per 24 CFR Part 58 and release of funds obtained from HUD; 5) timely execution of a written agreement between the City and the HOME recipient; and 6)**

Construction of the project must be reasonably expected to start within 12 months of agreement execution.

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

☑ **No proposal/application will be processed for any business entity or individual that is not in good standing with: the City of Montgomery, Alabama; any private or State housing finance authority, including the Alabama Housing Finance Authority or the Alabama Department of Economic and Community Affairs (ADECA); or the U.S. Department of Housing and Urban Development or any other federal agency.**

CERTIFICATION of Chief Executive Officer:

As Authorized Representative for _____, I hereby certify that all materials submitted in this proposal as noted on the checklist below are true and correct to the best of my knowledge and belief. I understand that any attempt to falsify information in this application shall result in disqualification.

Signed: _____

Print Name/Title: _____

Date: _____

Section B. -- Proposal Application Documents

B.1. Authority to Release Confidential Information - Insert a letter under authorized or executive signature, on official letterhead, allowing the City to contact banking references, obtain applicant entity's corporate credit report (e.g., Dunn & Bradstreet), or personal credit report (e.g. sole proprietors, S-corps, etc.).

B.2. Developer Portfolio – Insert four (4) separate pages or sets of documentation *exactly labeled* as follows:

- "Recently Completed" - recently completed comparable projects completed within the last ten (10) years, including construction completion dates
- "Underway" - projects underway and/or pending, even if non-comparable to the proposal, with planned or anticipated completion dates
- "Development Staff" - a list of the *job titles of development staff* that are expected to be assigned to this proposed activity, with a brief description of their roles and experience (no resumes)
- "Identities of Interest" - a disclosure statement on official letterhead and signed by the organization's certifying official, indicating whether or not there are any known or potential identities of interest in the proposed activity, which could present a conflict.

B.3. Excluded Parties Report - Insert a copy of the applicant organization's federal Excluded Parties Report (register at http://www.SAM.gov and run the report). The System for Award Management (SAM) is the Official U.S. Government system that consolidated the capabilities of CCR/FedReg, ORCA, and EPLS. There is NO fee to register for this site.

B.4. Executive Resumes (CEO/Director, etc.) - Insert copies of resumes for all applicable executive-level managers that will influence planning, chartering and/or implementing the proposed project, with copies of any applicable licenses, professional certifications, etc.

B.5. E-Verify Registration - Insert a copy of the applicant entity's E-Verify registration and signed 13-page MOU, available at the Department of Homeland Security website at www.dhs.gov/E-Verify. E-Verify is a program that electronically confirms an employee's eligibility to work in the United States after completion of Form I-9, Employment Eligibility Verification (Form I-9). This Memorandum of Understanding (MOU) explains certain features of the E-Verify program and describes specific responsibilities of the Employer, the Social Security Administration (SSA), and DHS. Authority for the E-Verify program is found in Title IV, Subtitle A, of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA), Pub. L. 104-208, 110 Stat. 3009, as amended (8 U.S.C. § 1324a note). The Federal Acquisition Regulation (FAR) Subpart 22.18, "Employment Eligibility Verification" and Executive Order 12989, as amended, provide authority for Federal contractors and subcontractors (Federal contractor) to use E-Verify to verify the employment eligibility of certain employees working on Federal contracts.

B.6. Financial Statements (P&L) Insert financial statements for the proposed owner/developer and *all associated guarantors*, current as of no more than 120 days.

B.7. Income Tax Returns - Insert a copy of the for-profit entity's returns for the most recent tax year, OR the non-profit entity's most recent Form 990s.

B.8. Organizational Documents - Insert a copy of the applicant entity's Articles of Incorporation, with amendments.

B.9. Organizational By-Laws, etc. - Insert a copy of the applicant entity organization's By-Laws, along with any relevant operating agreements, partnership agreements, etc.

B.10. Section 3 Business Entity Certification Documents - Insert a copy of the applicant entity organization's certification of Section 3 Business Entity status form, located at Appendix "C."

B.11. Section 3 Recipient Compliance Certification - Insert a copy of the applicant entity's Section 3 Recipient Compliance Certification form, located at Appendix "C."

B.12. URA Documents - Insert a preliminary URA action plan, with blank samples of all anticipated URA forms applicable to the plan. **If URA is not applicable to the proposal**, attach a page on official letterhead stating that URA requirements are not anticipated, with authorized or executive signature.

Section C. -- Project Information

C.1. Executive Summary - Insert a detailed *narrative* synopsis of the proposed development. This response does not earn scoring points; however, **points may be deducted subjectively** for insufficient relevant details. **At a minimum**:

(1) include a *bullet-pointed/numbered list* describing ALL of the following:
- the number of proposed housing units (both affordable and market rate);
- an estimate of the anticipated project costs;
- all estimate of the proposed financing amounts and sources;
- brief description of the proposed buildings/complex;
- security plan for both during and after construction;
- proposed unit amenities
- accessibility/adaptability provisions;

(2) attach a quality map of proposed site location; and
(3) attach available design renderings, sample floor plans, etc.

Note that extra **points may be awarded subjectively** for quality and content of a three-point (minimum) *narrative* plan (not a list or outline) describing unique methods/procedures for how the organization intends to emphasize and implement the recruitment of *local* prime contractors and vendors, including (but not limited to) Minority and Female Business Enterprises (MBE/WBEs) and Section 3 businesses. (HINT: the operative word here, for sake of extra points, is "unique.")

C.2. Site control (development activities) - Insert a copy on official letterhead of:

- a description of the type of site control (i.e., already acquired, purchase option agreement, etc.) –OR—
- a "Pending" statement with an explanation of current barriers to site control, AND current plans for obtaining site control.

C.3. Proposed site development plan - Insert:

- preliminary cost estimates from a third-party qualified provider (i.e., architect, designer, etc., on their official letterhead or identified by name & address) for construction and development activities,
- an estimated development timeline
- an estimated development budget, including all sources and uses
- a proposed A&E Site Plan, with preliminary plat if available, and concept sketches; etc.

C.4. Flood Hazard Determination Form - Insert a copy of either (1) a current FEMA Flood Insurance Rate Map (FIRM) of the subject site, with a clear overlay of the anticipated site development area, or (2) FEMA Form 086-0-32 from a nationally recognized flood data service or from a licensed surveyor indicating that no portion of the property that is to be developed is located within the 100-year flood plain.

C.5. Underwriting – Insert a preliminary underwriting worksheet that evidences, at a minimum:

- rent and operating cost projections with justifications
- construction period sources & uses
- proforma with 15 year (rehabilitation) or 20 year (new construction) operating/cash flow projections
- debt coverage ratio
- capitalized operating reserve equal to at least 6 months' rent revenues, NOI, and debt service (show calculation)
- replacement reserve deposits schedule

NOTE: Use the City of Montgomery HOME Underwriting Template, available at the link *here*. For any proposals that include the use of Low-Income Housing Tax Credits (LIHTC) from the AHFA, applicants may submit a copy of the same template used in the LIHTC application.

C.6. Professional Services and Soft Costs - Insert final estimates for anticipated professional service and other soft costs for construction (e.g. architectural fees, construction period taxes/insurance, marketing expenses, etc.)

C.7. Utility Allowance Calculations - Insert a current initial utility allowance calculation obtained from the HUD Utility Schedule Model at: http://www.huduser.gov/portal/resources/utilallowance.html. Where applicable, you may submit a copy of the same template used in a LIHTC application.

C.8. Market Study - Insert a copy of:

- a current professional market study executive summary (*must* be specific to the proposed site) (1-year old or less)
  –OR—
- a note under executive signature on official letterhead, stating, "Market Study is pending; completion is anticipated by [date]."

C.9. Property Management Agency - Insert copies professional marketing information for all planned or potential property management firms that are anticipated to be considered for a contract to manage the proposed housing and/or services.

Section D. -- Available HOME Program Funding

HOME PROJECT (EN)
CHDO PROJECT (CR)
CHDO OPERATING COST ASSISTANCE GRANT (CO)

D.1. Requested HOME Funding – Copy, print, and complete the following page, and insert it at the tab for "Section D."

Requested HOME Program Funding

This organization hereby requests consideration for federal funding award(s) as follows (check as applicable):

Anticipated/Available	Amount Requested
☐PY 2026 HOME Project (EN) funds: $610,046	$
☐PY 2026 HOME CHDO Project (CR) funds: $130,725	$
☐PY 2026 HOME CHDO Operating (CO)funds: $ 43,574*	$

*CHDO Organizations Only:

CHDO Name: _____

This CHDO (check one):

☐ was last certified/re-certified by the City on: _____

☐ applied for pending certification/re-certification by the City on this CHDO _____

☐ will apply for certification/re-certification by _____

Section E. -- Development Budget & Justification

E.1. Development Budget - Please complete the tables below. ***ENTER WHOLE DOLLARS ONLY***

Print and complete the following 3 pages, and insert all at the tab for "Section E."

Development Budget & Justification

EXPENSES	CITY HOME FUNDS	ALL OTHER SOURCES	TOTAL COSTS
Acquisition			
Construction			
Construction Hard Costs			
Builder Overhead			
Builder Profit			
General Requirements			
Pay/Performance Bond			
Tap/Impact Fees			
ADEM Permit; testing fees			
Construction Contingency			
Total Const. Costs			
A & E Fees:			
Architectural Design			
Architectural Supervision			
Soils Report			
Civil Engineering			
Total A & E Costs			
Accounting Fees:			
Cost Cert. Accounting			
Appraisal			
Market Study			
Total Accounting Costs			
Interim Costs:			
Security			
Construction Insurance			
Const. Period Interest			
Const. Loan Orig. Fee			
Recording/Title Ins.-Const.			
Mortgage Tax-Const. Loan			
Const. Inspection Fees			
Total Interim Costs			
Legal Fees:			
Const. Lender Counsel			
Perm. Lender Counsel			
Borrower's Counsel			
Total Legal Fees			
Perm Fees/Expenses:			
Perm Loan Origination Fee			
Mortgage Tax-Perm Loan			
Rec./Title Ins. Perm Loan			

Total Perm Loan Fees			
Project Reserves:			
Operating Deficit Reserve			
Debt Service Reserve			
Replacement Reserves			
Total Project Reserves			
Miscellaneous Soft Costs:			
Leasing Costs			
Soft Cost Contingency			
Total Misc. Soft Costs			
Developer Fee:			
Deferred Developer Fee			
Realized Developer Fee			
Total Developer Fees			
TOTAL BUDGET			

Using the category headings listed below, please provide a detailed explanation as to how requested amounts for City HOME assistance were calculated for each line item. If figures were provided by others, include the name and title of the data source (i.e., "XX% of total estimate by John Doe, Architect," etc.).

EXPENSES	JUSTIFICATION
Acquisition	
Construction Hard Costs	
Builder Overhead	
Builder Profit	
General Requirements	
Pay/Performance Bond	
Tap/Impact Fees	
ADEM Permit; testing fees	
Construction Contingency	
Architectural Design	
Architectural Supervision	
Soils Report	
Civil Engineering	
Cost Cert. Accounting	
Appraisal	
Market Study	
Security	
Construction Insurance	
Const. Period Interest	
Const. Loan Orig. Fee	
Recording/Title Ins.-Const.	
Mortgage Tax-Const. Loan	

Const. Inspection Fees	
Const. Lender Counsel	
Perm. Lender Counsel	
Borrower's Counsel	
Perm Loan Origination Fee	
Mortgage Tax-Perm Loan	
Rec./Title Ins. Perm Loan	
Operating Deficit Reserve	
Debt Service Reserve	
Replacement Reserves	
Leasing Costs	
Soft Cost Contingency	
Deferred Developer Fee	
Realized Developer Fee	
Total Developer Fees	

Section -- F. CHDO Operating Costs Grant Budget & Justification

F.1. CHDO Operating Cost Assistance - Complete the tables below **ONLY if you requested CHDO funds at Section D**. NOTE: it is acceptable to provide ESTIMATED totals for current annual operating costs (entire CHDO organization; may use most recent financial statement). ***ENTER WHOLE DOLLARS ONLY***

Print and complete the following page, and insert all at the tab for "Section F."

CHDO OPERATING COST GRANT BUDGET & JUSTIFICATION

EXPENSES	CITY HOME	OTHER RESOURCES	TOTAL CHDO BUDGET
1. Salaries/Wages			
2. Fringe Benefits			
3. Payroll Taxes			
4. Employee Ed. / Training			
5. Travel			
6. Rent			
7. Utilities			
8. Communication Costs			
9. Insurance			
10. Equipment			
11. Materials			
12. Supplies			
TOTAL			

Using the category headings listed below, please provide a detailed explanation as to how the REQUESTED AMOUNTS for CHDO Operating Cost assistance were calculated for each line item. NOTE: For salaries & benefits, use a breakdown such as, "Director's salary @ $XX per hour x (#) hours x XX%," etc.

HOME program assistance requested herein represents less than _____% of TOTAL ESTIMATED annual CHDO expenditures, based on the most recent corporate audit report.

EXPENSE	JUSTIFICATION
1. Salaries/Wages	
2. Fringe Benefits	
3. Payroll Taxes	
4. Education/Training	
5. Travel	
6. Rent	
7. Utilities	
8. Communication	
9. Insurance	
10. Equipment	
11. Materials	
12. Supplies	

Section G: -- HOME Program Match

G.1. Eligible HOME Match contribution documentation - Insert a page on official letterhead describing any planned eligible HOME Match contributions that are projected to be used if the proposal is funded. Also attach available relevant backup documentation, if any, that justifies the plan.

G.2. No HOME Match contribution option - Insert a page on official letterhead under executive signature stating that HOME Match opportunities to the City are not anticipated.

Potential forms of match for City HOME assisted rental developments may include, but are not limited to:

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

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

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

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

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

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

HOME match is a complex topic. In many cases the "match credit" of a contribution is discounted based on various financial calculations, or in other cases certain investments only create match credit after being prorated between HOME and non-HOME portions of a project or infrastructure investment. For more information on eligible match see HUD CPD Notice 97-03 which is available at: *https://archives.hud.gov/offices/cpd/affordablehousing/lawsandregs/notices/97-3.doc*.

Applicants with questions about match should contact the HOME Program Manager at 334-625-2297 or pvanfleet@montgomeryal.gov.

Section H: -- Certifications

H.1. City Certification Regarding Disbarment & Suspension and the Beason-Hammon Act - Copy, print, sign and insert the following 2 pages and insert at the tab for "Section H."

CITY OF MONTGOMERY- CERTIFICATION REGARDING DISBARMENT & SUSPENSION
SIGN AND DATE IN BLUE INK

1. The Proposer certifies to the best of his/her knowledge and belief that the Proposer and/or any of its principles
are ( ) are not ( ) presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by the City of Montgomery, State of Alabama and any Federal agency.

2. Principles, for the purpose of this certification, means officers, directors, owners, partners, and persons having primary management or supervisory responsibilities with a business entity (i.e.: general manager, project manager, plant manager, supervisor, or head of subsidiary, division or business segment, and similar positions.

3. The Proposer shall provide immediate written notice to the City of Montgomery's Housing Development Division, if, at any time prior to the award of potential grant award, the Proposer learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4. The certification in paragraph 1 is a material representation of fact upon which reliance will be placed when making an award of a grant/contract. If it is later determined that the Proposer knowingly rendered an erroneous certification, in addition to other remedies available to City of Montgomery, the City of Montgomery may terminate and/or withdraw the award resulting from this proposal for default.

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

BEASON-HAMMON ACT
SIGN AND DATE IN BLUE INK

PROCUREMENT STATEMENT OF COMPLIANCE WITH THE BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT AS AMENDED

This form with attachment is to be returned with the response to any RFP or other form of procurement and is to be completed as a condition for the award of any contract, grant, or incentive by the State of Alabama, any political subdivision thereof, or any state-funded entity to a business entity or employer that employs one or more employees within the State of Alabama.

State of _____
County of _____

"As a condition for the award of any contract, grant, or incentive by the State of Alabama, any political subdivision thereof, or any state-funded entity to a business entity or employer that employs one or more employees, I hereby attest that in my capacity as _____(position) for _____ (business entity/employer/contractor name) that said business entity/employer/contractor shall not knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama."

I further attest that said business entity/employer/contractor is enrolled in the E-Verify program. (ATTACH DOCUMENTATION ESTABLISHING THAT BUSINESS ENTITY/EMPLOYER/CONTRACTOR IS ENROLLED IN THE E-VERIFY PROGRAM).

_____ Signature

THIS FORM PROVIDED FOR COMPLIANCE WITH SECTIONS 9 (a) and (b) BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT; CODE OF ALABAMA, SECTIONS 31-13-9 (a) and (b) and (c) as amended.

Section I: Assurances

H.1. Federal / City of Montgomery Assurances for Construction Projects – Copy, print, sign and insert the following 2 pages and insert them under the tab for "Section I."

CITY OF MONTGOMERY ASSURANCES
SIGN AND DATE IN BLUE INK

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

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

1. Has the legal authority to apply for Federal assistance, has the institutional, managerial and financial capability (including funds to pay the non-Federal share of program costs) to plan, manage and complete the program as described in the application and the governing body has duly authorized the submission of the application, including these assurances and certifications, and authorized me as the official representative of the application to act in connection with the application and to provide any additional information as may be required.

2. Will administer the grant in compliance with Title VI of the Civil Rights Act of 1964 (42 U.S.C 2000(d)) and implementing regulations (24 CFR part 1), which provide that no person in the United States shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subject to discrimination under any program or activity that receives Federal financial assistance OR if the applicant is a Federally recognized Indian tribe or its tribally designated housing entity, is subject to the Indian Civil Rights Act (25 U.S.C. 1301-1303).

3. Will administer the grant in compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as amended, and implementing regulations at 24 CFR part 8, the American Disabilities Act (42 U.S.C. §§ 12101 et.seq.), and implementing regulations at 28 CFR part 35 or 36, as applicable, and the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) as amended, and implementing regulations at 24 CFR part 146 which together provide that no person in the United States shall, on the grounds of disability or age, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance; except if the grant program authorizes or limits participation to designated populations, then the applicant will comply with the nondiscrimination requirements within the designated population.

4. Will comply with the Fair Housing Act (42 U.S.C. 3601-19), as amended, and the implementing regulations at 24 CFR part 100, which prohibit discrimination in housing on the basis of race, color, religion, sex, disability, familial status, or national origin and will affirmatively further fair housing; except an applicant which is an Indian tribe or its instrumentality which is excluded by statute from coverage does not make this certification; and further except if the grant program authorizes or limits participation to designated populations, then the applicant will comply with the nondiscrimination requirements within the designated population.

5. Will comply with all applicable Federal nondiscrimination requirements, including those listed at 24 CFR §§ 5.105(a) and 5.106 as applicable.

6. Will not use Federal funding to promote diversity, equity, and inclusion (DEI) mandates, policies, programs, or activities that violate any applicable Federal antidiscrimination laws.

7. Will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601) and implementing regulations at 49 CFR part 24 and, as applicable, Section 104(d) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(d)) and implementing regulations at 24 CFR part 42, subpart A.

8. Will comply with the environmental requirements of the National Environmental Policy Act (42 U.S.C. 4321 et. seq.) and related Federal authorities prior to the commitment or expenditure of funds for property.

9.That no Federal appropriated funds have been paid, or will be paid, by or on behalf of the applicant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and officer or employee of Congress, or an employee of a Member of Congress, in connection with the awarding of this Federal grant or its extension, renewal, amendment or modification. If funds other than Federal appropriated funds have or will be paid for influencing or attempting to influence the persons listed above, I shall complete and submit Standard Form - LLL, Disclosure Form to Report Lobbying. I certify that I shall require all subawards at all tiers (including sub-grants and contracts) to similarly certify and disclose accordingly. Federally recognized Indian Tribes and tribally designated housing entities (TDHEs) established by Federally recognized Indian tribes as a result of the exercise of the tribe's

sovereign power are excluded from coverage by the Byrd Amendment, but State-recognized Indian tribes and TDHEs established under State law are not excluded from the statute's coverage.

I/We, the undersigned, certify under penalty of perjury that the information provided above is true, accurate, and correct.
WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties,
including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§287, 1001, 1010, 1012, 1014;
31 U.S.C. §3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

APPENDIX A

HOME Assisted Rental Housing

Program Guidelines

City of Montgomery, Alabama

2026

Summary

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

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

HOME funds will be used to provide permanent 'gap' financing for development of affordable rental housing located within the City of Montgomery. The City's program will target housing in eligible areas that are affordable to people whose incomes are at or below 80% of the Montgomery area median income ("AMI"), by family size. In exchange for low-cost permanent financing, property owners will agree to restrict rents for designated HOME assisted units and to rent the assisted units only to low-income tenants for at least 20 years for new construction projects, or up to 15 years for rehabilitation projects.[1] The City is statutorily required to monitor projects for compliance during the applicable affordability period. Project sponsors, owners, and developers must coordinate funders' requirements when there are multiple funding sources.

Competitive Proposal and Evaluation Procedure

The City will generally issue a programmatic RFP on an annual basis. The RFP will outline specific application deadlines, any funding focus (e.g. by project type, population served, etc.), and other special considerations applicable to a given funding round. Applications (i.e., competitive proposals) for HOME Rental Housing Program assistance can be submitted at any time throughout the program year. If submitted after a given RFP competition round has resolved without a successful project award or

[1] based on the amount of HOME funds invested in a project.

executed funding, the City may consider making an award for a post-round proposal, based on availability of funding.

Competitive Process

Upon receipt of a proposal for federal assistance, City staff will conduct a review and analysis of the proposed project. Proposals will be scored based on criteria set forth in the RFP, and against a standardized rubric. The rubric may be edited and adjusted annually, as may be necessary due to changes in funding strategy brought about by each new annual Action Plan. Regardless of numerical ranking, the resultant score will not serve to vest in any applicant the right to a reservation or commitment of HOME funds. In all cases, the City will award federal funds consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion, in view of public participation as reflected in the applicable published Consolidated Plan and approved annual Action Plan.

Projects seeking City HOME funds prior to securing all other necessary funds may receive non-binding letters of award, contingent upon firm commitments for the other funds, plus: 1) approval of the City of Montgomery's Action Plan by HUD, the Mayor, and the City Council; 2) the City's receipt of its allocation of funds from HUD; 3) the applicant's award from the Alabama Housing Finance Authority (AHFA) for LIHTC, if applicable; and 4) completion of the HUD 24 CFR 92 Part 58 Environmental Review, and obtaining clearance to use federal funds for the proposed project activity. Only projects with firm commitments from all funding sources as required for successful completion of the proposed project will receive binding City letters of commitment, or executed written agreements, and then only when funds are *available* from the U.S. Treasury for City commitment.

Submission of Supportive Materials

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

If awarded HOME funds, recipients whose projects will rely on any LIHTC award may also be required to submit a copy of their completed AHFA application with attachments, prior to executing a written agreement to receive City funds.

Funding and Project Requirements

Applicant (Owner/Developer) Eligibility Criteria

Eligible Recipients

The City will fund for-profit and non-profit developers and owners of affordable rental housing, including CHDOs, with City HOME Program Rental Housing development assistance funds. City policy holds that public housing units supported by Public Housing Capital or Operating funds authorized by the 1937 Act

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

Eligible Site Locations

Assisted rental developments must be located within the statutory limits of the City of Montgomery.

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

Eligible Housing Types

Design: Funds may be awarded for acquisition projects with or without rehabilitation, and for new construction ground level or elevator type projects. New HOME funded developments:

- must be ground-level or elevator-type construction, having from one to three bedrooms per dwelling unit, under either single-family or multi-family configuration
- may contain multiple housing units in the case of single-family structures
- must specify minimum age restrictions to be set at either 55 or 62 years of age, when the development will be dedicated to serve seniors, and whether or not the restriction applies to all occupants of the unit
- must be managed during construction by a qualified professional project manager that is either employed by, or under contract with, the owner/developer, without exception, unless specifically approved by the City in advance as part of the written HOME loan agreement.

Occupancy: Generally, the City will not award HOME assistance for Single Room Occupancy (SRO) projects. RFPs issued by the City may further specify eligible project types and occupancy criteria including, but not limited to, seniors or non-age restricted occupancy.

Eligible Limits of HOME Investment Funding

All proposals must include a minimum investment of $1,000 in HOME funds per HOME unit. In no case will the City investment exceed the maximum HOME per-unit investment allowed by HUD (24 CFR 92.250).

Financing: While the City will entertain proposals for 100% HOME-funded developments, most projects will also require private and other public investment to be economically feasible. This may include, but not limited to, projects funded with other federally regulated affordable housing programs such as LIHTC, HUD Section 202, Section 811, or Choice Neighborhoods, etc.

Program Year 2025 limits are as indicated in the table at Exhibit 1 below, *subject to annual adjustment by HUD*; PY 2026 limits are subject to change, TBD.

Exhibit 1

Unit Size	Sec. 234 Elevator-Type (subject to 270% HCP multiplier)	HOME Maximum Per-Unit Subsidy Limit
0 BR	$71,856	$172,454.40
1 BR	$82,853	$198,847.20
2 BR	$99,923	$239,815.20
3 BR	$127,906	$306,974.40
4+ BR	$142,493	$341,983.20

Additionally, for any developments involving both City and State HOME funds, the *combined* HOME funding investment may not exceed the total maximum HOME investment per-unit allowed under 24 CFR 92.250. Typically, the City will also establish a maximum cap on its investment in a single development. Such a limit will be based on the availability of funding and other City priorities and will be addressed in the RFP.

Eligible Costs

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

1. HOME funds shall not be used for luxury improvements according to 24 CFR 92.205.
2. With the exception of a rent-up reserve to cover initial operating deficits allowed under 24 CFR 92.206(d)(5), HOME funds shall not be used to capitalize reserves.
3. Acquisition costs must be supported by an independent appraisal of the property. Acquisition costs exceeding the appraised value of the property will be ineligible for HOME funding reimbursement.
4. HOME funds shall not be used for non-residential accessory structures such as free-standing community/leasing buildings, garages, carports, or maintenance structures. HOME funds may be used for community space or common laundry facilities included within residential buildings.

City Project Related Soft Costs

The HOME program allows the City to include, as project costs, its internal soft costs specifically attributable to a HOME project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and overseeing the award of funds to the project. **Proposals should include**

budget allowances for "City-Lender Due Diligence & Legal Costs" in the project's sources and uses, and annual "City Compliance Monitoring Fees" (if applicable), in the operating budget.

Cost Reasonableness

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

Identity of Interest

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

Property Standards

To meet both City goals and the requirements of HOME Program regulations, all HOME-funded projects must meet certain physical standards, in order to ensure production of quality affordable housing that is durable and energy efficient. At a minimum, assisted rental units must comply with all property standards applicable to rental projects required in 24 CFR 92.251 paragraphs (a) new construction, (b) rehabilitation projects, (c)(1) and (2) acquisition of standard housing, (e) manufactured housing, and (f) on-going property condition standards.

Construction must meet all local codes. The City of Montgomery has adopted and enforces the following codes with amendments:

- The 2024 International Building Code
- The 2018 International Residential Code
- The 2018 International Existing Building Code
- The 2018 International Energy Conservation Code
- The 2018 International Plumbing Code
- The 2018 International Mechanical Code
- The 2018 International Fuel Gas Code
- The 2018 International Property Maintenance Code
- The 2026 National Electrical Code

Important Notes:

1. All HOME projects must meet applicable **Section 504/UFAS** requirements. New construction projects with 5 or more HOME-assisted units must provide at least 5% of the development's units as equipped and designated for physically disabled occupants and another 2% of units designed as accessible to those with visual or hearing impairments. Additionally, covered multifamily

dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements required by the Fair Housing Act as outlined in 24 CFR 100.205.

2. Unless otherwise specified in a given RFP, all newly constructed residential structures must be certified by a HERS rater to qualify for **EPA's Energy Star status** under either the Energy Star Certified Homes Program (applicable for new construction up to 3 stories) or Energy Star Multifamily High Rise Program. This requirement applies to all units in the development, whether or not the units receive the 'HOME Assisted' designation in the HOME funding agreement.

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

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

4. All multifamily developments must include a fully-equipped and accessible laundry room if washer/dryer connections are not provided in each unit.

5. Developments must have, or have access to, an accessible van or public transportation.

6. Upon development, sites shall be served by public sewer, public water, and public road.

7. Units must be equipped with a refrigerator, exterior-vented range/oven, lighted hood, dishwasher, and garbage disposal. Washers and dryers, and microwave ovens are optional. The developer must furnish units with Energy Star rated appliances, when available.

HOME Unit Designation

The City will designate a minimum number of developed units as "HOME-assisted," at a minimum, in proportion to the percentage of eligible HOME investment in the property. HOME assisted units will be considered "fixed" units for the purposes of HOME Program compliance, when all the developed units are *comparable* in size and amenities (i.e., an equal number of 1-, 2-, and 3-bedroom units, etc.), and must be evenly distributed among the available unit types and amenities in the development. For properties with *non-comparable* units, the HOME units must be considered "floating", and must be *proportionately* distributed among the unit types and amenities in the development.

HOME-assisted unit rents shall be limited at either "High HOME" or "Low HOME" rent limits, which are determined annually by HUD and announced to owner/managers of HOME assisted properties by the local PJ (the City). In developments of five or more *HOME-assisted* units, at least 20% of the HOME-assisted units, rounded up to a whole number, must be retained at or below Low HOME rent rates for the duration of the applicable HOME Affordability Period, and only available to tenant families whose income is at or below 50% of the Area Median Income.

Income and Rent Restrictions

HOME Program and City requirements for administration of restrictions on tenant income eligibility and rent rates are presented under the **Income and Rent Restrictions** section in Exhibit 2 at page 19 below.

Environmental Review Clearance Requirements

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

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

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

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

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

5. Prospective applicants for HOME project funding who have any questions about the environmental review requirements with regard to a proposal are encouraged to contact the Housing Development Division staff for assistance.

Other Federal Requirements

Nondiscrimination and Equal Opportunity

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

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

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

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

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

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

6. Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 75;

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

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

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

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

Uniform Relocation Act (URA)

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

The Build America, Buy America (BABA) Act

Effective August 8, 2024, the BABA Act is applicable to the HOME Program. BABA requires that any "infrastructure project" funded by any "Federal Financial Assistance" (FFA) must apply a domestic content procurement preference, meaning that all iron, steel, manufactured products, and construction materials used in the infrastructure project have been produced in the United States, unless the awarding agency has issued a waiver of this requirement. This is called the "Buy American Preference" (BAP).

The purpose of BABA is to bolster America's industrial base, protect national security, and support high-paying jobs.

Additional information is available at:
https://www.hud.gov/program_offices/general_counsel/build_america_buy_america/whatis.

Davis-Bacon

The City 's policy for Davis-Bacon is that federal prevailing wage requirements shall apply to all City HOME funded projects that provide *or **are planned** ultimately to provide* 12 or more *HOME-assisted* units.

Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Plan

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

Section 3

Developers examine and abide by the City of Montgomery's adopted Section 3 Plan where any construction contract or subcontract exceeds the thresholds established at 24 CFR Part 75, i.e., any Section 3 covered project. A copy of the City's Section 3 Plan will be distributed to the recipient of any City HOME/ award, as applicable.

Excluded Parties

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

Structure of the HOME Assistance Transaction

Recipients of City HOME-Program awards must sign a HOME Program funding agreement with the City prior to committing or spending any funds on the proposed activity, regardless of the funding source, with the exception of A & E costs incurred no more than 24 months prior, as allowed under 24 CFR 92.206(d)(1). The HOME agreement will identify requirements for compliance with the HOME regulations and the City's HOME Program requirements.

Loan Types and Terms

For acquisition and development of housing, the City will provide HOME funds in the form of a low-interest or zero-interest loan to the entity that owns the property. Such funding commitments are not transferable without prior written City approval. (NOTE: Transfer of any HOME loan to any third party buyer will usually be approved for no more than one (1) buyer, over the course of the development's entire HOME affordability period.) Any HOME loan agreement will remain in effect throughout its designated duration in the event of any prepayment of the loan.

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

In all cases, the HOME loan will:

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

The City generally offers HOME loans at 0% interest with deferred payments structured as forgivable if all affordability period compliance requirements are met. Subject to underwriting evaluation, the City may

require other alternative payment terms, as appropriate, to mitigate transaction risk or limit excessive returns to the owner.

Guarantees

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

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

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

Property Covenants and Restrictions

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

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

2. Property is not subject to additional liens or encumbrances to which the City Housing Director has not agreed in writing;

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

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

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

    - The duration of the HOME period of affordability;

- Income and rent restrictions on HOME-assisted units;
- Property standards to be enforced;
- Marketing and leasing requirements; and
- Recordkeeping and reporting requirements.

Underwriting & Subsidy Layering Reviews

Project Underwriting

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

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

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

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

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

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

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

6. A capitalized operating reserve equal to at least six months of the sum of projected gross operating expenses + rent revenue + debt service must be established at the initial closing of the project. This reserve must be in addition to any dedicated "deficit reserve" that may be

established to account for predicted deficits with the project's 15 or 20 year cash flow projection, as applicable. HOME funds cannot be used to establish this reserve.

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

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

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

Proforma Requirements

Applicants are required to provide the proforma to the City in the form of an unlocked Microsoft Excel file as approved or provided by the City, except for proposals that include LIHTC funding, in which case the City prefers printed color copies using the format provided by AHFA in its application package. While reserving the right to require submission in a specified format, the City may allow submission of the project proforma in the applicant's standard format provided it explicitly shows:

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

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

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

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

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

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

Cost Limitations

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

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

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

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

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

Other Public Funding Sources

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

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

Construction Process

City Construction Inspections

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

Davis Bacon Compliance

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

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

Disbursement of City HOME Funds for Construction

The City's HOME loan is intended as permanent gap financing. Proceeds of the HOME loan will only be disbursed as reimbursement of expenses incurred and actually paid by the owner/developer following completion of eligible activities and satisfaction of all requirements outlined in the HOME funding agreement. If HOME funds are to be disbursed during construction, it is recommended that the owner/developer secure a letter of credit from a reputable banking institution or similar resource.

The City will work with the owner/developer to draft a disbursement schedule in the written agreement that is suitable to both parties for purposes of the proposed project.

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

1. Construction completion and receipt by the Housing Development Division office of copies of the official Certification of Occupancy for all new units produced for the project.

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

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

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

HOME Assistance Project Closeout

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

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

Ongoing Property Rental Requirements

Project Completion Deadline and the Period of Affordability

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

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

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

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

Conflict of Interest

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

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

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

3. While conflict of interest provisions do not prohibit developers of housing from utilizing identity-of-interest providers, any identity-of-interest relationship must be disclosed in advance and approved in writing by the Housing Director.

Long Term Monitoring

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

Income and Rent Restrictions:

HOME requirements for the administration of restrictions on tenant income eligibility and rent rates are presented in Exhibit 2 below.

Exhibit 2

Income and the HOME "Program Rule"

To qualify as affordable housing at *initial lease-up*, the City requires 100% of *HOME-assisted* units to be rented to tenants with household incomes at or below 60% of AMI, as determined by HUD. Thereafter, *HOME assisted* units may be rented to households with incomes at or below 80% of the Area Median Income (AMI). (The City calculates annual income as defined in 24 CFR Part 5, i.e., "Section 8.")

2025 HOME Rental Income Limits for Montgomery, Ala. MSA **Subject to Annual Adjustments**

Number of People: >>	1	2	3	4	5	6	7	8
AMI Category:								
50% Median Income	29,300	33.450	37,650	41,800	45,150	48,500	51,850	55,200
60% Median Income	35,160	40,140	45,180	50,160	54,180	58,200	62,220	66,240
Low Income	46,850	53,550	60,250	66,900	72,300	77,650	83,000	88,350

Income Limits for HOME Assisted Units:

- Following initial occupancy, all High HOME units may be rented to tenants with household incomes up to 80% AMI; and
- Low HOME units must be rented to tenants with household incomes at or below 50% AMI.

Rent and the HOME "Project Rule"

To qualify as affordable housing, *HOME assisted* units may be leased under rent limits regulated to provide affordability to low-income households. For the entire duration of the applicable HOME Affordability Period, at least 20% of all *HOME-assisted* units are required to be leased only to households with incomes at or below 50% of AMI.

2025 HOME Rent Limits for Montgomery, Ala. MSA **Subject to Annual Adjustments**

Rent	Bedroom Size	Efficiency	1 BR	2BR	3 BR	4 BR	5 BR	6 BR
Low HOME		832	784	941	1,086	1,212	1,338	1,463
High HOME		848	888	1,055	1,345	1,519	1,657	1,796

Rent Limits for HOME Assisted Units:

- High-HOME units must be rented at or below the High-HOME limit as published by HUD. (In general, HUD will calculate the High-HOME rent to be the lesser of the applicable Fair Market

Rent or a rent equal to 30% of 65% of the adjusted area median income, adjusted for unit size.)

- Low-HOME units must be rented at or below the Low-HOME limit as published by HUD. (In general, HUD calculates the Low-HOME rent to be the lesser of the applicable Fair Market Rent of a rent equal to 30% of 50% of the area median income, adjusted for unit size.)
- The City must approve the development's rent schedule annually throughout the HOME affordability period.
- The High- and Low-HOME rent limits are gross rent limits. The actual rent collected from a tenant must be adjusted taking into account an allowance for any tenant-paid utilities.
- Actual rent collected from tenants must also be adjusted taking into account a utility allowance, when tenants are required to pay utilities. The City must approve utility allowance rates annually throughout the HOME affordability period.

Income and Rent Administration:

Income

A. Income Eligibility Determination: All projects shall use the HUD Part 5 definition of income for determining income eligibility. Owner/developers and property managers must determine income eligibility of all new tenants and annually, using the HUD Income Eligibility Calculator at https://hudexchange.info/incomecalculator/dashboard/. Copies of the determination certification forms must be retained on site in the tenant files, throughout the affordability period.

B. Income Verification: In addition to eligibility determination, tenant income must be verified prior to signing of any lease, using at least two months of source documentation, in accordance with 24 CFR 92.203(a)(1)(i). When available, the City prefers the use of 3rd party verification as the primary means of documenting income.

During the period of affordability, the income of in-place tenants must be re-certified using source documentation at least every sixth year of the project's affordability period (e.g. in the sixth year, all in-place tenants must be re-certified using source documentation, even if a given tenant is only in his/her second year of occupancy). In other years, owners must re-certify the income of existing tenants annually but may use one of the following options at 24 CFR 92.203, unless the City requires that a project use one of the methods exclusively:

1. Re-verifying income annually through source documentation;

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

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

Rent adjustments

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

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

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

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

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

Marketing and Leasing:

Tenant Selection Plan:

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

Affirmative Action Plan:

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

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

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

- Agreement to be sued
- Treatment of personal property
- Excusing owner from responsibility
- Waiver of notice
- Waiver of legal proceedings
- Waiver of a jury trial
- Waiver of right to appeal court decision
- Tenant chargeable with cost of legal actions regardless of outcome
- Mandatory supportive services

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

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

- reasonable application fees to prospective tenants;
- parking fees to tenants only if such fees are customary for rental housing projects in the neighborhood; and
- fees for services such as bus transportation or meals, as long as the services are voluntary and fees are charged only for services provided.

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

Reporting and Recordkeeping

To allow effective oversight of funded projects and document compliance with applicable HOME requirements, all projects must submit periodic HOME funding performance reports to the City. While this section outlines standard reporting requirements, the City reserves the right to require additional

reporting or to alter the reporting format or frequency based on future changes to HOME requirements or City policy. Additionally, the City reserves the right to require additional or more frequent reporting for projects as it should deem necessary, especially for projects with compliance deficiencies.

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

    - During the construction phase, owners will generally be required to provide monthly reports detailing construction progress and any barriers to progress, copies of invoices being paid, and evidence of appropriate lien waivers. The City may revise the requirements for frequency of reporting from time to time, as needed.
    - During initial lease-up, owners must continue to provide reports monthly, detailing leasing and marketing activity, cumulative new tenant beneficiary data, and monthly income and expenses. Once the City has notified the Owner of the official project completion date according to the federal IDIS system, project reporting will convert to an annual schedule.

2. Annual Compliance Reports (ACRs) are required on tenant data applicable as of December 31 for all HOME assisted developments, and must be completed using forms approved or provided by the City, with any requested related documents. Annual reporting requirements will, at a minimum, consist of the following information:

    - property name and physical address
    - rent roll indicating current occupancy, tenant income, rents, and utility allowances for all Low-HOME and High-HOME units
    - (for properties with 10 or more HOME assisted units) a financial evaluation report including:
        - outstanding loans on the property;
        - Operating surplus or deficit;
        - Vacancy rate;
        - Rent collection rate; and
        - Tenant turnover;
        - Capital expenditures and reserves

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

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

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

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

7. The City will periodically require owners to obtain a capital needs assessment prepared by an independent third party architect, engineer, or other qualified firm approved by the City. Initially, the City expects that capital needs assessments would be required every five (5) years following project completion. Such capital needs assessments shall be used for the purposes of determining the adequacy of the Replacement Reserve, taking into account its existing balance, planned deposits, and anticipated future capital replacement costs for the project.

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

APPENDIX B

HOME PROGRAM MATCH

City of Montgomery, Alabama

2026

Potential forms of match for City HOME assisted rental developments may include, but are not limited to:

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

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

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

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

- Infrastructure improvements—if *non-federal resources* are used to install infrastructure related to the development of HOME-assisted housing. For example, if the City uses non-federal funds to

extend sidewalks to the project site; adds a turn lane to accommodate development access; or otherwise extend streets, water, or sewer necessary to serve the project site, the value of that infrastructure investment may be counted as match.

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

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

Applicants with questions about match should contact the HOME Program Manager at 334-625-2297 or pvanfleet@montgomeryal.gov.

APPENDIX C

Section 3 Certifications

City of Montgomery, Alabama

2026

Section 3 Business Concern Certification for Contractors and Subcontractors

Instructions: Enter the following information and select the criteria that applies to certification of the businesses Section 3 Business Concern status.

Business Information (PRINT):

Name of Business _____

Physical Address of Business _____

Federal UEI Code of Business (NO DUNS/SSN accepted) _____

City/State/Zip Code _____

Name of Business Owner _____

Phone Number of Owner _____

Email Address of Owner _____

Name of Preferred Contact _____ ☐ Same as above

Contact Phone No(if different) _____

Type of Business (select from the following options):

☐ Corporation ☐ Partnership ☐ Sole Proprietorship ☐ Joint Venture

Select from <u>ONE</u> of the following three options below:

☐ At least 51 percent of the business is owned and controlled by low- or very low-income persons – OR – by current public housing residents or residents who currently live in Section 8-assisted housing. (Refer to income guidelines on page 3 and <u>attach supporting documentation</u>, including percentage of ownership, for each owner.)

☐ Over 75 percent of the labor hours performed for the business over the prior three-month period were performed by Section 3 Workers (Refer to definition on page 3 and <u>attach supporting documentation</u>).

☐ None of the above applies.

Business Concern Affirmation:
***Regardless of Section 3 status*, all business concerns awarded a contract for this Section 3-covered project must acknowledge the statements below by checking the box and signing at the space provided.**

☐ This business concern is submitting or expects to submit a proposal for construction contracts/subcontracts greater than $200,000, for which it *reasonably estimates* that 25% or more of the total number of labor hours worked by all workers will be worked by Section 3 Workers; AND that 5% or more of the total number of labor hours worked by all workers will be worked by Targeted Section 3 Workers.

☐ I hereby affirm that the above statements are true, complete, and correct to the best of my knowledge and belief. I understand that business owners who misrepresent their concerns as Section 3 Business Concerns and/or report false information to the City of Montgomery or its federally funded contractors, subcontractors, partners or federal grant Subrecipients may have their contracts terminated for default and/or be disbarred from ongoing and future considerations for contracting opportunities.

Print Name: _____

Signature: _____ Date:*_____
*Certification expires six months from this date.

Information regarding Section 3 Business Concerns can be found at 24 CFR 75.5

FOR ADMINISTRATIVE USE ONLY

Based upon this certification, is this business a Section 3 Business Concern?

□ YES □ NO

FEDERAL REGULATIONS REQUIRE THAT EMPLOYERS MUST RETAIN A COPY OF THIS SIGNED FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.

City of Montgomery, Alabama

Section 3 Income Limits

Eligibility Guidelines

The worker's personal income from this employer must be at or below the amount provided below for an individual (household of 1), regardless of actual household size.

Section 3 Individual Income Limits for City of Montgomery, Alabama
FY 2025

Income Category	Individual Income Limit
Very Low Income (50%)	$29,300
Low Income (80%)	$46,850

See *https://www.huduser.gov/portal/datasets/il.html* for most recent income limits as listed under the most recent "Montgomery, Al MSA" from the HMFA table.

Section 3 Worker Definition:

- A low, very low, or extremely low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); **OR**
- Employed by a Section 3 business concern; **OR**
- A federal YouthBuild Program participant.

Targeted Section 3 Worker Definition (for HUD Housing and Community Development Financial Assistance projects):

- A Section 3 worker employed by a Section 3 business concern; **OR**
- Currently matches (or matched when hired) at least one of the following categories as documented within the past five years:
  - Resides within one mile of the project site, as defined in 24 CFR 75.5 (must be confirmed in writing by the employer); **OR**
  - A YouthBuild participant.

Contract Recipient's Section 3 Compliance Certification

**********Must Be Submitted with Bid/Proposal**********

Name of Contract Recipient/contractor/subcontractor: _____

Mailing Address: _____

Contract/Project Title: _____

I hereby acknowledge that I have received a copy of, or electronic access to the City of Montgomery's Housing Division Section 3 Plan. I certify that I have read and do understand said Plan and the Section 3 requirements of the U.S. Department of Housing and Urban Development (HUD) at 24 CFR 75 regarding requirements under Section 3 for prioritization of resident employment and resident business resources, and the utilization thereof, as may be applicable to the above named contract/project. I further certify herein that:

_____(insert name of contract recipient/contractor/subcontractor) is/are not under any contractual restrictions, or other disabilities, which would prevent the same from complying with Section 3 requirements.

Accordingly, the following anticipated ESTIMATES apply to this Bid/Proposal:

1) Total labor hours expected to be generated by this contract: _____
2) Total Section 3 worker hours to be generated: _____
3) Total Targeted Section 3 worker hours to be generated: _____
4) Qualitative effort(s), if any, that may be implemented: _____

_____

Signature of authorized officer: _____

Title of authorized officer: _____

Date: _____