

**MISSISSIPPI HOME CORPORATION
RESEARCH AND DEVELOPMENT DIVISION
Federal Programs**

PROGRAMS: **Emergency Solutions Grant Program (ESG)**
 HOME Investment Partnerships Program (HOME)
 Housing Opportunities for Persons with HIV/AIDS (HOPWA)
 National Housing Trust Fund (NHTF)

BOARD ACTION REQUESTED:

Approve for release to public comment the proposed allocation (Section II) and activities (Section III) for the 2016 Annual Action Plan.

Summary

The Annual Action Plan (AAP) is the annual implementation of the Five Year Consolidated Plan for the HUD Formula Grant Programs. The AAP is the State's Plan to allocate funding for the eligible activities.

I. Process

The 2016 Annual Action Plan is due to HUD by May 15, 2016. There will be three (3) public input meeting held as follows:

Monday, March 21, 2016	Biloxi, MS
Monday, March 28, 2016	Booneville, MS
Wednesday, March 30, 2016	Flowood, MS

There will be a public comment period from April 1 – April 30, 2016. At the end of the comment period, any comments received will be considered by Mississippi Home Corporation (MHC) for housing programs and Mississippi Development Authority (MDA) for the Community Development Block Grant program.

April 13, 2016 Board Meeting

Update on feedback from Public Hearings

Present ESG application priorities and rating factors

May 11, 2016 Board Meeting

Present for consideration and approval the HOME Homeowner Rehabilitation and NHTF application priorities and rating factors to be used to score applications.

II. Allocation

The following amounts are based on the 2015 allocations. Once the allocation for 2016 is received from HUD, a Program Bulletin will be issued.

Program	Activities	Allocation
ESG	Rapid Re-Housing	\$ 640,000
	Homeless Prevention	\$ 407,444
	Emergency Shelter/Street Outreach	\$ 900,000
	HMIS*	\$ 150,000
	Administration	\$ 150,000
	TOTAL ESG	
HOME	CHDO Set-Aside	\$ 990,000
	CHDO Operating Expenses	\$ 50,000
	LIHTC Set-Aside	\$ 1,000,000
	Home Of Your Own Set-Aside	\$ 450,000
	Homeowner Rehabilitation	\$ 3,427,477
	Tenant Based Rental Assistance (TBRA)	\$ **
	Administration	\$ 650,000
TOTAL HOME		\$ 6,567,447
HOPWA		\$ 988,917
TOTAL HOPWA		\$ 988,917
NHTF***	Affordable Rental Housing	\$ 3,000,000

*HMIS – Homeless Management Information System

**MHC will consider TBRA based on availability of funds from recaptured or deobligated funding specifically for non-profit developments.

***A minimum of \$3,000,000 is guaranteed for each state. Once the final allocation has been determined, expected to be released in mid-March, a Program Bulletin will be issued.

III. Activities

The following language will be used in the 2016 Annual Action Plan.

ESG – provides service for persons who are homeless, at risk of homelessness and services for special populations such as homeless youth, victim services (victims of human trafficking), and services for people living with HIV/AIDS. The five ESG

program components are: emergency shelter (homeless, domestic violence and children shelters), rapid re-housing of homelessness individuals or families, homeless prevention activities, street outreach, and HMIS activities.

HOME – must assist households whose income is at or below 80% area median income according to family size and locale. The following are proposed activities for the 2016 Annual Action Plan: new construction/substantial rehabilitation of multi-family rental units, down payment assistance/closing costs, homeowner rehabilitation/reconstruction, CHDO operating expenses allows funding for expenses associated with operating the non-profit.

TBRA (Tenant Based Rental Assistance) – provides rental assistance to income and program eligible tenants residing in non-profit developments.

HOPWA – provides services for low-income persons/families with HIV/AIDS to prevent homelessness. The following are proposed activities for the 2016 Annual Action Plan: short-term rent, mortgage and utility assistance (STRMU), tenant-based rental assistance (TBRA), short-term supportive housing, acquisition, construction, or rehabilitation of structures, master leasing, permanent housing placement, housing information, supportive services, resource identification, and technical assistance.

NHTF - production, preservation, rehabilitation, or operation of rental housing. NHTF will address the affordable rental housing needs for extremely low(30 % of AMI) and very low-income (50% AMI) households, while giving priority to projects that address critical housing needs with an emphasis on the prevention, reduction, and expansion of permanent housing opportunities for persons experiencing homelessness and persons with serious mental illness. The eligible activity will be construction or rehabilitation of rental property. Mississippi is required to provide HUD specific detail in the Annual Action Plan on how the state will use NHTF. See Section VI following.

IV. Eligible Areas

Statewide – previous Action Plans for the ESG and HOME Programs did not allow Entitlements (City of Jackson and City of Hattiesburg) and the Consortium (City of Biloxi, City of Gulfport, and Harrison County) to submit applications for funding.

V. Application Submission

ESG

Application due date is tentatively set for May 19, 2016.

Eligible applicants are Continuum of Care organizations, non-profit homeless service provider organizations, and eligible local units of government.

HOME

CHDO Set-Aside

CHDO Proposals will be accepted throughout the year. Once a proposal has been reviewed and it has been determined the non-profit meets regulation requirements and the project has been deemed feasible, then an application is invited.

Eligible applicants are non-profit organizations whose Board is structured according to HUD regulations, organization has paid staff, and organization has capacity to undertake activities in which HOME funds are requested.

LIHTC Set-Aside

HOME funds will be requested in conjunction with requests received in response to the Qualified Allocation Plan.

HOME of Your Own Set-Aside

This set-aside will be administered by the Institute for Disability Studies at the University of Southern Mississippi. HOME funds will be provided to eligible disabled households for down payment/closing cost assistance for homeownership.

Homeowner Rehabilitation

Application due date tentatively scheduled for early summer. Once a date has been determined a Program Bulletin will be issued. This is a competitive process for local units of government to submit an application for funding to provide safe, decent, affordable housing by eliminating substandard conditions through rehabilitation or reconstruction of owner occupied units.

Eligible applicants are local units of government throughout the state.

HOPWA

A Request for Proposal process will be followed in order to provide services to the special needs population served by the HOPWA funding.

NHTF

Mississippi is required to provide HUD specific detail in the Annual Action Plan on how the state will use NHTF. See Section VI following.

VI. National Housing Trust Fund

The National Housing Trust Fund (NHTF) was enacted as part of the Housing and Economic Recovery Act of 2008 (HERA), Section 1338 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. The primary purposes of the NHTF is to increase and preserve the supply of rental housing for extremely low income households earning less than 30% of area median income (AMI) or the federal poverty guidelines published by the Department of Health and Human Services. Grantees are required to use at least 80 percent of each annual grant for rental housing; up to 10 percent for homeownership housing; and up to 10 percent for the grantee's administrative and planning costs.

Mississippi Home Corporation (MHC) is designated as the state entity to administer the NHTF for the State of Mississippi and will comply with the regulatory and statutory requirements. Mississippi intends to require all projects using NHTF to address the following priorities:

1. Address the affordable rental housing needs for extremely low (30 % of AMI) and very low-income (50% AMI) households
2. Address critical housing needs with an emphasis on the prevention, reduction, and expansion of permanent housing opportunities for persons experiencing homelessness and persons with serious mental illness. A total of twenty 20% of the total development units will be reserved for prioritized populations.
3. Mississippi Home Corporation will make every effort to balance statutory priorities and preferences and ensure a geographic distribution as defined by the State's Consolidated Plan and/or low and high opportunity areas.
4. Projects will be funded according to the shortage or strong evidence of an inadequate supply of rental housing affordable to very low and extremely low-income households.

How projects will be evaluated for award of funds. All projects will be evaluated based on a number of factors, including but not limited to:

1. Cost reasonableness
2. Financial feasibility
3. Readiness
4. Applicant's experience and capacity to develop and manage the project
5. Ability to provide appropriate services, if applicable.

Distribution of funds. Distribution will be based on priority housing needs as determined by the State of Mississippi in accordance with the HTF regulations (24 CFR Part 93) and the State's Consolidated (Plan 24 CFR 91). The Annual Allocation Plan will demonstrate the distribution of NHTF resources based on its priority

housing needs. The plan will be inserted as a component of the State's consolidated plan and will solicit public input. HTF will be used to complement existing Federal, State and local efforts to increase and preserve the supply of rental housing for extremely low-income and very-low income households. HTF assisted units will be occupied by tenants who meets the income qualifications of ELI and VLI households according to regulation 93.302.

MHC will commit 90% of HTF allocations to be used for rental housing and 10% used for administrative costs. MHC will not allocate funds for homeownership activities. HTF funds will be combined with other sources to produce and preserve affordable units. Eligible activity will be construction or rehabilitation of multi – family and single-family rental housing.

The project schedule must include estimated dates for the start of construction and certificate of occupancy or substantial completion. Funds will be committed within two years and construction or rehabilitation expected to begin within 12 months of the agreement date. Funds are subject to be recaptured, if commitment requirements are not met. The application announcement and award letter may identify a specific date by which the start of construction is expected to begin. Refinancing guidelines will be implemented according to HTF requirements and will be stated in the Consolidated Plan (24 CFR Part 91). Projects funded with HTF will meet property and rehabilitation standards required by 24CFR 93.301.

Projects receiving HTF funds must comply with Affirmative Furthering Fair Housing by encouraging development in high opportunity areas. Areas which will give the ELI and VLI populations accessibility to services, jobs, transportation, better school system and amenities. Developers are strongly encouraged and will be given preference. The maximum award per project is based on the following eligible activities rental and construction/rehabilitation.

The maximum award per applicant is \$1.5 million with the final amount determined by reviewing the financial feasibility of the project including operating revenues. MHC intends to provide financing in the form of loans that are structured to ensure the financial feasibility of the project. Access to the NHTF will be offered through a competitive process. MHC will give higher preference to applicants that incorporate significant funding from other sources such as LIHTC and other federal and local housing programs. Competitive applications will be reviewed and underwritten based on the selection criteria of the Housing Tax Credit Qualified Allocation Plan and HTF policies and procedures. Point incentive will be given to developers who designate 20% of the total development units for persons experiencing homelessness and persons with serious mental illness.

To provide the maximum per unit development subsidy limit, MHC will perform a Subsidy Layering Analysis before committing HTF Funds to a project. The analysis will determine costs are reasonable, verifiable sources and uses of funds, amounts requested are necessary and their uses are determined feasible.

Eligible Applicants. Organizations eligible to receive funding through the National Housing Trust Fund are non-profit and for profit organizations with demonstrated development experience and capacity with creating, rehabilitating, or preserving affordable housing. Although an organization may be eligible to receive HTF funds, the proposed project or activity must also be eligible. Nonprofit organizations applying for HTF must submit a certification to verify that they are registered to do business in the State of Mississippi as a nonprofit organization. Furthermore, nonprofit organizations must submit a letter from the Internal Revenue Service designating them as a tax-exempt nonprofit organization 501 (c) (3), and a copy of their bylaws stating a clear housing purpose. Organizations that share common by-laws, board members (more than 50%), and service area will be regarded as the same organization within their common service area.

Affordability Period. Properties funded through NTHF will be required to commit to a minimum 30 year affordability period requirement.

Eligible Activities. HTF funds may be used to pay the following eligible costs:

1. Real Property Acquisition
2. Site improvements and development hard costs (actual cost of constructing or rehabilitating housing)
3. Related soft costs
4. Demolition of existing structures
5. Financing costs (rehabilitated with HTF)
6. Relocation assistance
7. Reasonable administrative planning costs
8. Operation cost assistance and reserves for rental housing*

*Operating cost and operating reserves is one-third of the annual grant; operating cost reserves will differ depending on the source of funds for the HTF. The written agreement between MHC and the recipient will set forth the maximum amount of the operating assistance to be provided to the HTF assisted rental project.

VII. BACKGROUND – HUD PROGRAMS

In 1994, the U.S. Department of Housing and Urban Development (HUD) issued new rules consolidating the planning, application, reporting and citizen participation processes for four formula grant programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). The new single-planning process was intended to more comprehensively fulfill three basic goals: to provide decent housing, to provide a suitable living environment and to expand economic opportunities. It was termed the *Consolidated Plan for Housing and Community Development*.

According to HUD, the Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for housing and community development actions. It offers entitlements and non-entitlement areas the opportunity to shape these housing and community development programs into effective, coordinated neighborhood and community development strategies. It also allows for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort.

Mississippi Home Corporation (MHC) will follow HUD's guidelines for citizen and community involvement. MHC is responsible for overseeing the citizen participation requirements, those that accompany the Consolidated Plan and the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), the Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs. The CDBG Program will be administered by the Mississippi Development Authority (MDA).

The State of Mississippi will also receive funding through the National Housing Trust Fund (NHTF) for the first time in 2016. MHC has been designated as the authorized agency to receive the funding from HUD and to administer the program. The National Housing Trust Fund (NHTF) was enacted as part of the Housing and Economic Recovery Act of 2008 (HERA) (Section 1338 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.) On December 11, 2014, the Federal Housing Finance Agency directed Fannie Mae and Freddie Mac to begin setting-aside and allocating funds to the NHTF. Pursuant to the Housing and Economic Recovery Act of 2008 Fannie Mae and Freddie Mac are required to reserve 4.2 basis points of each dollar of unpaid principal balance of total new business purchases. The funding for the NHTF is a dedicated source of revenue on the mandatory side of the federal budget, and is not subject to annual appropriations.