

As of June 19, 2025

Prince George's County
Department of Housing and Community Development

HOME-ARP Loans
for Affordable Multifamily Rental Housing

SUMMARY OF TERMS

Overview:

The HOME Investment Partnerships ("HOME") Program is a federal block grant program under the Department of Housing and Urban Development ("HUD") designed to create affordable housing for low-income households. Prince George's County is a Participating Jurisdiction ("PJ") with HUD under the HOME Program. Prince George's County receives HOME funds from HUD. The HOME Program is operated under the requirements of Title 24 under the Code of Federal Regulations, Part 92 ("24 CFR Part 92").

HOME-ARP is a special additional allocation of HOME funds to Prince George's County made available through the federal American Rescue Plan Act of 2021. HOME-ARP funds will be allocated in accordance with the HOME-ARP Allocation Plan (the "HOME-ARP Allocation Plan") adopted by Prince George's County and approved by HUD. Also, HOME-ARP funds are subject to additional rules, guidance, and waivers issued

by HUD (the “HOME-ARP Rules”). The links below provide further details regarding HOME-ARP:

Prince George’s County HOME-ARP Allocation Plan (see pages 222-287)

<https://www.princegeorgescountymd.gov/DocumentCenter/View/43910/DHCD-FY-2022-AAP-as-amended---Final?bidId=>

HUD -- Notice CPD 2021-10: Requirements for the Use of Funds in the HOME-ARP Program

<https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-10cpdn.pdf>

HUD – Appendix to Notice CDP 2021-10: Waivers and Alternative Requirements for Implementation of the HOME-ARP Program

<https://www.hud.gov/sites/dfiles/OCHCO/documents/cpdWaiverHOMEARP.pdf>

HUD – General Guidance for HOME-ARP Program

<https://www.hudexchange.info/programs/home-arp/>

Funding Type:

For multifamily rental projects, HOME-ARP financing will be made available as a Subordinate Loan (the “HOME-ARP Loan”). HOME-ARP Loans will be underwritten in accordance with 24 CFR Part 92 (<https://www.ecfr.gov/current/title-24/part-92>), the HOME-ARP Allocation Plan, the HOME-ARP Rules, the terms outlined herein, and originated and serviced by the Prince George’s County Department of Housing and Community Development (“DHCD”).

Purpose/Use of Funds:

The proceeds of HOME-ARP loans must be used for expenses allowable under 24 CFR Part 92, the HOME-ARP Allocation Plan, and the HOME-ARP Rules. As a general matter, the maximum per-unit amount and allowable uses of HOME-ARP funds are more flexible than HOME funds. Eligible expenses generally include, but are not limited to, construction expenses, acquisition costs, professional fees, and project reserves. Applicants will bear the responsibility of ensuring intended uses of HOME-ARP funds are permissible and will be required to document costs or expenses when submitting draw requests.



HOME-ARP financing will be targeted to support only those units in a project (typically no more than 10% of the total units) that meet the requirements of the HOME-ARP Allocation Plan and the HOME-ARP Rules (the “HOME-ARP Assisted Units”).

Funding Priorities:

HOME-ARP Assisted Units will be set aside for occupancy by homeless households referred through the Coordinated Entry Policy of the County’s Continuum of Care. As a general matter, HOME-ARP Assisted Units will not exceed 10% of the units in a project that receives a HOME-ARP Loan. Households in HOME-ARP Assisted Units will be eligible for support services by a qualified service provider funded through DHCD. Additional requirements and priorities for HOME-ARP Assisted Units include:

1. Residents of HOME-ARP Assisted Units must meet the definition of a Qualifying Population under the HOME-ARP Rules. All Qualifying Populations are eligible for occupancy of HOME-ARP units.
2. Resident referrals for HOME-ARP Assisted Units will be made in accordance with the Coordinated Entry Policy of the Prince George’s County Continuum of Care. The County’s Coordinated Entry System policy is detailed in Appendix C of the HOME-ARP Allocation Plan.
3. Resident referrals for HOME-ARP Assisted Units will be made in accordance with the Preferences as detailed in the County HOME-ARP Allocation Plan. The Preferences are for qualifying sub-populations that meet the definition of “Homeless” as detailed in 24 CFR 91.5 (1 through 3) and are detailed on pages 227-228 of the HOME-ARP Allocation Plan.
4. Projects with HOME-ARP Assisted Units will be required to coordinate the provision of supportive services for residents in HOME-ARP assisted units. To further support residents in HOME-ARP Assisted Units, DHCD will be providing funding to a third-party qualified provider(s) to deliver services to support the goal of housing stability.

Eligibility:

HOME-ARP Assisted Units must be affordable to households with incomes at or below 10% of the Area Median Income (“AMI”). Units must be occupied by homeless households referred through the Coordinated Entry Policy of the County’s Continuum of Care.



Property Location: Within Prince George’s County

Borrower/Development Team: At the time of the HOME-ARP loan closing, the Borrower and its managing entities must have business registrations that are in good standing. All members of the development team to include the Developer/Sponsor, the Borrower, the General Contractor (and its subcontractors), the Managing Agent, and the Architect, and other professionals involved in the Project’s design may not be suspended, debarred, or deemed otherwise ineligible to receive federal funds. The Project’s development team must be approved by the Department and must have demonstrated experience in the immediate past five years with the successful development and completion of affordable housing projects.

HOME-ARP Loan Amount: HOME-ARP Funding for a project will be limited to an amount that does not exceed the sum of the following:

1. 100% of the Total Development Costs of the HOME-ARP-Assisted Units. The allowable Total Developments Costs are defined in HUD CPD Notice 2021-10, Section (VI)(B)(5)(a through e);

AND

2. An Operating Cost Assistance Reserve of up to \$45,000 per HOME-ARP Assisted Unit, which is equal to \$250 per unit per month for a 15-year period. These funds will be made available to cover allowable operating costs as defined in HUD CPD Notice 2021-10, Section (VI)(B)(5)(g).

Davis-Bacon Wage Rates: Any projects with 12 or more HOME-ARP units will be subject to the Davis-Bacon Act and must pay the prevailing wage rates.

Subordination: The HOME-ARP Loan may be subordinated to Senior Loan(s) approved by the Department, and subject to terms of an agreed-upon Subordination Agreement with Senior Lender(s). Multiple Senior Loans are acceptable.

HOME-ARP Loan Term: Generally coterminous with the term of the Senior Loan(s), with a term of up to 40 years.



HOME-ARP Loan Amortization: Up to 40 years

HOME-ARP Loan Interest Rate: Two percent (2%) simple interest during permanent loan period; zero percent (0%) during construction. At the discretion of the Director of the Department, Maryland DHCD's Contingent Interest loan terms will be considered on a case-by-case basis.

Collateral: The HOME-ARP Loan will be secured by a subordinate lien Deed of Trust recorded in the land records of Prince George's County.

HOME-ARP Loan Payments: Annual payments are due by April 30, unless an alternative due date is agreed upon. The Department must approve the Borrower's repayment strategy and interest rate structure as part of the underwriting process.

HOME-ARP Loan Prepayment: The HOME-ARP Loan may be prepaid in whole or in part without penalty provided the Borrower is in compliance with the affordability and rental requirements and is not in default under the Loan. Partial or full repayment prior to the expiration of the affordability agreement does not terminate or change any of the affordability requirements applicable to the Project.

HOME-ARP Loan Documents: Loan Agreement, Deed of Trust, Promissory Note, Affordability Agreement.

HOME-ARP Loan Fees: Legal fee of \$50,000 due at closing.

Property Due Diligence: All costs of due diligence will be the sole responsibility of the Borrower. The Department will rely upon due diligence reports of the Senior Lender(s). The Department will require Reliance Letters for Environmental Report(s), Capital Needs Assessment, and Property Appraisal.



Affordability Requirements: An Affordability Agreement restricting the Property’s rent and tenant income must be recorded in the Land Records of Prince George’s County. The Agreement will be for a period of at least 40 years and will survive repayment of the Loan, unless otherwise released or amended by the Department.

**Diversity and Equity Policy for
Publicly Subsidized Development**

Projects: The Developer must comply with the requirements and participation goals of the County’s Diversity and Equity Policy for Publicly Subsidized Development Projects (the “Policy”). The Policy and associated requirements and goals are detailed in Section 10-335 of the Prince George’s County Code (the “Code”) and are as follows:

- At least thirty percent (30%) of the Development Costs for Construction (including the design, demolition/site work, and building stages) of the County-Subsidized Project shall be paid to County-Based Small Businesses (CBSB) and/or Locally-Owned and Operated Businesses (LOB), including at least twenty percent (20%) of design costs if applicable. In this Section, “design” includes architectural, engineering, and design work, excluding in-house design costs.
- Use Best Efforts to achieve at least twenty-five percent (25%) of the Development Costs for Construction (including the design, demolition/site work, and building stages) of the County-Subsidized Project shall be paid to County-Based Minority Business Enterprises. As a minimum, the Developer shall demonstrate its Best Efforts, as defined above, to meet this Goal.
- The General Contractor Team for the Project shall include one or more businesses that are County-Based Minority Business Enterprises (CMBE) and/or Locally-Owned and Operated Businesses (LOB).
- As applicable, the Construction services (including the design, demolition/site work, and building stages) for at least twenty-five percent (25%) of the total work hours on the Project shall be worked by County Residents, including at least twenty percent (20%) of the total work hours of workers in the specialty trades (defined as “specialty trade contractors” in the North American Industry Classification System (NAICS) being worked by County Residents.



The Code requires the approval of a Supplier Diversity and Equity Plan by the County.

Additional information regarding the Policy is available at the following website:

<https://princegeorgescountymd.gov/980/Housing-Development-Division>

Section 3 Hiring Requirements: Section 3 of the Housing and Urban Development Act of 1968 requires thirty-five percent (35%) of total labor hours must be worked by qualifying Section 3 workers; 5% of total labor hours must be worked by Targeted Section 3 workers (the County's 35% requirement exceeds HUD's minimum target).

Reporting and Compliance: The compliance requirements of the HOME-ARP Program will govern compliance activities. This includes, but is not limited to, making HOME-ARP units available for Housing Quality Standards inspections; allowing the review and/or audit of tenant files; and notifying residents and DHCD within mandated timeframes of proposed changes to utility allowance and rent rates.

Borrower must submit annual documentation to DHCD to demonstrate compliance with Affordability Requirements.

In addition, DHCD will require annual Financing Reporting.

Property Management: The Property Manager must be approved by DHCD.

Governing Laws: The HOME-ARP assisted Project will be governed by the federal regulations found at 24 CFR Part 92 for the HOME Investment Partnerships Program (the "HOME Program"), pursuant to the authority of 42 U.S.C. 3535(d) and 12701-12839 of the HOME Investment Partnerships Act at Title II of the Cranston Gonzales National Affordable Housing Act of 1990, as amended (collectively, the "Act") as regulated by the U.S. Department of Housing and Urban Development.

The HOME-ARP assisted Project is also subject to the requirements of the HOME-ARP Allocation Plan and the HOME-ARP Rules.



NOTE:

The Terms outlined above are for illustrative purposes only and do not constitute a reservation or commitment by the Depar

