finds that application of such requirement would adversely affect the interest of the Government or adversely affect the intent of the authorizing statute and/or MFH program or result in an undue hardship by applying the requirement. The Administrator, or his/ her designee, may exercise this authority upon the request of the State Director, Assistant Administrator for Housing, or Director of the MFHPD. The request must be supported by information that demonstrates the adverse impact or effect on the program. The Administrator, or his/her designee, also reserves the right to change pooling dates, establish/change minimum and maximum fund usage from set-asides and/or the reserve, or restrict participation in set-asides and/or reserves.

## IV. Processing Requests for LH Loan and Grant Assistance

A. Reference should be made to exhibit D of FmHA Instruction 1901–A (available in any Agency office), for loan and grant approval authorities. For currently authorized preapplications, the National Office will require another authorization if the loan amount exceeds more than 10 percent of currently authorized loan funds or there is an increase in the grant amount. (However, you are advised to contact the National Office whenever you exceed loan amounts authorized by memorandum for National Office fund control purposes.)

B. Requests for National Office authorization and use of LH loan and grant funds in excess of the State Director's approval authority will be handled administratively this year, in contrast to previous years. In response to State Offices' comments, the National Office will review full dockets only upon the request of the State Director or if the State has not processed at least three LH applications in the last 5 years. States which must submit full dockets to the National Office, must also submit Standard Form (SF) 424.2, "Application for Federal Assistance (for construction)," information required in Exhibit A-1 of subpart D of part 1944 of this chapter, and recommendations from the State Director.

C. As mentioned, full loan dockets will not require a National Office review if the State has processed at least three labor housing applications in the last 5 years. (This does not include LH loans made for on-farm housing which are usually within the State Directors loan authority of \$400,000.) States will need to send a memorandum requesting loan approval authority. Requests for National Office authorization without a full docket review need only include the State Director's recommendation and assurance of completion of environmental review. The National Office will use the Multi-Family Housing Information, Status, Tracking and Retrieval System (MISTR) or the Automated Multi-Housing Accounting System (AMAS) entry date on the preapplication for its review, plus the following information:

\* Name of Applicant.

\* Comments on eligibility consistent with exhibit A–1 of subpart D of part 1944 of this chapter.

\* Name of TA Contractor.

\* Location of proposed housing (town, county, State).

\* Type of housing proposed: migrant, seasonal, or yearround

\* Agricultural market area (brief description).

\* Date Environmental Assessment was reviewed by National Office Program Support Staff.

\* Affirmative Fair Housing Marketing Plan (AFHMP).

\* RHCDS Loan/Grant Fund ratio calculated in accordance with this attachment. Please explain any deviations.

\* Leveraged funds, donations (i.e., name and dollar amount).

\* Project design preliminary cost breakdown, consistent with Form FmHA 1924–13, "Estimate and Certificate of Actual Cost," with costs identified to housing and related facilities.

D. RHCDS's objective is to provide a combination of loan, grant, and rental subsidy that meet the needs of farmworkers for the housing project's farm market area. The maximum use of grant funds (90 percent) is primarily for migrant seasonally-operated facilities. Projects that are operated for year-round occupancy should be 100 percent Section 514 loan and RA. However, the formula will continue to be used in all applications to assure long-term project feasibility given generally low farmworker income.

E. For FY 95, the approach used last year to determine loan/grant ratios will be continued in accordance with §1944.164 (b)(2) of subpart D of part 1944 of this chapter. However, the formula will use the individual very low-income level for the market areas being served instead of the average individual farmworker income for the market area. This is because most LH facilities tend to be occupied yearround by a family or by families with multiincome which is equivalent to the income of surrounding communities. State Directors may present additional information or conditions, as part of the recommendations to the National Office, that will be considered in approving a different loan/grant ratio. The following formula is a guide to determine if a grant should be provided for a specific LH project:

1. Estimate the project's annual income using 30 percent of the verylow-income for the market area expected to be served by the project (from exhibit C of FmHA Instruction 1944–A) (available in any Agency office) and the RA average subsidy over 12 months for the State. In cases of other rental subsidies, term of subsidy and annual value can be estimated and used in place of RA contribution to project income. With up to 100 percent RA available, annual income should reflect very low-income for as many units as provided since RA restricts 95 percent use to this income category.

2. Estimate the project's annual expenses, excluding amortization cost. Annual operating expenses to be considered are:

(a) The vacancy rate expressed as lost revenue dollars;

(b) Reasonable operations & maintenance (O&M) based on other housing experience and allowing for LH operating circumstances;

(c) Estimated annual utility costs (whether paid by tenants or project); and

(d) Percent of the total development cost (excluding initial operating expenses) for reserve.

3. Subtract estimated expenses from estimated income. This balance is available for loan amortization.

4. Compute maximum feasible loan using \$35.73 per \$1,000 for annualized monthly amortization expense. Difference between loan and recommended development cost should be funded through a LH grant.

*Example:* You have reviewed and are prepared to recommend to the National Office a 30-unit project for \$1,020,000 (includes 2 percent initial operating monies), with 30 units of RA. Annual very low-income income in the market area is \$9,650.

(For this example \$2,300 is average cost for FY 95, therefore, we are using the average for RA annual subsidy, \$2,300 per unit. Each State should use/ substitute their RA value for new construction.) The annual anticipated vacancy rate is stated in terms of dollars lost from total income. The vacancy rate should be adjusted for anticipated seasonal vacancies that are discussed in the management plan. Average annual O&M is estimated at \$2,000 per unit (adjust this amount for the State/ District). Annual contribution to reserve will be \$10,000. Annual utility costs