



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Tennessee Housing Development Agency Board of Directors

FROM: Bill Lord, Director of Community Housing
Don Watt, Chief Programs Officer

SUBJECT: 2025 Emergency Repair Program Description

DATE: May 6, 2024

Recommendation:

Staff recommends the Tennessee Housing Development Agency Board of Directors (the “Board”) approve the following:

- Adopt the attached proposed 2025 Emergency Repair Program Description (“Program Description”);
- Allow the Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes, and substantial changes if needed to comply with state requirements; and
- Allow staff to reallocate any funds not awarded to current or future Emergency Repair Program funds or other Tennessee Housing Trust Fund activities.

Background:

The Tennessee Housing Development Agency (“THDA”) allocates Tennessee Housing Trust Fund funds annually to be administered by a quasi-governmental agency in each of Tennessee’s nine (9) Development Districts to administer the Emergency Repair Program (“ERP”), within the service area for each Development District, in order to assist low-income homeowners who are elderly or have a qualifying disability with emergency repairs to their homes.

Generally, the quasi-governmental agencies that administer ERP are Development Districts or Human Resource Agencies but may include other quasi-governmental agencies as approved by THDA. In some cases, an Administering Agency may be contracted to administer ERP in more than one Development District service area.



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Material Changes from the 2023 Emergency Repair Program Description.

1. Modified award to equal \$300,000 for project activities, with an additional 15% (\$15,000) awarded as administrative funds, making a total award per development district service area of \$345,000.
2. Allow increase to funding award to an Administering Agency based on demonstrated need and available funds.
3. Added allowance of up to \$5,000 of the project funds awarded to be billed as soft costs for the initial review of un-realized projects, up to a maximum of \$350 per project review.
4. Changed contract term from two years to an annual contract in order to provide more program flexibility on a year-to-year basis.
5. Broadened disability definition to include heads of households who are receiving full disability benefits through the Department of Veterans Affairs.
6. Clarified definition of eligible repairs.
7. Added language to require that repairs must be performed by the qualified contractor submitting the lowest cost, most responsive bid.



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**TENNESSEE HOUSING DEVELOPMENT AGENCY
EMERGENCY REPAIR PROGRAM
2025 PROGRAM DESCRIPTION**

I. PROGRAM OVERVIEW.

The Tennessee Housing Development Agency (“THDA”) operates the state-wide Emergency Repair Program (“ERP”), funded through the Tennessee Housing Trust Fund, to provide grants to low-income homeowners, where an owner of a home meets the ERP definition of Elderly or Disabled and Qualified Homeowner, to make eligible repairs that would pose an immediate danger to life, safety, or health if not repaired. The purpose of ERP is not to be a comprehensive homeowner rehabilitation program, but to stabilize the homes of such qualified homeowners, needing such emergency repairs, in order to maintain the livability of the homes and the homeowners’ support networks they have established within their respective communities.

II. PROGRAM REQUIREMENTS.

A. ALLOCATION OF FUNDS. To ensure state-wide availability, THDA administers ERP through the network of Tennessee’s Development Districts or other agencies authorized to work in all of the counties within a Development District region (“Administering Agencies”).

1. **Annual Allocation.** THDA allocates ERP funds annually to each Administering Agency through a one-year grant contract that may not be extended. The amount allocated depends on the amount available from the Tennessee Housing Trust Fund and an Administering Agency’s prior performance.
2. **Allocation Limit.** For 2025, the total funding available to each Administering Agency per Development District service area will be \$345,000, which includes \$300,000 in project funding and an amount up to 15% of the project funds drawn, or a maximum of \$45,000.00, for eligible administrative costs of an Administering Agency to implement ERP.

3. Use of Project Funds to Reimburse Costs of Unrealized Projects. An Administering Agency may charge up to \$5,000 to the project funds for reimbursement of initial project review costs associated with unrealized projects as outlined below and as approved by THDA:
 - Up to \$250 per project for time associated with initial reviews, including scope of work, completed by staff of the Administering Agency; or
 - Up to \$350 per project for the actual costs paid to a third-party vendor by an Administering Agency, as evidenced by invoice, for time associated with initial reviews, including scope of work.
4. Eligible Administrative Costs. Administrative Funds must be drawn down proportionally with project funds and must be requested at the time of project reimbursement. Documentation to support administrative costs must be available upon request by THDA, but is not required to be submitted for reimbursement.
 - General management, oversight, and coordination of the program, including travel costs incurred and billed at the State approved rate.
 - Public information, including the provision of information and other resources to residents and citizen organizations participating in the planning, implementation and assessment of projects assisted with ERP funds.
 - Indirect costs based on a cost allocation plan approved by the cognizant agency.
5. Need for Additional Funding. If an Administering Agency can demonstrate a need for additional funding during the contract term, and additional funds are available from funds that were either recaptured or returned to THDA from the current or a previous ERP program year, then THDA, at its discretion, may increase the 2025 ERP total funding to that Administering Agency to a maximum of \$400,000 to accommodate the demonstrated need and the grant contract will be amended accordingly.

B. SCOPE OF WORK OF ADMINISTERING AGENCY. The role of an Administering Agency is to:

- Market the program
- Accept applications
- Determine eligibility for assistance
- Ensure initial and final inspection by a qualified inspector
- Solicit bids for contractors on behalf of the homeowner
- Oversee completion of the work activity
- Pay the contractors and inspectors
- Resolve issues
- Ensure compliance with ERP requirements

C. QUALIFIED HOMEOWNER. An applicant homeowner must meet all of the following requirements in order to qualify for assistance. The homeowner must be recertified if more than six (6) months elapses between the date the ERP application is signed by the homeowner and the date that the contract between the Administering Agency and the

homeowner is signed. An Administering Agency may establish additional program preferences of homeowner eligibility based on the needs and priorities of their local service area, if approved by THDA. Administering Agencies must retain documentation in the homeowner's client file of the homeowner's eligibility for ERP assistance.

1. Elderly/Disabled. At least one of the occupants with an ownership interest in the property must meet the definition of Elderly or Disabled.
 - Elderly. 60 years of age or older.
 - Disabled. (i) Drawing full disability benefits from the U.S Department of Veterans Affairs or (ii) Has a disability that meets the definition of "disability" under the Supplemental Security Income ("SSI") Program of the Social Security Administration (Title XVI of the Social Security Act, meaning the inability to engage in any substantial gainful activity ("SGA") by reason of any medically determinable physical or mental impairment(s), which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.
2. Property & Ownership Interest. The Elderly or Disabled occupant must have had an ownership interest in the property to be repaired for three years prior to the application date. Such ownership interest may include fee simple ownership, tenancy by entirety, life estate, or a leasehold interest of at least 99 years (50 years for trust or tribal lands), as evidenced by a deed or lease, as applicable. Ownership of a mobile or manufactured home must be evidenced by title or an affidavit of affixation, but ownership of the underlying property is not required. Modular homes must have a green sticker, indicating they were built to comply with Tennessee's Modular Homes Act. Manufactured homes must have a red sticker, indicating compliance with the Federal Manufactured Home Construction and Safety Standards and the requirements of the Department of Housing and Urban Development (HUD) in effect on the date of manufacture. The property must be considered a single-family dwelling unit or other form of dwelling approved in advance by THDA. In cases where a building of more than one unit is assisted, no improvements may be made to common spaces or systems.
3. Principal Residence. The Elderly or Disabled Homeowner must currently occupy the property as its principal residence and have maintained such principal residency for the three years prior to the application date, as evidenced by utility bills, Social Security letters, bank statements, or other such documentation requested and approved by THDA.
4. Low-Income Household. The household income must be at or below the greater of either 60% of the Area Median Income for the county in which the household resides or 60% of the Statewide Median Income as defined by the most current Income Limits for the HOME Investment Partnerships Program issued by the U.S. Department of Housing and Urban Development. The calculation and determination of household

income must follow the current guidelines provided in the 2025 Emergency Repair Program Policy & Procedure Manual.

5. Local Taxes. The local property taxes for the property must be current or the household must be in a payment plan that is in good standing with the local Tax Assessor's Office, as evidenced by a receipt or formal correspondence from the Tax Assessor's Office. If a deadline to pay current property taxes falls between a determination of eligibility and execution of a contract for repairs under ERP, the Administering Agency must not execute the contract until the taxes are paid or a payment plan has been established. Documentation of property tax payment must be retained in the homeowner's client file.
 6. Mortgage Delinquency. If there is a mortgage on the property, it must be current and not delinquent.
 7. Foreclosure of a THDA Mortgage. The household is not eligible if the beneficiary had a THDA mortgage loan that was foreclosed.
 8. Prior Claim for Same Repair. The homeowner must affirm in the application that they have not filed an insurance claim within the last twelve (12) months for any of the items for which the homeowner is seeking ERP assistance.
 9. Prior ERP Assistance. The property may not have previously received ERP assistance or the combined total of the previous repairs and the newly requested repairs would not exceed \$24,999.00.
- D. LIFETIME SUBSIDY LIMIT. The maximum amount of ERP funds awarded to an eligible homeowner for a given eligible property has a lifetime limit of \$24,999.00. The funds provided are a grant to the homeowner and do not require a compliance period secured by a lien on the property.
- E. ELIGIBLE REPAIRS. As stated, ERP is not intended to be a comprehensive homeowner rehabilitation program. Instead, the purpose of ERP assistance is to make eligible repairs that would pose an immediate danger to life, safety, or health if not repaired, so that the homeowner can continue to reside safely in the home.

ERP does not require that the entire home be brought into compliance with codes, but any work performed under ERP must be in compliance with all applicable codes. If no local codes have been adopted for the type of work being done, the work must be performed in compliance with any applicable state code. If permits are required for the type of work to be performed, then the permits must be obtained, and the work must be inspected by the local jurisdiction.

In many instances, there will not be a visible difference in the home after the ERP repairs are completed. Additional work may need to be completed that is outside of the scope of ERP. THDA reserves the right to deny assistance if it determines that the scope of repairs needed to make the home livable are substantially beyond what ERP can cover, unless the homeowner can demonstrate that funds other than ERP will cover such repairs.

The following are approved repair activities and represent the type of emergency repairs ERP is meant to address. When applicable, repair work should include measures to improve the energy efficiency of the home. Administering Agencies must obtain THDA's written approval for any repairs outside of those listed below.

- Roofs: Where there is structural failure, risk of structural failure, or there are active roof leaks present.
- Electrical Systems: Where the electrical system has failed or there are demonstrated deficiencies in the electrical system that pose an immediate danger to life, safety, or health.
- Plumbing and/or Sanitation/Septic Systems: Where the plumbing and/or sanitation/septic system has failed or there are demonstrated deficiencies in such system(s) that pose an immediate danger to life, safety or health.
- Heating and/or Air Conditioning System(s): Where a heating and/or air conditioning system has failed at a critical time when exterior temperatures could pose a threat to life, safety, or health.
- Structural Repairs to Floors and/or Walls: Where floors and/or walls demonstrate structural damage or deterioration, which pose an immediate threat to life, safety, or health.
- Window/Door Replacement: Where repair is necessary to remedy a threat to life, safety, or health.
- Accessibility Improvements: Where necessary for a homeowner with age-related limitations or a physical disability to access and use the home for one or more major life activities.

E. INELIGIBLE REPAIRS. The following are repairs that may not be funded with ERP funds.

- The purchase or repair of appliances not permanently attached to the home, including refrigerators, dishwashers, washers, and dryers.
- Off-site infrastructure.
- Landscaping, except for the restoration of the site following an eligible activity or for health and safety reasons.
- Driveway, sidewalk, and front walkway repairs, except as part of an eligible accessibility activity for ingress/egress to the home.

- Relocation costs of the homeowner.
- Non-emergency repairs.
- Other items as determined by THDA.

F. INITIAL INSPECTIONS. The homeowner will initially indicate the nature of the needed emergency repair(s) in the application, however, qualification as an eligible emergency repair will be determined after an initial inspection by a qualified Rehabilitation Coordinator has been performed and a scope of work has been prepared, submitted, and approved by THDA. The approved scope of work should then be reviewed and approved by the homeowner. Upon completion of the project, a final inspection must also be conducted by a qualified Rehabilitation Coordinator and reviewed and approved by THDA.

1. Rehabilitation Coordinator. A Rehabilitation Coordinator is a person on the Administering Agency's staff, or on the staff of a third-party vendor contracted by the Administering Agency, that is qualified to determine the eligibility of ERP projects, perform Initial Project Reviews, prepare scopes of work for the correction of emergency repair items, and determine if the emergency can be mitigated within the program limits, and perform a Final Project Review of the completed project. If the Rehabilitation Coordinator is not an FHA-approved home inspector or licensed as either a building codes or home inspector, the Administering Agency must obtain THDA's approval of the Rehabilitation Coordinator's qualifications prior to authorizing the Rehabilitation Coordinator to perform initial inspections or final project reviews on ERP projects.
2. Contractors who perform ERP repairs on a project may not conduct initial inspections of the work to be conducted or final inspections of the work that has been completed. However, if the contractor is a volunteer service organization, that organization's qualified staff is authorized to complete the initial inspection and work write up, but the project must still receive a final inspection by a qualified, independent, third-party Rehabilitation Coordinator and final review by THDA.

G. CONTRACTOR QUALIFICATIONS. The emergency repairs must be completed by a contractor licensed for the type of repair work being performed, when required by law. When a license is not required for the type and amount of work to be performed, the contractor must still be bonded and insured. The Administering Agency will procure qualified contractors. The Administering Agency will review the estimates with the homeowner. The qualified, contractor with the lowest, responsive bid must be selected to do the work. Should the homeowner or Administering Agency request to select a bid other than the lowest bid, the Administering Agency must provide the reason/justification on behalf of the owner to THDA in writing before accepting the bid. If the justification is not acceptable to THDA, but the Administering Agency or homeowner still wants to move forward with such contractor, the Administering Agency or homeowner will be required to

finance any costs in excess of the lowest bid from the Administering Agency's or homeowner's own resources.

- H. EPA Renovate, Repair and Paint Rule ("RRP Rule"). The Environmental Protection Agency's ("EPA's") Renovate, Repair, and Paint Rule applies to any home proposed for assistance that was built prior to 1978, if the work to be performed will disturb more than six square feet of painted, varnished, or stained surfaces per interior room or more than twenty square feet of exterior painted, varnished, or stained surfaces. If the RRP Rule applies to a given project, the Administering Agency must ensure that the contractor selected is an EPA Lead Safe Certified Firm. The certified contractor is responsible for complying with all elements of the RRP Rule in order to protect the occupants of the home from lead-based paint hazards during repair.
- I. Final Inspections. Only items that are repaired as part of an ERP-funded project must receive a final inspection by a qualified inspector. The final inspection should include photos of all items repaired.
 - 1. If a state or local permit was required for the repair work performed, the code compliance inspection will serve as the final inspection for those repairs covered under the permit. For any other repairs that are not covered under a permit and code compliance inspection, a final inspection by a qualified inspector must be performed. Due to this requirement, a given project may receive multiple final inspections to cover all of the work performed.
 - 2. The THDA Permit Worksheet must be complete at the time of the final inspection. If a permit was not required for the work that was performed, this status must be noted on the Worksheet.
 - 3. THDA defines a "qualified inspector" as an individual with credentials appropriate for the type of work being performed, such as inspectors licensed by the State of Tennessee as Building, Mechanical, Plumbing, or Electrical Inspectors or Home Inspectors or individuals certified by a national organization such as the International Code Council, the National Fire Protection Association, or the Standard Building Code Congress as a Housing Inspector. Other qualifications may be accepted on a case-by-case basis and require THDA approval before the inspector may perform inspections.
 - 4. If multiple categories of repairs are being performed (e.g., HVAC and plumbing), the person or persons performing the final inspection must be qualified to inspect each type of repair.

5. The cost of the final inspection is an eligible soft cost for the project. The maximum cost per inspection is \$350. Administering Agencies should engage inspectors at a cost appropriate for the scope of work proposed.
6. The Administering Agencies shall obtain inspectors, notify contractors and the homeowner as to who the inspectors will be for each job, and remit payment to the inspectors for work performed. Contractors must not pay inspectors for work performed. Administering Agencies may coordinate with other partner agencies such as USDA Rural Development with regard to inspectors utilized and remittance of payment to inspectors. If inspectors are utilized that are selected by a partner agency such as USDA Rural Development, a qualified inspector must be utilized.

III. COMPLIANCE WITH EMERGENCY REPAIR PROGRAM POLICY & PROCEDURE MANUAL.

Administering Agencies must implement ERP in accordance with all policies and procedures outlined in the Emergency Repair Program Policy & Procedure Manual, including, but not limited to:

- Equal Opportunity Laws
- Drug-Free Workplace Requirements
- Conflicts of Interest
- Ineligibility Determination and Appeals
- Timing of Payment Requests
- Outreach to Prospective Beneficiaries and Waiting Lists
- Application Process for Prospective Beneficiaries
- Accessibility of Location to Accept Applications & Reasonable Accommodations.
- Qualification of Beneficiaries
- Qualification of Emergency Projects
- Procurement of Contractors
- Requests for Payment
- Recordkeeping & Monitoring
- Reporting & Closeout
- Marketing of Program Outcomes
- Project Closeout
- Grant Close-Out
- Program Forms & Policies and Procedures