



TENNESSEE HOUSING TRUST FUND CAPACITY BUILDING PROGRAM 2025 Program Description

A. BACKGROUND:

The Tennessee Housing Development Agency (“THDA”) created the Capacity Building Program to address the needs of nonprofit housing development organizations across Tennessee to increase or improve their program delivery or program management physical space and/or agency capacity in terms of strategic or succession planning, in order to undertake housing development and other directly related activities. The scarcity of non-profit housing developers with adequate programmatic office and/or training space capacity, or management capacity, often prevents THDA from proportionately distributing grant funds across the state appropriate to the existing need.

To address these capacity needs, THDA is offering this program to assist nonprofit affordable housing developers build their capacity to better accomplish affordable housing activities.

The total amount of funding available for the 2025 grant round is approximately \$1.5 million. THDA will set aside up to \$60,000 for strategic and/or succession planning awards and \$1,440,000 for facility capacity awards.

THDA will provide a separate application process for each of the eligible activities to run concurrently. Capacity Building Program grants for each activity will be awarded based on time and date of submission of an eligible application with the first awards made to the earliest submitted, eligible application, for each activity, from each Grand Division and then if funds remain available to each remaining eligible application in each category based on date and time of receipt. Applications may be submitted to THDA between 12:00 AM CDT, Thursday, August 1, 2024, and 4:00 PM CDT, Thursday, September 19, 2024. THDA will notify successful applicants on or before November 30, 2024, if approved for funding. The grant term for Facility Capacity activities will begin on December 1, 2024, and will end on November 30, 2026. The grant term for Management Capacity Strategic Planning and/or Succession Planning activities will begin on December 1, 2024, and end on May 31, 2026.

The application package as well as additional program information will be made available by notification to non-profit housing developers known to THDA by email or other means and made available on THDA’s website beginning on Tuesday, July 30, 2024, at <https://thda.org>.

B. ELIGIBLE APPLICANTS:

Non-profit affordable housing development organizations across all 95 counties of Tennessee as defined below:

1. Eligible non-profits must meet the following requirements:
 - a. Have a current Charter and By-Laws;
 - b. Have a valid 501(c)(3) designation letter from the Internal Revenue Service (IRS);
 - c. Have a current Certificate of Existence from the Tennessee Secretary of State dated within thirty (30) calendar days of the application date;
 - d. Have affordable housing or the delivery of affordable housing related services as a primary purpose and/or mission, including the new construction and/or rehabilitation of single family or multifamily units; and,
 - e. Have at least two (2) years of experience developing affordable housing in Tennessee, satisfactory to THDA in its sole discretion.
2. Must not have been prohibited by THDA from participating in its programs within the last five (5) years or have individuals employed by the applicant organization, or serving on its current board of directors, who have been prohibited by THDA from participating in THDA programs within the last five (5) years.

C. ELIGIBLE ACTIVITIES: All applicants and projects must be located in Tennessee.

Facility Capacity Applications:

1. New Construction, acquisition, and/or substantial repairs to, or rehabilitation and/or build out of, existing primary office, storage, or program delivery space, including additions or annexes.
 - a. Funds may only be used for projects in spaces that are specific to program management, program delivery, beneficiary/participant training, or storage. This does not include development or improvements to ancillary facilities that may be owned or operated by the organization, or subsidiary operations of the organization, unless program management offices, training or meeting rooms will be included in the space and then funds may only be used for the construction or improvement of eligible spaces on a prorated basis.
 - i. Proration of costs may occur if eligible space will be developed or improved that is located within a non-eligible space. Eligible costs will be determined based on the percentage of square footage occupied by the eligible space.
 - b. To be eligible, projects must be underway or demonstrate a readiness to start within six (6) months of the award date and demonstrate a gap in funding to be provided by this grant.

- c. All completed construction work must meet applicable commercial building codes and be evidenced by a Certificate of Occupancy or Completion from a code official, with appropriate jurisdiction in the area where the project is being completed.
2. Stand-alone purchase of technology systems, equipment, or infrastructure such as computers, or other equipment or systems, must be used for program management or expansion of affordable housing development, or training related to beneficiary assistance such as job training, literacy, homebuyer education, financial literacy, or other purposes approved at the discretion of THDA.

Management Capacity Strategic and/or Succession Planning Applications:

1. Management Capacity Building includes the development of a strategic plan and/or succession plan for the agency.
 - a. The cost of a qualified consultant to assist the agency with development of the strategic and/or leadership succession plan.
 - b. Delivery of an adopted strategic and/or succession plan for the agency within 18 months of the grant award.

D. GRANT LIMITS:

1. The maximum grant award for the Facility Capacity Activity (New Construction, Acquisition or Renovation Applications) is \$480,000 and the minimum grant is \$100,000.
2. The maximum grant award for the Facility Capacity Activity (IT System and/or Infrastructure applications) is \$100,000 and the minimum grant is \$20,000.
3. The maximum grant award for the Management Capacity Grant applications is \$10,000.
4. All awards will be made on a reimbursement basis.

E. PROHIBITED ACTIVITIES:

1. Pledge Capacity Building funds as support for tax exempt borrowing by local grantees.
2. Pay staff salaries and benefits.
3. Pay operational costs not associated with the expansion or enhancement of existing program operations physical space or the construction, acquisition and/or rehabilitation of new space.
4. Pay for equipment including furnishings and removable office equipment with the exception of computer or other equipment or systems, as defined in “C” above, used for affordable housing development program management, expansion or training purposes.

5. Provide off-site improvements, neighborhood infrastructure or public facility repairs or improvements.
6. Provide on-site infrastructure improvements, other than IT.
7. Pay for landscaping, fencing, external signage, outside lighting.
8. Security systems, internal or external.
9. Pay for acquisition or improvements to rental property not being used for affordable housing program delivery or expansion, or training as defined in “C” above.
10. Provide assistance to any housing unit or common area associated with a rental property.
11. Provide assistance to public housing authorities or for-profit entities.
12. Provide assistance for the development of housing for sale to home buyers.
13. Provide rental assistance.

F. PROCUREMENT:

The solicitation of bids for goods and services, materials, supplies, and/or equipment using THDA’s Capacity Building funds must be open and competitive. Grantees must follow their procurement policies. There must be an established contractor selection procedure and a written rationale for selecting the successful bid or proposal.

At a minimum, every effort should be made to obtain at least three bids with the purchase being made from the most qualified, responsive bidder presenting the lowest cost. THDA may approve purchases with less than three bidders where broad solicitation has been demonstrated and it is likely that additional solicitation would not yield more bidders or a more favorable price.

G. REPORTING:

The Executive Director of the grantee shall periodically report to THDA’s Community Housing Division regarding progress on the eligible activity.

1. A progress report with documentation of work completed and eligible costs to be reimbursed will be required with each reimbursement request.
 - a. For All Grants: Submission of the contract(s) for goods and services should be submitted when the initial Draw Request is submitted.
 - b. For Facility Capacity Grants a project progress report, invoices for all work or materials and certification from the contractor or provider of materials that upon payment there will be no liens on the facility related to the work being done.

- c. For Facility Capacity Grants a project completion report and Certificate of Occupancy or equivalent, if new construction or rehabilitation of space, will be required at the time the final draw is submitted.
- d. For Facility Capacity Grants involving technology or technology infrastructure purchases, documentation of purchase, payment and installation of the eligible technology or infrastructure will be required.
- e. For Management Capacity Grants a copy of the invoice for payment including services or goods delivered under the contract.
- f. For Management Capacity Grants a final invoice form the Management Consultant along with a copy of the final Strategic and/or Succession Plan for the agency that has been adopted by resolution by the Board of Directors.

H. BOARD ACTION:

The THDA Board of Directors has authorized THDA’s Chief Legal Counsel or Assistant Chief Legal Counsel to make non-substantial changes, and substantial changes if needed to comply with State or other legal requirements. THDA may provide notice of changes by posting such changes to its website at: <https://thda.org>.

I. THRESHOLD CRITERIA:

THDA will evaluate each application to determine if the proposal meets threshold and eligibility criteria.

1. Threshold criteria include:
 - a. Submission of a complete, signed application.
 - b. Applicant and project eligibility.
 - c. Compliance with other THDA-funded programs.
2. All nonprofit organizations must upload all organizational information required to be submitted through THDA’s Participant Information Management System (“PIMS”).
 - a. Copies of organizational documents that are required to be submitted through PIMS, but are submitted through another means, will not be considered.
 - b. THDA will provide a limited opportunity of two (2) business days for applicants to correct the following threshold factors:
 - (1) Failure to upload all required documents to PIMS.
 - (2) Failure to submit a Certificate of Existence that was issued within the required time established by the application instructions.
 - (3) Failure to sign the application.
 - (4) THDA will not provide an opportunity to correct other application items nor will THDA extend the time period for correction of the threshold item beyond the period identified above.

J. APPLICATION EVALUATION AND DETERMINATION

Applications meeting all threshold eligibility requirements, for each activity, will be reviewed in order of submission, based on time and date of receipt by THDA, with the first eligible application, for each activity, from each of the three Grand Divisions, as defined in Tennessee Code Annotated Title 4, Chapter 1, Part 2, awarded first, and then in descending numerical order based on time and date of submission.

The Capacity Building funds will be awarded until all available funds have been exhausted or no additional eligible applications remain.

1. THDA will select the first eligible application submitted from each Grand Division of Tennessee, for each of the activities, under this Program Description.
2. If additional funding is available, THDA will combine all remaining applications, by activity, into a single ranking for each based on time and date of THDA's receipt of a complete application. THDA will award funding starting with the earliest eligible application received and subsequently in order of receipt until all funds are allocated or the amount of funds available is less than the need for the next highest scoring application.
3. Given the limited funding available statewide and in order to distribute Capacity Building Grant funding across Tennessee, THDA reserves the right to limit funding to only one award, per activity, per county.
4. When the amount of funds available is less than the request for funding identified in the application, THDA reserves the right to offer partial funding pending the applicant's ability to secure additional financing within a timeframe established by THDA or to not select a proposed project if sufficient funding is not available to award all funds requested by the applicant.
5. If funds remain in either activity set aside after all qualified application have been funded for that activity, those funds may be then used to fund eligible applications in the remaining activity.