



## TENNESSEE HOUSING TRUST FUND

### 2025 COMPETITIVE GRANTS PROGRAM

#### Program Description

The Tennessee Housing Development Agency (“THDA”) is seeking creative and innovative proposals for a 2025 Round of Competitive Grants funded under the Tennessee Housing Trust Fund (“THTF”). The purpose of this Program Description is to explain program requirements and the application process. The amount available for the FY 2025 Round is approximately \$3.5 million. Additionally, THDA may make available any unallocated or returned funds from the 2024 or earlier funding rounds, as determined at the time of award.

Applications for the 2025 Round will be available on January 16, 2025 and must be received by THDA on or before 4:00 PM Central on Thursday, February 27, 2025. THDA anticipates notifying successful applicants on or before May 30, 2025. The 2025 Competitive Grants grant term will begin on July 1, 2025 and will end June 30, 2028. Applicants should be aware that there is no cure period for general application responses; however, THDA will allow 72 hours from the date/time of notification to provide missing threshold documents to be uploaded to PIMS. Submission of a complete, signed application is a threshold requirement.

The Program Description and Application Package will be made available on THDA’s website at [Tennessee Housing Development Agency | Competitive Grants Administrators](#) on or before January 16, 2025. (From the homepage of the website, go to GOVERNMENT & NONPROFIT PARTNERS, TENNESSEE HOUSING TRUST FUND, COMPETITIVE GRANTS, COMPETITIVE GRANTS ADMINISTRATORS). Applications must be submitted to THDA electronically through the secure EDT site provided by THDA. Access to the secured site may be obtained by emailing [THTF@thda.org](mailto:THTF@thda.org). Applicants must submit an email to [THTF@thda.org](mailto:THTF@thda.org) once the application has been uploaded. If you have questions, please call Toni Shaw at (615) 815-2034.

#### 1) ELIGIBLE APPLICANTS

THDA will accept applications for the 2025 Grant Round from public housing authorities and private, non-profit housing development organizations, that each meet the requirements of this Program Description (“Applicant”).



Competitive grant funds may not be layered with Low Income Housing Tax Credits (LIHTC) or Multifamily Tax-Exempt Bond Authority (MTBA) issued by THDA.

The Applicant selected for a Competitive Grant (“Grantee”) must be the owner of the proposed rental project or at minimum, the applicant must be the sole general partner or the sole managing member of the final ownership entity or own 100% of the stock of a final corporate ownership entity.

The applicant must materially participate (regular, continuous, and substantial on-site involvement) in the development and operation of the development throughout the compliance period.

All private, non-profit organizations must submit *Attachment One: Non-Profit Checklist* with supporting documentation. All private, non-profit organizations must be organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated no more than 30 days prior to the application date) or, if organized and existing in another state, be organized and existing under the laws of that state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from that state’s Secretary of State dated no more than 30 days prior to the application date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State, dated no more than 30 days prior to the application date).

All private, non-profit Applicants must demonstrate at least two consecutive years of experience providing affordable housing or affordable housing related services in the state of Tennessee within the last 5 years.

Applicants seeking funding for transitional housing targeted to formerly incarcerated individuals shall demonstrate good standing with the Tennessee Department of Corrections (“TDOC”) as of the date of submission of the 2025 Round Competitive Grant application. All such Applicants shall demonstrate evidence of being included on TDOC’s List of Approved Transitional Housing Providers.

Additionally, with regard to faith-based organizations, if a religious exemption under the Fair Housing Act is requested, the organization must include with the Competitive Grant application, an attorney opinion letter demonstrating satisfaction of the religious exemption prongs under the Fair Housing Act.

## 2) SPEND DOWN REQUIREMENTS

Applicants with prior Competitive Grant awards must have submitted an official Request For Payment Form with supporting documentation demonstrating the spend down of the following percentages of their existing rental development grants no later than January 31, 2025, to be eligible for the FY 2025 Competitive Grants Program. Grant term extensions extend the spend down requirements:



| COMPETITIVE GRANT YEAR             | SPEND DOWN REQUIREMENT |
|------------------------------------|------------------------|
| All 2021 Winter and Earlier Grants | 100%                   |
| 2022 Summer and Winter Grants      | 75%                    |
| 2024                               | 25%                    |

In addition to meeting spend-down requirements for Competitive Grants, applicants must also be in compliance with Competitive Grants contract terms as well as the contract terms of other THDA rental development programs to be eligible. Whether an applicant is in compliance with spend-down requirements and contract terms will be determined by THDA in its sole discretion.

### 3) FORM OF ASSISTANCE

Competitive Grants funds will be awarded to successful Applicants in the form of a grant, secured by a note, deed of trust, and declaration of land use restrictive covenants (“restrictions”). The entire grant term, beginning with the issuance of a Reservation of Funds and ending with the final project completion, issuance of a Certificate of Occupancy or equivalent, and submission of all final draw requests and legal documentation, is 3 years.

Applicants receiving a Competitive Grants award will be initially provided a Reservation of Funds with a total term period of 3 years, but with a commitment requirement of 24 months from the beginning of the contract term date. Commitment is defined as having entered into a grant contract for the project. Prior to being issued the grant contract and within nine (9) months of the beginning of the term of the Reservation of Funds, Grantees must have satisfied the following requirements:

- a. Submittal of a final development budget and proforma worksheet with documentation of all committed development sources. Committed development sources will be accepted as determined by THDA in its sole discretion. Committed development sources may include but are not limited to Low Income Housing Credit preliminary award letters, bank commitment letters, and/or grant award letters.
- b. If serving special needs or specialized populations, submittal of program agreement or occupancy agreement if these are being utilized in lieu of a standard lease.

Upon satisfaction of the Reservation of Funds terms, Grantees must sign a grant contract awarding Competitive Grants funds to a proposed project.

Prior to requesting any draws, a Grantee must execute a note and record a fully and accurately executed deed of trust and restrictions (the “Legal Documents”) and provide such to THDA.

All applicants must complete the Competitive Grants Budget and Proforma Worksheet to



demonstrate the need for the Competitive Grant funds and the financial feasibility of the project throughout the period of compliance.

#### 4) LEVEL OF SUBSIDY

The investment of Competitive Grant funds must conform to the following standards per unit:

- a. Minimum Competitive Grant Funds: \$1,000 per unit
- b. Maximum Competitive Grant Funds Per Unit:

|           |                              |
|-----------|------------------------------|
| \$136,316 | 0-Bedroom (Efficiency) Limit |
| \$156,036 | 1-Bedroom Limit              |
| \$189,745 | 2-Bedroom Limit              |
| \$245,470 | 3-Bedroom Limit              |
| \$269,447 | 4-Bedroom Limit              |

Periodically, THDA may update these limits. The maximum amount of Competitive Grants funds that may be invested per Competitive Grants unit per bedroom size is based on THDA’s subsidy limits at the time the written agreement is executed. Updated limits will be posted on the Competitive Grants Administrators page of the THDA website.

#### 5) ELIGIBLE ACTIVITIES

All housing financed using Competitive Grant resources must be affordable rental housing and must address the housing needs of households who are low-, very low-, and/or extremely low-income as defined in Section 6. The following rental housing activities are eligible:

- New construction of rental housing units.
- Acquisition of rental housing units.
- Rehabilitation of rental housing units.
- Conversion of non-residential units to residential units.
- Combinations of the above.

The rental housing provided may be either permanent or transitional as defined below:

- “Permanent Housing” is community-based housing with a tenant on a lease (or a sublease) for an initial term of at least one year that is renewable and is terminable only for cause.
- “Transitional Housing” is housing that is designed to provide individuals and families with interim stability and support for up to 24 months in order to assist the household to successfully move to and maintain permanent housing. Transitional Housing must include a lease, sublease, or



occupancy agreement.

## 6) ELIGIBLE POPULATIONS

Low-income households at or below 80% of Area Median Income (“AMI”) are eligible for rental housing. THDA will provide a preference for applications with a 25% set-aside of units for extremely low-income households (0-30% AMI) or with a 50% set-aside of units for very low-income households (0-50% AMI). Income level set asides apply to Competitive Grants units, however THDA encourages applicants to apply income set asides to all units.

## 7) HOUSING FOR INDIVIDUALS WITH DISABILITIES

Housing for Individuals with Disabilities is rental housing set-aside for adult persons with a disability.

If units are designated as housing for persons with disabilities, the project must provide access to flexible support services designed to help the individual stay housed and live a more productive, integrated life in the community. However, services must not be mandated or a condition of housing the individual.

A “*person with disabilities*” is defined as a person who has a physical, mental or emotional impairment that is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently; and is of such a nature that such disability could be improved by more suitable housing.

A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that is attributable to a mental or physical impairment or combination of mental and physical impairments; is manifested before the person attains age 22; is likely to continue indefinitely; results in substantial functional limitations in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and reflects the person’s need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are of life long or extended duration and are individually planned and coordinated.

If more than 20 percent of total units are designated as housing funded for this population the project must meet the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that were established by the Centers for Medicare and Medicaid Services (“CMS”) in the final rule dated January 16, 2014:

<https://www.federalregister.gov/articles/2014/01/16/2014-00487/medicaid-program-state-plan-home-and-community-based-services-5-year-period-for-waivers-provider>.

The final rule requires that all home and community-based settings meet certain qualifications, including:



- The setting is integrated and supports full access to the greater community;
- Is selected by the individual from among setting options;
- Ensures individual rights of privacy, dignity, and respect, and freedom from coercion and restraint;
- Optimizes autonomy and independence in making life choices; and,
- Facilitates choice regarding services and who provides them.

For provider owned or controlled residential settings, the following additional requirements apply:

- The individual has a lease or other legally enforceable agreement providing similar protections;
- The individual has privacy in their unit including lockable doors, choice of roommates, and freedom to furnish or decorate the unit;
- The individual controls his/her own schedule, including access to food at any time;
- The individual can have visitors at any time; and,
- The setting is physically accessible

## 8) UNIT DESIGNATION

In a project containing Competitive Grants assisted and other units, the Grantee may designate fixed or floating Competitive Grants units. This designation will be required in the application and designation of specific units must be included in the written agreement between THDA and the Grantee.

## 9) PROHIBITED ACTIVITIES

A Grantee may not use the Competitive Grant for any of the following:

- A. Pledge Competitive Grant funds as support for tax-exempt borrowing by local grantees.
- B. Provide off-site improvements or neighborhood infrastructure or public facility improvements.
- C. Provide any portion of the Competitive Grant or the required local match for administrative expenses by local governments.
- D. Provide assistance to private, for-profit owners of rental property.
- E. Implement homeowner rehabilitation projects.
- F. Implement homeownership activities, including down payment assistance programs and the development of units for homeownership.



- G. Acquire, rehabilitate or construct rental housing that is a treatment, hospice, nursing home, convalescent facility, or dormitory.
- H. Project Operating Reserves.
- I. Cover costs incurred prior to the Competitive Grant contract start date.

## 10) MATCH

Proposals must include a 50% match of the Competitive Grants Funds requested.

Eligible Sources of Match include:

- A. Grants from other agencies.
- B. Federal sources such as the Community Development Block Grant (“CDBG”) program, HOME or USDA Rural Development award.
- C. Cash Contributions by local church groups, local agencies, or contributions by individuals.
- D. Bank loans.
- E. A funding pool established by a local lender for the applicant.
- F. Supportive services provided for projects serving individuals with disabilities, homeless veterans, formerly incarcerated individuals, older persons, or youth transitioning out of the foster care system. The value of supportive services may be counted over the length of the applicable compliance period.
- G. Rental assistance tied to the property. To be eligible, the commitment of rental assistance must extend beyond the end of the grant term. The value of rental assistance may be counted over the duration of the compliance period. For purposes of application scoring, THDA will only count that value of rental assistance that extends beyond the grant term.
- H. The value of property already owned by the Applicant upon which the proposed housing will be rehabilitated or constructed. The appraised value of the property must be documented by appraisal or tax assessment.
- I. The value of donated property upon which the proposed housing will be rehabilitated or constructed. The appraised value of the property must be documented by appraisal or tax assessment.



J. HOME grants from local participating jurisdictions to non-profit applicants.

Ineligible Sources of Match include, but are not limited to:

A. THDA program funds, including federal funding sources, made available to Applicants will not be an eligible source of the matching funds.

B. In-kind donations, services, or labor will not be an eligible source of matching funds.

THDA will prioritize applications with a firm match commitment, the value of which is clearly documented in the application by the entity providing the match source.

## 11) PROGRAM REQUIREMENTS

### A. Income Limits

Competitive Grants for rental projects may be used to benefit *low-, very low- or extremely low-income* households.

- “Low-income household” means an individual or family unit whose gross annual income does not exceed 80% of the area median income, adjusted for family size;
- "Very low-income household" means an individual or family unit whose gross annual income does not exceed 50% of the area median income, adjusted for family size.
- “Extremely low-income household” means an individual or family unit whose gross annual income does not exceed 30% of the area median income, adjusted for family size.

The income limits apply to the incomes of the tenants, not to the owners of the property.

Grantees shall use the income limits established by the U.S. Department of Housing and Urban Development for the HOME Program and household income as defined by the Section 8 Rental Assistance Program. Current *HOME Program Income Limits* are available at [Tennessee Housing Development Agency | Competitive Grants Administrators](#). The income of the household to be reported for purposes of eligibility is the sum of the annual gross income of the beneficiary, the beneficiary's spouse, and any other family member residing in the home or rental unit. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

Grantees shall ensure occupancy of units for which Competitive Grants were used by low-, very low- or extremely low- income tenants during the compliance period. Tenants whose annual income increases to over 80% of the area median may remain in occupancy, but must





pay no less than 30% of their adjusted monthly income for rent and utilities.

In the event that a 30% or 50% AMI household's income rises above that level, the tenant may remain in occupancy and the next available unit must be leased to a 30% or 50% AMI household in accordance with the designations made in the proposal, THDA Competitive

Grants contract, and the THDA Competitive Grants legal documents.

THDA Competitive Grants units may be designated as fixed or floating units, however, the unit mix described in the proposal, THDA Competitive Grants contract, and the Competitive Grants legal documents must be maintained throughout the compliance period.

## **B. Criminal Background**

Grantees shall follow HUD regulations with regard to the provision of housing for formerly incarcerated individuals. HUD regulations prohibit housing assistance to the following groups of formerly incarcerated individuals:

- Formerly incarcerated individuals who have been evicted from federally assisted housing for drug-related criminal activity with an effective date of eviction within the last three (3) year period.
- A formerly incarcerated individual's household that includes a member who has ever been convicted of a drug-related criminal activity involving the manufacturing or production of methamphetamines on the premises of federally assisted housing.
- A formerly incarcerated individual's household that includes a member who is subject to a lifetime registration requirement under a state sex offender registry program.

## **C. Compliance Period**

All rental housing projects for which Competitive Grant funds are used will have a compliance period beginning on the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project. Prior to drawing down Competitive Grant funds, Grantees shall sign a grant note, deed of trust, and restrictive covenants to enforce the compliance period (the "legal documents"). The Competitive Grant is forgiven at the end of the compliance period if full compliance was achieved throughout the compliance period. No forgiveness will occur for a year in which there is a default as defined in the legal documents.

The length of the compliance period will be determined based on the amount of Competitive Grant funds invested per unit. The annual forgiveness rate will be based on the length of the compliance period:



| Average Per Unit Competitive Grants Investment | Compliance Period | Annual Forgiveness Rate |
|--|-------------------|-------------------------|
| < \$15,000                                     | 5 Years           | 20% per year            |
| \$15,000 – \$40,000                            | 10 Years          | 10% per year            |
| > \$40,000                                     | 15 Years          | 6.67% per year          |

#### D. Property Standards

Property standards must be met when Competitive Grant funds are used for a project. Any rental units constructed or rehabilitated with Competitive Grant funds must meet THDA Design Standards for New Construction or Rehabilitation, as applicable. Additionally, all housing must meet all applicable local codes, rehabilitation standards, and zoning ordinances at the time of project completion.

In the absence of local codes, new construction of multi-family apartments of 3 or more units must meet the State-adopted edition of the International Building Code; new construction of single-family rental units or duplexes must meet the State-adopted edition of the International Residential Code for One- and Two-Family Dwellings; and rehabilitation of existing rental units must meet the State-adopted edition of the International Existing Building Code.

All contractors performing work on Competitive Grants assisted units must be appropriately licensed for the type of work being performed. Following project completion, all properties assisted with Competitive Grant funds must meet or the National Standards for the Physical Inspection of Real Estate (NSPIRE) throughout the compliance period.

Energy Code. New construction projects must also meet the current edition of the International Energy Conservation Code.

Visitability. Additional points will be awarded to Applicants proposing single-family rental or multi-family new construction projects that include design features to make the units visitable by individuals with physical disabilities. These options include a step-free entrance, free passage of 32-36” for interior/exterior doorways, and easy use by individuals confined to a wheelchair. Further information about visitability may be found at [www.visitability.org](http://www.visitability.org).

Universal Design. Additional points will be awarded to applications that incorporate features that meet the needs of the greatest number of residents within a community. Universal design differs from accessible design, which is primarily intended to meet the needs of persons with disabilities. Universal design, however, is inclusive of adaptable design as universal design incorporates structural features that will allow a residence to be adapted to an individual’s current or future needs. Universal design features include, but are not limited to:

- Stepless entrances



- Minimum 5’ x 5’ level clear space inside and outside entry door
- Broad blocking in walls around toilet, tub and shower for future placement of grab bars
- Full-extension, pull out drawers, shelves, and racks in base cabinets in the kitchen
- Front mounted controls on all appliances
- Lever door handles
- Loop handle pulls on drawers and cabinet doors

More information on Universal Design may be found at The Center for Universal Design at

North Carolina State University: <https://design.ncsu.edu/research/center-for-universal-design/>

*Building Permits.* Building permits must be pulled on all new construction and rehabilitation projects as required by the state or local jurisdiction, including building, mechanical, plumbing, and or electrical permits.

*Inspections.* All rehabilitation or new construction work must be inspected by a licensed inspector based on the rules applicable for the local jurisdiction in which the units are located. Licensed inspectors are certified by the Tennessee Department of Commerce and Insurance – State Fire Marshal’s Office.

If a building permit is issued by a local jurisdiction or the state, inspection by a state certified inspector of that jurisdiction is required. If the work is exempted by the state or local code and a permit is not required, then a qualified inspector may be used.

A “qualified inspector” is defined 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. For activities in which a building permit is not issued, a qualified inspector may include home inspectors as appropriate for the work performed; 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.

#### **E. Lead Based Paint**

Units assisted with Competitive Grants funds are subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.) and requirements as indicated in the Competitive Grants manual. The Lead-Based Paint regulations are available at Office of Lead Hazard Control and Healthy Homes | HUD.gov / U.S. Department of Housing and Urban Development (HUD). The lead based paint requirements apply to all units and common areas in the project.



Units assisted with Competitive Grants funds are subject to the Tennessee Department of Environment and Conservation's Lead Based Paint Abatement Rules found in Rule Chapter

1200 – 1 – 18 Lead Based Paint Abatement here: <https://www.tn.gov/environment/toxic-substances-program/regulations.html>

#### **F. Flood Plains**

Competitive Grant funds may not be used to acquire or construct housing in an area identified by the Federal Emergency Management Agency (“FEMA”) as having special flood hazards. In addition, THDA strongly discourages the rehabilitation of units located in special flood hazard areas, but in a few limited instances and with written permission from THDA, units located in a floodplain may be assisted if the flood plain is mitigated by construction design.

In cases where rehabilitation in the flood plain is allowed, the project must be participating in the National Flood Insurance Program and flood insurance must be obtained, on the units.

With permission from THDA, units located in a flood plain may be assisted if the flood plain is mitigated by construction design.

#### **G. Rent Levels**

Every rental unit assisted with Competitive Grant funds is subject to rent controls designed to make sure that rents are affordable to low-, very low- or extremely low-income households. The maximum rents used for Competitive Grants are the *High HOME rents except as noted below with regard to Federal or State rental subsidies, group homes, and single room occupancy units*. The tenant portion of rent in *any* rental property assisted with Competitive Grants funds may not exceed 30% of gross monthly income. HOME Program Rent Limits are available at Current *HOME Program Income Limits* are available at [Tennessee Housing Development Agency | Competitive Grants Administrators](#).

If the unit receives Federal or State rental subsidy payments if there is a tenant based voucher, and the very low-income family pays as a contribution toward rent no more than 30% of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus rental subsidy) is the rent allowable under the Federal or State rental subsidy program.

Rents are controlled for the length of the compliance period and are determined on an annual basis by HUD. The published rents include utilities. *The cost of utilities paid by tenants must be subtracted (using applicable utility allowances) from the published HOME rents to determine the maximum allowable rents.*

Each Grantee should be aware of the market conditions of the area in which the project is located. The High HOME rents are maximum rents which can be charged. Each project should show market feasibility not based upon the High HOME rents, but rather upon area housing markets and THDA Competitive Grants occupancy requirements, which require occupancy by



low-, very- low-, or extremely low-income tenants. Rents shall not exceed the published High HOME rents, adjusted for utility arrangements and bedroom size.

However, because these rents must also be attractive to *low-, very low-, or extremely low-income* tenants, actual rents may be lower than the High HOME rents to keep within 30% of the tenant's monthly income. Programs should be designed so they take into consideration the market feasibility of projects funded.

A Competitive Grant may assist with the development of a group home, a housing unit that is occupied by two or more single persons or families. A group home consists of common space and/or facilities for group use by the occupants and, except in the case of a shared one-bedroom unit, a separate private space for each individual or family. Group homes often house older persons or persons with disabilities who require accompanying supportive services. The calculation of the applicable rent and tenant contributions must adhere to the following requirements:

- A THDA Competitive Grants assisted group home is treated as a single Competitive Grants assisted housing unit with multiple bedrooms. The Competitive Grants rent limit for a group home is the HUD-published Fair Market Rent (“FMR”) rent limit for the total number of bedrooms in the group home.
- However, the bedrooms of live-in supportive service providers or other non-client staff are not included when calculating the total number of bedrooms for the purpose of establishing the rent. For example, if one bedroom in a four-bedroom home is occupied by a service provider, the maximum rent for the group home is the HUD-published FMR Limit for a three-bedroom unit.
- The HUD-published FMR Limit is the maximum combined rent that can be charged to all income eligible tenants residing in the group home. Each tenant pays a pro-rata share of the total rent.
- When group home tenants pay directly for utilities, the utility allowance must be subtracted from the HUD-published FMR limit in order to determine the maximum combined rent that can be charged to all tenants.
- Group homes frequently include food and/or other supportive services to its residents. Group home rents may not include food costs or the costs of supportive services. Costs for such services must be billed as separate charges. For group home units that are developed for persons with disabilities, disability-related services must be non- mandatory and the resident must have the option to choose the service provider. The lease must also state whether the fee-based services are optional or mandatory and must identify the amount of the additional fees or surcharges separately from the basic Competitive Grants rent for each tenant.



A Competitive Grant may assist with the development of Single Room Occupancy (“SRO”) housing, which consists of a single room dwelling unit that is the primary residence of a single occupant. The unit may or may not have food preparation and sanitary facilities. Rents for SRO units are based on the HUD Fair Market Rent or the HUD High HOME rent depending on the characterization of the unit as described below.

| IF THE SRO HOUSING IS....   | THEN...   |
|---|---|
| A unit with <i>neither</i> food preparation nor sanitary facilities, or with one (food preparation or sanitary facilities).                         | The Competitive Grants rent may not exceed 75% of the HUD - published FMR limit for a 0-bedroom (efficiency) unit.  |
| A unit with <i>both</i> food preparation and sanitary facilities.   | The Competitive Grants rent cannot exceed the HUD published High HOME rent limit for a 0-bedroom unit.  |
| A unit that receives State or Federal rental assistance or if there is a tenant based voucher and the unit is occupied by a very low income tenant. | The Competitive Grants rent can be the applicable State or Federal project-based rent, as long as it is occupied by a very low income tenant who does not pay more than 30% of the family’s monthly adjusted income for rent. |

The calculation of the applicable rent and tenant contributions must adhere to the following requirements:

- Utility costs are included in the maximum published High HOME or FMR SRO rent. If SRO tenants pay directly for utilities, the utility allowance must be subtracted from the HUD-published High HOME rent limit or FMR limit in order to determine the maximum rent that can be charged for the SRO unit.
- SRO units may not include food costs or the costs of any supportive services. Costs for such services must be billed as separate charges. For SRO units that are developed for persons with disabilities, disability-related services must be non-mandatory and the resident must have the option to choose the service provider.
- Each SRO tenant’s lease must clearly state whether the fee-based services are optional or required and must also identify the amount of additional fees or surcharges separately from the basic Competitive Grants rent for each tenant.

## H. Grantee's On-Going Obligations for Rental Property

During the compliance period, the Grantee shall:



1. Conduct initial and annual income certification of tenants;
2. Adhere to the Competitive Grants rent limits;
3. Comply with Competitive Grants Property Standards as defined in the Competitive Grants manual;
4. Comply with fair housing and affirmative marketing requirements;
5. Comply with THDA conducted desk file reviews during the compliance period in order to determine compliance with tenant selection, income, rent, and affirmative marketing requirements, and to verify any information submitted by the Grantee to THDA.
6. Comply with THDA conducted physical condition inspections of the property.
7. Report to THDA as THDA may require; and
8. Take other actions as THDA may require.

#### **I. Compliance Monitoring and Close Out**

Upon project completion and occupancy, the Competitive Grants funded rental project will be subject to a development close out review by THDA Community Housing Division. The development close out review is for the purpose of ensuring that the grant is administratively compliant prior to transfer of the grant for long term monitoring by THDA's Compliance and Asset Management Division. Monitoring will occur every 3 years throughout the compliance period, but may occur more frequently as determined necessary by THDA.

### **12) PROCUREMENT**

It is important to keep the solicitation of bids for goods and services, materials, supplies and/or equipment open and competitive. Grantees shall develop and follow their procurement policies. At a minimum, Grantees must adhere to the current procurement requirements included in THDA's Competitive Grants Manual at the time of solicitation of goods or services. In cases requiring sealed bids, Grantees shall make every effort to obtain a minimum of three bids when possible, and the purchase should be made from the lowest qualified, responsive bidder. There must be a written rationale for selecting the successful bid or proposal. At THDA's sole discretion, an award may be made in cases where less than three (3) bids were received if it is likely that additional solicitations would not increase the number of respondents.

### **13) CONFLICT OF INTEREST**

- A. No person listed in paragraph B below may obtain a financial interest or benefit from a Competitive Grants assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with



whom they have family or business ties, during their tenure or for one year thereafter.

- B. PERSONS COVERED** – Immediate family members of any local elected official or of any employee or board member of a Competitive Grants Grantee are ineligible to receive benefits through the Competitive Grants program. “Immediate family member” means the spouse, parent (including a stepparent), child (including a stepchild), grandparent, grandchild, sister or brother (including a stepsister or stepbrother) of any covered individual.

In addition, the conflict of interest provisions also apply to any person who is an employee,

agent, consultant, officer, elected official or appointed official of THDA, the local community or the Grantee receiving Competitive Grants funds, and who exercises or has exercised any functions or responsibilities with respect to activities assisted with Competitive Grants funds or who is in a position to participate in a decision-making process or gain inside information with regard to these activities.

- C. APPEARANCE OF A CONFLICT OF INTEREST** - Grantees must also make every effort to avoid the appearance of favoritism in the eligibility determination process. In those cases where the applicant is otherwise eligible, but there exists the appearance of a conflict of interest or the appearance of favoritism, the Grantee should contact THDA for guidance.

#### **14) PROJECT SOFT COSTS**

In planning their programs, applicants may include as a project soft cost, the reasonable and customary costs for work write up and inspections, the costs for lead-based paint inspections, risk assessments and clearance testing, as well as architectural and engineering fees. The value of eligible project soft costs charged to the Competitive Grants funding may not exceed 10% of the total awarded grant amount.

#### **15) MARKETING REQUIREMENTS**

One goal of Competitive Grants is to raise the profile of affordable housing at the local, state and federal level, and to demonstrate that decent housing impacts all facets of community development.

Each Grantee shall implement marketing and public relations plans to accentuate the achievements of the program. THDA’s Communications Division will assist in the development of these plans. Grantees shall submit data and beneficiary stories to THDA as may be required by THDA.

#### **16) FAIR HOUSING AND EQUAL OPPORTUNITY**

Each Grantee receiving a Competitive Grant shall comply with both state and federal laws regarding fair housing and equal opportunity (“FHEO”). FHEO requirements have been developed to protect





individuals and groups against discrimination on the basis of: race, color, national origin, religion, age, disability, familial status, or sex.

In particular, owners and program administrators will need to be aware of discrimination issues with regard to: housing opportunities; employment opportunities; business opportunities; and benefits

resulting from activities funded in full or in part by a Competitive Grant.

Each Grantee shall establish and follow procedures to inform the public and potential tenants of FHEO and the Grantee's affirmative marketing program. Grantees shall establish and follow procedures by which Grantees will solicit applications from potential tenants. Grantees shall maintain

records of efforts to affirmatively market rental units. Grantees shall provide evidence of all of the above at the request of THDA.

## **17) TN HOUSING SEARCH.ORG**

Beginning at the start of initial lease-up through the end of the compliance period, all Grantees must list units available for occupancy on TNHousingSearch.org or any subsequent affordable rental housing locator system sponsored by THDA and, as permitted by the locator system for the type of housing funded. All units must be listed on TNHousingSearch.org or any subsequent affordable rental housing locator system sponsored by THDA unless specifically waived in writing by THDA.

## **18) DEVELOPER FEE REQUIREMENTS**

A Developer Fee of up to seven percent (7%) of the Competitive Grants development costs, net of the development fee, prorated acquisition costs, and any prorated permanent financing costs may be charged as a project soft cost.

The developer fee may be requested in equal percentages along with project funds until 75% of the grant has been expended. The final 25% of the developer fee may not be requested until project development is complete, with all applicable certificates of occupancy or inspection reports issued and all required documentation submitted to THDA.

No administrative funds are provided under this program description.

## **19) APPLICATION AND EVALUATION PROCEDURE**

Applications for Competitive Grant funds should be limited only by imagination, program requirements, availability of matching funds, availability of support services, and a demonstrated need for the proposed project in a given area.

Proposals for funding in the 2025 Grant Round are limited to a maximum of \$600,000 and a minimum



of \$100,000. THDA expects that the combination of Competitive Grant funds and the required matching funds will be sufficient to allow the proposed project to be completed in a timely manner.

Proposals that address the housing needs of very low or extremely low income households and who meet other requirements specified in the Program Description, will receive additional points in the scoring matrix. Proposals with an identified, firm commitment for the matching funds are preferred and

those proposals with a firm commitment for match resources which exceeds the 50% requirement will be highly preferred.

Additionally, applications with projects located in designated rural areas of Tennessee or located in one of the eight distressed counties will receive extra points on the scoring matrix. The eight designated distressed counties are: Bledsoe, Clay, Cocke, Hancock, Hardeman, Lake, Perry, and

Scott.

For this Program Description, rural counties are defined as all Tennessee counties, except the following: Anderson, Bedford, Blount, Bradley, Carter, Coffee, Davidson, Hamblen, Hamilton, Haywood, Hawkins, Knox, Loudon, Madison, Maury, McMinn, Montgomery, Putnam, Roane, Robertson, Rutherford, Sevier, Shelby, Sumner, Williamson, and Wilson.

THDA will evaluate each application to determine if the proposal meets program criteria, including, without limitation, submission of a complete application, proposal of an eligible activity serving eligible populations, proposal of a project that is ready to get underway except for the gap in financing to be provided by the Competitive Grant, and proposal of a project that, in the opinion of THDA, in its sole discretion, is physically, financially and administratively feasible.

Applications will not be considered if the following threshold items are not submitted to THDA by the application due date:

- Application signed by the Chief Executive of the organization or the President/Chairman of the Board of Directors.
- Copy of the latest audit or audited financial statement of the organization. Audit period covered must be within 12 months of the application due date.
- Submission of a Competitive Grants project budget and proforma worksheet. The proforma will be for 5 – 15 years depending on the compliance period for a given project.
- Copy of a current resolution by the Board of Directors or governing body approving the submission of the application under the 2025 Competitive Grants Program Description.
- If a non-profit organization, a Certificate of Existence or Certificate of Authorization from the Tennessee Secretary of State, as applicable, dated within 30 days of the application due date. If the non-profit organization is organized in a state other than Tennessee, a Certificate of Existence from the Secretary of State in which the organization was organized must also be submitted.
- If a non-profit organization, documentation of an IRS designation under Section 501(c)3 or



- Section 501(c)4 of the federal tax code.
- If a nonprofit organization, copy of the Charter and By-laws of the organization.

Additionally, all nonprofit organizations must upload through THDA's Participant Information Management System ("PIMS") those organizational documents required to be uploaded through PIMS. Copies of organizational documents that are required to be submitted through PIMS, but are submitted through another means, will not be considered.

Additionally, as a threshold requirement, organizations seeking funding for transitional housing targeted to formerly incarcerated individuals shall demonstrate approval and good standing with the Tennessee Department of Corrections ("TDOC") as of the application due date. All such organizations shall demonstrate evidence of being included on TDOC's List of Approved Transitional Housing Providers.

As a threshold requirement for consideration, applications from organizations seeking Competitive Grants to provide permanent or transitional rental housing for formerly incarcerated individuals shall provide a copy of the policies and procedures guiding the operation of their program and a copy of the program's application for tenancy.

A Review Committee will score and rank all applications meeting the threshold criteria, as determined by the Review Committee in its sole discretion. Applications will be ranked in descending numerical order based on the categories in the Competitive Grant Matrix.

Applications meeting the threshold requirements will be scored and ranked by Grand Division, as defined in Tennessee Code Annotated Title 4, Chapter 1, Part 2, in descending numerical order based on the scoring matrix.

- a) THDA will first select the highest scoring application from each Grand Division of Tennessee. To be considered the highest scoring application in a Grand Division, all Competitive Grant proposed units must be located in the same Grand Division.
- b) If additional funding is available, THDA will combine all remaining applications into a single ranking by score. THDA will award funding starting with the highest score to lowest score until all funds are allocated or the amount of funds available is less than the need for the next highest scoring application.
- c) Given the limited funding available statewide and in order to distribute Competitive Grants funding across Tennessee, THDA reserves the right to limit funding to only one award per county.

In the event of a tie score, THDA first will select the application with the highest total Innovation score. Then, if a tie still remains, the highest total Need score. If a tie still remains, THDA will prioritize funding for the application with the greatest number of Competitive Grants funded units as



the final determinant.

Applicants must receive a minimum score of 60 to be considered for funding.

The Review Committee will present its recommendations to the Executive Director for determination of awards.



**1. CAPABILITY (CAPACITY + PROGRAM DESIGN) - The program design is complete, and all necessary components are identified in the application Up to 70 points Total**

**• PROGRAM DESIGN - Up to 35 Points**

- The proposal demonstrates adherence to program guidelines, is well designed for the targeted population, and demonstrates an effective use of THDA resources.
- Sites have been identified and the applicant has site control of the parcel(s) on which the housing will be developed or the applicant can demonstrate a consistent and successful history for securing ownership control of property in each of the past five consecutive years that is either (1) at least double the number of single family units proposed in this Competitive Grants application or (2) if multifamily housing is proposed, at least double the number of sites proposed for acquisition in this Competitive Grants application.
- The project is physically, administratively, and financially feasible with sufficient revenue for the on-going operation of the housing during the compliance period. The applicant’s financial statements and audit indicate a healthy financial position and include diverse funding sources.
- The project budget and proforma worksheet is complete, correct, and demonstrates a need for a Competitive Grant.
- The proposed rents charged to tenants are reasonable given the income of the targeted population or rental assistance is committed to lower the contribution of the tenant toward rent and utilities.
- If new construction, the housing will include design features that meet Universal Design standards, Visitability standards, and Energy code standards.
- For projects targeting special populations, including but not limited to individuals with disabilities, the homeless, the elderly, or youth aging out of foster care, a firm commitment for the delivery of supportive services is in place.
- For projects targeting formerly incarcerated individuals, a plan for the screening of formerly incarcerated individuals and a plan for the provision and funding of support services are in place.
- For projects targeting individuals with disabilities, the proposed housing meets the goals of the Final Rule for the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that have been established by the Centers for Medicare and Medicaid Services (CMS) on January 16, 2014. Point deductions will be assessed if the CMS qualities of settings are not met based on THDA’s sole determination.
- The applicant demonstrates the likelihood and feasibility to secure matching funds. Firm commitment letters are included in the application.



- **CAPACITY – Up to 35 Points**
  - The Applicant and its staff have experience in providing housing to the targeted population.
  - The Applicant and its staff have a demonstrated capacity to manage rental housing.
  - The Applicant’s organizational budget reflects multiple sources of funding.
  - If the Applicant has previous experience with Competitive Grants or other THDA programs, point deductions will be assessed if the Applicant has not demonstrated success in:
    - drawing down funds;
    - completing a project in a timely manner;
    - operating a program within THDA guidelines; and,
    - responding timely to client concerns or complaints, contractor concerns or complaints, and THDA requests for information and/or client stories.

**2. NEED Up to 23 points**

Income Targeting

The Applicant will set aside 25% of the units for individuals at 30% of AMI or less. 5 points

The Applicant will set aside 50% of the units for individuals at 50% of AMI or less 4 points

Prior Funding

A Competitive Grant has not been awarded since July 1, 2020, for a project located in the county in which the proposed housing will be located. 5 points

Distressed Counties

The proposed project is located in one of the designated distressed counties. 5 points

Rural Counties



The proposed project is located in one of the designated rural counties.

4 points

### 3. INNOVATION

**Up to 7 points**

The housing proposed in the application demonstrates a creative approach to affordable rental housing for low, very low income, or extremely low income households through unique partnerships, a variety of funding sources, use of alternative energy sources or energy conservation measures, inclusion of universal design elements in housing that will be rehabilitated, the addition of design elements to make the unit to be rehabilitated visitable for individuals with physical disabilities, the targeting of individuals who are homeless through a housing first approach, a commitment for the provision of services for populations other than individuals with disabilities, youth transitioning from foster care, formerly incarcerated individuals, and homeless veterans, and other innovative means to address housing needs.

