



**TENNESSEE HOUSING TRUST FUND  
COMPETITIVE GRANTS MANUAL**

Community Housing Division  
(615) 815-2030

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# CHAPTER ONE

## INTRODUCTION

Meeting the housing needs of low-income Tennesseans through partnerships has been a core value of the Tennessee Housing Development Agency since its creation in 1973. THDA is committed to working with local communities and non-profit agencies to make decent, safe and affordable housing available to all residents of the State.

To assist in meeting this commitment, THDA created the Tennessee Housing Trust Fund to address the housing needs of low income Tennesseans, including those who are older persons or have a special need.

THDA makes awards through the Tennessee Housing Trust Fund Competitive Grants Program to cities, counties, public housing authorities, and private, non-profit organizations for rental activities addressing the housing needs of low income households.

The purpose of this manual is to provide Grantees the information needed to administer a TN Housing Trust Fund Competitive Grant according to established policies and procedures.

# GENERAL PROGRAM REQUIREMENTS

## I. ELIGIBLE ACTIVITIES

Tennessee Housing Trust Fund **Competitive Grants** rental housing programs must address the housing needs of low income households, that is households with gross annual incomes at or below 80% of the area median. The households may also be very low or extremely low income or very low or extremely low income older persons or special needs populations. Housing may include group homes, transitional housing, and single room occupancy units. It may not include emergency shelters, residential treatment centers, nursing homes, assisted living, hospice, or convalescent facilities. The following are eligible activities:

- a. New construction of rental housing units;
- b. Acquisition of rental housing units;
- c. Rehabilitation of rental housing units;
- d. Conversion of non-residential buildings to residential rental units;
- e. 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 successfully move to and maintain permanent housing. Transitional housing must include a lease, sublease, or occupancy agreement.

### **Housing for Older Persons**

Housing for Older Persons is defined as housing that meets one of the three definitions below. For THTF eligibility, all households must have incomes equal to or less than 80% of the area median but may also include households with gross annual incomes less than 50 % or 30 % of the area median.

Housing for Older Persons does not include hospices, nursing homes, or convalescent facilities.

- A. Housing provided under any state or federal program that the Secretary of the U.S. Department of Housing and Urban Development (“HUD”) has determined to be specifically designed and operated to assist elderly persons (as defined in the state or local program);
- B. Housing intended for and solely occupied by persons 62 years of age or older; or
- C. Housing intended and operated for occupancy by persons 55 years of age or older if all of the following requirements are met:
  - i. At least 80 percent of the units must have at least one occupant who is 55 years of age or older;
  - ii. The facility or community must publish and adhere to policies and procedures that demonstrate the intent to operate as “55 or older” housing; and
  - iii. The facility or community must comply with HUD’s regulatory requirements for age verification of residents.
  - iv. Any of the following documents are considered reliable documentation of the age of the occupants of the housing facility or community. See CFR 24 100.307 for the complete list.
    - Driver’s license
    - Birth Certificate
    - Passport
    - Immigration card
    - Military identification

### **Special Needs Housing**

Special needs housing may include rental housing for adult persons with a physical, mental or emotional disability. It may also include but is not limited to housing for specialized populations such as veterans, the homeless, youth aging out of foster care, or formerly incarcerated persons. Housing for individuals with disabilities, youth aging out of foster care, and formerly incarcerated individuals must provide flexible support services. The provision of flexible support services is encouraged for programs serving the housing needs of the elderly and veterans.

A person is considered to have a disability if the person 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 ability 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 lifelong or extended duration and are individually planned and coordinated.

Housing for persons with disabilities must be integrated into the community. If more than 20 % of the units are designated 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.

Additionally 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.

Veterans who are homeless are defined by the U. S. Interagency Council on Homelessness as an adult who served on active duty in the armed forces of the United States, including persons who served on active duty from the military reserves or the National Guard, regardless of how long they served or the type of discharge they received.

An individual may be considered homeless if they meet the criteria under one of the following categories:

*Category 1:* An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

- (i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport or camping ground;
- (ii) An individual or family living in a supervised publicly or privately operated shelter designed to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
- (iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

*Category 2:* An individual or family who will imminently lose their primary nighttime residence, provided that:

- (i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
- (ii) No subsequent residence has been identified; and
- (iii) The individual or family lacks the resources or support networks, e.g., family friends, faith-based or other social networks, needed to obtain other permanent housing;

*Category 3:* Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

- (i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), SECTION 17(b) or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434A);
- (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing the 60 days immediately preceding the date of application for assistance;

- (iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
- (iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Diploma (“GED”), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

*Category 4: Any individual or family who:*

- (i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual’s or family’s primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
- (ii) Has no other residence; and
- (iii) Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing.

Youth aging out of the foster care system, for purposes of this program, are defined as young adults ages 18-24 aging out of foster care placement who emancipated to adulthood directly from state custody on or after their 18<sup>th</sup> birthday or who were receiving foster care services on or after their 18<sup>th</sup> birthday.

Formerly incarcerated individuals, for purposes of this program, are defined as individuals who were previously incarcerated who are homeless or at risk of homelessness; or those who are eligible for release by the Tennessee Board of Parole but remain in custody due to a lack of available housing options. The Competitive Grants Program shall follow HUD regulation with regard to the provision of housing for formerly incarcerated individuals (24 CFR 960.204, 24 CFR 982.553). HUD regulations prohibit housing assistance to the following:

- A. 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. However, the grantee may admit the household if the grantee determines:
  - (i) The evicted household member who engaged in drug-related criminal activity has successfully completed a supervised drug rehabilitation program approved by the grantee or
  - (ii) The circumstances leading to the eviction no longer exist (for example,

the criminal household member has died or is imprisoned)

- B. 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.
- C. 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.
- D. Before a grantee denies admission to housing on the basis of a criminal record, the grantee must provide the subject of the record and the applicant with a copy of the criminal record. The grantee must give the family an opportunity to dispute the accuracy and relevance of that record in the informal review process in accordance with § 982.554. (See 24 CFR Part 5, Subpart J for provisions concerning access to criminal records).

## **II. INELIGIBLE ACTIVITIES**

The following activities are *prohibited* under the Tennessee Housing Trust Fund Competitive Grant Program:

- 1. TN Housing Trust Fund resources granted to local programs shall not be pledged as support for tax exempt borrowing by the local grantees.
- 2. TN Housing Trust Fund resources may not be used for off-site improvements, neighborhood infrastructure, or public facility improvements.
- 3. No portion of the TN Housing Trust Fund Competitive Grant or the required local match may be used for administrative expenses by local governments.
- 4. TN Housing Trust Fund resources may not be used to provide assistance to private, for-profit owners of rental property. The Grantee must be the owner of the proposed rental project.
- 5. TN Housing Trust Fund resources may not be used for homeownership activities, including down payment assistance programs, homeowner rehabilitation, and the development of units for homeownership.
- 7. TN Housing Trust Fund resources may not be used to acquire, rehabilitate, or construct emergency shelters, residential treatment centers, nursing homes, assisted living, , or convalescent facilities.
- 8. TN Housing Trust Fund resources may not be used to cover costs incurred prior to the beginning of the grant term.

### III. ELIGIBLE COSTS

A. **DEVELOPMENT HARD COSTS** - The actual cost of constructing or rehabilitating housing. These costs include the following:

1. For new construction, costs must meet THDA Design Standards, all local codes, rehabilitation standards, and zoning ordinances at the time of project completion. In the absence of local codes, all projects must meet the applicable State- adopted International Building Codes. See Property Standards.
2. For rehabilitation, costs to meet applicable rehabilitation standards of the State (see Property Standards in Chapter 1, Section X); to make essential improvements including energy-related repairs or improvements; improvements necessary to permit the use by persons with disabilities, and the abatement of lead-based paint hazards; and to repair or replace major housing systems in danger of failure.
3. For new construction and rehabilitation, costs to demolish existing structures; to make utility connections including off-site connections from the property line to the adjacent street; and to make improvements to the project site that are in keeping with improvements of surrounding, standard projects. Site improvements may include on-site roads and sewer and water lines necessary to the development of the project. The project site is property, owned by the property owner, upon which the project is located.

B. **ACQUISITION COSTS** - Costs of acquiring improved or unimproved property.

C. **PROJECT "SOFT" COSTS** - Other reasonable and necessary costs incurred by the owner and associated with the financing or development (or both) of new construction, rehabilitation or acquisition of housing assisted with TN HTF funds. All project soft costs charged to the THTF Competitive Grants grant will be limited to 10 % of the total grant amount. Administrative costs of the Grantee cannot be reimbursed as a "soft cost". Eligible project "soft costs" include:

1. Architectural, engineering, or related professional services required to prepare, plans, drawings, specifications, or work write-ups.
2. Costs to process and settle the financing for a project such as lender origination fees, credit reports, fees for title evidence, fees for recordation and filing of legal documents, building permits, attorney fees, private appraisal fees and fees for an independent cost estimate, builders or developers fees..
3. Costs of a project audit that the State may require with respect to the development of a project.

4. Costs to provide information services such as affirmative marketing and fair housing information.
5. For new construction and rehabilitation, costs for the payment of impact fees that are charged for all projects within a jurisdiction.
6. Costs for paint testing, risk assessments, and clearance testing will be paid as soft costs.
7. Expenses incurred conducting lead activities, interim controls, standard treatments, and abatement.

- D. **LIMITATIONS TO PROJECT SOFT COSTS** - Work write-ups and inspections billed as project related soft costs reduce the total dollars available for construction and rehabilitation of houses. In addition, the total of soft costs plus the rehabilitation costs are subject to the TN HTF subsidy limitations.

#### **IV. MATCH REQUIREMENT**

The TN Housing Trust Fund Competitive Grant Program requires a 50% match of development dollars by the Grantee, i.e., for every two dollars from the Trust Fund, the Grantee must provide one dollar in matching funds.

**Eligible Sources of Match:**

1. Grants from other agencies;
2. Federal sources, such as the Community Development Block Grant (CDBG) program, or USDA Rural Development;
3. Equity from LIHTC projects;
4. Cash contributions by local church groups or local agencies;
5. Cash contributions by individuals;
6. Bank loans;
7. Repayments of HOUSE funds in a local revolving fund;
8. A funding pool established by a local lender for the Grantee;
9. Support services for special needs populations including but not limited to services provided for individuals with disabilities, homeless veterans, formerly incarcerated, older persons, or youth transitioning out of the foster care system;
10. HOME grants from local participating jurisdictions (non-THDA HOME funds)

11. 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.
12. 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.
13. 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. Only the value of rental assistance that extends beyond the grant term will be considered eligible.

**Ineligible Sources of Match:**

1. THDA HOME grants or other THDA program funds will not be an eligible source of matching funds.
2. In-kind donations, services, or labor are not an eligible source of matching funds.

<b>V. MARKETING REQUIREMENT</b>
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One goal of the TN Housing Trust Fund Competitive Grant Program 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 must implement marketing and public relations plans to accentuate the achievements of the program. The Communications Division of THDA will assist in the development of these plans. Grantees shall submit data and beneficiary stories to THDA as may be required by THDA.

<b>VI. FAIR HOUSING AND EQUAL OPPORTUNITY</b>
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Each Grantee funded under the TN Housing Trust Fund Competitive Grant Program must comply with both state and federal laws with regard to 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, 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 TN Housing Trust Fund dollars.

THDA requires that each Grantee establish policies and procedures to inform the public and potential tenants of FHEO and the Grantee's affirmative marketing program, as applicable. Grantees must establish and follow procedures by which Grantees will solicit applications from potential tenants and maintain records of efforts to affirmatively market rental units. Grantees shall provide evidence of the above at the request of THDA.

This affirmative marketing requirement is waived for grantees working with special needs and/or specialized populations under certain conditions as approved by THDA.

THDA Grantees must comply with all of the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity:

1. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 AS AMENDED (42 U.C.A. 2000D) - States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. Its implementing regulations may be found in 24 CFR Part 1.
2. TITLE VII OF THE CIVIL RIGHTS ACT OF 1964 AS AMENDED (42 U.C.A. 2000E) - Prohibits discrimination in employment against any individual on the basis of race, color, religion, sex or national origin, and allows victims of intentional discrimination to seek punitive and compensatory damages through jury trials.
3. TITLE VIII OF THE CIVIL RIGHTS ACT OF 1968, AS AMENDED "THE FAIR HOUSING ACT" (42 U.C.A. 3601) - Prohibits discrimination in the sale or rental of units in the private housing market against any person on the basis of race, color, religion, sex, national origin, familial status or handicap. Its implementing regulations may be found in 24 CFR Part 100-115.
4. EQUAL OPPORTUNITY IN HOUSING (EXECUTIVE ORDER 11063, AS AMENDED BY EXECUTIVE ORDER 12259) - Prohibits discrimination in housing or residential property financing related to any federally assisted activity against individuals on the basis of race, color, religion, sex or national origin. Implementing regulations may be found in 24 CFR Part 107.
5. SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED (29 U.C.A.. 794) - States that no otherwise qualified individual may be excluded, solely because of his/her handicap, from participation in, the benefits of, or subject to discrimination under any program or activity receiving federal financial assistance. The implementing regulations may be found in 24 CFR Part 8.
6. AMERICANS WITH DISABILITIES ACT (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218 AND 225) – Provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act, also referred to as the ADA, also states that discrimination includes failure to design and construct facilities (built for first occupancy after January 26, 1993) that are accessible to and usable by persons with disabilities. The ADA also requires the removal of architectural and communications barriers that are structural in nature in existing facilities. Removal must be readily achievable, easily accomplishable and able to be carried out without much difficulty or expense.



7. AGE DISCRIMINATION ACT OF 1975, AS AMENDED (42 U.S.C. 6101-07) - Prohibits age discrimination in programs receiving federal financial assistance. Its implementing regulations may be found in 24 CFR Part 146.
8. EQUAL EMPLOYMENT OPPORTUNITY, EXECUTIVE ORDER 11246, AS AMENDED - Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate the prohibition must be included in all construction contracts exceeding \$10,000. Implementing regulations may be found at 41 CFR Part 60.
9. MINORITY AND WOMAN BUSINESS OPPORTUNITIES (EXECUTIVE ORDERS 11625, 12138, AND 12432) - To ensure that all federal agencies with substantial procurement or grant making authority adopt minority and woman business development plans. The implementing regulations may be found in 24 CFR Section 511.13(c).
10. AFFIRMATIVE MARKETING (24 CFR 511.13(B)) FOR RENTAL PROPERTIES CONSISTING OF FIVE (5) OR MORE UNITS – THDA requires that each Grantee:
  1. Establish procedures to inform the public and potential tenants of federal Fair Housing laws and the Grantee's affirmative marketing program;
  2. Outline procedures by which owners will solicit applications from eligible potential tenants; and
  3. Maintain records of efforts to affirmatively market rental units.

**FAIR HOUSING/EQUAL OPPORTUNITY ACTIVITIES** - Grantees must be able to demonstrate their efforts to affirmatively further fair housing and equal opportunity by the following activities:

1. POLICY OF NONDISCRIMINATION - A written Policy of Nondiscrimination (Form 4) must be posted conspicuously so all recipients, job applicants, contractors, subcontractors and interested parties may see it.
2. MINORITY/FEMALE SOLICITATION - Every effort must be made to assure minority and female owned businesses are offered opportunities to bid on service, material and construction contracts. (See Section VIII - Procurement.)
3. Maintain written hiring policies for employees.
4. Inform the community and/or minorities of vacancies.
5. Respond to complaints on FHEO policies.
6. Maintain appropriate documentation to demonstrate compliance with minority/female business solicitation.

## VII. AFFIRMATIVE MARKETING

Grantees must have procedures in place to provide information and otherwise attract eligible persons in the housing market area who are least likely to apply to the available housing without regard to race, color, national origin, sex, religion, age, familial status or disability. Affirmative marketing procedures include:

1. Making this information known through advertisements and announcements in the local media which include the Equal Opportunity logotype or slogan; and
2. Notifying the local Public Housing Authority and, if located within the THDA Housing Choice Voucher service area, THDA's satellite office administering the Housing Choice Voucher program to request that applicants on their waiting lists be informed of upcoming vacancies
3. Contacting lenders, community organizations, places of worship, employment centers, fair housing groups housing counseling agencies, organizations serving individuals with limited English proficiency, and providers of support services or other assistance to individuals who are homeless or have a special need in order to solicit applications from persons in the housing market area who are least likely to apply for housing without special outreach (e.g., racial minorities and female head of household).
4. Marketing the assisted property on **TN HOUSING SEARCH** – Beginning at initial lease-up, Owners of TN HTF-assisted rental properties are required to list their properties on **TNHousingSearch.org** as a part of their marketing procedures.
5. Maintaining records to document affirmative marketing efforts.

This affirmative marketing requirement is waived for grantees working with special needs and/or specialized populations under certain conditions as approved by THDA.

## **VIII. PROCUREMENT**

The contract between THDA and the Grantee for the TN Housing Trust Fund Competitive Grant Program requires that any reimbursement for the cost of goods, materials, supplies, equipment, and/or services, shall be made on a competitive basis, and such procurement must include the use of competitive bidding procedures, where practical. If there are no local procurement policies, Grantees must establish their own procedures provided they conform to the standards stated below.

### **PURCHASE OF MATERIALS, SUPPLIES OR NON-PROFESSIONAL SERVICES**

For purchase or contract amounts over four hundred dollars (\$400), select qualified vendors or contractors on the basis of three price quotations or competitive bids.

1. Price or rate quotations must be obtained from at least three qualified sources. Informal methods that are sound, appropriate, and documented are allowed for the procurement of supplies, labor and other necessary services. Price or rate quotations must be maintained in the grant file.
2. Quotations may be obtained over the telephone as long as the grantee keeps a written record in the grant files showing whom they contacted, the date they were contacted, and the price quoted.
3. The purchase should be made from the lowest responsive qualified bidder. If the lowest bid is not selected, an explanation acceptable to THDA must be provided.
4. In the instance of a sole supplier or when three bids cannot be obtained, appropriate file documentation such as a written quote from the sole source vendor of goods or services and justification from the Grantee's chief executive officer and any other appropriate file documentation must be maintained in the grantee's file.

### **PROFESSIONAL SERVICE OR PURCHASE CONTRACTS**

Grantees should obtain a minimum of 3 bids using formal advertising or requests for proposals for the procurement of professional services including but not limited to general contractors, architectural services, grant administration, inspections, work write-ups. Grantees contracting for services should develop qualifying criteria and periodically advertise for contractors that meet those criteria. Advertising may be through newspapers or by mailing to at least three firms offering the desired service. Clippings and letters must be on file. Contractors must be appropriately licensed for the type of work to be performed. There must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

1. A list of the eligible contractors should be maintained and used to obtain the required services.
2. Price or rate quotations must be obtained from at least three qualified sources. Price or rate quotations must be maintained in the grant file.
3. The purchase should be made from the lowest responsive qualified bidder. If the lowest bid is not selected, an explanation acceptable to THDA must be provided.

4. If three bids cannot be obtained, appropriate file documentation must be maintained in the Grantee's file.

Under certain circumstances supplies, equipment, services, or other items may be purchased without bids or quotations. Quotations may not be necessary if a qualified vendor is the sole source of the items to be purchased, or in cases of emergency, when immediate delivery is necessary for the entity's continued provision of adequate services.

All sole-source purchases should be reviewed by the chief executive or designee. In any event, the chief executive should be apprised of any sole-source purchases as soon as possible. A written memorandum explaining all emergency purchases and all other sole-source purchases exceeding an amount determined by management should be attached to the file copy of the purchase order.

**MINORITY AND FEMALE SOLICITATION** - Documentation to show efforts to solicit minority/female participation should be maintained in the Grantee's files.

## **XI. PROPERTY REQUIREMENTS**

**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.

**LEAD BASED PAINT** - 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>

The lead based paint requirements apply to all units and common areas in the project.

## **X. REHABILITATION, CONSTRUCTION, & PROPERTY STANDARDS**

**REHABILITATION** – Grantees using TN Housing Trust Fund resources for rehabilitation must meet THDA Design Standards for rehabilitation as applicable. Additionally, all housing rehabilitated with TN HTF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. Project completion is defined as the date of issuance of the certificate of occupancy for the final building within the property or, if a certificate of occupancy is not

issued, the date of recordation of the notice of completion for the final building within the property. In the absence of local codes, rehabilitation of existing units must meet the current State adopted edition of the International Existing Building Code.

**NEW CONSTRUCTION** – Any housing constructed with monies from the TN Housing Trust Fund must meet THDA Design Standards for New Construction as applicable. Newly constructed housing utilizing TN HTF resources must also meet all applicable local codes, construction standards, and zoning ordinances at the time of project completion. Project completion is defined as the date of issuance of the certificate of occupancy for the final building within the Property or, if a certificate of occupancy is not issued, the date of recordation of the notice of completion for the final building within the Property.

In the absence of local codes:

1. New construction of multi-family apartments of 3 or more units must meet the current State adopted edition of the International Building Code;
2. New construction of single-family units or duplexes must meet the current State adopted edition of the International Residential Code for One- and Two-Family Dwellings; and
3. All new construction projects must also meet the current State adopted edition of the International Energy Conservation Code.
4. The International Code books are available from: Website: [www.iccsafe.org](http://www.iccsafe.org)

New construction projects must also meet the current edition of the International Energy Conservation Code. Copies of the International Codes may be obtained from:

International Code Council  
4051 Flossmoor Road  
Country Club Hill, Illinois 60478  
(708) 799-2300,ext. 48

**VISITABILITY** – Grantees are encouraged to include design features to make the units visitable to both residents and their visitors. 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 <https://visitability.org/>

**UNIVERSAL DESIGN** – THDA encourages the incorporation of 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:

1. Stepless entrances
2. Minimum 5’ x 5 level clear space inside and outside entry door
3. Broad blocking in walls around toilet, tub and shower for future placement of grab bars
4. Full-extension, pull out drawers, shelves, and racks in base cabinets in the kitchen
5. Front mounted controls on all appliances
6. Lever door handles

7. 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/>

**PROPERTY STANDARDS** – Following project completion, all TN HTF assisted rental housing (including acquisition, rehabilitation and new construction) must meet all applicable State and local housing quality standards and code requirements and at a minimum, the housing must meet the Section 8 Housing Quality Standards (HQS). Upon final approval by HUD (date to be determined) the housing will be required to meet National Standards For the Physical Inspection of Real Estate (NSPIRE) standards throughout the compliance period.

**INSPECTIONS** - All rehabilitation or new construction work must be inspected by a qualified 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, 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 or Home Inspectors. For activities in which a building permit is not issued, the inspection must be conducted by a qualified inspector appropriate for the type of 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.

## **XI. CONTRACTOR REQUIREMENTS**

- A. **GENERAL CONTRACTOR’S LICENSE** - At a minimum, any contractor for construction or rehabilitation projects with contract amounts of \$25,000 or more must have a general contractor's license issued by the Board for Licensing Contractors, State of Tennessee. For a listing of Tennessee Licensed Contractors contact: Board for Licensing Contractors 500 James Robertson Parkway, Suite 110 Nashville, TN 37243-1150 17 August 1, 2022 Telephone: (615)741-8307
- B. **OTHER APPLICABLE LICENSE** - Any contractor for rehabilitation projects with contract amounts between \$3,000 and \$24,999 are required to have a Home Improvement license or other applicable trade license as issued by the Board for Licensing Contractors, State of Tennessee. For a listing of Tennessee Licensed Contractors contact: Board for Licensing Contractors 500 James Robertson Parkway, Suite 110 Nashville, TN 37243-1150 17 August 1, 2022 Telephone: (615)741-8307.
- C. **EXCLUDED PARTIES** - The State must require its Grantees to have participants in lower tier covered transactions (contractors and their subcontractors) certify that neither it nor its principals is presently excluded from working under a state government award. Excluded parties cover: debarred,

suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from the covered transaction. Documentation of contractor and subcontractor eligibility must be maintained by the Grantee.

- D. The above are minimum licensing standards required by the State of Tennessee. Grantees may choose to impose stricter requirements for local programs. A Grantee choosing to require more than the minimum standards would incorporate those requirements in the policies and procedures adopted for the operation of its TN Housing Trust Fund grant.
- E. A contractor must be appropriately licensed, bonded, and insured in order to obtain any permit required for the type of repair work to be performed. For any repairs that require a licensed contractor to obtain a permit, the Grantee must obtain either a copy of the contractor's license or screenshot from the Department of Commerce and Insurance website, showing the contractor's company name and license expiration date. The Department of Commerce and Insurance contractor licensing information may be obtained here: <https://search.cloud.commerce.tn.gov/>.

## XII. CONFLICT OF INTEREST

- A. No person listed in paragraph B below may obtain a financial interest or benefit from a TN HTF-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 TN HTF Grantee are ineligible to receive benefits through the TN HTF 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 TN HTF funds, and who exercises or has exercised any functions or responsibilities with respect to activities assisted with TN HTF 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.

## XIII. INCOME DETERMINATION

All program beneficiaries must complete written applications for assistance and submit proof of income to determine eligibility before assistance can be provided. At a minimum, applications for assistance

must be signed and dated, and contain all household information including the names of all household members, sources and amounts of gross income, and amounts of any assets.

**INCOME LIMITS** - TN Housing Trust Fund resources must only be used to benefit low income households. “Low income household” means an individual, family or household unit whose income does not exceed 80 percent of the area median income, adjusted for household size. THDA encourages grantees to serve “very low and extremely low-income households” whenever possible. “Very low income household” means an individual, family or household unit whose income does not exceed 50 percent of the area median income, adjusted for household size. “Extremely low income household” means an individual, family or household unit whose income does not exceed 30 percent of the area median income, adjusted for household size.

For rental properties, the income limits apply to the incomes of the tenants, not to the owners of the property. The TN Housing Trust Fund Competitive Grants Program uses income limits established by the Department of Housing and Urban Development (HUD) for the HOME Program which are updated annually by HUD. Current income limits may be found on the TN Housing Trust Fund - Competitive Grants Administrators page of the THDA website at [thda.org](http://thda.org).

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 percent of the area median may remain in occupancy, but must pay no less than 30 percent of their adjusted monthly gross income for rent and utilities.

If units have been set aside for households with incomes at 30 percent or 50 percent of the area median and the household income rises above those limits, as long as the household income does not rise above the program’s 80 percent area median income limit, the tenant may remain in occupancy and the next available unit must be leased to a 30 percent or 50 percent area median income household in accordance with the designations made in the proposal, THDA THTF Competitive Grants contract, and the THDA THTF Competitive Grants legal documents.

If the annual household income increases to over 80 percent of the area median income, the tenant may remain in occupancy, but must pay no less than 30 percent of their adjusted monthly gross income for rent and utilities.

**ANNUAL INCOME** – The TN Housing Trust Fund Competitive Grants Program uses the income definitions of the Housing Choice Voucher (Section 8) Program to determine gross annual income in order to determine the eligibility of a household. 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 household member residing in the rental unit. Annual gross income is “anticipated” for the next 12 months, based upon current circumstances or known upcoming changes, minus certain exclusions. Gross Annual Income means all amounts, monetary or not, which:

1. Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other household member;
2. Are anticipated to be received from a source outside the household during the 12-month period following admission or annual reexamination effective date. In other words, it is the household's *future or expected* ability to pay rather than its past earnings that is used to determine program eligibility. If it is not feasible to anticipate a level of income over



- a 12-month period, the income anticipated for a shorter period may be annualized, subject to a redetermination at the end of the shorter period; and
- 3. Which are not specifically excluded in Income Exclusions below.
- 4. Annual income also means amounts derived (during the 12-month period) from assets to which any member of the household has access.
- 5. **MONTHLY GROSS INCOME** - Monthly gross income is Annual Gross Income divided by 12 months.

**ASSETS** - In general terms, an asset is a cash or noncash item that can be converted to cash. There is no asset limitation for participation in the TN Housing Trust Fund Competitive Grants Program. Income from assets is, however, recognized as part of Annual Gross Income. Assets have both a market value and a cash value.

- 1. **MARKET VALUE** - The market value of an asset is simply its dollar value on the open market. For example, a stock's market value is the price quoted on a stock exchange on a particular day, and a property's market value is the amount it would sell for on the open market. This may be determined by comparing the property with similar, recently sold properties.
- 2. **CASH VALUE** - The cash value of an asset is the market value less reasonable expenses required to convert the asset to cash, including:
  - a. Penalties or fees for converting financial holdings. Any penalties, fees, or transaction charges levied when an asset is converted to cash are deducted from the market value to determine its cash value (e.g., penalties charged for premature withdrawal of a certificate of deposit, the transaction fee for converting mutual funds, or broker fees for converting stocks to cash); and/or
  - b. Costs for selling real property. Settlement costs, real estate transaction fees, payment of mortgages/liens against the property, and any legal fees associated with the sale of real property are deducted from the market value to determine equity in the real estate.
  - c. Under Section 8 rules, only the cash value (rather than market value) of an item is counted as an asset.

**INCOME FROM ASSETS** - The income counted is the actual income generated by the asset (e.g., interest on a savings or checking account.) The income is counted even if the household elects not to receive it. For example, although a household may elect to reinvest the interest or dividends from an asset, the interest or dividends is still counted as income.

- 1. The income from assets included in Annual Gross Income is the income that is anticipated to be received during the coming 12 months.
  - a. To obtain the anticipated interest on a savings account, the current account balance can be multiplied by the current interest rate applicable to the account; or

- b. If the value of the account is not anticipated to change in the near future and interest rates have been stable, a copy of the IRS 1099 form showing past interest earned can be used.
  - c. Checking account balances (as well as savings account balances) are considered an asset. This is in recognition that some households keep assets in their checking accounts and is not intended to count monthly income as an asset. Grantees should use the average monthly balance over a 6-month period as the cash value of the checking account.
- 2. When an asset produces little or no income:
  - a. If the household's assets are \$5,000 or less, actual income from assets (e.g., interest on a checking account) is not counted as annual income. For example, if a household has \$600 in a non-interest bearing checking account, no actual income would be counted because the household has no actual income from assets and the total amount of all assets is less than \$5,000.
  - b. If the household's assets are greater than \$5,000, income from assets is computed as the greater of:
    - i. actual income from assets, or
    - ii. imputed income from assets based on a passbook rate applied to the cash value of all assets. For example, if a household has \$3,000 in a non-interest bearing checking account and \$5,500 in an interest-bearing savings account, the two amounts are added together. Use the current passbook rate as determined by HUD to determine the annual income from assets for this household.
- 3. Applicants who dispose of assets for less than fair market value (i.e., value on the open market in an "arm's length" transaction) have, in essence, voluntarily reduced their ability to afford housing. Section 8 rules require, therefore, that any asset disposed of for less than fair market value during the 2 years preceding the income determination be counted as if the household still owned the asset.
  - a. The value to be included as an asset is the difference between the cash value of the asset and the amount that was actually received (if any) in the disposition of the asset (less any fees associated with disposal of property, such as a brokerage fee).
  - b. Each applicant must certify whether an asset has been disposed of for less than fair market value. Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce or separation are not included in this calculation.
  - c. These procedures are followed to eliminate the need for an assets limitation and to penalize people who give away assets for the purpose of receiving assistance or paying a lower rent.

#### **ASSETS INCLUDE:**

1. Amounts in savings accounts and six- month average balance for checking accounts.
2. Stocks, bonds, savings certificates, money market funds and other investment accounts.
3. Equity in real property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
4. The cash value of trusts that are available to the household.
5. IRA, Keogh and similar retirement savings accounts, even though withdrawal would result in penalty.
6. Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
7. Assets which, although owned by more than one person, allow unrestricted access by the applicant.
8. Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.
9. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
10. Cash value of life insurance policies.
11. Assets disposed of for less than fair market value during two years preceding certification or re-certification.

**ASSETS DO NOT INCLUDE:**

1. Necessary personal property, except as noted under paragraph (9) (Assets Include) above
2. Interest in Indian Trust lands
3. Assets that are part of an active business or farming operation.  
  
NOTE: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the applicant/tenant's main occupation.
4. Assets not accessible to the household and which provide no income to the household.
5. Vehicles especially equipped for individuals with physical disabilities.
6. Equity in owner-occupied cooperatives and manufactured homes in which the household lives.

**INCOME INCLUSIONS** - The following are used to determine the annual income (gross income) of an applicant's household for purposes of eligibility:

1. The full amount, before any payroll deductions, of wages and salaries, over-time pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. The net income for the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however, an allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness cannot be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income includes the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook saving rate, as determined by HUD.
4. The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except Supplemental Security Income (SSI) or Social Security).
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see paragraph (3) under Income Exclusions).
6. Welfare Assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income consists of:
  - a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
  - b. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
8. All regular pay, special pay and allowances of a member of the Armed Forces (see paragraph (8) under Income Exclusions).

**INCOME EXCLUSIONS** - The following are excluded from a household's income for purposes of determining eligibility:

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except for payments in lieu of earnings – see paragraph (5) of Income Inclusions).
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live-in aide.
6. Certain increases in income of a family member with a disability residing in TN Housing Trust Fund–assisted housing or receiving HOME tenant-based rental assistance (See paragraph 7 below under Determining Whose Income to Count).
7. The full amount of student financial assistance paid directly to the student or to the educational institution.
8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9.
  - a. Amounts received under training programs funded by HUD.
  - b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
  - c. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care etc.) which are made solely to allow participation in a specific program.
  - d. Amount received under a resident's service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner or manager on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination and serving as a member of the governing board. No resident may receive more than one such stipend during the same period of time.

- e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
- 10. Temporary, nonrecurring, or sporadic income (including gifts).
  - 11. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
  - 12. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse).
  - 13. Adoption assistance payments in excess of \$480 per adopted child.
  - 14. For public housing only, the earnings and benefits to any family member resulting from participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, Section 22 of the 1937 Act, or any comparable federal, state or local law during the exclusion period.
  - 15. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
  - 16. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
  - 17. Amounts paid by a state agency to a family with member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
  - 18. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which exclusions set forth in 24 CFR 5.609I apply. The following is a list of types of income that qualify for that exclusion (7/24/2012 regulations):
    - a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b));
    - b. Payments to volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5044(f)(1), 5058);
    - c. Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c));
    - d. Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);

- e. Payments or allowances made under the department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- f. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04);
- g. The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court, the interests of the individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408);
- h. Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under Federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);
- i. Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056g);
- j. Any earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- k. Payments received on or after January 1, 1989 from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, MDL No. 381 (E.D.N.Y.);
- l. The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
- m. Payments received under the Maine Indian Claims Settlement Act of 1980;
- n. Payments made by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- o. Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d));
- p. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance);
- q. Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998;
- r. Any amount received under the School Lunch Act and the Child Nutrition Act of 1966, including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC);

- s. Payments, funds or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f (b));
- t. Payments from any deferred Department of Veterans Affairs' disability benefits that are received in a lump sum amount or in prospective monthly amounts as provided by an amendment to the definition of annual income in the U.S. Housing Act of 1937;
- u. Compensation received by or on behalf of a veteran for a service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010; and
- v. A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, United States District Court, Court of Columbia, as provided in the Claims Resolution Act of 2010.

**TIMING OF INCOME CERTIFICATIONS** - All households residing in a TN Housing Trust Fund assisted property must be income eligible. At a minimum, income certification must be completed before assistance begins. A preliminary determination of eligibility may be made much earlier in the process.

1. Application processing is labor intensive. Early screening for income eligibility can eliminate excessive work in processing an ineligible applicant.
2. Establishing a deadline for formal eligibility determinations is a challenging part of the planning process. Generally, the TN Housing Trust Fund Competitive Grant Program permits verification dated no earlier than 6 months prior to eligibility.
3. The Grantee must calculate the annual income of the household by projecting the prevailing rate of income of the household at the time the Grantee determines that the household is income eligible. The eligibility of a household must be re-determined if more than six months elapses between the date the Grantee determines that a household is income-eligible and the date TN Housing Trust Fund assistance is provided.

**INCOME VERIFICATION** - Grantees must verify annual income by examining at least two months of source documents evidencing annual income (e.g., wage statements, interest statements, unemployment compensation) for each member of the household and retain documentation of all information collected to determine a household's income. Under the Section 8 Program, there are three forms of verification which are acceptable: third-party, review of documents, and applicant certification.

1. **THIRD-PARTY VERIFICATION** - Under this form of verification, a third party (e.g., employer, Social Security Administration, or public assistance agency) is contacted to provide information. Although written requests and responses are generally preferred, conversations with a third party are acceptable if documented through a memorandum to the file that notes the contact person and date of the call.
  - a. To conduct third party verifications, a Grantee must obtain a written release from the household that authorizes the third party to release required information.



- b. Third-party verifications are helpful because they provide independent verification of information and permit Grantees to determine if any changes to current circumstances are anticipated. Some third-party providers may, however, be unwilling or unable to provide the needed information in a timely manner.
2. REVIEW OF DOCUMENTS - Documents provided by the applicant (such as pay stubs, IRS returns, etc.) may be most appropriate for certain types of income and can be used as an alternative to third-party verifications. Copies of documents should be retained in project files.

Grantees should be aware that although easier to obtain than third-party verifications, a review of documents often does not provide needed information. For instance, a pay stub may not provide sufficient information about average number of hours worked, over-time, tips, and bonuses.

3. APPLICANT CERTIFICATION - When no other form of verification is possible, a certification by the applicant may be used. For example, it may be necessary to use an applicant certification for an applicant whose income comes from "odd jobs" paid for in cash.

Applicant certification is the least reliable form of verification and may be subject to abuse. In some cases, the applicant certification can be supplemented by looking at the applicant's past history. The Grantee can review the previous year's income tax return to determine if the current year's income is consistent with activity for the previous year.

Applicants with no income must complete a Zero Income Certification Form.

**DETERMINING WHOSE INCOME TO COUNT** - Knowing whose income to count is as important as knowing which income to count. Under the Section 8 definition of income, the following income *is not counted*:

1. INCOME OF LIVE-IN AIDES - If a household includes a paid live-in aide (whether paid by the family or a social service program), the income of the live-in aide, regardless of its source, is not counted. (Except under unusual circumstances, a related person can never be considered a live-in aide);
2. INCOME ATTRIBUTABLE TO THE CARE OF FOSTER CHILDREN - Foster children are not counted as household members when determining household size to compare with the Income Limits. Thus, the income a household receives for the care of foster children is not included;
3. EARNED INCOME OF MINORS - Earned income of minors (age 18 and under) is not counted. However, unearned income attributable to a minor (e.g., child support, AFDC payments, and other benefits paid on behalf of a minor) is counted;
4. TEMPORARILY ABSENT FAMILY MEMBERS - The income of temporarily absent family members is counted in Annual Income - regardless of the amount the absent family member contributes to the household. For example, a construction worker earns \$600/week at a temporary job on the other side of the State. He keeps \$200/week for

expenses and sends \$400/week home to his family. The entire \$600/week is counted in the family's income;

5. **ADULT STUDENTS LIVING AWAY FROM HOME** - If the adult student is counted as a member of the household in determining the Income Limit used for eligibility of the household, the first \$480 of the student's income must be counted in the family's income. Note, however, that the \$480 limit does not apply to a student who is head of household or spouse (their full income must be counted);
6. **PERMANENTLY ABSENT FAMILY MEMBERS** - If a family member is permanently absent from the household (e.g., a spouse who is in a nursing home), the head of household has the choice of either counting that person as a member of the household, and including income attributable to that person as household income, or specifying that the person is no longer a member of the household; and
7. **PERSONS WITH DISABILITIES** – During the annual recertification of a household's income, increases in the income of a disabled member of qualified families residing in TN HTF assisted housing or receiving HOME tenant based rental assistance is excluded. 24 CFR 5.61(a) outlines the eligible increases in income. These exclusions from annual income are of limited duration. The full amount of increase to an eligible family's annual income is excluded for the cumulative 12-month period beginning on the date the family member with a disability is first employed or the family first experiences an increase in annual income attributable to the employment. During the second cumulative 12-month period, 50 percent of the increase in income is excluded. The disallowance of increased income of an individual family member who is a person with disabilities is limited to a lifetime 48-month period.

**CALCULATING ADJUSTED GROSS INCOME** – Adjusted gross income is the annual gross income minus any of the five following deductions (also called allowances) that apply to the household. The household's eligibility for deductions depends, in part, on the type of household that it is. Monthly adjusted income is Annual Adjusted Income divided by 12 months. *An existing tenant in a TN HTF rental project whose income has increased above the income limits must pay 30% of adjusted gross income for rent.*

1. **FOR ALL HOUSEHOLDS:**

- a. \$480 for each dependent. A dependent is a person, other than the head or spouse, who is under 18 or handicapped or disabled, or a full-time student of any age.
- b. Reasonable child care expenses (for children 12 and under) that enable a family member to work or go to school and are not reimbursed. The allowable expenses cannot exceed the income generated by that household member during the period the care is being provided. To document that the anticipated child care expenses can be deducted, the household must:
  - (1) identify the child(ren) who will be cared for;
  - (2) identify the family member who is enabled to work or attend school because of child care (generally the person with the lowest income – the person who would quit work to take care of the children if no child care were available – is considered the family

member enabled to work). This family member must provide documentation that he or she is employed, actively looking for work or is currently enrolled in a vocational program or degree-granting institution. The family member does not need to be a full time student.

(3) demonstrate that no other adult household member is available to care for the child; (4) identify the child care provider; and (5) provide documentation of costs.

- c. Expenses (in excess of 3% annual gross income) for the care of a handicapped or disabled family member that enable that person or another person to work (includes care attendant and necessary equipment and apparatus). Expenses may be deducted only if (1) they are reasonable; (2) they are not reimbursed from another source, such as insurance; (3) they do not exceed the amount of income generated by the person enabled to work; and (4) they are in excess of three percent of annual income.
- d. 4) they are in excess of three percent of annual income.

## 2. FOR ELDERLY OR DISABLED HOUSEHOLDS ONLY:

- a. An elderly household is any household in which the head, spouse, or sole member is 62 years of age or older. For example, a husband, age 59, and wife, age 62, would be considered an elderly household.
- b. A disabled household is any household in which the head, spouse or sole member is a person with disabilities. For example, a husband, age 42, and wife, age 38 and disabled, would be considered a disabled household.
- c. Living with an elderly or disabled relative does not qualify a household for this deduction unless the relative is the head or spouse of the family. For example, if a non-elderly, non-disabled couple take in an elderly parent; this is not a qualified elderly or disabled household. But if the couple moves in with the elderly or disabled parent, the parent is the head of household and the family is qualified for the deduction.
- d. Medical expenses in excess of 3% of annual income that are not reimbursed by insurance or other sources.
- e. Any household that meets the definition of an elderly or disabled household is entitled to a deduction of \$400 per household.

**CALCULATION METHODOLOGIES** - Grantees must establish methodologies which treat all households consistently.

- 1. It is important to understand the basis on which applicants are paid (hourly, weekly or monthly, and with or without over-time). An applicant who is paid "twice a month" may actually be paid either twice a month (24 times a year) or every two weeks (26 times a year).
- 2. It is important to clarify whether over-time is sporadic or a predictable component of an applicant's income.

3. Annual salaries are counted as Annual Income regardless of the payment method. For instance a teacher receives an annual salary whether paid on a 9- or 12-month period

#### **XIV. UNIT DESIGNATION**

In a project containing THTF Competitive Grant assisted and other units, the units may be designated as fixed or floating THTF units. This designation will be required in the grant proposal and the designation of specific units must be included in the written agreement between THDA and the Grantee. The fixed or floating designations must be maintained throughout the length of the compliance period.

THTF projects may also set aside units for 30 % and/or 50 % AMI households as well as special needs or specialized populations. In the event that the grantee is unable to fill the unit with the set aside population as indicated in the grant proposal and contract, the grantee must first make and document diligent efforts for at least one year to lease the units to the set aside population, then if unsuccessful, the grantee must contact THDA to request to lease the unit to an otherwise eligible applicant. Approval of this request is at THDA's discretion. If the unit is leased to an otherwise eligible applicant, the next available units must be leased to an applicant in the set- aside population.

#### **XI. TENANT SELECTION**

The Policies and Procedures governing the operation of rental housing programs receiving TN HTF assistance must include written tenant selection policies and criteria that:

1. Are in compliance with applicable fair housing laws which prohibit discrimination in housing based on race, color, religion, sex, familial status, national origin, age, and disability;
2. Are based on objective criteria related solely to program qualifications and the tenant's ability to pay the rent and abide by the terms of the lease, such as household income, housing history, credit history and/or lack of a criminal record;
3. Apply the selection criteria consistently to all applicants and expressly prohibit bias in the selection process, including prohibiting discrimination and favoritism toward friends or relatives or other situations in which there might be a conflict of interest;
4. Provide for the selection of tenants from the written waiting list in the chronological order of their application, insofar as practical; and
5. Give prompt written notification to any rejected applicant of the grounds for any rejection.

**TENANT SELECTION FOR SPECIAL NEEDS** – Grantees cannot discriminate based on the nature of the disability. TN HTF-assisted housing for persons with disabilities must be equally available to all persons with disabilities. Owners may offer and advertise non-mandatory services that may be appropriate for persons with a particular special need or disability.

There is an exception for housing for persons with a specific type of disability who could not reside in housing that is available to the general public. This exception would apply to persons whose disabilities require them to have on-site supportive services (such as 24-hour supervision), because without the on-site services, these persons would be unable to maintain themselves in housing. (24CFR8.4(b)(1)(iv)).

## **XVI. RECERTIFICATION**

Each year during the compliance period the owner must re-examine each tenant's annual income to make sure the tenant household remains income eligible for the project. Tenants who no longer qualify as low income, must pay as rent 30 percent of the family's adjusted gross monthly income, as re-certified annually.

## **XVII. RENT LIMITS**

Every TN HTF-assisted rental unit is subject to rent controls designed to make sure that rents are affordable to low income households. The maximum rents allowable under the TN Housing Trust Fund Competitive Grants Program are the High HOME rents as published annually by HUD. The tenant portion of rent in any rental property assisted with TN HTF grant funds may not exceed 30 percent of gross monthly income. If the unit receives Federal or State rental subsidy payments or if there is a tenant based voucher, and the very low-income family pays as a contribution toward rent no more than 30 percent 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. The HOME rents are based on the current Fair Market Rents (FMRs) and the current Income Limits published by HUD.

Rent limits are posted on the TN Housing Trust Fund – Competitive Grants Administrators page of the THDA [website](#). Rent limits are shown for areas based on bedroom size and include all utilities. The utilities paid by tenants must be subtracted (using applicable utility allowances) from the rents provided to determine the maximum allowable rents. Utility allowances may be obtained from your local public housing authority or may be obtained (by county) from the [Utility Allowance](#) page of the THDA website.

Where rents have decreased or increased, a Grantee is not required to change rents in occupied units immediately. Compliance with the increased or decreased limits may be done at the time specified in the lease, or if not specified, at the time of the annual income re-certification. In addition, in order to be attractive to low or very low-income tenants, actual rents may always be lower than the High HOME rents.

## XVIII. RENT LIMITS FOR GROUP HOMES AND SRO UNITS

**GROUP HOMES** - 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 the elderly or persons with disabilities who require accompanying supportive services. The calculation of the applicable rent and tenant contributions must adhere to the following requirements:

1. A THTF-assisted group home is treated as a single THTF-assisted housing unit with multiple bedrooms. The THTF 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.
2. 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.
3. 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.
4. 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.
5. 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 THTF rent for each tenant.

**SINGLE ROOM OCCUPANCY UNITS** - 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 (FMR) 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 THTF 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 THTF 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 THTF rent can be the applicable State or Federal rental subsidy amount, as long as the unit 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:

1. Utility costs are included in the maximum published HOME or FMR SRO rent. If SRO tenants pay directly for utilities, the utility allowance must be subtracted from the HUD-published HOME rent limit or FMR limit in order to determine the maximum rent that can be charged for the SRO unit.
2. 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.

## XIX. LEASES

The lease, between a tenant and an owner of rental housing assisted with TN Housing Trust Fund monies, should be for at least ONE year, unless by mutual consent, the tenant and the owner agree to a lesser term.

An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with TN Housing Trust Fund resources except for serious or repeated violation of the terms of the lease; for violation of applicable federal, state or local law; or for other good cause.

Any termination or refusal to renew must be preceded by not less than 30 days by the owner's service upon the tenant of a written notice specifying the grounds for the action.

An owner of rental housing assisted with THDA funds must minimally maintain the housing in compliance with all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must minimally meet Section 8 Housing Quality Standards (HQS). Upon final approval by HUD (date to be determined) the housing will be required to meet National Standards For the Physical Inspection of Real Estate (NSPIRE) standards throughout the compliance period.

Owners may not refuse to lease a THTF-assisted unit to a household which holds a rental certificate (Section 8 Rental Certificate Program), a rental voucher (Housing Choice Voucher Program), Shelter

Plus Care funded rental assistance (tenant or sponsor-based), Continuum of Care funded rental assistance (tenant or sponsor-based), or a comparable document.

Upon acquiring an occupied rental unit, the owner may not immediately terminate the lease of an existing tenant. Upon the expiration of the lease term, if the tenant does not meet TN HTF income requirements, the owner must provide the tenant with a 30 day notice that the lease will not be renewed.

## **XX. COMPLIANCE PERIOD**

Grants for rental housing projects will have a compliance period that begins on the date of the issuance of the certificate of occupancy for the final building within the property or if a certificate of occupancy is not issued, the date of the recordation of the notice of completion for the final building within the property. Prior to drawing down TN HTF funds, owners of rental projects will be required to sign a grant note, deed of trust, and restrictive covenants to enforce the compliance period. The grant is forgiven at the end of the compliance period if full compliance is achieved throughout the compliance period.

The length of the compliance period will be determined based on the amount of TN HTF funds invested per unit as follows:

<b>Per Unit TN HTF Competitive Grant Investment</b>	<b>Compliance Period</b>
< \$15,000	5 Years
\$15,000 – \$40,000	10 Years
> \$40,000	15 years

## **XXI. RECORD KEEPING**

**PROGRAM RECORDS** - Grantees are responsible for maintaining records that demonstrate they are operating a rental housing program in compliance with the policies of the TN Housing Trust Fund. At a minimum, the program records must include the following:

1. Policies and Procedures for the operation of the rental program which have been adopted by the Grantee's governing board and which are available to all applicants.
2. Adequate documentation to demonstrate that the tenant selection process was accomplished as stated in the adopted Policies and Procedures.



3. A current waiting list which includes the application date, eligibility, and date accepted or rejected for a rental unit.
4. Documentation that all of the units are maintained in accordance with the Section 8 Housing Quality Standards or other standards as implemented and required by THDA.
5. For developments with 5 or more units, documentation that the Grantee has adopted an Affirmative Marketing Plan and is marketing the rental units according to the plan.
6. Documentation that the rents for all the units are within program guidelines.
7. Documentation showing units that have been set aside for 30 % and 50 % AMI households (as applicable).
8. Documentation showing units set aside for special needs or specialized populations (as applicable).
9. Documentation showing the provision of services for special needs or specialized populations (as applicable).

**TENANT RECORDS** - In addition to program records, which establish a Grantee's compliance with TN Housing Trust Fund guidelines, there must also be individual tenant records. These files must contain, at a minimum, the following:

1. The tenant's application for a rental unit.
2. Verification of the tenant's income and eligibility within the applicable income limits.
3. A signed and dated lease for the unit.

## XXII. ON-GOING OBLIGATIONS FOR RENTAL PROPERTY

The rental housing requirements during the compliance period are the responsibility of the Grantee. Responsibilities include:

1. Annual certification of tenant income, rents, and utilities;
2. Adherence to the TN HTF rent limits;
3. Compliance with Section 8 Housing Quality Standards (HQS) or other standards as implemented and required by THDA; and
4. Reporting to THDA.

Following project completion and occupancy, the rental project will be monitored to determine compliance with TN HTF policies.

## **XXIII. MONITORING AND CLOSE-OUT**

The State is responsible for managing the day-to day operations of the TN Housing Trust Fund Competitive Grants program, for monitoring the performance of all entities receiving the funds to assure compliance, and for taking appropriate action when performance problems arise. The State has divided its monitoring activities into two components.

**PROGRAM MONITORING** - Program monitoring is an ongoing activity and can be carried out in a variety of formal and informal ways. These can include on-site reviews; desk reviews of performance reports and draw requests; financial audits; other verbal and written exchanges with the Grantee; conversations with the Grantee, clients, and fellow funders of the Grantee; etc.

1. An on-site visit may be conducted at least once during the development of the project. Certain considerations (such as Grantee performance, reporting and audit deficiencies, personnel turnovers, etc.) may require more frequent monitoring.
2. The scope of the on-site review will be as comprehensive as possible taking into consideration all applicable contractual, programmatic, and state requirements. If the project generates program income, the grantee will be required to account for program income and its use. If concerns are identified, the Grantee will be asked to resolve these and respond by letter within 30 days. If the concerns or findings are not cleared, future payments may be withheld, eligibility to apply for future grants may be denied, points may be deducted on future grant applications, or repayment of the grant may be required.

**COMPLIANCE MONITORING AND CLOSE OUT** - Upon project completion and occupancy, the TN HTF rental project will be subject to a development close out review by the 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. The grant will subsequently be transferred to the Compliance and Asset Management Division for long term monitoring to occur during the compliance period. Compliance monitoring is to minimally occur every 3 years throughout the compliance period but may occur more frequently as determined necessary by THDA. Grantees will be contacted by THDA to schedule the monitoring visit. Items indicated below will be reviewed during compliance monitoring:

- Non-discrimination policy posted in area visible to anyone visiting the grantee's office
- Public Accountability poster posted in area visible to anyone visiting the grantee's office
- Grantee hiring policies
- Grantee job advertisements
- Tenant Grievance Procedures
- Affirmative Marketing Plan
- Documentation showing that units have been affirmatively marketed

- Listing of units on TNHousingSearch.org
- Tenant Waiting List
- Applicant Rejection Letters
- Rent Roll
- Tenant Rental Application
- Tenant Income Verification
- Lease Agreement
- Program or Occupancy Agreement if applicable
- Utility Allowance Schedule
- Documentation showing units set aside for very low or extremely low-income households as indicated in the proposal and/or contract.
- Documentation showing units set aside for special needs or specialized populations as indicated in proposal and/or contract
- Documentation showing services provided for special needs or specialized populations as indicated in proposal and/or contract

If findings are identified, the Grantee will be asked to resolve the findings and respond by letter within 30 days. If findings are not cleared, eligibility to apply for future grants may be denied or repayment of the grant may be required.

Upon successful completion of the monitoring process, the Grantee will be mailed a letter acknowledging successful completion and close out of the grant.

## **XXIV. POLICIES AND PROCEDURES**

Grantees shall develop and maintain detailed written policies and procedures for the operation of their housing program. These policies and procedures are based on the program narrative in the TN Housing Trust Fund Competitive Grants Proposal and should include at a minimum:

1. Program Purpose including a description of the goals of the program and activities to be undertaken to meet those goals;
2. Program Authority indicating what legal authority – Federal, State, local – your program is operating under;
3. Program Resources specifying the funds available for the program, their source, and how long they will be available;

4. Eligibility requirements and selection procedures for tenants;
5. Terms and conditions for TN Housing Trust Fund assistance;
6. Explanation of the application process;
7. Housing rehabilitation or construction standards;
8. Property Standards;
9. Procurement Process;
10. Conflict of interest provisions;
11. Fair Housing and Equal Opportunity provisions;
12. Affirmative marketing provisions;
13. Grievance Procedures;

The written policies and procedures are for the Grantee's benefit and protection and should be available to families and individuals served by your program. The Grantee must very carefully determine eligibility requirements, announce them publicly, and then take applications. The entire process must be fair, impartial, and open to public scrutiny.

A copy of the policies and procedures guiding the operation of the housing program must be approved by the Grantee's governing body and submitted to THDA for approval prior to incurring costs.

## **CHAPTER TWO**

### **SAMPLE POLICIES AND PROCEDURES**

#### **SAMPLE TN HOUSING TRUST FUND COMPETITIVE GRANTS**

#### **RENTAL HOUSING POLICIES AND PROCEDURES**

##### **I. PURPOSE**

This program will provide good quality affordable rental housing to low income families. The program will \_\_\_\_\_ operate \_\_\_\_\_ in \_\_\_\_\_.

##### **II. AUTHORITY**

The legal authority of this program comes from the working agreement with Tennessee Housing Development Agency, as well as State and local laws.

##### **III. PROGRAM RESOURCES**

The source of funds for the undertaking of these activities is a grant in the amount of \$\_\_\_\_\_ which \_\_\_\_\_ has been awarded by Tennessee Housing Development Agency (THDA) through the TN Housing Trust Fund Competitive Grants Program.

##### **IV. APPLICABLE LAWS**

\_\_\_\_\_ and its tenants are required to abide by a number of State and Federal laws, and may be required to sign documents certifying their compliance.

1. Equal Opportunity Provisions for Contracts \$10,000 and Under, E. O. 11246 clause for contracts over \$10,000
2. Notice of Requirement for Affirmative Action to Ensure Equal Employment Opportunity
3. Standard Equal Opportunity Construction Contract specifications
4. Certification of Non-segregated Facilities for Contracts Over \$10,000
5. Title VI of Civil Rights Act of 1964 Provisions
6. Age Discrimination Act of 1975 Provisions
7. Section 504 of The Rehabilitation Act of 1973 Provisions
8. Drug Free Workplace

## **V. FAIR HOUSING AND EQUAL OPPORTUNITY**

Rental housing programs funded under the TN Housing Trust Fund Competitive Grants Program must comply with both state and federal laws with regard to 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.

## **VI. AFFIRMATIVE MARKETING PROCEDURES**

\_\_\_\_\_ is committed to non-discrimination and equal opportunity in housing, and will seek to attract eligible tenants from all racial, ethnic and gender groups. In order to inform the public and potential tenants of available housing units, \_\_\_\_\_ will:

1. Make this information known through advertisements and announcements in the local media which include the Equal Opportunity logotype or slogan; and
2. Notify the local Public Housing Authority and, if located within the THDA Housing Choice Voucher service area, THDA's satellite office administering the Housing Choice Voucher program to request that applicants on their waiting lists be informed of upcoming vacancies
3. Contact lenders, community organizations, places of worship, employment centers, fair housing groups housing counseling agencies, organizations serving individuals with limited English proficiency, and providers of support services or other assistance to individuals who are homeless or have a special need in order to solicit applications from persons in the housing market area who are least likely to apply for housing without special outreach (e.g., racial minorities and female head of household).

4. Market the assisted property on **TN HOUSING SEARCH** – Beginning at initial lease-up. Owners of TN HTF-assisted rental property are required to list their properties on [TNHousingSearch.org](http://TNHousingSearch.org) as part of their marketing procedures.
5. Maintain records to document affirmative marketing efforts.

## **VII. DRUG FREE WORKPLACE**

- A. The \_\_\_\_\_ (HTF Grantee) will or will continue to provide a drug-free workplace by:
  1. Notifying employees in writing that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Grantee's workplace and specifying the action that will be taken against employees for violation of such prohibition.
  2. Establishing an ongoing drug-free awareness program to inform employees about:
    - a. The dangers of drug abuse in the workplace;
    - b. The Grantee's policy of maintaining a drug-free workplace;
    - c. Any drug counseling, rehabilitation, and employee assistance programs; and
    - d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- B. Providing each employee engaged in the performance of the HTF contract a copy of the notification required in paragraph A(1) above;
- C. The written notification required in paragraph A(1) above will advise the employee that as a condition of employment under the HTF grant, the employee will:
  1. Abide by the terms of the notification; and
  2. Notify the employees in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five (5) calendar days after such conviction.
- D. Notifying the State in writing, within (10) calendar days after receiving notice under D (2) above from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal Agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.
- E. Taking one of the following actions, within thirty (30) calendar days of receiving notice under D(2) above, with respect to any employee who is so convicted:

1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirement of the Rehabilitation Act of 1973, as amended; or
2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement or the appropriate agency;
3. Making a good faith effort to continue to maintain a drug-free workplace through implementation of Paragraphs A, B, C, D, E and F above.

## VIII. TENANT SELECTION - INCOME DETERMINATION

- A. **INCOME LIMITS** – TN HTF funds can only be used to benefit low, very low, or extremely low income households. The applicable income limits are the current HOME Program Income Limits produced by the Department of Housing and Urban Development.
- B. **ANNUAL INCOME (GROSS INCOME)** - The TN HTF program uses the income definitions of the Housing Choice Voucher (Section 8) program to determine the gross annual income used to classify a household for purposes of eligibility. Annual income means all amounts, monetary or not, which:
  1. Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other household member;
  2. Are anticipated to be received from a source outside the household during the 12-month period following admission or annual reexamination effective date. In other words, it is the household's *future or expected* ability to pay rather than its past earnings that is used to determine program eligibility. If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period may be annualized, subject to a redetermination at the end of the shorter period; and
  3. Which are not specifically excluded in paragraph H (Income Exclusions) below.
  4. Annual income also means amounts derived (during the 12-month period) from assets to which any member of the household has access.
  5. **MONTHLY GROSS INCOME** - Monthly gross income is Annual Gross Income divided by 12 months.
- C. **ASSETS** - In general terms, an asset is a cash or noncash item that can be converted to cash. There is no asset limitation for participation in the TN Housing Trust Fund Competitive Grant program. Income from assets is, however, recognized as part of Annual Gross Income. Assets have both a market value and a cash value.



1. **MARKET VALUE** - The market value of an asset is simply its dollar value on the open market. For example, a stock's market value is the price quoted on a stock exchange on a particular day, and a property's market value is the amount it would sell for on the open market. This may be determined by comparing the property with similar, recently sold properties.
  2. **CASH VALUE** - The cash value of an asset is the market value less reasonable expenses required to convert the asset to cash, including:
    - a. Penalties or fees for converting financial holdings. Any penalties, fees, or transaction charges levied when an asset is converted to cash are deducted from the market value to determine its cash value (e.g., penalties charged for premature withdrawal of a certificate of deposit, the transaction fee for converting mutual funds, or broker fees for converting stocks to cash); and/or
    - b. Costs for selling real property. Settlement costs, real estate transaction fees, payment of mortgages/liens against the property, and any legal fees associated with the sale of real property are deducted from the market value to determine equity in the real estate.
    - c. Under Section 8 rules, only the cash value (rather than market value) of an item is counted as an asset.
- D. **INCOME FROM ASSETS** - The income counted is the actual income generated by the asset (e.g., interest on a savings or checking account). The income is counted even if the household elects not to receive it. For example, although a household may elect to reinvest the interest of dividends from an asset, the interest or dividends is still counted as income.
1. The income from assets included in Annual Gross Income is the income that is anticipated to be received during the coming 12 months.
    - a. To obtain the anticipated interest on a savings account, the current account balance can be multiplied by the current interest rate applicable to the account; or
    - b. If the value of the account is not anticipated to change in the near future and interest rates have been stable, a copy of the IRS 1099 form showing past interest earned can be used.
    - c. Checking account balances (as well as savings account balances) are considered an asset. This is a recognition that some households keep assets in their checking accounts and is not intended to count monthly income as an asset. Grantees should use the average monthly balance over a 6-month period as the cash value of the checking account.
  2. When an Asset Produces Little or No Income:
    - a. If the household's assets are \$5,000 or less, actual income from assets (e.g., interest on a checking account) is not counted as annual income. For example, if a household has \$600 in a non-interest bearing checking account, no actual

- b. If the household's assets are greater than \$5,000, income from assets is computed as the greater of:
  - i. actual income from assets, or
  - ii. imputed income from assets based on a passbook rate applied to the cash value of all assets. For example, if a household has \$3,000 in a non-interest bearing checking account and \$5,500 in an interest-bearing savings account, the two amounts are added together. Use the current passbook rate as determined by HUD to determine the annual income from assets for this household.

- a. The value to be included as an asset is the difference between the cash value of the asset and the amount that was actually received (if any) in the disposition of the asset (less any fees associated with disposal of property, such as a brokerage fee).
- b. Each applicant must certify whether an asset has been disposed of for less than fair market value. Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce or separation is not included in this calculation.
- c. These procedures are followed to eliminate the need for an assets limitation and to penalize people who give away assets for the purpose of receiving assistance or paying a lower rent.

1. Amounts in savings accounts and six-month average balance for checking accounts.
2. Stocks, bonds, savings certificates, money market funds and other investment accounts.
3. Equity in real property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
4. The cash value of trusts that are available to the household.
5. IRA, Keogh and similar retirement savings accounts, even though withdrawal would result in penalty.

6. Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
7. Assets which, although owned by more than one person, allow unrestricted access by the applicant.
8. Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.
9. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
10. Cash value of life insurance policies.
11. Assets disposed of for less than fair market value during two years preceding certification or recertification.

**F. ASSETS DO NOT INCLUDE:**

1. Necessary personal property, except as noted under paragraph E (9) (Assets Include) above.
2. Interest in Indian Trust lands.
3. Assets that are part of an active business or farming operation.

NOTE: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the applicant/tenant's main occupation.

4. Assets not accessible to the household and which provide no income to the household.
5. Vehicles especially equipped for the handicapped.
6. Equity in owner-occupied cooperatives and manufactured homes in which the household lives.

**G. INCOME INCLUSIONS** - The following are used to determine the annual income (gross income) of an applicant's household for purposes of eligibility:

1. The full amount, before any payroll deductions, of wages and salaries, over-time pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. The net income for the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however, an allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness cannot be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income includes the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook saving rate, as determined by HUD.
4. The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except Supplemental Security Income (SSI) or Social Security).
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see paragraph (3) under Income Exclusions).
6. Welfare Assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income consists of:
  - a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; **plus**
  - b. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
8. All regular pay, special pay and allowances of a member of the Armed Forces (see paragraph (8) under Income Exclusions).

**H. INCOME EXCLUSIONS** - The following are excluded from a household's income for purposes of determining eligibility:

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family), who are unable to live alone.
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation),

capital gains and settlement for personal or property losses (except for payments in lieu of earnings – see paragraph (5) of Income Inclusions.

4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live-in aide.
6. Certain increases in income of a family member with a disability residing in TN HTF assisted housing or receiving HOME tenant-based rental assistance (see paragraph 7. below under: Determining Whose Income to Count).
7. The full amount of student financial assistance paid directly to the student or to the educational institution.
8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9.
  - a. Amounts received under training programs funded by HUD.
  - b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
  - c. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care etc.) which are made solely to allow participation in a specific program.
  - d. Amount received under a resident's service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner or manager on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination and serving as a member of the governing board. No resident may receive more than one such stipend during the same period of time.
  - e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded must be received under employment training programs with clearly defined goals and objectives, are excluded only for the period during which the family member participates in the employment training program.
10. Temporary, nonrecurring or sporadic income (including gifts).
11. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.

12. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse).
13. Adoption assistance payments in excess of \$480 per adopted child.
14. For public housing only, the earnings and benefits to any family member resulting from participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, Section 22 of the 1937 Act, or any comparable federal, state or local law during the exclusion period.
15. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
16. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
17. Amounts paid by a state agency to a family with member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
18. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which exclusions set forth in

24 CFR 5.609(c) apply. The following is a list of types of income that qualify for that exclusion (9/27/89 regulations):

- a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
- b. Payments to volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5044 (f)(1), 5058);
- c. Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(a));
- d. Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259e);
- e. Payments or allowances made under the department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- f. Income derived from the disposition of funds of the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04);
- g. The first \$2,000 of per capita shares received from judgement funds awarded by the Indian Claims Commission or the U.S. Court of Claims Court, the interests of the individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408);

- h. Amounts of scholarships funded under Title IV of the Higher Education Act of 1965 including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);
- i. Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f));
- j. Any earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- k. Payments received after January 1, 1989 from the Agent Orange Settlement Fund or any other funds established pursuant to the settlement in the Agent Orange product liability litigation MDL No. 381 (E.D.N.Y.);
- l. The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
- m. Payments received under the Maine Indian Claims Settlement Act of 1980;
- n. Payments made by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- o. Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d));
- p. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance);
- q. Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998;
- r. Any amount received under the School Lunch Act and the Child Nutrition Act of 1966, including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC);
- s. Payments, funds or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b));
- t. Payments from any deferred Department of Veterans Affairs' disability benefits that are received in a lump sum amount or in prospective monthly amounts as provided by an amendment to the definition of annual income in the U.S. Housing Act of 1937;
- u. Compensation received by or on behalf of a veteran for a service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010; and

- v. A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, United States District Court, Court of Columbia, as provided in the Claims Resolution Act of 2010.

I. **TIMING OF INCOME CERTIFICATIONS** - All households that receive TN HTF assistance must be income eligible. At a minimum, income certification must be completed before assistance begins. A preliminary determination of eligibility may be made much earlier in the process.

- 1. Application processing is labor intensive. Early screening for income eligibility can eliminate excessive work in processing an ineligible applicant.
- 2. Establishing a deadline for formal eligibility determinations is a challenging part of the planning process. Generally, the TN Housing Trust Fund Competitive Grant Program permits verification dated no earlier than 6 months prior to eligibility.
- 3. The Grantee must calculate the annual income of the household by projecting the prevailing rate of income of the household at the time the Grantee determines that the household is income eligible. The eligibility of a household must be re-determined if more than six months elapses between the date the Grantee determines that a household is income-eligible and the date TN Housing Trust Fund assistance is provided.

J. **INCOME VERIFICATION** - Grantees must verify and retain documentation of all information collected to determine a household's income. Under the Section 8 Program, there are three forms of verification, which are acceptable: third party, review of documents, and applicant certification.

- 1. **THIRD-PARTY VERIFICATION** - Under this form of verification, a third party (e.g., employer, Social Security Administration, or public assistance agency) is contacted to provide information. Although written requests and responses are generally preferred, conversations with a third party are acceptable if documented through a memorandum to the file that notes the contact person and date of the call.
  - a. To conduct third party verifications, a Grantee must obtain a written release from the household that authorizes the third party to release required information.
  - b. Third-party verifications are helpful because they provide independent verification of information and permit Grantees to determine if any changes to current circumstances are anticipated. Some third-party providers may, however, be unwilling or unable to provide the needed information in a timely manner.
- 2. **REVIEW OF DOCUMENTS** - Documents provided by the applicant (such as pay stubs, IRS returns, etc.) may be most appropriate for certain types of income and can be used as an alternative to third-party verifications. Copies of documents should be retained in project files.



Grantees should be aware that although easier to obtain than third-party verifications, a review of documents often does not provide needed information. For instance, a pay stub may not provide sufficient information about average number of hours worked, over-time, tips, and bonuses.

3. **APPLICANT CERTIFICATION** - When no other form of verification is possible, a certification by the applicant may be used. For example, it may be necessary to use an applicant certification for an applicant whose income comes from "odd jobs" paid for in cash.

Applicant certification is the least reliable form of verification and may be subject to abuse. In some cases, the applicant certification can be supplemented by looking at the applicant's past history. The Grantee can review the previous year's income tax return to determine if the current year's income is consistent with activity for the previous year.

**K. DETERMINING WHOSE INCOME TO COUNT** - Knowing whose income to count is as important as knowing which income to count. Under the Section 8 definition of income, the following income *is not counted*:

1. **INCOME OF LIVE-IN AIDES** - If a household includes a paid live-in aide (whether paid by the family or a social service program), the income of the live-in aide, regardless of its source, is not counted. (Except under unusual circumstances, a related person can never be considered a live-in aide);
2. **INCOME ATTRIBUTABLE TO THE CARE OF FOSTER CHILDREN** - Foster children are not counted as household members when determining household size to compare with the Income Limits. Thus, the income a household receives for the care of foster children is not included; and
3. **EARNED INCOME OF MINORS** - Earned income of minors (age 18 and under) is not counted. However, unearned income attributable to a minor (e.g., child support, AFDC payments, and other benefits paid on behalf of a minor) is counted.
4. **TEMPORARILY ABSENT FAMILY MEMBERS** - The income of temporarily absent family members is counted in Annual Income - regardless of the amount the absent family member contributes to the household. For example, a construction worker earns \$600/week at a temporary job on the other side of the State. He keeps \$200/week for expenses and sends \$400/week home to his family. The entire \$600/week is counted in the family's income;
5. **ADULT STUDENTS LIVING AWAY FROM HOME** - If the adult student is counted as a member of the household in determining the Income Limit used for eligibility of the household, the first \$480 of the student's income must be counted in the family's income. Note, however, that the \$480 limit does not apply to a student who is head of household or spouse (their full income must be counted); and
6. **PERMANENTLY ABSENT FAMILY MEMBER** - If a family member is permanently absent from the household (e.g., a spouse who is in a nursing home), the head of household has the choice of either counting that person as a member of the household, and including income attributable to that person as household income, or specifying that the person is no longer a member of the household.

7. **PERSONS WITH DISABILITIES** – During the annual recertification of a household's income, increases in the income of a disabled member of qualified families residing in TN Housing Trust Fund assisted housing is excluded. 24 CFR 5.61(a) outlines the eligible increases in income. These exclusions from annual income are of limited duration. The full amount of increase to an eligible family's annual income is excluded for the cumulative 12-month period beginning on the date the disabled family member is first employed or the family first experiences an increase in annual income attributable to the employment. During the second cumulative 12-month period, 50 percent of the increase in income is excluded. The disallowance of increased income of an individual family member who is a person with a disability is limited to a lifetime 48-month period.

**L. CALCULATING ADJUSTED GROSS INCOME** – Adjusted gross income is the annual gross income minus any of the five following deductions (also called allowances) that apply to the household. The household's eligibility for deductions depends, in part, on the type of household that it is. Monthly adjusted income is Annual Adjusted Income divided by 12 months. *An existing tenant in a TN HTF rental project whose income has increased above the income limits must pay 30% of adjusted gross income for rent.*

**1. FOR ALL HOUSEHOLDS:**

- a. \$480 for each dependent. A dependent is a person, other than the head or spouse, who is under 18 or handicapped or disabled, or a full-time student of any age.
- b. Reasonable child care expenses (for children 12 and under) that enable a family member to work or go to school and are not reimbursed. The allowable expenses cannot exceed the income generated by that household member during the period the care is being provided. To document that the anticipated child care expenses can be deducted, the household must
  - (1) identify the child(ren) who will be cared for;
  - (2) identify the family member who is enabled to work or attend school because of child care (generally the person with the lowest income, the person who would quit work to take care of the children if no child care were available, is considered the family member enabled to work). This family member must provide documentation that he or she is employed, actively looking for work or is currently enrolled in a vocational program or degree-granting institution. The family member does not need to be a full time student;
  - (3) demonstrate that no other adult household member is available to care for the child;
  - (4) identify the child care provider; and
  - (5) provide documentation of costs.
- c. Expenses for the care of a handicapped or disabled family member that enable that person or another person to work (includes care attendant and necessary equipment and apparatus). Expenses may be deducted only if
  - (1) they are reasonable;

- (2) they are not reimbursed from another source, such as insurance;
- (3) they do not exceed the amount of income generated by the person enabled to work;  
and
- (4) they are in excess of three percent of annual income.

d. are in excess of three percent of annual income.

## 2. FOR ELDERLY OR DISABLED HOUSEHOLDS ONLY:

- a. \$480 for each dependent. A dependent is a person, other than the head or spouse, who is under 18 or handicapped or disabled, or a full-time student of any age.
- b. \$480 for each dependent. A dependent is a person, other than the head or spouse, who is under 18 or handicapped or disabled, or a full-time student of any age.
- c. \$480 for each dependent. A dependent is a person, other than the head or spouse, who is under 18 or handicapped or disabled, or a full-time student of any age.
- e. Reasonable child care expenses (for children 12 and under) that enable a family member to work or go to school and are not reimbursed. The allowable expenses cannot exceed the income generated by that household member during the period the care is being provided. To document that the anticipated child care expenses can be deducted, the household must
  - (1) identify the child(ren) who will be cared for;
  - (2) identify the family member who is enabled to work or attend school because of child care (generally the person with the lowest income, the person who would quit work to take care of the children if no child care were available, is considered the family member enabled to work). This family member must provide documentation that he or she is employed, actively looking for work or is currently enrolled in a vocational program or degree-granting institution. The family member does not need to be a full time student;
  - (3) demonstrate that no other adult household member is available to care for the child;
  - (4) identify the child care provider; and
  - (5) provide documentation of costs.
- f. Expenses for the care of a handicapped or disabled family member that enable that person or another person to work (includes care attendant and necessary equipment and apparatus). Expenses may be deducted only if
  - (1) they are reasonable;
  - (2) they are not reimbursed from another source, such as insurance;

(3) they do not exceed the amount of income generated by the person enabled to work;  
and

(4) they are in excess of three percent of annual income.

g. are in excess of three percent of annual income.

Reasonable child care expenses (for children 12 and under) that enable a family member to work or go to school and are not reimbursed. The allowable expenses cannot exceed the income generated by that household member during the period the care is being provided. To document that the anticipated child care expenses can be deducted, the household must

(1) identify the child(ren) who will be cared for;

(2) identify the family member who is enabled to work or attend school because of child care (generally the person with the lowest income, the person who would quit work to take care of the children if no child care were available, is considered the family member enabled to work). This family member must provide documentation that he or she is employed, actively looking for work or is currently enrolled in a vocational program or degree-granting institution. The family member does not need to be a full time student;

(3) demonstrate that no other adult household member is available to care for the child;

(4) identify the child care provider; and

(5) provide documentation of costs.

h. Expenses for the care of a handicapped or disabled family member that enable that person or another person to work (includes care attendant and necessary equipment and apparatus). Expenses may be deducted only if

(1) they are reasonable;

(2) they are not reimbursed from another source, such as insurance;

(3) they do not exceed the amount of income generated by the person enabled to work;  
and

(4) they are in excess of three percent of annual income.

i. are in excess of three percent of annual income.

j. Reasonable child care expenses (for children 12 and under) that enable a family member to work or go to school and are not reimbursed. The allowable expenses cannot exceed the income generated by that household member during the period the care is being provided. To document that the anticipated child care expenses can be deducted, the household must

(1) identify the child(ren) who will be cared for;

(2) identify the family member who is enabled to work or attend school because of child care (generally the person with the lowest income, the person who would quit work to take care of the children if no child care were available, is considered the family member enabled to work). This family member must provide documentation that he or she is employed, actively looking for work or is currently enrolled in a vocational program or degree-granting institution. The family member does not need to be a full time student;

(3) demonstrate that no other adult household member is available to care for the child;

(4) identify the child care provider; and

(5) provide documentation of costs.

k. Expenses for the care of a handicapped or disabled family member that enable that person or another person to work (includes care attendant and necessary equipment and apparatus). Expenses may be deducted only if

(1) they are reasonable;

(2) they are not reimbursed from another source, such as insurance;

(3) they do not exceed the amount of income generated by the person enabled to work; and

(4) they are in excess of three percent of annual income.

l. are in excess of three percent of annual income.

**M. CALCULATION METHODOLOGIES** - Grantees must establish methodologies that treat all households consistently and avoid confusion.

1. It is important to understand the basis on which applicants are paid (hourly, weekly or monthly, and with or without overtime). An applicant who is paid "twice a month" may actually be paid either twice a month (24 times a year) or every two weeks (26 times a year).
2. It is important to clarify whether over-time is sporadic or a predictable component of an applicant's income.
3. Annual salaries are counted as Annual Income regardless of the payment method. For instance a teacher receives an annual salary whether paid on a 9- or 12-month period.

## **IX. TENANT APPLICATION PROCESS**

- A. An applicant must have on file with \_\_\_\_\_ a completed rental housing application, including all information and documentation in support of the application. This information and documentation must be submitted to \_\_\_\_\_ at least ten (10) days after the request for these documents is mailed or hand-delivered to the applicant.
- B. An applicant's reported gross annual income shall be verified by written evidence which may include, but is not limited to:
1. Pay stubs;
  2. Certified statements from employers;
  3. Self-employment accounting records certified by an independent accountant;
  4. Income tax returns;
  5. Bank statements; and
  6. Eligibility letters from the Social Security Administration and/or the Department of Human Services.
- C. Applicants shall present evidence of their ability to pay the required rents. Acceptable evidence shall include:
1. Valid Section 8 Voucher or Certificate;
  2. Gross income at least three and one-third (3.33) times greater than the applicable gross rent (e.g., an income of \$1,320/month for a rent of \$396/month);
  3. Successful history of paying rent higher than the applicable TN Housing Trust Fund rent for the immediate prior twelve months.
  4. Other verifiable evidence acceptable to \_\_\_\_\_.
- D. A credit report may be used to verify a reported credit history.

## **X. TENANT SELECTION PROCESS**

- A. All applicants who meet the eligibility criteria shall be ranked according to the date of their completed application on a first come, first served basis. Selections shall begin with the applicant with the earliest application and appropriate family composition for the first available unit and proceed in chronological order to the next application and so forth until all units are rented.

- B. All remaining applicants who meet the eligibility criteria will be placed on a waiting list. The waiting list will be organized according to chronological order, based on the date of the applications.
- C. All applicants who are rejected for any cause shall be notified of the reason(s) for their rejection. Said notification shall be hand-delivered or mailed to the applicant at his/her/their last known address within ten (10) days after rejection of the application.
- D. All applicants who are placed on a waiting list will also be notified.

## XI. TENANT LEASE PROTECTIONS

- A. Tenants will be required to sign a lease. If the tenant is a Section 8 Voucher or Certificate user, the lease used in the Section 8 Program will be acceptable. The lease protects both the tenant and \_\_\_\_\_, and sets forth the tenant's responsibilities as well as \_\_\_\_\_ responsibilities and obligations as a landlord. The lease, between the tenant and \_\_\_\_\_ will be for at least ONE year, unless by mutual consent the tenant and \_\_\_\_\_ agree to a lesser term.
- B. \_\_\_\_\_ may not terminate the tenancy or refuse to renew the lease of a tenant except for serious or repeated violation of the terms of the lease; for violation of applicable federal, state or local law; or for other good cause. Any termination or refusal to renew must be preceded by not less than 30 days by the owner's service upon the tenant of a written notice specifying the grounds for the action.
- C. \_\_\_\_\_ must maintain the total development in compliance with all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code, TN HTF-assisted construction of multi-family apartments of 3 or more units must meet the current State approved edition of the International Building Code; TN HTF-assisted construction of single-family units or duplexes must meet the current State approved edition of the International Residential Code for One- and Two- Family Dwellings; and TN HTF-assisted rehabilitation of rental units must meet the current State approved edition of the International Existing Building Code. In addition, rental units must, at a minimum, continue to meet Section 8 Housing Quality Standards or other housing standards as may be determined by THDA. on an annual basis.
- D. \_\_\_\_\_ may not refuse to lease a TN HTF-assisted unit to a family which holds a rental certificate (Rental Certificate Program) or a rental voucher (Rental Voucher Program) or a comparable document.
- E. Certain Lease Terms are prohibited. These include:
  - 1. *AGREEMENT TO BE SUED* - Agreement by the tenant to be sued, admit guilt, or to a judgement in favor of the owner in a lawsuit brought in connection with the lease.

2. *TREATMENT OF PROPERTY* - Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties.
  - a. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with the state law.
3. *EXCUSING THE OWNER FROM RESPONSIBILITY* - Agreement by the tenant not to hold the owner or the owner's agents legally responsible for actions or failure to act, whether intentional or negligent.
4. *WAIVER OF NOTICE* - Agreement by the tenant that the owner may institute a lawsuit without notice to the tenant.
5. *WAIVER OF LEGAL PROCEEDINGS* - Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense or before a court decision on the rights of the parties.
6. *WAIVER OF A JURY TRIAL* - Agreement by the tenant to waive any right to a jury trial.
7. *WAIVER OF RIGHT TO APPEAL COURT DECISION* - Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court a decision in connection with the lease.
8. *TENANT CHARGEABLE WITH COST OF LEGAL ACTIONS REGARDLESS OF OUTCOME* - Agreement by the tenant to pay attorney fees or other legal costs even if the tenant wins the court proceeding ~~be~~ by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

## **XII. SECURITY DEPOSITS**

Tenants will be required to make a reasonable security deposit. Tenants will be permitted to make said deposit in equal monthly installments of the first six (6) months of the lease term. The specific amount and manner for handling the security deposit will be set forth in the lease. A security deposit shall not exceed one month's rent.

## **XIII. RENT LIMITS**



- A. Rents are controlled for the length of the applicable compliance period. The TN HTF uses the High HOME rents as the maximum rent per unit based on the number of bedrooms. HOME rents are determined on an annual basis by HUD and include all utilities. The utilities paid by tenants must be subtracted from the rents provided to determine the maximum allowable rents. The applicable utility allowance is provided by the local PHA or THDA. Utility allowances provided by THDA can be found on the [Utility Allowance](#) page of the THDA website. The HOME rent limits can be found on the [Competitive Grants Administrators](#) page of the THDA website.
- B. If the unit receives Federal or State rental subsidy payments or if there is a tenant- based voucher, and the very low-income family pays as a contribution toward rent no more than 30 percent of the family's adjusted income, the maximum rent (i.e., tenant contribution plus rental subsidy) is the rent allowable under the Federal or State rental subsidy program.
- C. The High HOME rent is the maximum allowable rent that may be charged in a TN HTF assisted unit. Unless a more stringent rent restriction applies, the rent charged for a THTF Unit must not cause the tenant to pay more than 30 percent of the tenant's gross monthly income for the tenant's portion of the rent.
- D. The TN HTF 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. 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 rent. Tenant paid utilities must be subtracted from the HUD published FMR in order to determine the maximum combined rent that can be charged to all tenants. The applicable utility allowance is provided by the local PHA or THDA. Each income eligible tenant residing in the group home pays a pro-rata share of the rent.
- E. The TN HTF rent limit for SRO housing units is based on the HUD Fair Market Rent (FMR) or the High HOME rent depending on the characterization of the unit according to the table below. Tenant paid utilities must be subtracted from the HUD published HOME rent limit or the FMR limit in order to determine the maximum rent that can be charged for the SRO unit. The applicable utility allowance is provided by the local PHA or THDA.

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 THTF 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 THTF rent cannot exceed the HUD published High HOME rent limit for a 0-bedroom unit.
A unit that receives state or Federal <i>project-based</i> rental assistance and is occupied by a very low income tenant	The THTF 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.

- F. HOME and FMR rents may increase or decrease from year to year. If rents are increased, tenants will be notified in writing at least 30 days in advance. TN Housing Trust Fund rents may not rise above the limits set by HUD.

## **XVI. INCOME RECERTIFICATION**

- A. As long as the rental unit is governed by the TN HTF compliance period, tenant income must be re-checked and re-certified on an annual basis. The annual re-certification is required by the TN Housing Trust Fund policies and helps to insure that the program continues to serve low, very low, and extremely low-income households.
- B. Should the income of a household rise above the TN Housing Trust Fund (i.e. HOME) income limits, adjusted by family size, the household *will not* be evicted or be required to move. The household would, however, be required to pay higher rent. In such a case, these tenants will be required to pay 30 percent of their *adjusted* gross monthly income for rent and utilities.

## **XV. GRIEVANCE PROCEDURES**

**APPEALS PROCESS** – The grievance procedure must minimally include:

1. The grounds for filing an appeal.
2. To whom the appeal should be filed.
3. Appropriate time limits and the tenant's right of appeal to the State, if the complaint cannot be satisfactorily resolved.

## CHAPTER THREE

### SAMPLE

#### RENTAL HOUSING APPLICATION

This is a preliminary application for a unit at \_\_\_\_\_. It holds no lease or rent obligations. All information will be verified by the management prior to an applicant being placed on our waiting list for consideration. All applicants must meet established selection criteria.

Date: \_\_\_\_\_

##### A. PERSONAL INFORMATION

Head of Household: \_\_\_\_\_ Age: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Marital Status: ☐ Single ☐ Married ☐ Divorced ☐ Widow/Widower

All persons living with you	Relationship	Age	Sex

Do you or your spouse have a disability? ☐ YES ☐ NO

If YES, what is the nature of the condition? \_\_\_\_\_

Have you ever been convicted of a misdemeanor or felony? ☐ YES ☐ NO

If YES, please explain \_\_\_\_\_

**Emergency Contact:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**B. PRESENT HOUSING INFORMATION**

How long have you lived at your present address? \_\_\_\_\_

If you presently rent, how much is your rent? \$\_\_\_\_\_ per \_\_\_\_\_

Landlord's Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

**C. DEBTS**

List all current debts, including loans, credit purchases, credit cards, hospital/doctor bills, etc. Attach a separate sheet if necessary.

COMPANY/LENDER	AMOUNT OWED	PAYMENT	FREQUENCY
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

If you have ever failed to pay a debt, had a foreclosure, taken bankruptcy, or had a judgment against you for debt, attach a separate sheet of paper explaining the details.

**D. REFERENCES**

List three (3) people not related to you by blood or marriage who we may contact as references

NAME	ADDRESS	TELEPHONE
_____	_____	_____
_____	_____	_____
_____	_____	_____

**E. INDIVIDUAL INCOME CALCULATION**

*Use one sheet for each family member*, including those without income. Mark N/A for areas which are not applicable to the individual. Signature of family member (or guardian for those under 18) is required.

Name \_\_\_\_\_ Age \_\_\_\_\_ Sex \_\_\_\_\_

Last 4 digits Social Security # \_\_\_\_\_ Do you receive Food Stamps? Yes \_\_\_\_\_ No \_\_\_\_\_

**1. DO YOU WORK? LIST ALL EMPLOYERS AND WAGES. Attach 60 days most recent pay stubs:**

EMPLOYER	TYPE OF WORK	HOW OFTEN PAID	GROSS PAY FROM CHECK STUB

**2. DO YOU RECEIVE A BENEFIT CHECK (SOCIAL SECURITY, SSI, SSDI, VA, TANF, UNEMPLOYMENT, RETIREMENT, ETC.)? Attach current benefits statements or 2 recent check stubs.**

WHO IS CHECK FROM?	TYPE OF CHECK	HOW OFTEN PAID	GROSS PAY

**3. ARE YOU SUPPOSED TO RECEIVE CHILD SUPPORT, ALIMONY, OR REGULAR GIFTS OF MONEY? Attach court order, payment records.**

TYPE OF SUPPORT	AMOUNT	HOW OFTEN PAID	FOR WHICH FAMILY MEMBER?

**4. DO YOU HAVE SAVINGS, CHECKING ACCOUNTS, STOCKS, RETIREMENT, ADDITIONAL PROPERTY, OR OTHER ASSETS (DO NOT LIST YOUR CAR OR HOUSE) Attach IRS 1099 forms, bank statements, deeds.**

TYPE OF ASSET	NAME OF COMPANY OR BANK	CURRENT VALUE	INTEREST EARNED FROM ASSET

**5. IF YOU RECEIVE NO INCOME, FILL IN THE BOX BELOW:**

NAME	ARE YOU A MINOR?	IF OVER 18, HOW LONG UNEMPLOYED?

I certify that the information about me in this application for housing assistance is true and correct and that the address listed is my principal residence. If assistance is approved, I will comply with all TN HTF rules and regulations. I am aware that providing false information on this application can subject me to criminal sanctions up to and including a Class B Felony.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**F. FAMILY INCOME CALCULATION**

All information should come from Individual Income Calculation Sheets

1. Number in Household\_\_\_\_\_

Number with Income\_\_\_\_\_

Number without Income\_\_\_\_\_

2. Income Limits for \_\_\_\_\_ County. Dated\_\_\_\_\_
- Show totals from Individual Income Calculation pages and convert to annual gross income. If there are assets, compare the current value of the asset to the actual income from the asset. If the current value is greater than \$5,000, multiply the current value by the passbook rate to determine the income from the asset.

Family Members with Income:

Totals from Individual Income  
Calculation sheets

\_\_\_\_\_

\$ \_\_\_\_\_

\_\_\_\_\_

\$ \_\_\_\_\_

\_\_\_\_\_

\$ \_\_\_\_\_

\_\_\_\_\_

\$ \_\_\_\_\_

\_\_\_\_\_

\$ \_\_\_\_\_

3. Calculate Total Household Gross Annual Income:

## H. CERTIFICATION AND AGREEMENT

I certify that all the information above is complete, correct and true to the best of my knowledge. I understand that false or misleading information may result in the rejection of my application. I also understand that completion of this application in no way guarantees that I receive rental housing. Further, I give permission to check any and all information and/or references contained herein, including but not limited to employers and landlords; and further, I also give permission to check my credit rating and the credit information contained herein either directly or through a credit reporting agency.

Applicant \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
Co-Applicant

Date: \_\_\_\_\_

RETURN COMPLETED APPLICATION AND ATTACHMENTS TO:

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[illegible]

Manager's Comments:

Prior Residence Check: \_\_\_\_\_

Credit Check:

Reference Check:

Police Check:

Disposition:      Approved/Date: \_\_\_\_\_      Disapproved/Date: \_\_\_\_\_

Notified Date: \_\_\_\_\_

Date: \_\_\_\_\_

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Manager's Signature

## CHAPTER FOUR PROGRAM FORMS

### I. START UP FORMS

The forms in this section are to be completed and along with the policies and procedures, must be submitted to THDA prior to requesting funds. All grantees are required to submit these forms. The Policy of Non-Discrimination must be posted in a prominent place in the Grantee's office. All forms are posted on the [Competitive Grants Administrators](#) page of the THDA website.

#### **FORM 1 AUTHORIZED SIGNATURES**

This form is used to identify those persons authorized to sign pay requests. Two authorized signatures are required for each Request for Payment (Form 5). A new Form 1 is required whenever signatories change. Grantees are encouraged to authorize more than 2 individuals to sign pay requests in case someone is unavailable. Please note that the person authorizing the signatures can not sign the pay requests. Changes throughout the grant year may be made to the authorized signatures by submitting a new Form 1 to replace the existing form.

#### **FORM 3 CERTIFICATION FOR REUSE OF FUNDS**

The Grantee certifies that any recapture of TN Housing Trust Fund resources or any program income generated by TN Housing Trust Fund activities will be utilized by the Grantee for housing activities benefiting low, very low, or extremely low income households which may include the elderly or special needs populations.

#### **FORM 4 POLICY OF NON-DISCRIMINATION**

This form must be posted prominently at the Grantee's office.

#### **ACH AUTHORIZED AGREEMENT FOR AUTOMATED DEPOSITS**

This form is used to make grant payments directly into the Grantees bank account.

#### **W-9 TAX PAYER IDENTIFICATION AND CERTIFICATION FORM**

This form is for tax payer identification and is used to process grant payments.

### II. REQUEST FOR PAYMENT FORMS

To ensure compliance with TN Housing Trust Fund policies, the contract between the Grantee and THDA must be executed before Grantees may request funds from THDA. Payment will not be made until contracts and all Start-up Forms and documents are executed and returned to THDA. The policies and procedures for the operation of the rental program must also be submitted prior to drawing down grant funds. Funds committed or expended before the effective date of the contract will not be reimbursed. Refer to the [Competitive Grants Administrators](#) page of the THDA website for current versions of Request for Payment Forms.



## **FORM 5        REQUEST FOR PAYMENT**

This form must be used to request funds for each individual project. More than one Request for Payment may be made on an individual project. This form must be completely filled out, including beneficiary information (when available), and be signed by two authorized individuals. The source of matching funds must be included on each Request for Payment form. Documentation to support the matching funds must also be provided. Each draw request must be accompanied by back-up documentation, such as a signed and dated construction or rehabilitation contract, a work write-up, AIA contractor payment application forms, contractor invoices and/or a Cost Certification Form. Grantees should refer to the Request for Payment Checklists posted to the [Competitive Grants Administrators](#) page of the THDA website for details on required back-up documentation to be submitted with requests for payment.

## **FORM 6        INTERIM DRAW CERTIFICATION**

This form accompanies a Request for Payment when the Grantee is requesting interim draws on individual projects. For large construction projects using an architect to supervise construction, the AIA Forms may be substituted for the Interim Draw Certification. AIA forms are provided by the construction contractor or the architect.

## **FORM 7        CERTIFICATION OF COMPLETION AND FINAL INSPECTION**

A copy of this form is submitted with the final Request for Payment on a project. This form certifies that all work has been completed in accordance with the contract and work write-up. For new construction and substantial rehabilitation projects where building permits are required, a copy of the Certificate of Occupancy issued by the local codes office must also be submitted. For all new construction and all rehabilitation projects, a Notice of Completion must be recorded with the local County Register of Deeds Office. If the project involves units constructed or rehabilitated on scattered sites, there must be a Form 7, a Certificate of Occupancy, and a Recorded Notice of Completion for each site. The Notice of Completion must be filed at least 30 days prior to the final draw request for each site. The Certificate of Occupancy is provided by the local codes office and the Recorded Notice of Completion is provided by the contractor.

## **FORM 8        COST CERTIFICATION FORM FOR MATERIALS AND LABOR**

This form accompanies a Request for Payment by Grantees using TN Housing Trust Fund resources to reimburse for the purchase of materials or labor to rehabilitate or construct a unit. Back-up documentation in the form of invoices and/or receipts to support costs to be reimbursed must be submitted along with Form 8.

### III. DOCUMENTATION FOR REQUESTS FOR PAYMENT

THDA must have the original Grant Note and the recorded Deed of Trust and Declaration of Restrictive Covenants securing the rental compliance period before TN HTF funds may be drawn down.

During the rehabilitation, construction, and/or acquisition period, grantees must submit progress reports by June 30<sup>th</sup> and December 31<sup>st</sup> of each year until project completion.

Projects must be reviewed by the THDA Construction Advisor at 50 % and 100 % completion. It will be important to contact the assigned coordinator to schedule the review as soon as possible when the project is approaching the 50 % and 100 % completion point as payment will not be made until after review and approval by the Construction Advisor. Documentation to be submitted prior to the 50 % construction review includes copies of approved rough in inspections and photos. Documentation to be submitted prior to the 100 % construction review includes all final inspection reports and the certificate of occupancy.

The final 10 % of the grant will be held back until project completion. Upon project completion, grantees must submit the THDA THTF Close Out Form.

**REHABILITATION OR NEW CONSTRUCTION** - Grantees operating a housing rehabilitation program by contracting for services as well as Grantees using its own construction staff for construction or rehabilitation work, must submit the following to draw down funds. See the Rental Rehab/New Construction Checklist located on the TN Housing Trust Fund [Competitive Grants Administrators](#) page of the THDA website for a complete list of documentation that must be included in the draw request packet.

1. The final 10 % of TN Housing Trust Fund monies may be requested upon completion of the project. At this time, Certificate of Occupancy, Certification of Completion and Final Inspection (Form 7) and a Notice of Completion that has been recorded with the local County Register of Deeds must be submitted with the draw request packet. The Notice of Completion must be recorded with the local Register of Deeds office 30 days prior to submission of the draw request.
2. For rehabilitation projects where permits are required, a copy of final inspection reports or a Certificate of Occupancy (as applicable) issued by the local codes department must also be submitted. If codes inspections are not required for the work performed, include documentation from codes official confirming that codes inspections were not required. Documentation may be in the form of an email, a memo, or a note on Certificate of Completion and Final Inspection Form as to the name of the codes official who confirmed that codes inspections were not required.
3. Grantees operating a housing rehabilitation or new construction program by purchasing materials and using volunteer and/or some contract labor, must submit the Cost Certification Form for Materials and Labor (Form 8) to document costs incurred for materials and labor. The signature of the Chief Financial Officer or Director is required on the Cost Certification. This form must reflect expenditures equal to funds requested on the Request for Payment Form. Back-up documentation such as legible invoices and/or receipts with line-item costs that include the date of purchase or service must be submitted along with the Cost Certification Form. Reusable tools and equipment are not eligible for reimbursement.
4. For projects involving scattered sites, there must be a Form 7, final inspection reports, Certificate of Occupancy (as applicable), and a Recorded Notice of Completion submitted for each site.
5. For all construction and rehabilitation projects, a Notice of Completion must be completed for each property. The Notice of Completion Form is generally provided by the contractor. If

the contractor does not have a form, a template is posted to the Competitive Grants Administrators page of the THDA website. The Notice must be recorded by the local County Register of Deeds, and submitted to THDA. The Notice of Completion must be filed *at least 30 days prior* to the final draw request. If the project involves units that are rehabilitated or constructed on scattered sites, there must be a Recorded Notice of Completion for each site.

6. Close-Out Form must be completed and submitted upon project completion.

**ACQUISITION OF RENTAL UNITS OR LAND** - Grantees using TN Housing Trust Fund monies to acquire existing rental units or to acquire land upon which rental housing will be constructed, must submit the following to draw down funds. See Rental Acquisition Checklist located on the TN Housing Trust Fund [Competitive Grants Administrators](#) page of the THDA website for a complete list of documentation that must be included with the draw request packet.

The Grantee will coordinate the closing for the acquisition of the property with the THDA Program Coordinator so that the funds for the acquisition of the property and the TN HTF legal documents can be prepared and sent to the closing agent for execution and recording.

The Legal Documents Request Form must be submitted to THDA at least two weeks prior to the closing date. This form may be obtained from the TN Housing Trust Fund Competitive Grants Administrators page of the THDA website.

**DEVELOPER FEES** - Applicants may request a developer fee equal to or less than 7.0% of the total 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.