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Emergency Repair Program 2023 Program Description

Introduction

The Tennessee Housing Development Agency (“THDA”) operates a state-wide Emergency Repair Program (“ERP”) through the Tennessee Housing Trust Fund to provide grants to low income homeowners who are either elderly (60 years or older) or who have a disability in order to correct, repair, or replace an essential system and/or critical structural problem. The purpose of ERP is to stabilize the homeowner’s residence by making essential repairs to make the home livable and enable the homeowner to maintain established supports within the community. ERP is not a comprehensive homeowner rehabilitation program.

ERP is administered through Tennessee’s Development Districts or other agencies authorized to serve the counties within a Development District region to help ensure that the program is available state-wide. (“Administering Agency”).

Allocation of Funds

THDA will enter into a 23-month contract, effective August 2, 2022, with each Administering Agency for the administration of ERP funds. An (“Initial Award”) of funds will be allocated equally to each Administering Agency for the first twelve months of the contract period (“Initial Award Period”).

During the Initial Award Period, THDA will evaluate the performance of each Administering Agency in its administration of ERP based on the terms of the grant agreement, this program description, and the ERP Manual. If an Administering Agency has spent approximately 50% of its Initial Award, then such agency may be eligible for a subsequent award and possibly a bonus (“Additional Award”). However, if THDA, in its sole discretion, determines that an Administering Agency is low performing or the Administering Agency fails to spend approximately 50% of its Initial Award, the low performing Administrative Agency may not be eligible for an Additional Award.

An Administering Agency is allowed to use up to 15% of any allocation for its administrative costs in implementing ERP.

Program Requirements:

1. Homeowner Eligibility:

Applicants must meet all of the following requirements:

- The applicant must be at least 60 years of age or an individual with a disability.
- The applicant must occupy the property to be repaired as his/her principal residence.
- The applicant must reside in the home for at least 3 years prior to the application for assistance. THDA, at its sole discretion, may waive the 3-year requirement for repair requests involving accessibility.
- The applicant must have an ownership interest in the property to be repaired as defined in Property Eligibility below.
- The household income of the applicant must be at or below the greater of either 60% of Area Median Income for the county in which the applicant resides or 60% of the Statewide Median Income, as defined by the most current Income Limits for the HOME Investment Partnerships Program issued by the U.S. Department of Housing and Urban Development. The calculation and determination of household income must follow the guidelines provided in the Emergency Repair Program Manual.
- The applicant must be current in the payment of local property taxes for the property to be assisted.
- The applicant must not have a delinquent mortgage or be in danger of foreclosure.
- The applicant must not have had a THDA mortgage that resulted in foreclosure.

An applicant must be re-certified if more than six (6) months elapse between the date the application is signed and the date that the contract between the Administering Agency and the homeowner is signed to ensure that the client is still eligible.

The Administering Agency may establish additional program preferences of homeowner eligibility based on the needs and priorities of their local service area.

2. Property Eligibility:

The property must be an owner-occupied property in which title to the property and the home is in the form of fee simple ownership, a life estate, or a minimum 99-year leasehold interest, except for manufactured housing and homes on trust or tribal lands. In cases where manufactured homes are on leased property, such as a manufactured home park, the applicant must hold title to the manufactured home, but is not required to own the lot. Housing located on trust or tribal lands minimally must have a leasehold interest of 50 years.

The unit must be a single-family dwelling unit or other form of dwelling approved in advance by THDA. In cases where a building of more than one unit is assisted, no improvements may be made to common spaces or systems.

3. Hazard Insurance

If a claim for hazard insurance has been filed and/or received for similar repairs to an eligible property, documentation must be submitted to support the need for funds for additional repairs.

4. Subsidy Level:

The maximum amount of ERP funds awarded to an eligible homeowner for a given eligible property has a lifetime limit of \$15,000. The funds provided are a grant to the homeowner and do not require a compliance period secured by a lien on the property.

5. Eligible Repairs:

ERP is intended to make repairs to an essential system so that the homeowner can continue to reside in the home. ERP does not require that the entire structure be brought into compliance with codes, but the work being done must be in compliance with local adopted codes, where applicable. If no local codes have been adopted for the type of work being done, the work must be performed in compliance with any applicable state codes. If permits are issued by a local jurisdiction for work to be performed, then the permits must be obtained and the work must be inspected by the local jurisdiction.

The following are approved repair activities and represent the type of repairs ERP is meant to address:

- Roofs
- Electrical systems
- Plumbing systems
- Septic systems
- Heating and air systems
- Structural repairs to floors or walls
- Bathroom modifications and ramps necessary for the homeowner with a physical disability to access and use the home for basic life functions.

The homeowner will help define the nature of the emergency repair. However, an initial inspection of the proposed work will be required to be completed by a qualified, independent, third-party inspector in order to create the work write-up for the project. Upon completion of the project, a final inspection must also be conducted by a qualified, independent, third-party inspector. With the understanding that the purpose of ERP is not to gain code compliance for the entire structure, but to correct an immediate issue to an essential system for habitability, only those items that are

repaired as part of the ERP funded project must receive a final inspection by a qualified inspector. The cost of both the initial and final inspection is an eligible soft cost for the project.

Contractors who perform ERP repairs for a given homeowner may not conduct initial inspections of the work to be conducted or final inspections of the work that has been completed. However, if the contractor is a volunteer service organization, that organization's staff is authorized to complete the initial inspection and work write-up, but the project must still receive a final inspection by a qualified, independent, third-party inspector.

If the inspector is not an FHA-approved inspector or licensed as either a building codes or home inspector, the Administering Agency must obtain THDA's approval of the inspector's qualifications prior to authorizing the inspector to begin performing inspections on ERP projects.

In many instances, additional work will need to be completed to the house that cannot be addressed with ERP and there may not be a visible difference in the house once the emergency repairs have been completed. The Administering Agency must receive THDA approval to implement activities beyond those noted above.

When applicable, repair work should include measures to improve the energy efficiency of the home.

THDA reserves the right to deny assistance if it is determined that the repairs needed are beyond the scope of the Emergency Repair Program.

6. Ineligible Activities:

The following are ineligible activities associated with the ERP funded projects:

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

7. Contractor Qualifications

The emergency repairs must be completed by a contractor licensed for the type of repair work being performed, when required by law. When a license is not required for the type and amount of work to be performed, the contractor must still be bonded. The Administering Agency will procure qualified contractors and provide the homeowner with a choice of qualified contractors. The

Administering Agency will review the cost estimates with the homeowner. The contractor with the lowest bid will be selected to do the work.

Should the homeowner or the Administering Agency decide to select a bid other than the lowest bid, the Administering Agency must provide the reason/justification on behalf of the owner to THDA in writing before accepting the bid. If the justification is not acceptable to THDA, the Administering Agency or owner will be required to finance any costs in excess of the lowest bid from the Administering Agency's or homeowner's own resources.

8. EPA Renovate, Repair and Paint Rule (RRP)

The EPA's Renovate, Repair, and Paint Rule applies to any home proposed for assistance with ERP funds that was built prior to 1978, if the work to be performed will disturb more than six square feet of painted, varnished, or stained surfaces per interior room or more than twenty square feet of exterior painted, varnished, or stained surfaces. If the RRP Rule applies to a given project, the Administering Agency must ensure that the contractor selected is an [EPA Lead Safe Certified Firm](#). The certified contractor is responsible for complying with all elements of the RRP Rule in order to protect the occupants of the home from lead-based paint hazards during repair.

9. Eligible Administrative Costs:

ERP funds may be used to pay administrative costs incurred by the Administering Agency in the performance of program activities, but may not exceed the amount of administrative funds allocated in THDA's agreement with the Administering Agency. Administrative funds may be used for the following activities and as further described in the ERP Manual:

- a. General management, oversight, and coordination of the program, including travel costs incurred and billed at the State approved rate.
- b. Public information, including the provision of information and other resources to residents and citizen organizations participating in the planning, implementation and assessment of projects assisted with ERP funds.
- c. Indirect costs based on a cost allocation plan approved by the cognizant agency.

Program Administration Requirements:

1. Equal Opportunity:

No person shall on the grounds of race, color, religion, sex, familial status, national origin, or disability be excluded from participation, denied benefits or subjected to discrimination under this program.

2. Conflict of Interest:

Any person who is an employee, agent, consultant, officer or elected official or appointed official of THDA or the Administering Agency and who exercises or has exercised any functions or responsibilities with respect to activities assisted with ERP funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may not obtain a financial interest or financial benefit from an ERP assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to any ERP assisted activity, or the proceeds from such activity, either for themselves or those whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister) grandparent, grandchild, and in laws of a covered person.

Administering agencies must avoid conflict of interest and the appearance of a conflict of interest in administering ERP. Activities which raise the appearance of a conflict of interest must be presented to and reviewed by THDA prior to any actions by the Administering Agency. The Administering Agency may be required to repay any ERP funds used in a way that violates this provision.

3. Compliance with Emergency Repair Program Manual

Administering agencies will implement ERP in accordance with all policies and procedures outlined in the Emergency Repair Program Manual, including, but not limited to:

- Outreach to Beneficiaries
- Requests for Payment
- Appeals
- Accessibility of Location to Accept Applications
- Recordkeeping
- Random File Monitoring
- Reporting
- Marketing of Program Outcomes
- Grant Close-Out

Board Action:

The Tennessee Housing Development Agency Board of Directors authorized staff in that board meeting on May 24, 2022 to make minor program changes and housekeeping changes to the program, as deemed necessary by appropriate THDA staff or as directed by any federal agency, and for appropriate staff to do all things necessary and proper, including execution of all documents, to carry out the described changes. THDA may provide notice of changes by posting such changes to its web site at <https://thda.org/help-for-homeowners/need-home-repairs/erp>.