



## 2016 HOUSING TRUST FUND

### FALL ROUND

### COMPETITIVE GRANT APPLICATION

#### Program Description and Application Package

The Tennessee Housing Development Agency (THDA) is again seeking creative and innovative proposals for a FY 2016 Fall Round of Competitive Grants under the Housing Trust Fund. The amount available for the FY 2016 Fall Round is approximately \$1.5 million. The purpose of this Program Description is to explain program requirements and the application process.

Applications for the FY 2016 Fall Round must be received by THDA on or before 4:30 PM CST on Friday, September 25, 2015. THDA anticipates notifying successful applicants by the end of November, 2015. The Fall Round Competitive Grant contracts will begin January 1, 2016 and will end December 31, 2018. Applicants should be aware that the “cure period” has been eliminated. Submission of a complete application is a threshold criterion.

The application package follows this Program Description. The Program Description and application in WORD-format are also available at [www.thda.org](http://www.thda.org). At the THDA website, click on BUSINESS PARTNERS, then GRANT ADMINISTRATORS for links to the HTF Competitive Grants and the 2016 Fall Program Description and application. If you have questions please call (615) 815-2030.

#### A. ELIGIBLE APPLICANTS

THDA will accept applications for the FY 2016 Fall Round from cities, counties, development districts, public housing authorities, other Departments within State Government, and private, non-profit organizations. Non-profit applicants must also submit *Attachment One: Non-Profit Checklist* with supporting documentation.

Competitive Grant funds will be awarded to successful applicants in the form of a grant. Applicants with prior Competitive Grants must also have *requested* (submitted an official Request for Payment Form with supporting documentation) the following percentages of their grants by September 18, 2015 to be eligible for the FY 2016 Fall Round Competitive Grant program:

COMPETITIVE GRANT YEAR	SPEND DOWN REQUIREMENT
2012 and earlier	100%
2014 Fall	75%
2014 Spring	50%
2015 Fall	25%
2015 Spring	Not eligible

**B. ELIGIBLE ACTIVITIES**

**1. Rental Housing Programs.** Rental housing programs must address the housing needs of *low- or very-low income households* as defined in Section E.1. The households can also be, low- or very-low income and elderly or low- or very-low income special needs populations. The following activities 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 units to residential units.
- e. Combinations of the above.

Applicants proposing rental housing programs will need to complete *Attachment Two: Rental Housing Feasibility Worksheet* to demonstrate a need for the Competitive Grant funds.

**2. Special Needs Housing.**

Special needs housing is rental housing for persons with a physical, emotional or mental disability. Competitive Grant funds may be used for the new construction of rental, rehabilitation of existing rental units, or the acquisition and rehabilitation of existing units for rental. Special needs housing must include the provision of appropriate supportive services.

*A person with disabilities* means a household composed of one or more persons, at least one of whom is an adult, and the household must include an individual who is disabled. 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.

### **3. Housing for the Elderly.**

Elderly populations are households with one or more individuals at least 60 years of age. Competitive Grant funds may be used for the new construction of rental units, rehabilitation of existing rental units, or the acquisition and rehabilitation of existing units. Housing for the elderly does not include nursing homes, or convalescent facilities.

## **C. PROHIBITED ACTIVITIES**

1. Pledge Competitive Grant funds as support for tax exempt borrowing by local grantees;
2. Provide off-site improvements or neighborhood infrastructure or public facility improvements;
3. No portion of the Competitive Grant funds or the required local match may be used for administrative expenses by local governments;
4. Provide assistance to private, for-profit or to private non-profit owners of rental property. The Grantee must be the owner of the proposed rental project.
5. Homeowner rehabilitation projects.
6. Homeownership activities, including down payment assistance programs and the development of units for homeownership.

## **D. MATCH**

Proposals must include a 50% match for the Competitive Grant funds. The matching funds can be provided by grants from other agencies; federal sources such as the CDBG program or USDA Rural Development; contributions by local church groups or local agencies; contributions by individuals; bank loans; or a funding pool established by a local lender for the applicant. Supportive services required for special needs projects may also qualify as match. THDA HOME grants or other THDA program funds to communities or non-profit agencies will *not* be an eligible source of the matching funds. However, HOME grants from local participating jurisdictions to non-profit agencies would be an eligible source of match.

## **E. PROGRAM REQUIREMENTS**

### **1. INCOME LIMITS**

Competitive Grants for rental projects may be used to benefit low- or *very low-income* households. "Low income household" means an individual or family unit whose gross annual income does not exceed 80% of the area median income, adjusted for family size and "very

low income household" means an individual or family unit whose gross annual income does not exceed 50% of the area median income, adjusted for family size. For rental property, the income limits apply to the incomes of the tenants, not to the owners of the property.

Competitive Grants use the income limits established by the US Department of Housing and Urban Development for the HOME Program, and household income as defined by the Section 8 Rental Assistance Program. Current limits are in *Attachment Three: Income Limits*. The income of the household to be reported for purposes of eligibility is the sum of the annual gross income of the beneficiary, the beneficiary's spouse, and any other family member residing in the home or rental unit. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

Owners of rental property are required to maintain occupancy of units by low- or very low income tenants during the five year compliance period. Tenants whose annual incomes increase to over 80% of area median may remain in occupancy but must pay no less than 30% of their adjusted monthly income for rent and utilities.

## **2. COMPLIANCE PERIOD**

Grants for rental housing projects will have a compliance period of five years. Prior to drawing down Competitive Grant funds, owners of rental projects will be required to sign a grant note, deed of trust and restrictive covenant to enforce the compliance period. The grant is forgiven at the end of the five year period.

## **3. PROPERTY STANDARDS**

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

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

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

*Visitability.* Additional points will be awarded to applicants proposing single-family rental or multi-family new construction projects that include design features to make the units accessible. 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.

#### **4. RENT LEVELS**

Every rental unit assisted with Competitive Grant funds is subject to rent controls designed to make sure that rents are affordable to low- or very-low-income households. The maximum rents used for Competitive Grants are the *High HOME rents*. However, property owners are encouraged to charge tenants, in a rental property assisted with Competitive Grant funds no more than 30% of gross monthly income for rent. See *Attachment Four: HOME Program Rents*.

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

Each Grantee should be aware of the market conditions of the area in which the project is located. The High HOME rents are maximum rents which can be charged. Each project should show market feasibility not based upon the High HOME rents, but rather upon area housing markets and HTF occupancy requirements which require occupancy by low- or very-low-income tenants. Rents shall not exceed the published High HOME rents, adjusted for utility arrangements and bedroom size. However, because these rents must also be attractive to *low- or very low income* tenants, actual rents may be lower than the High HOME rents to keep within 30% of the tenant's monthly income. Programs should be designed so they take into consideration the market feasibility of projects funded.

#### **5. GRANTEE'S ON-GOING OBLIGATIONS FOR RENTAL PROPERTY**

The rental housing requirements during the compliance period are the responsibility of the Grantees. They are responsible for:

- a. Initial and annual income certification of tenants;
- b. Adherence to the HTF rent limits;
- c. Compliance with THDA Property Standards; and
- d. Reporting to THDA.

#### **F. PROCUREMENT**

It is important to keep the solicitation of bids for goods and services, materials, supplies and/or equipment open and competitive. Cities, counties and non-profit organizations and other eligible applicants must follow their procurement policies. At a minimum, there must be an established selection procedure and a written rationale for selecting the successful bid or proposal.

#### **G. MARKETING REQUIREMENTS**

One of the goals of the Housing Trust Fund 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 successful Grantee must develop marketing and public relations plans to accentuate the achievements of the Housing Trust Fund. The Public Affairs Division of THDA will

assist in the development of these plans. Grantees will be required to submit data and beneficiary stories to THDA.

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

Each Grantee funded under the Housing Trust Fund 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 Housing Trust Fund dollars.

THDA requires that each Grantee establish procedures to inform the public and potential tenants of federal Fair Housing laws and the Grantee's affirmative marketing program; outline procedures by which Grantees will solicit applications from potential tenants; and maintain records of efforts to affirmatively market rental units.

## **I. APPLICATION AND EVALUATION PROCEDURE**

Submissions for funding should be limited only by imagination, availability of matching funds, availability of support services, and a demonstrated need for the proposed project in a given area.

Proposals for funding in the FY 2016 Fall Round are limited to a maximum of \$500,000. There is no minimum grant amount. It is expected that the combination of Competitive Grant funds and the required matching funds will be sufficient to allow the proposed project to be completed in a timely manner. Proposals that address the housing needs of very low income households, including very low income elderly, or very low income special needs populations will receive additional points in the scoring matrix. Proposals with an identified commitment for the matching funds will be more attractive, and those proposals with a commitment for match which exceeds the 50% requirement will be the most attractive.

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria includes: submission of a complete application; proposal of an eligible activity; proposal of a project that is ready to get underway except for the gap in financing to be provided by the Competitive Grant funding; and proposal of a project that in the opinion of THDA is physically, financially and administratively feasible.

Proposals will be evaluated by a Review Committee composed of the Chief Strategy Officer, the Director of Public Affairs, and Community Programs staff. The Review Committee will present its recommendations to the Grants Committee and the Board of Directors for approval at the November 2015 meetings.

Applications meeting the threshold criteria will be scored and ranked in descending numerical order based on the following categories:

**1. CAPABILITY****Up to 50 points**

- The program design is complete, and all necessary components are identified in the application. **Up to 25 points**
  - The proposal demonstrates adherence to program guidelines.
  - Sites have been identified and applicant has site control.
  - The feasibility worksheet is complete and demonstrates a need for Competitive Grant funds.
  - The project will serve low and/or very low-income households.
  - If new construction, the project will include design features to make the units accessible, such as a step-free entrance; 32-36” interior and exterior free passage; and easy use by an individual confined to a wheelchair.
  - For special needs projects, the supportive services are in place.
  - The applicant has the capacity to secure matching funds. Commitment letters are included in the application.
  
- The applicant demonstrates sufficient capacity to successfully carry out the proposed project. **Up to 25 points**
  - The applicant has experience in providing housing to a low or very low income population.
  - The applicant has a demonstrated capacity to manage rental programs.
  - The applicant’s budget reflects multiple sources of funding.
  - If the applicant has previous experience under Competitive Grants or HOME, the applicant has demonstrated an ability to:
    - ❖ draw down funds;
    - ❖ complete a project in a timely manner;
    - ❖ operate a program within program guidelines; and
    - ❖ respond in a timely fashion to client concerns or complaints, contractor concerns or complaints, and requests by THDA staff for information and/or client stories.

**2. NEED****Up to 25 points**

The applicant has demonstrated a need for the proposed project. The proposed project is meeting an area need that is not being duplicated by other agencies doing the same type of work or the need in the area exceeds the capacity of one organization to provide the services.

**3. INNOVATION****Up to 25 points**

The proposal demonstrates a creative approach to affordable housing for low or very low income households through unique partnerships, a variety of funding sources, use of alternative energy sources or energy conservation measures, and innovative means to address housing needs.

# ATTACHMENT ONE: NON-PROFIT CHECKLIST

## ATTACHMENT CHECKLIST FOR ALL NON-PROFIT ORGANIZATIONS

1. Legal Name of Organization: \_\_\_\_\_
2. IRS Tax Exempt Number: \_\_\_\_\_
3.  A current Certificate of Existence from the Secretary of State's office. The certificate must be purchased from the Secretary of State's office and must be dated no more than 90 days prior to the application deadline date.
4.  Documentation of an IRS designation under Section 501(c)(3) or Section 501(c)(4) of the federal tax code. A 501(c)(3) non-profit applicant may not submit an application until they have received their designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the non-profit has filed the necessary materials with the IRS and received a response from the IRS demonstrating 501(c)(4) status.
5.  Copy of Charter, By-laws and resolutions approving the submittal of this application.
6.  One page explanation of how the Board of Directors is involved in the operation of the applicant, including how often the Board meets, how the Board monitors and provides oversight for the applicant's programs.  
 Attach the minutes of the most recent Board meeting at which this application and/or proposal were discussed.
7.  Business plan or strategic management plan that demonstrates the applicant's short term and long term goals, objectives, and plans to achieve them.
8.  Documentation of operating funds from other sources, including how much annually and from what sources.
9.  Explanation of any other programs, other than the proposed HTF program, operated by the applicant, including the program(s) and its funding source(s).
10.  One page explanation of the applicant's experience in housing, particularly in providing housing to very low income households.
11.  Attachment Five: Individual Disclosure Forms completed by the applicant's Executive Director, Chairman of the Board and any staff directly involved with decision making for the project.
12.  Attachment Six: Corporate Disclosure Form signed by the Chairman of the Board or Executive Director on behalf of the applicant.