



## **2016 HOUSING TRUST FUND**

### **SPRING ROUND**

### **COMPETITIVE GRANTS PROGRAM**

#### **Program Description and Application Package**

The Tennessee Housing Development Agency (THDA) is seeking creative and innovative proposals for a FY 2016 Spring Round of Competitive Grants under the Housing Trust Fund. The amount available for the FY 2016 Spring Round is approximately \$2.3 million. The purpose of this Program Description is to explain program requirements and the application process.

Applications for the FY 2016 Spring Round must be received by THDA on or before 4:30 PM CST on Thursday, March 10, 2016. THDA anticipates notifying successful applicants by May 31, 2016. The Spring Round Competitive Grant contracts will begin July 1, 2016 and will end June 30, 2019. 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 FY 2016 Spring Program Description and application. If you have questions please call (615) 815-2030.

#### **A. ELIGIBLE APPLICANTS**

THDA will accept applications for the FY 2016 Spring Round from cities, counties, development districts, public housing authorities, other Departments within State Government, and private, non-profit organizations. Non-profit organizations must be organized under Tennessee law as evidenced by a current Certificate of Existence from the Tennessee Secretary of State, and must 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* the following percentages of their grants by March 3, 2016, to be eligible for the FY 2016 Spring Round Competitive Grant program:

COMPETITIVE GRANT YEAR	SPEND DOWN REQUIREMENT
2014 Fall and earlier	100%
2014 Spring	75%
2015 Fall	50%
2015 Spring	25%
2016 Fall	Not eligible

To meet the “requested” threshold criteria, THDA must have received an official, complete Request for Payment Form with supporting documentation from an Applicant with a prior Competitive Grant.

## B. ELIGIBLE ACTIVITIES

All housing financed using HTF Competitive Grant resources must be rental and address the housing needs of households who are low, very low, and/or extremely low income as defined in Section F (1).

The following rental housing activities are eligible:

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

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

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

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

## C. TARGET POPULATIONS

### 1. Low, very low and extremely low income households

Rental housing for households at or below 80% of Area Median Income (AMI) is eligible. THDA will provide a preference for applications with a 100% set-aside only for households who are extremely low income (0-30% AMI) or with a 100% set-aside only for very low income (0 – 50% AMI).

## 2. Housing for Individuals with Disabilities

Housing for Individuals with Disabilities is rental housing for persons with a physical, emotional, or mental disability. All households must have incomes less than 80% of AMI.

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.

Housing funded for this population 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.

### **3. Housing for Youth Transitioning Out of the State's Foster Care System**

Rental housing for youth transitioning out of the foster care system is eligible. All households must have incomes less than 80% of AMI. The head of the household must be at least 18 years of age and no more than 24 years of age at time of application for tenancy. All housing must provide flexible, voluntary support services designed to help the individual stay housed and live a more productive life in the community.

### **4. Housing for the Elderly**

Elderly populations are households where all household members are at least 62 years of age. Housing for the elderly does not include hospices, nursing homes, or convalescent facilities.

### **5. Housing for Ex-Offenders**

Rental housing for ex-offenders who are either homeless or at risk of homelessness and for those who are eligible for release by the Tennessee Board of Probation and Parole but who remain in custody due to having no other residential options is eligible. Housing for elderly offenders who are eligible for release by the Tennessee Board of Probation and Parole but who remain in custody due to no other residential options is encouraged. Certain ex-offenders, as described below, may not be eligible to reside in housing of this type developed with HTF Competitive Grants.

## **D. 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 at award.
5. Homeowner rehabilitation projects.
6. Homeownership activities, including down payment assistance programs and the development of units for homeownership.
7. Rental housing that is a treatment, hospice, nursing home, or convalescent facility.

## E. 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 Community Development Block Grant (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 projects serving individuals with disabilities, ex-offenders, or youth transitioning out of the foster care system 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.

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

## F. PROGRAM REQUIREMENTS

### 1. INCOME LIMITS

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

- A. "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;
- B. "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.
- C. "Extremely low income household" means an individual or family unit whose gross annual income does not exceed 30% of the area median income, adjusted for family size.

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 U.S. Department of Housing and Urban Development for the HOME Program, and household income as defined by the Section 8 Rental Assistance Program. Current 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 ensure occupancy of units by low-, very low- or extremely 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. CRIMINAL BACKGROUND

The Housing Trust Fund Competitive Grants Program will follow HUD regulations with regard to the provision of housing for ex-offenders. HUD regulations prohibit housing assistance to the following groups of ex-offenders:

- A. Ex-offenders 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.
- B. An ex-offender 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. An ex-offender household that includes a member who is subject to a lifetime registration requirement under a state sex offender registry program.

## 3. COMPLIANCE PERIOD

All 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.

## 4. 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. Following project completion, all properties assisted with Competitive Grant funds must meet Housing Quality Standards throughout the compliance period.

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.

Universal Design. Additional points will be awarded to applications that incorporate the inclusion 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:

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

More information on Universal Design may be found at The Center for Universal Design at North Carolina State University: <http://www.ncsu.edu/ncsu/design/cud/index.htm>.

## **5. 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-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.

Rents for group homes must be calculated based on the pro-rata share of the High HOME Rent for the group home size. The pro-rata share is calculated by dividing the number of persons in the assisted household by the number of persons (assisted and unassisted) living in the group home.

## **6. 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.

## **G. 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 grantees are expected to obtain at least three bids. There must also be a written rationale for selecting the successful bid or proposal.

## **H. MARKETING REQUIREMENTS**

One goal of THDA's Housing Trust Fund Competitive Grants 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. THDA's Public Affairs Division will assist in the development of these plans. Grantees are required to submit data and beneficiary stories to THDA.

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

Each Grantee funded under the 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.

In particular, owners and program administrators will need to be aware of discrimination issues with regard to: housing opportunities; employment opportunities; business opportunities; and benefits resulting from activities funded in full or in part by 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.

## **J. 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 Spring Round are limited to a maximum of \$500,000. There is no minimum grant amount. THDA expects that the combination of Competitive Grant funds and the required matching funds will be sufficient to allow the proposed project to be completed in a timely manner. Proposals that address the housing needs of very low or extremely low income households, including youth transitioning from foster care and ex-offenders, especially elderly offenders who are eligible for release by the Tennessee Board of Probation and Parole but who remain in custody due to no other residential options and who meet other requirements specified in the Program Description,



will receive additional points in the scoring matrix. Proposals with an identified, firm commitment for the matching funds will be more attractive, and those proposals with a commitment for match resources which exceeds the 50% requirement will be the most attractive.

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

Applications will not be considered if the following threshold items are not included within the application:

- Application signed by the Chief Executive of the organization or the President/Chairman of the Board of Directors.
- Copy of the latest audit or audited financial statement.

Additionally, applications from nonprofit organizations will not be considered if the following threshold items also are not included within the application:

- A Certificate of Existence dated within the specified time frame.
- Documentation of an IRS designation under Section 501(c)3 or Section 501(c)4 of the federal tax code.
- Copy of the Charter and By-laws of the organization
- Copy of a resolution by the Board of Directors approving the submission of the application.
- A list of the current Board of Directors that meets the Board composition requirements stated in the by-laws.
- 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.
- Copy of the minutes from the most recent meeting of the Board of Directors where this application was approved for submission.
- Business plan or strategic management plan that demonstrates the applicant's short term and long term goals, objectives, and plans to achieve them.
- Documentation of operating funds from all sources.
- Explanation of other programs operated by the organization and associated sources of funding.
- One page explanation of the organization's experience in providing housing, particularly to the population group targeted in the application.

Organizations seeking funding for housing targeted to ex-offenders must already be approved by and in good standing with the Tennessee Department of Corrections (TDOC) and listed on that Department's List of Approved Transitional Housing Providers.

In addition to the above requirements, applications from organizations seeking to use HTF Competitive Grant funds to provide rental housing for ex-offenders must provide a copy of the

policies and procedures guiding the operation of their program and a copy of the program's application for tenancy.

Housing providers must abide by all TDOC rules and regulations and all State and Federal statutes and laws as applicable to the populations being served.

A Review Committee will score and rank all applications meeting the threshold criteria. Applications will be ranked in descending numerical order based on the categories in the HTF Competitive Grant Matrix. The Review Committee will present its recommendations to the Grants Committee and the Board of Directors for consideration at their May 2016 meetings.

**HTF COMPETITIVE GRANT MATRIX****Up to 100 Points****1. CAPABILITY****Up to 70 points**

- The program design is complete, and all necessary components are identified in the application. **Up to 35 points**
  - The proposal demonstrates adherence to program guidelines.
  - Sites have been identified and applicant has site control.
  - The project is financially feasible with sufficient revenue for the on-going operation of the housing during the compliance period.
  - The feasibility worksheet is complete and demonstrates a need for HTF Competitive Grant funds.
  - The proposed rents charged to tenants are reasonable given the income of the targeted population or rental assistance is committed to lower the contribution of the tenant toward rent and utilities.
  - If new construction, the housing will include design features 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 projects targeting individuals with disabilities or youth aging out of foster care, a commitment for the delivery of supportive services is in place.
  - For projects targeting ex-offenders, a plan for the screening of ex-offenders and a plan and commitments for the funding of support services are in place
  - For projects targeting individuals with disabilities, the proposed housing meets the goals of the Final Rule for the qualities of settings that are eligible for reimbursement under the Medicaid home and community-based services that have been established by the Centers for Medicare and Medicaid Services (CMS) on January 16, 2014.
  - The applicant demonstrates the likelihood and feasibility to secure matching funds. Firm commitment letters are included in the application.
- The applicant demonstrates sufficient capacity to successfully carry out the proposed project. **Up to 35 points**
  - The applicant has experience in providing housing to the targeted population.
  - The applicant has a demonstrated capacity to manage rental housing.
  - The applicant's budget reflects multiple sources of funding.
  - If the applicant has previous experience under THDA's HTF Competitive Grants or HOME programs, the applicant has demonstrated success in:
    - drawing down funds;
    - completing a project in a timely manner;
    - operating a program within THDA guidelines; and,
    - responding 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 20 points**

### Income Targeting

Up to 5 points

→ The applicant will set aside 100% of the units for individuals at 30% of AMI or less

5 points

→ The applicant will set aside 100% of the units for individuals at 50% of AMI or less

3 points

→ The applicant will set aside 100% of the units for individuals at 80% of AMI or less

0 points

### Targeted Populations in THDA Strategic Plan

Up to 8 points

→ The applicant will set-aside 100% of the units to be created for youth transitioning out of foster care

8 points

→ The applicant will set aside 100% of the units for ex-offenders, particularly elderly ex-offenders

8 points

### Larger Community Need

Up to 2 points

→ The project meets a larger need in the community beyond providing housing for the targeted population, such as (but not limited to):

2 points

(1) the project removes a major blight in the community

(2) the project ties into a larger community effort outside the specific project scope

### Prior Funding

Up to 5 Points

The THDA Competitive Grants Program has not awarded funding since January 1, 2012, for a project located in the county in which the proposed housing will be located

5 points

## 3. INNOVATION

**Up to 10 points**

The proposal demonstrates a creative approach to affordable housing for low, very low income, or extremely low income households through unique partnerships, a variety of funding sources, use of alternative energy sources or energy conservation measures, inclusion of universal design elements, the addition of design elements to make the unit visitable for individuals with physical disabilities, the targeting of individuals who are homeless through a housing first approach, and other 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.
7. ☐ Attach the minutes of the most recent Board meeting at which this application and/or proposal were discussed.
8. ☐ Business plan or strategic management plan that demonstrates the applicant's short term and long term goals, objectives, and plans to achieve them.
9. ☐ Documentation of operating funds from other sources, including how much annually and from what sources.
10. ☐ Explanation of any other programs, other than the proposed HTF program, operated by the applicant, including the program(s) and its funding source(s).
11. ☐ One page explanation of the applicant's experience in housing, particularly in providing housing to very low income households.
12. ☐ 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.
13. ☐ Attachment Six: Corporate Disclosure Form signed by the Chairman of the Board or Executive Director on behalf of the applicant.

**For Organizations Targeting Ex-Offenders:**

- 14. ☐ A copy of the policies and procedures guiding the operation of the rental housing program, including the agency's screening and selection procedure for tenancy.
- 15. ☐ A copy of the organization's application to potential residents for housing
- 16. ☐ Documentation confirming the organization is included on the Tennessee Department of Correction's List of Approved Transitional Housing Providers.