HOUSING GRANT APPLICATION

2021 HOME HOMEOWNERSHIP DEVELOPMENT ROUND

Program Description
Tennessee Housing Development Agency

The Tennessee Housing Development Agency (THDA) administers the federally-funded HOME Program to promote the production, preservation and rehabilitation of single-family housing for low-income households. The purpose of this Program Description is to explain the requirements and the application process of the HOME Program.

HOME funds are awarded through a competitive application process to eligible non-profit development organizations, as well as non-profit organizations that meet the designation of a Community Housing Development Organization (CHDO), as determined by THDA. An applicant must apply for at least $250,000 and may apply for a maximum HOME grant of $1,000,000.

Applications for the HOME program must be submitted electronically through THDA's Grants Management System (GMS) and received by THDA on or before 11:59 PM CDT on Friday, September 17, 2021. THDA anticipates notifying applicants of its award determination by Friday, October 15, 2021. HOME Reservations of Funds for applicants funded under the HOME Program will begin on November 1, 2021 and will end on October 31, 2024.

THDA may make non-substantive changes to this Program Description and to its HOME Program as it deems necessary in its sole discretion or any other changes as directed by the U.S. Department of Housing and Urban Development. Authorized staff may do all things necessary and proper to implement the HOME Program, this Program Description, and any revisions. Applicants and participants must take any and all actions THDA may require to implement THDA's HOME Program.

The Program Description and Participant Information Management System (PIMS) links are available at www.thda.org. Once on the THDA website, click on PROGRAMS and the HOME Program will be listed under the PROGRAMS FOR LOCAL GOVERNMENT & NON PROFITS. Click on HOME for additional information on the 2021 HOME Homeownership Development Round. If you have questions, please call Bill Lord at (615) 815-2018.

THE HOME PROGRAM

The HOME Program is governed by Title 24 Code of Federal Regulations, Part 92, as amended. Those regulations are incorporated by reference in this Program Description. In cases of conflicting requirements, the more stringent requirement will apply.

A. **ELIGIBLE APPLICANTS.** The State of Tennessee, through THDA, will accept applications for the HOME Program from private, non-profit organizations.

   1. Non-Profit Organizations. To be eligible, a non-profit organization must meet each of the following six criteria:

a. Be properly organized in Tennessee or authorized to do business in Tennessee.

   i. All private, non-profit organizations must be organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date); or

   ii. Be organized and existing under the laws of another state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from the other state's Secretary of State dated no more than thirty (30) days prior to the application date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State dated no more than thirty (30) days prior to the application date);

b. Demonstrate at least two (2) years of experience in the development (new construction or rehabilitation) of affordable housing in the state of Tennessee satisfactory to THDA, in its sole discretion;

c. Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual;

d. Have among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws, and experience in the provision of housing to low-income households;

e. Have standards of financial accountability that conform to 2 CFR Part 200, Uniform Administrative Requirements, Audit Requirements and Cost Principles; and

f. Have 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.

2. CHDOs. To be considered as a qualifying CHDO, the applicant must also meet all requirements for designation as a "CHDO" in accordance with 24 CFR Part 92, including the following additional requirements:

   a. Not be controlled by, or under the direction of, individuals or entities seeking to derive profit or gain from the proposed CHDO. If the proposed CHDO is sponsored or created by a for-profit entity, each of the following shall apply:

      i. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer or real estate management firm; and

      ii. The for-profit entity may not have the right to appoint more than one-third of the membership of the CHDO's governing body. CHDO board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members;

   b. The CHDO must be free to contract for goods and services from vendors of its own choosing;

   c. The officers, directors, owners (stockholders, managers, members, etc.) or employees of the for-profit entity cannot be officers, directors, owners (stockholders, managers, members, etc.) or employees of the CHDO;

d. The organization is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a CHDO; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of recipient governmental entity. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers of the Board or employees of a CHDO;

e. Maintain accountability to low-income community residents by:

    i. Including residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in at least one-third of the CHDO's governing board's membership. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and

    ii. Providing a formal process for low-income program beneficiaries to advise the CHDO in its decisions regarding the design, site selection, development, and management of affordable housing. The formal process must be specifically outlined in the charter, by-laws, or by resolution of the governing body at the time of application submission;

f. Have a demonstrated capacity to successfully carry out housing projects assisted with HOME funds. A CHDO undertaking development activities as a developer must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. Paid staffing may be documented by providing copies of the most recent W-2, as applicable, issued by the nonprofit entity for each staff member. For its first year of funding as a CHDO, a CHDO may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key CHDO staff. A CHDO that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of 24 CFR 92.300(a)(2). A CHDO does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated or cost allocated by another organization, or by hiring a consultant; and

g. Have a history of serving the community within which the housing to be assisted with HOME funds is to be located. In general, a CHDO must be able to show at least one year of serving the community through housing activities benefiting low-income persons or families before HOME funds may be awarded to that CHDO. However, a newly created CHDO formed by local churches, service organizations, or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least one (1) year of serving the community through housing activities benefiting low-income persons or families.

3. Additional Applicant Requirements. To be considered a qualified applicant, the organization must also meet the following requirements:

   a. To be eligible, all applicants must be in compliance with all other THDA programs in which they have an active open grant or a grant that has been closed with no unresolved performance issues as determined by THDA.

   b. Applicants that have generated CHDO proceeds through past grants will have to demonstrate the use of or plan to use previous CHDO proceeds and a need for additional HOME funds.

   c. Applicants must also provide documentation that neighborhood market conditions demonstrate a need for the project or projects to be eligible for the 2021 HOME program.

   d. Applicants may only apply for HOME funding for projects in which the applying non-profit entity is the owner and developer. Applicants must submit a completed application that includes the Non-Profit Checklist and CHDO Designation, if applicable, as provided in GMS with supporting documentation.

   e. All applicants with prior HOME grants from THDA under previous program descriptions must meet both the Commitment and Spend-Down Requirements as noted on the following table for the funding round under which the entity received a prior grant award:

      i. To meet the Commitment Requirement, THDA must have entered into a legally binding agreement with the organization for specific site addresses for the percentage of development funds specified by grant year.

      ii. To meet the Spend-Down Requirement, the organization must have either expended or submitted an officially authorized Request for Payment with supporting documentation for the percentage of development and operating assistance funds specified by grant year no later than August 31, 2021.

      iii. Organizations with existing grant awards under the 2020 HOME Mini-Round or the 2021 HOME Urban/Rural Round are not eligible.

      iv. Applicants with a closed grant in years 2015, 2016, or 2017 that meet the spend-down requirements, but failed to commit or expend 100% of their grant funds will be eligible to apply. CHDOs that failed to commit or expend 100% of their previous HOME Program grant funds will be subject to point deductions, as detailed in the funding determination matrix.

HOME PROGRAM DESCRIPTION	COMMITMENT REQUIREMENT	SPEND-DOWN REQUIREMENT
2015-2016 HOME Urban/Rural Round, CHDO Round and CHDO Mini-Rounds 1 & 2	100%	100%
2017 HOME Urban/Rural Round, CHDO and CHDO Mini-Rounds 1 and 2	100%	100%
2018 HOME Urban/Rural Round, 2018 CHDO Round and CHDO Mini-Rounds 1 or 2	100%	75%
2019 HOME Urban/Rural Round and CHDO Round	75%	50%
2020 HOME Urban/Rural Round and 2020 CHDO Round	25%	10%
2020 HOME CHDO Mini-Round	Not Eligible	Not Eligible
2021 HOME Urban/Rural Round	Not Eligible	Not Eligible

B. ALLOCATION OF FUNDS. HOME funds committed to the State of Tennessee, through THDA, will be allocated as provided in the State of Tennessee's Consolidated Plan, as amended. THDA will use funds available from current or prior years' HOME Program allocations to fund the program. Total funding allocated to this program will be up to $5,000,000. Up to $2,586,141 will be set aside for CHDOs from the total program dollars allocated to this Program Description. Up to 7% of the amount funded to CHDOs will be available for CHDO operating assistance.

1. Commitment Requirement. Beginning with the 2015 HOME allocation, HUD no longer considers a Participating Jurisdiction (PJ) as meeting its 24-month commitment through a cumulative total of commitments since 1992, and each grant year must meet its own 24-month commitment deadline. In addition, the execution of a HOME Reservation of Funds and the establishment of a sub-grant in IDIS is insufficient to meet this requirement. Thus, a successful Applicant that receives an allocation of funds must commit those funds to specific units by the milestones to be established within the Reservation of Funds: (1) 50% of the funds by October 31, 2022; (2) 75% of the funds by April 30, 2023; and 100% of the funds by October 31, 2023.

   a. All applicants need to be aware of these dates and have a pipeline of eligible homebuyers so they can begin their projects as soon as the environmental reviews have been completed. If in the opinion of THDA, the prospective applicant's proposals are from an organization that lacks the organizational potential to comply with all HOME affordability requirements, THDA may choose not to award any or all of the funds made available through this program description, including the set-aside for CHDOs.

2. Funding Requirements. HOME awards will be in the form of a reimbursement grant. Grantees will be required to repay any HOME funds expended on projects that are not completed and ready for occupancy within 60 days following the term end date of the Grant Agreement executed between the Applicant and THDA. Required HOME land use restrictive covenants and/or deeds of trust must be recorded prior to any other financing documents.

a. The THDA HOME funding to successful applicants serving a Local PJ will be reduced by the amount of any HOME funding provided by the Local PJ into the development project funded by THDA in order to remain compliant with maximum HOME per unit subsidy limits.

b. To be funded, an application must receive a minimum threshold score of 60, an amount equal to at least 60% of the total points available.

C. ELIGIBLE ACTIVITIES (HOMEOWNERSHIP DEVELOPMENT & CHDO OPERATING EXPENSES). The total of the HOME funds awarded for both activities may not exceed the total maximum grant award available under this program as identified on page 1 of this program description.

1. HOMEOWNERSHIP DEVELOPMENT. The primary eligible program activity is the development of units for sale to low income home buyers for use as their primary residence. Funds may primarily be used to rehabilitate existing units or newly construct units. Acquisition costs of the development site may also be included with either development type.

   a. *Owner & Developer*. The Grantee must be the owner and developer of all units during the development phase of the project. During this phase, units may be rehabilitated or newly constructed for sale to low and moderate income homebuyers. Acquisition costs of the development site may also be included with either development type.

   b. *Housing Type*. All units developed must be stick built or modular construction. Manufactured housing and manufactured housing lots are not eligible.

   c. *Project Soft Costs.* In planning their programs, applicants may include HOME-eligible soft costs associated with the project, including the actual costs of architectural fees, progress inspections, work write-ups, and associated developer fees.

      i. Progress Inspections and Work Write-Ups. The costs for progress inspections and work write-ups are capped at $2,500. In addition to the costs for inspections and work write-ups, the costs for lead-based paint inspections, risk assessments and clearance testing, and architectural and engineering fees are also paid as project soft costs. All project soft costs count toward the HUD maximum per unit subsidy limit.

      ii. Developer's Fees. Grantees may request an 8% developer's fee if the grantee is acting as a developer of housing. The developer's fee is 8% of the HOME funds used to construct or rehabilitate the unit for sale to a low income home buyer. A developer fee does not include the costs of acquisition of the property during the development phase of the project. The developer fee is a project soft cost and counts against the maximum per unit subsidy limit applicable to a project.

   d. *Development Subsidy*. A "development subsidy" is the difference between the cost to develop housing and the appraised value or sales price of the project being developed, whichever is lower.

      i. For example, the total development costs of a single family unit equal $100,000. The appraised value and sales price after construction is $90,000 because of neighborhood and market conditions. The $10,000 difference between the $90,000 appraised value/sale price and the $100,000 development costs is not repaid to the developer and represents a development subsidy provided to the developer. While the subsidy does not go directly to the homebuyer, it helps make development of an affordable home feasible.

ii. HOME funds invested in to the unit as a development subsidy will be treated as a grant to the project for both CHDO and non-CHDO nonprofit grantees.

e. *Commitment of Other Financing*. Before HOME funds can be committed through a grant agreement to a homeownership development project, all other construction financing, if any, must be firmly committed and in place.

f. *Neighborhood Market Conditions*. Applicants proposing homeownership projects must document that neighborhood market conditions demonstrate a need for the project and must complete a market study as part of the 2021 application cycle for homeownership programs.

g. *Deadline for Sale*. Homeownership units must be sold to an eligible homebuyer within nine (9) months of project completion. If a homeownership unit is not sold to an eligible homebuyer within nine months of the Certificate of Occupancy, the unit must be converted to rental housing for the appropriate rental affordability period or the HOME funds must be repaid by the grant recipient to THDA.

i. THDA expects that the grant recipient will not only shepherd the homebuyer through the home buying process, but also work toward fostering an on-going relationship with the homebuyer. This responsibility includes facilitating additional homeowner counseling, verifying homeowner occupancy requirements on an annual basis, and monitoring mortgage loan default issues.

ii. Additionally, if the property remains unsold nine months after completion, a lease-purchase may be permitted if the Grantee can demonstrate that it has an existing and active lease-purchase program.

h. *Pipeline of Eligible Borrowers*. Before homeownership development activities can begin, all Grantees must demonstrate a pipeline of eligible buyers pre-qualified for a permanent loan. Although speculative construction or acquisition is not generally allowed, under certain circumstances THDA will allow a Grantee to apply for an exception to this policy on a project-by-project basis. To be considered for an exception, the Grantee must demonstrate that it meets certain criteria, including:

i. A current average market time of list to contract for sale for similarly priced, comparable homes in the area of the proposed project of not more than 120 days;

ii. Experience and capacity to manage an affordable rental housing program;

iii. Success during the last three (3) years in managing affordable rental housing in the area of the proposed project with an average list to lease-up term of no more than 180 days;

iv. Description of the extenuating circumstances that prevent the grantee from having a pipeline of pre-qualified homebuyers to support their development activity.

i. *Permanent Financing*. THDA expects the use of THDA mortgage loans whenever suitable. Other financing may be used if it is comparable to a THDA mortgage loan. Permanent financing is considered comparable if the interest rate does not exceed the prevailing THDA Great Choice interest rate by more than one percentage point and when it is demonstrated that the homebuyer represents a commensurate underwriting risk to the lender. All loans must have a fixed interest rate fully amortizing over the term of the loan not to be less than 30 years. There can be no pre-payment penalty for early payoffs.

j. *Underwriting of the Homebuyer*. Front and back end ratios may not exceed twenty-nine (29%) and forty-one percent (41%), respectively. Lower ratios are encouraged.

k. *Homebuyer Contribution*. The homebuyer must make a contribution from their own funds equal to one percent (1%) of the purchase price of the property.

l. *Homebuyer Education.* All homebuyers must complete a homebuyer education program from a THDA-qualified homebuyer education provider prior to purchase.

m. *Sales Price.* All units must be sold for an amount not higher than the appraised value of the unit. Units must not be sold for an amount lower than the appraised value without THDA consent.

n. *Sales Price Limits*. The sales price limit for homeownership programs are the Property Value Limits. Current limits are available at https://thda.org/government-nonprofit-partners/home-program/home-program-applications-and-information?token=GLkX9Ej9Vi0LMcr7SQ1sVAxEIelKuNdh.

o. Soft Second Mortgage. The Grantee must allow an amount that is a minimum of $1,000 and a maximum of $14,999 of HOME funds to remain with the unit as a soft second mortgage as necessary to qualify the household for permanent financing,. THDA requires that a subsidy remain in the financing when the unit is sold, so that the unit affordability is based on the less restrictive recapture provision of the HOME regulations.

    i. All Grantees must use the THDA Single Family Underwriting Template to determine the amount of HOME assistance to be provided as a soft second mortgage to the homebuyer. The Grantee must submit the determination to THDA for review and final approval. If the underwriting template indicates that the homebuyer does not have an unmet need for the soft second mortgage, the Grantee may not provide direct HOME assistance to that homebuyer and, therefore, may not sell the unit to that homebuyer. The amount of the soft second mortgage is the "direct HOME subsidy" provided to the homebuyer and subject to recapture.

    ii. The soft second mortgage will have an affordability period of five years, which is forgiven at the end of the fifth year if the unit remains in compliance, i.e., the unit remains the permanent residence of the homebuyer and is not leased or vacated. If the unit is sold or transferred during the affordability period, the amount of the HOME subsidy subject to recapture will be reduced by twenty percent (20%) per year of occupancy by the initial homebuyer. If the unit is leased or vacated during the affordability period, the entire HOME subsidy must be repaid.

    iii. The soft second mortgage may, in some circumstances and on a case by case basis as pre-approved by THDA, be combined with other THDA-funded "second mortgage" assistance programs, including Great Choice Loan Plus assistance, or with funding available through the New Start program, and any subsequent or similar programs operated by THDA. The THDA HOME funded soft second mortgage may also be combined with a THDA Great Choice first mortgage loan.

p. *Sales Proceeds.* When units are sold to eligible homebuyers, the sale proceeds will be treated based on the type of nonprofit receiving the HOME grant from THDA.

    i. Sales Proceeds Earned by CHDOs. Organizations receiving HOME funds through this program as a CHDO may keep these sales proceeds as "CHDO proceeds" which must be tracked and used to develop additional single-family units for homeownership in compliance with the HOME regulations. The CHDO must use its CHDO proceeds earned to develop more housing for homeownership. A CHDO may use 15% of the CHDO proceeds for operating expenses, divided as follows: Maximum of 7% for administration and a maximum of 8% for developer's fees.

Once the CHDO proceeds are used a second time to develop more housing for homeownership, the HOME restrictions on the use of proceeds are eliminated. The 25% cap on the amount of CHDO proceeds that can be used for operating or administrative expenses has been eliminated. This policy applies retroactively to current, active CHDO grants.

ii. Sales Proceeds Earned by All Non-CHDO Nonprofit Organizations. Organizations receiving HOME funds through this program that do not receive funds as a CHDO must repay to THDA the HOME funds invested into the property from the sale proceeds less any funds that will remain with the homebuyer as a soft second mortgage and less any development subsidy provided for the unit. Such funds will be treated as Program Income to the HOME program and will be made available for future HOME activities.

2. CHDO OPERATING FUNDS. Organizations designated as a CHDO that successfully receive funding for homeownership development may also receive HOME funding for CHDO Operating Expenses associated with the general operation of the organization separate from the proposed development activity.

   Applicants designated by THDA as a CHDO may request up to 7% of the total funding award as CHDO operating funds to help with the general operational costs of the organization, including salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment; materials; and supplies. Operating expenses are separate from project funds and are funded from the 5% set-aside for CHDO operating expenses from the annual HOME allocation. To be eligible for these funds, the CHDO must not have an existing operating assistance grant award from THDA with less than 75% of the total operating assistance grant award not expended as of August 31, 2021.

D. PROHIBITED ACTIVITIES.

1. Use funds for the new construction or rehabilitation of emergency shelters (including shelters for disaster victims), transitional housing, or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, and dormitories, including those for farm workers or housing for students.

2. Provide project reserve accounts, or operating subsidies;

3. Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act;

4. Provide non-federal matching contributions required under any other Federal program;

5. Provide assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing);

6. Carry out activities authorized under 24 CFR Part 968 (Public Housing Modernization);

7. Provide assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages;

8. Provide assistance (other than assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by HUD or THDA in the written agreement. However, additional HOME funds may be committed to a project up to one year after project completion, but the amount of HOME funds in the project may not exceed the HUD maximum per-unit subsidy amount;

9. Pay for any cost that is not eligible under 24 CFR 92.206 through 92.209;

10. Use HOME funds for the development of rental housing or as tenant based rental assistance; and

11. Provide assistance to homeowners for the rehabilitation of their owner occupied unit.

E. LAYERING. Layering is the combining of other federal resources on a HOME-assisted project that results in an excessive amount of subsidy for the project. Such activity is prohibited. Grantees must analyze each project to ensure that only the minimum amount of assistance is allocated to the project. In no case may the amount of HOME funds exceed the HUD Maximum per Unit Subsidy Limit.

F. MATCH. THDA will not require applicants to provide match towards funded projects. Although no local match is required, THDA will award points based on the contribution of eligible match reflected in an application as specified in the scoring matrix. THDA will count any qualifying non-federal project funds or other resources reflected in successful applications that qualify as match under the HOME rule toward the match requirement. HOME match is permanent, non-federal contributions to a project. THDA will monitor the contribution of match throughout the implementation of the grant. Matching contributions may be in the form of one or more of the following:

1. Cash contributions not provided by the assisted household and not from a federal source, including the present value of the interest subsidy for loans made at rates below market;

2. Reasonable value of donated site-preparation and construction materials;

3. Reasonable rental value of the donated use of site preparation or construction equipment;

4. Waived fees and taxes;

5. Property donation or below-market sale. A copy of the appraisal and/or purchase contract must be submitted. The donor/seller of the property must also provide a statement certifying that the property was donated or sold for affordable housing purposes and an acknowledgment that the donor/seller received the URA Guide Form Notice Disclosure to Seller, as well as the HUD booklet entitled, "When a Public Agency Acquires Your Property." If the property was originally acquired with federal funds, the value of the property is not match eligible;

6. The direct cost of donated, compliant homebuyer counseling services provided to families that acquire properties with HOME funds under the provisions of 24 CFR §92.254, including on-going counseling services provided during the period of affordability. Counseling may not be valued at more than $40 per hour;

7. Reasonable value of donated or volunteer labor or professional services. Unskilled volunteer labor may not be valued at more than $10 per hour; skilled volunteer labor may be valued at the documented going rate;

8. Value of sweat equity may also be eligible if every assisted household under the HOME grant award is required to perform sweat equity. Sweat equity may not be valued at more than $10 per hour; and

9. Other match sources as permitted under the HOME Final Rule.

G. LEVERAGE. In the scoring matrix, any project that has leveraged funds will receive additional points. Leveraged funds are funds provided by local governments, grants from other sources and cash from beneficiaries. Loan proceeds from a lending institution do not count as leverage. However, the savings generated from a below market interest rate will count as leverage. Administrative funds, anticipated fund-raising revenues, other THDA funds, and construction loans do not count toward leverage. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years.

The value of donated labor, materials and land will count toward leverage. The value of unskilled labor is set at the current minimum wage, and the value of skilled labor is set at twice the current minimum wage. The value of land and/or a building donated or acquired for a project prior to the application will count as leverage, but there must be an appraisal or tax assessment included in the application to document its value. In order to count donated supplies or materials, only the documented value of the actual goods or materials will be considered and they must be legitimately required by the program. The donor must provide a letter to confirm the amount of the supplies or materials. Proposed discounts will not count as leverage.

H. PUBLIC PRIVATE PARTNERSHIPS FOR NEIGHBORHOOD REDEVELOPMENT. THDA encourages applicants to undertake housing development activities in concert with a local government or local quasi-governmental entity in order to both fulfill the need for housing in these communities as well as larger community redevelopment goals beyond the housing efforts of the organization itself.

In order to receive points under this scoring criteria, the applicant must partner with a local unit of government or a local quasi-governmental entity by means of a Memorandum of Understanding (MOU) or other partnership agreement for the purpose of the development of affordable housing for sale to low income home buyers effective for the full term of the grant period. As part of the effort, the local unit of government or the local quasi-governmental entity must provide eligible HOME match contributions to the housing development effort. The MOU must outline the responsibilities of all parties to the program implementation, including, but not limited to:

1. The targeted neighborhood area(s) in which all units will be rehabilitated and/or constructed for sale to low income home buyers under the MOU;

2. The number of units to be rehabilitated or constructed for sale to low income home buyers;

3. A description of the match contributions to be provided. At minimum, match contributions must meet the following requirements:

    a. Donation or sale of a suitable parcel of land for home development, without encumbrance of any kind with all taxes and other fees current and meeting all requirements of Section F 5 of this program description and the following additional requirements:

        i. The sale price to the applicant shall be no more than $100; and

        ii. All taxes must be clear through the time of sale to the low income homebuyer;

    b. The donated cost of demolition and disposal of any existing structures on the building parcel including all landfill fees if unit demolition is a required part of lot development; and

c. Fees controlled by the local government such as building permits, impact fees or other development fees must be waived by the local government and provided as a donated match to the project. To the extent, the local government controls utility connection and tap fees these fees must be waived or significantly discounted in order to meet the match eligibility requirements of the HOME program.

4. The nonprofit must have a strategy approved by its Board to redevelop an area that ties into a larger strategic plan of a City or County's efforts to stabilize a focused area that requires revitalization. Unit development must occur only in the identified target area.

I. HOME PROGRAM REQUIREMENTS.

1. Income Limits. HOME funds may be used to benefit only low-income households. "Low-income households" means an individual or household whose income does not exceed 80% of the area median income, adjusted for household size.

   "Very low-income household" means a household whose income does not exceed 50% of the area median income, adjusted for household size.

   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 home. Annual gross income is "anticipated" for the next 12 months, based upon current circumstances or known upcoming changes, minus certain income exclusions.

   Current limits are available at https://thda.org/government-nonprofit-partners/home-program/home-program-applications-and-information?token=GLkX9Ej9Vi0LMcr7SQ1sVAxEIelKuNd.

   Median income for an area or the state shall be that median income estimate made by HUD. Median incomes change when HUD makes revised estimates.

2. Affordability Period.

   a. Homeownership Developments. At the time of the sale of the unit to an eligible homebuyer, the Grantee must leave HOME funds in the unit as a soft second mortgage loan in an amount equal to the lesser of $14,999 or the amount of HOME funds necessary to qualify a household for permanent financing, but not less than $1,000. There will be an affordability period of five years secured by a Note and Deed of Trust between the Grantee and the homebuyer. The HOME investment is forgiven at the end of the fifth year if the unit remains in compliance with HOME requirements. This means that the property remains the primary residence of the initial homebuyer and is not leased or vacated; and if the property is sold or transferred at the end of the affordability period, the homebuyer has complied with these recapture provisions. If the unit is sold or transferred during the affordability period, the amount of HOME subsidy subject to recapture will be reduced by twenty percent (20%) per year of occupancy by the initial homebuyer. If the unit is leased or vacated during the affordability period, the entire HOME subsidy must be repaid to THDA.

   b. Sale or Transfer of the Property. The HOME-assisted home buyer may sell or otherwise transfer the unit on or before the end of the affordability period to any willing buyer at any price, and the amount of the HOME subsidy subject to recapture will be reduced by 20% per year of occupancy by the initial homebuyer. The amount subject to recapture is limited by the availability of net proceeds. The net proceeds are the sales price minus superior non-HOME loan repayments minus closing costs. If the net proceeds are not sufficient to recapture the remaining outstanding principal balance of the HOME

Note plus the amount of the down payment made by the homeowner, if any, plus the amount of any capital improvement investment made by the homeowner, then the grant recipient shall recapture a pro rata share of the net proceeds of the sale in lieu of the full remaining outstanding principal balance of the HOME Note. “Capital improvement investment” means the improvements to the property made at the homebuyer’s expense (and not through some other form of subsidy), as evidenced by receipts or cancelled checks detailing the capital improvements made. Capital improvements do not include items of maintenance, deferred maintenance or cosmetic improvements. The pro rata amount to be recaptured shall be calculated in accordance with the HOME Program Regulations at 24 CFR 92.254(a)(5)(ii)(A)(3) as follows:

If the net proceeds are not sufficient to recapture the full HOME investment (or a reduced amount) plus enable the homeowner to recover the amount of the homeowner’s down payment and any capital improvement investment made by the home owner since purchase, the grant recipient shall share the net proceeds according to the following formulas:

$$\frac{\text{HOME Subsidy}}{\text{HOME Subsidy} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME Amount to Recapture}$$

$$\frac{\text{Homeowner Investment}}{\text{HOME Subsidy} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME Amount to Recapture}$$

The new proceeds may be divided proportionately as set forth in these steps:

i. Application of Forgiveness Feature. Once the net proceeds are determined from the sale of the property, the grant recipient shall reduce the amount due based on the length of time the homebuyer has occupied the home in relation to the affordability period. Soft second mortgages up to $14,999 have a five year affordability period and a forgiveness feature of 20% per year.

ii. Amount subject to recapture. The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the housing unit. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy).

iii. After the full HOME investment has been repaid, any excess profits will belong to the homeowner.

c. Construction Financing - Homeownership. To enforce the provisions of the Working Agreement with the Grantee, THDA will require that a Restrictive Covenant and Deed of Trust be recorded against the property prior to drawing down HOME funds for construction. When the unit is sold to an eligible homebuyer, THDA will provide the closing agent a copy of the release for Restrictive Covenant and Deed of Trust. The Grantee must provide the closing agent with a Grant Note and Deed of Trust between the Grantee and the homebuyer for the soft second mortgage loan under the recapture provisions. Upon receipt by THDA of a copy of the Grant Note, the recorded Deed of Trust between the homebuyer and the Grantee, the recorded deed from the seller to the homebuyer, and the fully executed final TILA-RESPA Integrated Disclosure (TRID) Settlement Statement, the original Release of Lien is forwarded to the closing agent for recording.

3. Level of subsidy. The current maximum HOME investment per unit is provided below:

MINIMUM HOME DOLLARS	$ 1,000	PER UNIT
MAXIMUM HOME DOLLARS	$83,045	0-BEDROOM (EFFICIENCY) LIMIT
	$95,199	1-BEDROOM LIMIT
	$115,763	2-BEDROOM LIMIT
	$149,761	3-BEDROOM LIMIT
	$164,390	4-BEDROOM OR MORE LIMIT

Periodically, THDA may update these limits pending approval from HUD. Updated limits will be effective for all activities in which the written agreement for the activity is entered into after the effective date for the limits issued by HUD. These updates will be posted on THDA's web site at https://thda.org/government-nonprofit-partners/home-program/home-program-applications-and-information?token=GLkX9Ej9Vi0LMcr7SQ1sVAxEIelKuNdh.

4. Property Standards. Property standards must be met when HOME funds are used for a project. Any housing constructed or rehabilitated with THDA HOME funds must meet all applicable local, county, and state codes, rehabilitation standards, Uniform Property Condition Standards (UPCS), and zoning ordinances at the time of project completion.

   In the absence of a local code, 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. The newly constructed units must also meet accessibility requirements and mitigate disaster impact as applicable per State and local codes, ordinances, etc.

   In the absence of a local code, rehabilitation of existing homeowner units must meet the current, State-adopted edition of the Existing Building Code of the International Code Council (ICC).

   THDA will not make any funding awards for units in a jurisdiction where the unit cannot be inspected by a state certified building inspector or by a provider as permitted under State law.

   HOME funded units must also conform, as applicable, to the THDA Minimum Design Standards for New Construction of Single Family and Multifamily Housing Units and with THDA's Minimum Design Standards for Rehabilitation of Single Family and Multi-family Housing Units. THDA must review and approve plans, work write-ups and written cost estimates and determine cost reasonableness for both new construction and rehabilitation prior to putting the project out to bid.

   The International Code books are available at: www.iccsafe.org

   a. Disaster Mitigation. All new construction should be built in a method and/or location that would attempt to protect all new construction from possible disaster due to either a man-made issue, or an act of God that may cause physical or structural damage to the home. The methods should include any items that may be recommended, or required by either local, state, or federal agencies dealing with disasters.

   b. Energy Code. New construction projects must also meet the State-adopted edition of the International

Energy Conservation Code. Copies of the Energy Code may also be obtained from the International Code Council at the address listed above.

c. Energy Conservation. In addition to meeting the State-adopted edition of the International Energy Conservation Code, new construction projects must be Energy Star qualified as certified by an independent Home Energy Rating System (HERS) rater or achieve a HERS index of 85 or less when tested by a certified rater.

d. Section 504. Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted activities and programs on the basis of disability, and imposes requirements to ensure accessibility for qualified individuals with disabilities to these programs and activities.

5. After Rehabilitation Property Value. F*or projects involving the rehabilitation of a unit*, the maximum after rehabilitation value permitted for the type of single-family housing (1-4 family residence, condominium, cooperative unit,) shall not exceed 95% of the median purchase price for the area as established by HUD. Current limits are available at https://thda.org/government-nonprofit-partners/home-program/home-program-applications-and-information?token=GLkX9Ej9Vi0LMcr7SQ1sVAxEIelKuNdh. .

6. Sales Price Limits. The sales price limit for homeownership programs are the same as the Property Value Limits for homeowner rehabilitation programs. Current limits are available at https://thda.org/government-nonprofit-partners/home-program/home-program-applications-and-information?token=GLkX9Ej9Vi0LMcr7SQ1sVAxEIelKuNdh.

J. UNIVERSAL DESIGN/VISITABILITY. THDA encourages the inclusion of features that allow individuals with physical disabilities to reside and/or visit the housing that is constructed or rehabilitated with federal HOME funds.

Universal design is a building concept that incorporates products, general design layouts and other characteristics to a housing unit in order to:

- Make the unit usable by the greatest number of people;
- Respond to the changing needs of the resident; and
- Improve the marketability of the unit

The goal of universal design seeks to build housing that meets 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. However, universal design is inclusive of adaptable design as universal design incorporates structural features that will allow a housing unit 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 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.

Visitability refers to homes that are designed and built in a manner that allows individuals who have trouble with steps or use wheelchairs or walkers to live in or visit the unit. These features include:

- One zero-step entrance.
- Doors with 32 inches of clear passage space.
- One bathroom on the main floor that is accessible to a person using a wheelchair.

More information on Visitability can be found at: http://www.visitability.org.

K. HOME RELOCATION REQUIREMENTS. THDA DISCOURAGES PROJECTS INVOLVING DISPLACEMENT OR RELOCATION OF HOUSEHOLDS. PRIOR TO APPLICATION, CONTACT THDA IF YOU ARE PLANNING ANY PROJECT THAT MAY INVOLVE DISPLACEMENT OR RELOCATION.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), and its implementing regulations, 49 CFR Part 24, requires relocation assistance where acquisition has occurred under the Uniform Act. In addition, the Uniform Act coverage was expanded in 1987 amendments to cover displacement of individuals resulting from rehabilitation, demolition, or private acquisition carried out under a federally-assisted project or program.

Section 104(d) of the Housing and Community Development Act ("The Barney Frank Amendments") and HUD's Residential Anti-Displacement and Relocation Assistance Plan include additional relocation requirements. This extra level of relocation protection may be triggered for low-income households when units are converted or demolished with Community Development Block Grant (CDBG) or HOME funds. In addition, when Section 104(d) is triggered, jurisdictions may need to replace any low/moderate income dwelling units that are lost due to the conversion or demolition. This section refers only to residential relocation. If non-residential (commercial/industrial) relocation is involved, contact THDA.

Understanding how relocation requirements are triggered, alternate ways of meeting them, and the costs of the alternatives is essential in making HOME program decisions. Concerns about relocation may cause an administrator to consider establishing a preference for vacant buildings. However, administrators should also consider that vacant buildings are often much deteriorated. Rehabilitating an occupied building even with the cost of assisting tenants to remain or relocate, may be less costly than rehabilitating a vacant building. In occupied buildings, program administrators must consider whether occupants will be able to return after rehabilitation and whether Housing Choice Voucher (Section 8) assistance is available to help meet relocation costs. Selecting vacant projects does not relieve all relocation concerns. Vacant buildings in good condition may have been recently occupied. If so, the program administrator must consider whether the owner removed the tenants in order to apply for HOME assistance for a vacant building. If so, these tenants are displaced persons.

Skilled staff can save the local program money and build goodwill with owners and tenants. Failure to understand and follow relocation requirements can result in unnecessary costs for the local program. It is possible for uninformed owners and staff to take steps that would obligate the local program to provide significant relocation benefits and services. Early briefings for owners and program staff on relocation rules are essential. Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition consolidates relocation requirements for HOME and other HUD programs in one document. It is available from HUD Field Offices or by contacting THDA. HUD informational booklets for persons who are displaced or whose property is to be acquired are also available from HUD Field Offices or from THDA.

Uniform Relocation Act (URA) requirements are triggered at the time the application is being prepared, and additional requirements are triggered at the time the working agreement is signed between the owner and the grantee and when rehabilitation is completed. Treatment of displaced persons depends upon whether the displaced person is (1) a tenant or owner; (2) a business or household; or (3) has income above or below the Section 8 Lower Income Limit.

WHO IS A DISPLACED PERSON? - Any person (household, individual, business, farm, or non-profit organization) that moves from the real property, permanently, as a direct result of rehabilitation, demolition, or acquisition for a project assisted with HOME funds. Relocation requirements apply to all occupants of a project/site for which HOME assistance is sought even if less than 100% of the units are HOME assisted.

WHO IS NOT A DISPLACED PERSON? - A tenant evicted for cause, assuming the eviction was not undertaken to evade URA obligations. A person with no legal right to occupy the property under State or local law (e.g., squatter). A tenant who moved in after the application was submitted but before signing a lease and commencing occupancy, was provided written notice of the planned project, its possible impact on the person (e.g., the person may be displaced, temporarily relocated, or experience a rent increase), and the fact that the person would not qualify as a "displaced person" (or for any assistance under URA) as a result of the project. A person, after being fully informed of their rights, waives them by signing a Waiver Form.

HOW IS DISPLACEMENT TRIGGERED?
Before Application. A tenant moves permanently from the property before the owner submits an application for HOME assistance **if** THDA or HUD determines that the displacement was a direct result of the rehabilitation, demolition, or acquisition for the HOME project. (e.g., THDA determines that the owner displaced tenants in order to propose a vacant building for HOME assistance.)

After Application. A tenant moves permanently from the property after submission of the application, or, if the applicant does not have site control, the date THDA or the local program administrator approves the site because: (1) the owner requires the tenant to move permanently; or (2) the owner fails to provide timely required notices to the tenant; or (3) the tenant is required to move temporarily and the owner does not pay all actual, reasonable out-of-pocket expenses or because the conditions of the move are unreasonable.

After Execution of Agreement. A tenant moves permanently from the project after execution of the agreement covering the acquisition, rehabilitation or demolition because the tenant is not provided the opportunity to lease a suitable, affordable unit in the project.

L. HOME RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN. THDA will require grant recipients to replace all occupied and vacant habitable lower income housing demolished or converted to a use other than as lower income housing in connection with a project assisted with funds provided under the HOME Investment Partnership Act

All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a working agreement committing THDA to provide funds for a project that will directly result in the demolition or conversion, THDA will make public by and submit to the HUD/Knoxville HOME coordinator certain information. Each applicant proposing demolition or any reduction in lower income housing units must submit the following information to THDA:

1. A description of the proposed assisted project;

2. The address, number of bedrooms, and location on a map of lower income housing that will be demolished or converted to a use other than as lower income housing as a result of an assisted project;

3. A time schedule for the commencement and completion of the demolition or conversion;

4. To the extent known, the address, number of bedrooms and location on a map of the replacement housing that has been or will be provided;

5. The source of funding and a time schedule for the provision of the replacement housing;

6. The basis for concluding that the replacement housing will remain lower income housing for at least 10 years from the date of initial occupancy; and

7. Information demonstrating that any proposed replacement of housing units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the approved Consolidated Plan.

M. EQUAL OPPORTUNITY AND FAIR HOUSING. No person in the United States 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 any program funded in whole or in part by HOME funds. The following Federal requirements as set forth in 24 CFR 5.105(a), Nondiscrimination and equal opportunity, are applicable to HOME projects:

Fair Housing Act	24 CFR Part 100
Executive Order 11063, as amended (Equal Opportunity in Housing)	24 CFR Part 107
Title VI of the Civil Rights Act of 1964 (Nondiscrimination in Federal programs)	24 CFR Part 1
Age Discrimination Act of 1975	24 CFR Part 146
Section 504 of the Rehabilitation Act of 1973	24 CFR Part 8
Section 109 of Title I of the Housing and Community Development Act of 1974	24 CFR Part 6
Title II of the Americans with Disabilities Act	42 U.S.C. §12101 *et seq.*
Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity	24 CRF Parts 5, 200, 203, 236, 400, 570, 574, 882,

891 and 982

Section 3 of the Housing & Urban Development Act of 1968 24 CFR 135

- Section 3 requires that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low-income persons, particularly those who are recipients of government assistance for housing.

Executive Order 11246, as amended 41 CFR 60
(Equal Employment Opportunity Programs)

Executive Order 11625, as amended (Minority Business Enterprises)

Executive Order 12432, as amended (Minority Business Enterprise Development)

Executive Order 12138, as amended (Women's Business Enterprise)

- Executive Orders 11625, 12432, and 12138 (Minority/Women's Business Enterprise) require that PJs and local programs must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. Local programs must also develop acceptable policies and procedures if their application is approved by THDA.

The HUD Office of Fair Housing also includes the following fair housing laws and Presidential Executive Orders which are not included in 24 CFR 5.105(a) but which are applicable to federally-assisted programs:

Architectural Barriers Act of 1968 at 42 U.S.C. §4151 *et seq.*

Executive Order 12892, as amended
(Affirmatively Furthering Fair Housing)

Executive Order 12898

Executive Order 13166
(Limited English Proficiency)

Executive Order 13217
(Community-based living arrangements for persons with disabilities)

In addition to the above requirements, the PJ and local programs must assure that its Equal Opportunity and Fair Housing policies in the HOME Program are consistent with its current Consolidated Plan.

N. SITE AND NEIGHBORHOOD STANDARDS. Housing provided through the HOME program must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and HUD regulations issued pursuant thereto; and must promote greater choice of housing opportunities. Grantees must ensure that the proposed activity does not allow or promote segregation on the basis of race, disability or income.

O. AFFIRMATIVE MARKETING. Prior to beginning a HOME project, grant recipients must adopt affirmative marketing procedures and requirements for all HOME-funded homebuyer projects with five or more units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. These must be approved by THDA prior to any HOME funds being committed to a project. Requirements and procedures must include:

1. Methods for informing the public, owners and potential tenants about fair housing laws and the local program's policies;

2. A description of what owners and/or the program administrator will do to affirmatively market housing assisted with HOME funds;

3. A description of what owners and/or the program administrator will do to inform persons not likely to apply for housing without special outreach;

4. Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness; and

5. Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

P. ENVIRONMENTAL REVIEW. In implementing the HOME program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 (NEPA) and the related authorities listed in HUD's regulations at 24 CFR Parts 50 and 58.

THDA, as the PJ, will be responsible for carrying out environmental reviews. THDA must request the release of funds from HUD for any projects of non-profit organizations. The non-profit organizations will be responsible for gathering the information required for the environmental reviews. HOME funds and any other funds involved in the project cannot be committed until the environmental review process has been completed and the HOME funds have been released. The Environmental Review covers the entire project, not just the portion funded by HOME. ***Therefore, except under very limited circumstances, no funds, including both HOME and non-HOME resources, may be expended on a project prior to the release of funds under the Environmental Review process. Any such expenditure will make the entire project ineligible for funding under the HOME program. This requirement takes effect at the time of the initial application submission to THDA.***

Q. LEAD-BASED PAINT. Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.) and 24 CFR Part 35, Subparts C through M. The lead-based paint provisions of 982.401(j) also apply, irrespective of the applicable property standard under 24 CFR 92.251. The Lead-Based Paint regulations are available at www.hud.gov/lea or by contacting 1-800-424-LEAD (5323).

R. LABOR STANDARDS. Davis-Bacon wage compliance and other Federal laws and regulations pertaining to labor standards apply to all contracts for rehabilitating or constructing 12 or more units assisted with HOME funds. The contract for construction must contain the applicable wage provisions and labor standards. Davis-Bacon does not apply to projects using volunteer labor or to sweat equity projects.

S. DEBARMENT AND SUSPENSION. Local programs must require participants in lower-tier transactions covered by 24 CFR 24 to certify that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction.

T. FLOOD PLAINS. *HOME funds may not be used to construct housing* in an area identified by the Federal Emergency Management Agency as having special flood hazards. In addition, THDA discourages the rehabilitation of units located in special flood hazard areas, but in a few instances and with written permission from THDA, houses located in a floodplain may be assisted provided that the flood plain is mitigated by map revision or all occupiable space of the dwelling and support systems are a minimum of 12" above the recognized flood plain. The community must be participating in the National Flood Insurance Program and flood insurance must be obtained on the units.

U. CONFLICT OF INTEREST. In the procurement of property and services, the conflict of interest provisions at 2 CFR 200.112, apply. In all cases not governed by 2 CFR 200.112, the conflict of interest provisions of the HOME Rule as stated below apply:

The HOME conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of THDA, a State recipient or subrecipient receiving HOME funds. No person listed above who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with 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.

No owner, developer or sponsor of a project assisted with HOME funds (or officer, employee, agent, elected or appointed official, or consultant of the owner, developer or sponsor or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of the owner, developer or sponsor) whether private, for profit or non-profit (including a CHDO when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project during the required period of affordability specified in 92.252(e) or 92.254(a)(4). This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

Grant recipients should avoid conflicts of interest and the appearance of conflicts of interest in administering their HOME programs as THDA does not routinely consider requesting exceptions to the conflict of interest provisions from HUD. The existence of a conflict of interest or the appearance of a conflict of interest, as determined by THDA in its sole discretion, may be grounds for requiring repayment of HOME funding and limitations on future program participation.

V. PROCUREMENT. It is important to keep the solicitation of bids for goods and services as well as professional services contracts open and competitive. Cities, counties, and non-profit organizations must follow their procurement policies and meet all state and federal requirements. At a minimum, applicants must comply with <u>2 CFR 200.318 - General Procurement Standards</u>.

Prior to solicitation of bids, the Grantee should develop a comprehensive scope of work and perform an independent cost estimate. Grantees should obtain a minimum of 3 to 5 bids using formal advertising or requests for proposals for the procurement of professional services such as grant administration, inspections, and work write-ups. There must be an established, well-documented selection procedure and a written rationale for selecting the successful bid or proposal.

W. APPLICATION EVALUATION PROCEDURE. 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 in the opinion of THDA is physically, financially, and administratively feasible; and the proposal of a project that meets the requirements of 24 CFR Part 92, as amended.

All non-profit applicants must submit the most current version of the following required documentation in accordance with the application instructions. Items identified as "THRESHOLD" must be submitted with the application for funding consideration. All other items are required and any funding consideration will be conditional until their receipt and THDA's subsequent review and approval of the item:

1. Evidence that the applicant is organized and existing under the laws of Tennessee or, if organized and existing under the laws of another state, evidence that applicant is organized and existing in that state and authorized to do business in Tennessee. (THRESHOLD)

2. Documentation of an IRS designation under Section 501(c)(3) or 501(c)(4) of the federal tax code. A 501(c)(3) non-profit organization 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 material with the IRS and received a response from the IRS demonstrating 501(c)(4) status. (THRESHOLD)

3. Copy of Organizational Charter (THRESHOLD)

4. Copy of Organizational By-laws (THRESHOLD)

5. List of Board members including: names; home address; occupation; a description of their primary contribution; length of service; phone #; email address; and date the term of service expires. (THRESHOLD)

6. Business plan or strategic management plan that demonstrates the agency's short term and long term goals, objectives, and plans to achieve them.

7. The most recent financial audit or certified financial statements of the organization. (THRESHOLD)

8. Applicant Board Member and Corporate Disclosure Forms completed, signed by the organization's Executive Director and each Board Member and notarized.

9. Applicant/Board Member and Corporate Disclosure Form completed, signed by the Chairman of the Board or Executive Director on behalf of the organization and notarized.

10. One page explanation of how the Board of Directors is involved in the operation of the agency, including how often the Board meets, how the Board monitors and provides oversight for the agency's programs.

11. Resolution by the Board of Directors authorizing the submission of this application. (THRESHOLD)

12. List of staff members employed by the organization, including how many are full-time or part-time,

their specific responsibilities related to housing programs, and how many years of experience each staff member has in housing development. (THRESHOLD)

13. Documentation of agency operating funds from other sources, including how much annually and from what sources.

14. Explanation of any other programs operated by the organization, including the program(s) and its funding source(s).

15. Explanation of the agency's experience in housing, particularly in providing housing to low and very low income households in Tennessee. (THRESHOLD)

Applicants must upload all organizational information required to be submitted through THDA’s Participant Information Management System (PIMS) or the Grants Management System (GMS) based on the application instructions. Copies of organizational documents that are required to be submitted through PIMS, but that are submitted through another means, <u>may not</u> be considered.

Documentation must be submitted to demonstrate that the organization meets threshold requirements and has the capacity to provide affordable housing for low-income households, including the administration of the proposed project.

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

Applications meeting the threshold criteria will be scored and ranked in descending numerical order, based on the criteria provided below. In the event of a tie score, THDA first will select the application with the highest capacity score and then, if a tie still remains, the highest percentage of Match.

Up to 100 points

1. CAPABILITY — Up to 50 points

The proposed project demonstrates exceptional project planning and readiness. — Up to 25 points

- The program design is complete and all necessary components to accomplish the project are identified in the application.
- Sites have been identified and the Applicant has site control. NOTE: THDA will not be able to issue a Working Agreement unless there are specific addresses or a legal description for the property.
- Applicant has a pipeline of potential homebuyers ready to purchase or working toward readiness to purchase. NOTE: Commitment of CHDO funds must be to a specific address and homebuyer to meet HUD's definition of CHDO commitment by the 24-month deadline.
- Applicant has completed an examination of neighborhood market conditions demonstrating a need for the proposed housing and the anticipated housing types, as well as the target locations or neighborhoods for which the housing is intended.
- Applicant has secured other funding for the project. Commitment letters are included in the application.

The Applicant demonstrates sufficient capacity beyond threshold. — Up to 25 points

- The Applicant has produced successful affordable housing projects of similar size, scope and complexity.
- The Applicant has a demonstrated capacity to manage homeownership programs.
- The Applicant has paid staff with demonstrated housing development experience as documented by W-2 forms.
- The Applicant's operating budget reflects multiple sources of funding.
- If previous experience under HOME:
  - ➢ Has the demonstrated ability to conform to the timeframe of Attachment B: Implementation Plan of the HOME Working Agreement;
  - ➢ Has demonstrated its ability to commit and draw down funds in a timely manner;
  - ➢ Has demonstrated the ability to complete a project within the contract term;
  - ➢ Has a lack of monitoring findings; and
  - ➢ Appropriately responds to client concerns or complaints and to THDA staff.

2. APPLICANT PROJECT LOCATION NOT IN A PJ **5 points**

THDA shall award up to 5 points to applications where the project location of the Applicant is not within an area designated as a Participating Jurisdiction (PJ) by HUD.

3. PUBLIC PRIVATE PARTNERSHIP FOR NEIGHBORHOOD REDEVELOPMENT **5 points**

To receive points under this criteria, the Applicant must partner with a local unit of government or a local quasi-governmental entity by means of a MOU or other partnership agreement, outside of THDA's contract, for the purpose of the development of affordable housing.

The MOU must meet the requirements listed in Section H of this program description.

- The Applicant must have a strategy approved by its Board to redevelop an area that ties into a larger strategic plan of a City or County's efforts to stabilize a focused area that requires revitalization.
- The targeted neighborhood area(s) in which all units will be rehabilitated and/or constructed is clearly identified in the MOU.
- The units to be rehabilitated or constructed must be for sale to eligible low income homebuyers, as defined in Section I of this program description.
- Match contributions, at minimum, must meet the following requirements:
  - ➢ Donation or sale of a suitable parcel of land for home development, without encumbrance of any kind and with all taxes paid current, as defined in Section F of this program description.
  - ➢ The donated cost of demolition and disposal of any existing structures on the building parcel including all landfill fees, if unit demolition is a required part of lot development.
  - ➢ Fees controlled by the local government such as building permits, impact fees or other development fees must be waived by the local government and provided as a donated match to the project. To the extent, the local government controls utility connection and tap fees, these fees must be waived or significantly discounted in order to meet the match eligibility requirements of the HOME program.

4. MATCH **Up to 15 points**

THDA shall award up to 15 points to applications that include a committed contribution of eligible match resources towards the project implementation. A commitment of eligible match contribution from an external source must be documented in the application from the source providing the contribution. To determine the points awarded, THDA will not round the percentage calculated.

- The project's sources include an eligible HOME match contribution that is equal to or greater than 15% of the proposed HOME funds to be used for project costs; 15 points

  OR

- The project's sources include an eligible HOME match contribution that is equal to or greater than 5% and less than 15% of the proposed HOME funds to be used for project costs; — 10 points

  OR

- The project's sources include an eligible HOME match contribution that is equal to or greater than 1% and less than 5% of the proposed HOME funds to be used for project costs; — 5 points

  OR

- The project's sources include an eligible HOME match contribution that is less than 1% of the proposed HOME funds to be used for project costs.

5. LEVERAGE — **Up to 5 points**

THDA shall award up to 5 points to applications that include the use of funds from other sources. THDA will award points in this category based on the actual percentage of other funds in the project. Leveraged funds counted in one program year do not qualify again as leverage in subsequent years. In order to receive points, there must be written documentation for the leveraged funds in the application.

6. ENERGY CONSERVATION — **Up to 10 points**

a. For acquisition/rehabilitation and sale type homeownership projects, THDA shall award up to 10 points to applications that, to the extent feasible, include at least three energy conservation measures beyond that required by THDA's Design Standards for Rehabilitation in the rehabilitation of each unit.

b. For new construction homeownership projects, THDA shall award up to 10 points to applications that include at least three energy conservation measures beyond that required by THDA's Design Standards for New Construction.

7. UNIVERSAL DESIGN — **Up to 10 points**

For new construction or acquisition/rehabilitation type homeownership projects, THDA shall award **up to 10 total points** to applications that include additional identified universal design features in each unit. Points will be awarded based on the schedule below.

Item "a" is worth (4) points. All other items are worth (1) point each. **The maximum number of points that can be awarded under this category is 10.**

a. One entrance door that is on an accessible route served by a ramp or no-step entrance and which also has a 36" door.
b. All Interior Doors a minimum of 32 inches of clear passage space except closets of less than 15 square feet.
c. All hallways have a clear passage of at least 36 inches, is level with ramped or beveled changes at each threshold.
d. Each electrical panel, breaker box, light switch or thermostat is no higher than 48 inches above the floor.

e. Each electrical plug or receptacle is at least 15” above the floor.
f. Minimum 5’ x 5’ level clear space inside and outside entry door.
g. Broad blocking in walls around each toilet, tub and shower for future placement of grab bars.
h. Full-extension, pull-out drawers, shelves and racks in base cabinets in kitchen.
i. Front mounted controls on all appliances.
j. Lever door handles on all doors.
k. Loop handle pulls on drawers and cabinet doors.
l. One bathroom on the main floor you can get into in a wheelchair.

8. PRIOR YEAR UNEXPENDED HOME FUNDS DEDUCTIONS

Up to -10 Points

Applicants that administered a HOME grant in prior years who have successfully closed their HOME grant are eligible for application under the 2021 HOME Homeownership Development Round if the spend down requirement are met, as detailed in Section A, item 14-C. Any grant that successfully closed, but did not commit or expend 100% of the HOME grant funds awarded will be subject to a point deduction. The maximum number of points that can be deducted under this category is 10. The amount of points deducted is contingent upon the balance of HOME grant funds left uncommitted or spent.

The balance of unspent HOME funds will be subject to the following deductions:

- $100,000 and Over - 10 Points
- $50,000-$99,999 - 5 Points
- $30,000 - $49,999 - 4 Points
- $20,000 - $29,999 - 3 Points
- $10,000 - $19,999 - 2 Points
- $0 - $9,999 - 1 Point

Emergency Housing Voucher Program Description
Tennessee Housing Development Agency
Emergency Housing Voucher Program (EHV)
Program Operation Summary

1. Program Overview	HUD allocated additional rental assistance vouchers to THDA through an allocation formula designed to direct emergency housing vouchers to the PHAs operating in areas where the EHV's eligible populations have the greatest need. The chief considerations were PHA capacity and the requirement to ensure geographic diversity, including rural areas. THDA will coordinate efforts with select Continuums of Care (CoC) through a Memorandum of Understanding (MOU) to provide EHVs to eligible households within THDA's Housing Choice Voucher (HCV) jurisdiction. Each CoC will designate a partner agency or agencies (Grantees) to refer eligible families and distribute service fees. EHVs will be available through 2030 provided that the assisted individual/family remains with the program through that term. The EHV program is set to expire September 30, 2023. However, existing voucher recipients in good standing will continue to receive rental assistance through September 30, 2030. Should the tenant leave the program prior to September 30, 2023, the voucher may be used to assist another household. After that date, the voucher cannot be re-assigned to a new household under federal guidelines.
2. Program Goal	To prevent homelessness among at risk populations by providing access to affordable housing opportunities by way of the EHVs.
3. Target Population / Areas	Eligible households include individuals and families who are: (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless. This program will be available in counties where THDA currently administers the HCV Program. THDA will enter into MOUs with the 5 CoCs serving counties within our HCV service area: • TN-500 – Chattanooga - SE Tennessee CoC • TN-503 – Central Tennessee CoC • TN-506 – Upper Cumberland CoC

	• TN-507 – Jackson/West Tennessee CoC • TN-512 Tennessee Valley CoC The CoC will prioritize households who have received rapid re-housing assistance. However, each CoC may also identify additional priorities for assistance to access these vouchers based on the needs and priorities of the CoC. Each CoC will designate a specified number of organizations serving their CoC, meeting THDA requirements, which will receive referrals through the CoC Coordinated Intake process for assistance with qualifying for an EHV and to coordinate provision of services necessary for the household to successfully access a rental housing option.
4. Program Funds	HUD will obligate EHV funds to subsidize: • Housing Assistance Payments (HAP) • Administrative Fees • Service Fees • Preliminary Fee (program incentive at start up) Effective July 1, 2021, \$3.8 million in support service activities to be funded, using three separate allocations, include: (1) Administrative Fee-\$304,668; (2) Housing Assistance Payments-\$2.3 million; (3) Preliminary Fee- \$130,000; and (4) Service Fees-\$1.1 million, for other eligible expenses that are not normally designated payments under the Housing Choice Voucher (HCV) program. HUD's plan is to obligate 12 months of Housing Assistance Payments (HAP) and Administrative (Admin) Fee funding to eligible PHAs effective on July 1st, and automatically disburse 1/12 of the total HAP and Admin Fees for July, August, and September 2021. After the initial disbursements, monthly HAP disbursements will be based on actual EHV HAP expenses and units leased reported in Voucher Management System (VMS).
5. Service Fees	THDA is allocated a funding stream for the payment of Services Fee, per allocated EHV. Service Fees are to eliminate barriers to housing access and to support THDA's efforts in implementing and operating an effective EHV services program.

	The services fee is not tied to each voucher but instead is the combined total of services fees available to the THDA to design a menu of services that will best address the leasing challenges faced by EHV eligible families. Eligible families will receive an estimated service fee based on need. The service provider will be reimbursed for service fees paid on behalf of the eligible family. THDA will enter into a grant contract with the designated organizations (Grantee) to provide support service funding through the EHV to assist EHV-eligible clients. The service fee is a supplemental resource for which Grantees may submit reimbursement requests, after exhausting existing available resources for supportive housing services. Service fees may include reimbursement for the following activities: **Housing Search Assistance.** • Transportation. Transportation cost to assist families with their housing search. • Housing Locator. Access to housing locator, TNHousingSearch.org, to locate potential available units. • Security Deposit Assistance. The THDA will provide security deposit assistance associated with a rental unit. Security deposit assistance returned to the THDA must be used for either services fee for eligible uses or other EHV administrative costs. **Utility Assistance.** • The THDA will provide utility deposit assistance, including connection fees, required for the utilities to be supplied by the EHV family under the lease. • The THDA will provide utility arrears assistance to pay utility arrears to establish services for tenant-supplied utilities. This may include late fees on those arrears in gas, electric, water, sewer, or trash.

	• Rental application fee. Assistance will be provided with completing rental application forms and rental application fees. **Owner-Related Uses.** • Landlord recruitment. THDA will work with its housing locator vendor to increase landlord participation to serve EHV families. • Landlord incentive. To remove barriers of locating housing, THDA will provide a one-time flat rate single payment to landlords to assist families with acquiring housing. • Damages to the unit. In cases where unpaid damages serve as a barrier to THDA families accessing affordable housing, THDA will provide a single payment at a maximum rate. **Other Eligible Uses.** • Reimbursement for tenant-readiness services. The THDA may use the services fee funding to help create customized plans to address or mitigate barriers that individual families may face in renting a unit with an EHV, such as negative rental or utility history or to connect the family to other community resources that can assist with rental arrears. • Reimbursement for renters' insurance. If required under the lease, the THDA will provide assistance for renters' insurance.
6. Program Operation / Structure of Assistance	The Grantees will be responsible for referring eligible households to THDA through a coordinated intake process. Using an existing system of record, the EHV program will use existing waitlist management protocols to facilitate the referral process. THDA will maintain a separate waiting list for each CoC based on target population priorities established by the CoC. THDA staff will determine the household rental subsidy for Housing Assistance Payments (HAP) based on established HCV program requirements. This will be followed by an educational program briefing; an inspection of the assisted housing unit; and the execution of the leasing agreement and

	HAP contract. THDA will issue HAP directly to landlords on behalf of EHV recipients. THDA will provide reimbursement of service fees to Grantees to coordinate provision of services necessary for eligible EHV households to successfully access a rental housing options.
7. Program Exclusions	Any household that does not meet the homeless definition and eligibility criteria outlined in the HUD notice.
8. Per-Household Assistance	EHV assistance will be determine based on the contract rent and income of the assisted household. HUD has provided $1.1 million in support service funding to assist eligible clients at an average cost not to exceed $3,500 per eligible household.
9. Program Inception/Duration of Assistance	The HUD effective date for program administration within THDA county parameters, July 1, 2021. The grant period will extend through September 30, 2023, and has a sunset of September 30, 2030.
10. Estimate Number of Participating Households	325 households based on the maximum number of EHVs awarded to THDA by HUD.

0770-01-05-.35 EMERGENCY HOUSING VOUCHER (EHV) OPTION (American Rescue Plan Act of 2021, H.R. 1319, 117th Cong. (2021). The American Rescue Plan Act of 2021 (“the ARP”) provides relief to address the continued impact of the COVID-19 pandemic. Section 3202 of the ARP appropriates funds for the cost of administering the Emergency Housing Voucher (EHV) to address homelessness. HUD allocated approximately 70,000 EHVs to public housing agencies (PHAs). THDA will administer the EHV program, in compliance with PIH Notice 2021-15, Federal Regulations, and this Administrative Plan. Funding expires September 30, 2023. After September 30, 2023, a PHA may not reissue any previously leased EHV, regardless of when the assistance for the formerly assisted family ends or ended. THDA reserves the right to continue administration of the EHV, dependent on available and adequate HUD funding.

(1) Eligibility Requirements. An EHV family wishing to utilize the voucher, must meet the following initial eligibility requirements:

(a) Referral from an area Tennessee Continuum of Care (CoC), serving a county within THDA’s Housing Choice Voucher Program jurisdiction. An applicant shall be referred to the EHV Program by an area Tennessee CoC, which is a regional or local planning body that coordinates housing and services funding for homeless families and individuals, primarily using funding received through U.S. Department of Housing and Urban Development (HUD). The referring agent or partner must be a member of the identified Tennessee CoC.

1. Partner Agencies. To ensure that the EHVs assist families who are most in need, the THDA has partnered with area Tennessee CoCs to determine the best use and targeting for the vouchers along with other resources available in the community. The CoC is organized to carry out the responsibilities required under HUD’s CoC program and is composed of representatives of organizations, including nonprofit homeless providers, victim service providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons to the extent these groups are represented within the geographic area and are available to participate. In particular, the THDA has partnered with Chattanooga-Southeast TN CoC, Central Tennessee CoC, Upper Cumberland CoC, Jackson/West Tennessee CoC, and Tennessee Valley CoC, who services the counties in its jurisdiction.

2. Waiting list. The THDA will maintain a separate waiting list, for EHV referrals and applicants, from the HCV waiting list. HUD has waived 24 C.F.R. 982.206, which requires the PHA to give public notice when opening and closing the waiting list. The THDA will work directly with its CoCs and other referral agency partners to manage the number of referrals and the size of the EHV waiting list. Priority preference will be given to rapid re-housing participants, currently working with partnering CoCs.

(b) An applicant must meet one of the four eligibility categories, which shall be verified by the referring CoC or other partnering agency and supported by documentation and provided to the THDA:

1. Homeless, which is defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)) and is codified in HUD’s Continuum of Care Program regulations at 24 CFR 578.3;

2. At risk of homelessness, which is defined in section 401(1) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(1)) and is codified in HUD’s Continuum of Care Program regulations at 24 CFR 578.3;

3. Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, including cases where a HUD-assisted tenant reasonably believes that there is a threat of imminent harm from further violence if they remain within the same dwelling unit, or in the case of sexual assault, the HUD-assisted tenant reasonably believes there is a threat of imminent harm from further violence if they remain within the same dwelling unit that they are currently occupying, or the sexual assault occurred on the premise during the 90-day period preceding the date of the request for transfer; See 0770-01-05-.30(6)(a).

4. Recently homeless and who providing rental assistance will prevent the family's homelessness or having high risk of housing instability, which is defined as individuals and families who have previously been classified by a member agency of the CoC as homeless but are not currently homeless as a result of homeless assistance (financial assistance or services), temporary rental assistance or some type of other assistance, and where the CoC or its designee determines that the loss of such assistance would result in a return to homelessness or the family having a high risk of housing instability. Examples of households that may be defined as recently homeless by the CoC include, but are not limited to, participants in rapid rehousing, and permanent supportive housing.

(c) All applicants must meet HUD's, as well as the THDA's, criteria for eligibility determinations. 24 C.F.R. 982.201 outlines that only eligible families may be admitted to the HCV Program. The THDA applies the requisite eligibility factors of Family Composition (see 0770-01-05-.11), Income Limits (see 0770-01-05-.12), Citizenship (see 0770-01-05-.13), Social Security Number Provision (see 0770-01-05-.14), Student Status (see 0770-01-05-.15), and Other Eligibility Criteria (see 0770-01-05-.16) in determining an applicant or participant's eligibility for the HCV Program.

1. Income Verification at Admissions. Income Verifications will be the same as those set by the HCV Program. See 0770-01-05.18(2)(c).

2. EIV Data. The THDA must review the EIV Income and Income Validation Tool (IVT) Reports to confirm/validate family-reported income within 90 days of the PIC-NG submission date; print and maintain copies of the EIV Income and IVT Reports in the tenant file; and resolve any income discrepancy with the family within 60 days of the EIV Income or IVT Report dates.

3. Social Security Number (SSN) and Citizenship Verification. HUD is waiving the requirement to obtain and verify SSN documentation and documentation evidencing eligible noncitizen status before admitting the family to the EHV program. Individuals must provide the required documentation within 180 days of admission to be eligible for continued assistance, pending verification, unless the THDA provides an extension based on evidence from the family or confirmation from the CoC or other partnering agency that the family has made a good-faith effort to obtain the documentation. If a family member appeals secondary verification of immigration documents, assistance may not be delayed, denied, reduced or terminated on the basis of immigration status pending the completion of the appeal.

4. Date of Birth and Disability Verification. The THDA may accept self-certification of date of birth and disability status if a higher level of verification is not immediately available. If self-certification is used, the THDA must obtain a higher level of verification within 90 days of admission or verify the information in EIV.

5. Income Targeting. The regular HCV Program process in determining income eligibility will be utilized for the EHV. See 0770-01-05-.12. However, the income

targeting requirements are waived and do not apply to EHV families. The THDA may not deny admission to a family with zero income and must consider hardship circumstances before charging a minimum rent.

6. Other Eligibility Requirements and Denial of Assistance (24 C.F.R. 982.522 and 24 C.F.R 982.553). Unless otherwise noted, the grounds under which THDA may deny an applicant admission to the program will follow the same grounds as those set by the HCV Program. See 0770-01-05.16.

(i) Specifically, under the EHV Program, the THDA may not deny admission based on the following:

1. Eviction from Public Housing. Any member of the family has been evicted from federally assisted housing in the last five years.

2. Violation of Family Obligations. A PHA has ever terminated assistance under the program for any member of the family.

3. Outstanding Debt to a PHA. The family currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act. The family has not reimbursed any PHA for amounts paid to an owner under a HAP contract for rent, damages to the unit, or other amounts owed by the family under the lease.

4. Breach of Repayment Agreement to a PHA. The family breached an agreement with the PHA to pay amounts owed to a PHA, or amounts paid to an owner by a PHA.

5. Abuse of Alcohol. The family would otherwise be prohibited admission under alcohol abuse standards established by the PHA in accordance with 24 C.F.R. 982.553(a)(3).

6. Prior Criminal History. The THDA determines that any household member is currently engaged in or has engaged in during a reasonable time before the admission, drug-related criminal activity.

(ii) If the application for assistance is denied, the THDA will send a notice of denial and a notice of opportunity for informal review. See 0770-01-05-.28(3).

(2) Lease-Up Process. Unless otherwise noted, the lease-up process will follow the same process as those set by the HCV Program. See 0770-01-05.22.

(a) Housing Choice Voucher Term. The THDA follows the procedures outlined below when issuing vouchers, setting terms of vouchers, and assisting families in selecting units.

1. In accordance with HUD’s waiver of 24 C.F.R. 982.303(a), a voucher is issued for an initial term of one-hundred twenty (120) days to allow the household time to search for a unit. The HCV software system will be utilized to print vouchers, and the voucher term will begin on the date the voucher is issued.

2. Extension and Suspension of Voucher Search Term.

(i) If the household does not find a unit within the 120-day voucher search term, then the household may request extension of the voucher in 30-day increments, but only if they can clearly illustrate that they have actively searched, but have been unable to find a unit eligible for the HCV Program.

(ii) Approval of any extension must be by the Director of the HCV Program or the assigned designee.

(iii) The total voucher search term may not exceed 150 days.

(iv) Once a Request for Tenancy Approval (RTA) is received by the THDA, the voucher term is suspended until that RTA is either approved or denied.

(3) Utility Allowance (24 C.F.R. 982.153). The regular HCV Program utility allowance will be utilized for the EHV. See 0770-01-05-.22(2)(b)2.

(4) Subsidy Standards. Subsidy standards will be the same as those set by the HCV Program. See 0770-01-05-.22(2)(b)6.

(5) Rent Reasonableness (24 C.F.R. 982.503). The THDA follows the procedures outlined above when determining rent reasonableness. See 0770-01-05-.22(2)(b)7.

(6) Services Fee. THDA is allocated a one-time services fee, per allocated EHV, to support its efforts in implementing and operating an effective EHV services program. The services fee is not tied to each voucher but instead is the combined total of services fees available to the THDA to design a menu of services that will best address the leasing challenges faced by EHV eligible families. Eligible families will receive an estimated service fee based on need. The CoC or Partner Agent will be reimbursed for service fees paid on behalf of the eligible family. The THDA will provide the following menu of services:

(a) Housing Search Assistance.

1. Assist families identify and visit potentially available units during their housing search.

2. Transportation. Provide transportation costs to assist families with their housing search.

3. Housing Locator. Provide access to housing locator, TNHousingSearch.org, to locate potential available units.

4. Assist with the completion of rental applications and THDA forms.

(b) Security Deposit/Utility Deposit/Rental Application.

1. Security Deposit Assistance. The amount of the security deposit assistance may not exceed the lesser of two months' rent to owner, the maximum security deposit allowed under applicable state and/or local law, or the actual security deposit required by the owner. The EHV family must return the security deposit assistance to the THDA at the end of the family's tenancy, less any amounts retained by the owner in accordance with the lease. Security deposit assistance returned to the THDA must be used for either services fee for eligible uses or other EHV administrative costs.

2. Utility Assistance.

(i) The THDA will provide utility deposit assistance, including connection fees, required for the utilities to be supplied by the EHV family under the lease. The EHV family must return the utility deposit assistance to the THDA at such time the deposit is returned by the utility company, less any amounts retained by the utility company.

(ii) The THDA will provide utility arrears assistance to pay utility arrears to establish services for tenant-supplied utilities. This shall include a one-time payment up to 2 (two) months, including any late fees on those arrears in gas, electric, water, sewer, or trash.

3. Rental application fee. Assistance with completing rental application forms and rental application fees, not to exceed $150 (one-hundred fifty dollars).

(c) Owner-Related Uses.

1. Landlord recruitment. THDA will work with its housing locator vendor to increase landlord participation to serve EHV families.

2. Landlord incentive. To remove barriers of locating housing, THDA will provide a one-time flat rate single payment to landlords, regardless of number of assisted units, to assist families with acquiring housing.

3. Damages to the unit. In cases where unpaid damages serve as a barrier to THDA families accessing affordable housing, THDA will provide a single payment at a maximum rate.

(d) Other Eligible Uses.

1. Reimbursement for tenant-readiness services. The THDA may use the services fee funding to help create customized plans to address or mitigate barriers that individual families may face in renting a unit with an EHV, such as negative rental or utility history or to connect the family to other community resources that can assist with rental arrears.

2. Reimbursement for renters' insurance. If required under the lease, the THDA will provide assistance for renters' insurance, at a flat rate annual schedule.

(7) Housing Quality Standards (HQS) Inspection. The THDA will conduct all HQS inspections according to the HUD guidelines and as outlined by the HCV Program. See 0770-01-05-.23.

(8) Portability (24 CFR 982.354). Unless otherwise noted, the portability process will follow the same process as those set by the HCV Program. See 0770-01-05.25(2).

(a) In accordance with HUD's waiver of 24 C.F.R. 982.353(c), if a non-resident applicant, the THDA may not restrict an EHV family from exercising portability. EHV families may immediately move under portability.

(b) A receiving PHA cannot refuse to assist an incoming EHV family, regardless of whether the PHA does or does not currently administer EHVs under its own ACC.

(c) A receiving PHA may only absorb the incoming EHV family with an EHV. If the PHA does not have an EHV available to absorb the family, it must bill the initial PHA. The receiving PHA must allow the family to lease the unit with EHV assistance and may not absorb the family with a regular HCV when the family leases the unit.

(d) Regardless of whether the receiving PHA absorbs or administers the initial PHA for the family's EHV assistance, the EHV administration of the voucher is in accordance with the receiving PHA's EHV policies.

(e) If the EHV family moves under portability to another PHA that does not administer EHV under its own ACC, the receiving PHA may absorb the family into its regular HCV program or may bill the initial PHA.

(f) If the portability move is in connection with the EHV family's initial lease-up, the receiving PHA and the initial PHA must consult and coordinate on the EHV services and assistance that will be made available to the family, to ensure there is no duplication of EHV services and assistance provided to the family and that the receiving PHA is aware of the maximum amount of services fee funding that the initial PHA may provide to the receiving PHA on behalf of the family.

(9) Termination of Assistance. The EHV Operating Requirements do not specify that PHAs must treat EHV participants any differently than regular HCV participants. Therefore, the termination policies outlined within this Administrative Plan apply. See 0770-01-05.27.

(10) Informal Hearing Process (24 CFR 982.555). When the THDA makes certain adverse decisions towards an EHV applicant or participant, there are times when an informal review or an informal hearing is available. See §0770-01-05-.28.

Authority: *T.C.A. §§ 13-23-104, 13-23-115(18), 42 U.S.C. §§ 1437, and 24 C.F.R., Part 982.*
Administrative History: *Original rule filed May 16, 1980; effective June 30, 1980. Repeal filed September 28, 2004; effective December 12, 2004. Repeal and new rule filed June 4, 2015; effective September 2, 2015. Amendments filed October 5, 2018; effective January 3, 2019.*___________________